

Consumer complicity with counterfeit products

Peggy E. Chaudhry and Stephen A. Stumpf
Villanova School of Business, Villanova, Pennsylvania, USA

Abstract

Purpose – The purpose of this paper is to guide marketing managers in their efforts to decrease consumer demand for counterfeits of their products by examining the consumer beliefs and attitudes that have been found to support consumer complicity across multiple products, in virtual and physical shopping environments, using several criteria of complicity for each product.

Design/methodology/approach – A web-based survey of 254 students explored two ethical ideologies (idealism and relativism), collectivism, and two attitudes toward counterfeits (ethical concern and perceived quality) with respect to two counterfeit products (movies and pharmaceuticals) and reported respondents' complicity in both a virtual and physical marketplace for each good.

Findings – Consumer complicity – a consumer's willingness to obtain, share, or use counterfeit products – was predicted by the consumers' hedonic shopping experience and lack of ethical concern with two different counterfeit products. The effects of ethical ideologies and collectivism on consumer complicity were observed to operate indirectly through hedonic shopping and ethical concern with using counterfeits.

Research limitations/implications – The primary limitation is the use of a convenience sample of US college students and future research should take the scale items developed in this study and test in multiple country markets.

Originality/value – The paper extends previous research by examining several identified predictors of complicity with different products, across virtual and physical markets, and with multiple criteria incorporating both acquisition, intent to acquire, and willingness to share.

Keywords Counterfeiting, Consumer behaviour, Ethics, Shopping, United States of America

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

The rapid growth of illicit trade

Marketers struggle to protect their firm's products and intellectual property (IP) from counterfeiters and consumer complicity with counterfeit products. Legislation designed to reduce piracy, such as the Digital Millennium Copyright Act (DMCA), has ignited controversy in its enforcement. The divergent outcome of litigation brought by both Tiffany's and Louis Vuitton against eBay for providing the point of sale for counterfeit goods via its internet auction site attests to this dilemma. A US judge declined the liability of eBay regarding counterfeit Tiffany jewelry sold via its site, while a French court awarded Louis Vuitton €38m for eBay's failure to block the sale of fake Vuitton goods (Waters, 2008). Inconsistent and/or undelivered punishment for participating in this illegal market provides further incentives to pirates to continue supplying illicit goods to complicit consumers.

Bloch *et al.* (1993) established the need for more demand-side investigations of the consumer complicity with counterfeit products to parallel the studies done to investigate the supply side of the fake trade. Their study identified consumers as willing players despite the illegality of the act. Many studies have subsequently investigated the demand for counterfeit goods addressing a variety of possible

causes of consumer complicity, including “positive attitudes toward counterfeit products”, “product involvement”, “perception of quality”, and “lack of ethical concern” (Eisend and Schuchert-Güler, 2006; Bian and Moutinho, 2009). Most studies have explored one or two of the above reasons for complicity with a single product (often music or software), ignoring possible differences in complicity due to distribution channel (e.g. internet versus physical market), and used a criterion of purchase intent or past purchase. This study examines six reported influencers of complicity (two ethical ideologies, the cultural value of collectivism, hedonic shopping, ethical concern, and perceived product quality) for multiple products via multiple channels of distribution using multiple criteria (intentions and reported past behavior for each product). Each of the constructs studied has been found to partially shape a consumer's behavior towards participating in counterfeit trade. We go beyond other complicity studies to examine two distinct product categories – movies (a traditional counterfeit good) and pharmaceuticals (a non-traditional counterfeit good) – assessing consumer complicity via several complicity measures in both physical and virtual markets. Movies represent digital counterfeit products that are made available in both virtual and physical markets – hedonic products that can be widely shared at little or no cost to the sharer. Pharmaceuticals represent health-oriented products experiencing recent high-growth in counterfeit trade; they are consumed in their use, sold in both virtual and physical markets, and physically must be acquired[1].

The current issue and full text archive of this journal is available at www.emeraldinsight.com/0736-3761.htm



Journal of Consumer Marketing
28/2 (2011) 139–151
© Emerald Group Publishing Limited [ISSN 0736-3761]
[DOI 10.1108/0736376111115980]

The authors, who contributed equally to this paper, greatly appreciate financial assistance from the endowment of the Fred J. Springer Chair in Business Leadership at the Villanova School of Business. The authors also appreciate the helpful ideas and comments of Leeann Perretta and several anonymous reviewers.

Product counterfeiting and consumer complicity with counterfeit products

Product counterfeiting is any unauthorized manufacturing or distribution of goods whose special characteristics are protected via IP rights (trademarks, patents, and copyrights). Consumer complicity is the willingness to obtain, share, or use counterfeit products. To uncover antecedents to consumer complicity, current research methods have used consumer surveys (Bian and Veloutsou, 2007; Penz and Stöttinger, 2008), lab experiments (Nunes *et al.*, 2004) and behavioral reports (Bian and Moutinho, 2009; Commuri, 2009) to better comprehend this illicit consumer behavior. As Table I suggests, this has resulted in many constructs and research assertions about what predicts some aspect of the consumer behavior that then shapes complicity to acquire counterfeits. A more comprehensive way to measure complicity would include both consumer intentions to purchase or share *and* the frequency of purchases, acquisitions, and allocation of a counterfeit good. In developing a model of antecedents that predict complicity, our interest is on how ethical ideologies (idealism and relativism) effect consumer ethical concern regarding counterfeiting, and how collectivism, hedonic shopping, and perceptions of a counterfeit product quality effect consumer complicity. Figure 1 captures our framework; hypotheses are developed below.

Linking ethical perspectives to consumer complicity

The role of an ethical perspective that shapes consumer behavior towards the acquisition of counterfeit products has been addressed as an antecedent to complicity (Wilcox *et al.*, 2009; Vitell *et al.*, 2001). We selected the dichotomous taxonomy of ethical ideologies to determine whether either of Forsyth's (1980) "idealism" or "relativism" would be strongly correlated with complicity (Shoham *et al.*, 2008; Steenhaut and Van Kenhove, 2006). This scale of idealism/relativism has been used by current researchers to develop their theories related to the ethical behavior of consumers and/or managers in the marketing environment (Singh *et al.*, 2007). One study examined moral philosophy and ethical perception in consumers and asserted that highly relativistic consumers are less likely to disagree with an ethically questionable situation, whereas the highly idealistic consumer will feel the opposite (Dubinsky *et al.*, 2005). A consumer's willingness to engage in piracy lacks a high degree of moral intensity and computer technology may provide a "distancing effect" for the illegal action (Gupta *et al.*, 2004; Tan, 2002). Similar to Lysonski and Durvasula's (2008) research regarding consumer beliefs about the potential harm of digital piracy to the music industry, we predict that a consumer's ethical ideologies will shape their ethical perceptions of this illicit behavior.

- H1.* An idealism ideology is positively related to ethical concern – the more idealistic the consumer, the greater their ethical concern with complicity.
- H2.* A relativism ideology is negatively related to ethical concern – the more relativistic the consumer, the lesser their ethical concern with complicity.

Linking collectivism to consumer complicity

Geert Hofstede's (1980) earlier work that established the concept of collectivism (versus individualism) has been treated as an antecedent to predict intentions to purchase counterfeits in several studies under the premise that a collectivist ideology, specifically the concept of sharing, would enhance the willingness for consumers to obtain counterfeits (Husted, 2000). The Chinese proverb, "He that shares is to be rewarded; he that does not, condemned", has been used as an illustration of how a collectivist value can shape the individual moral philosophy underlying the acquisition of counterfeits (Wang *et al.*, 2005). Overall, the construct of collectivism will have a significant impact on consumer complicity:

- H3.* Collectivism is positively related to consumer complicity.

Linking hedonic shopping experience to consumer complicity

Building on the established hedonic consumer behavior research, we propose that consumers are aroused by their illicit acts of engaging in the counterfeit trade in both physical and virtual marketplaces (Hirschman and Holbrook, 1982; Babin *et al.*, 1994). These distinct retail environments allowed us to test the validity of a consumers' hedonic shopping experience – do they experience a sense of adventure from their illicit behavior? We concur with recent complicity research that luxury products are fun and worth the price regardless of whether they are counterfeit or genuine; that mood is an antecedent variable that influences the decision to purchase and can moderate a consumer's attitude toward pirated products; and that counterfeit products are novel and symbolize past tourist experiences (Eisend and Schuchert-Güler, 2006; Gentry *et al.*, 2006; Penz and Stöttinger, 2008).

- H4.* Hedonic shopping experience is positively related to consumer complicity.

Linking attitude towards counterfeit products to consumer complicity

Two attitudes toward counterfeit products are studied:

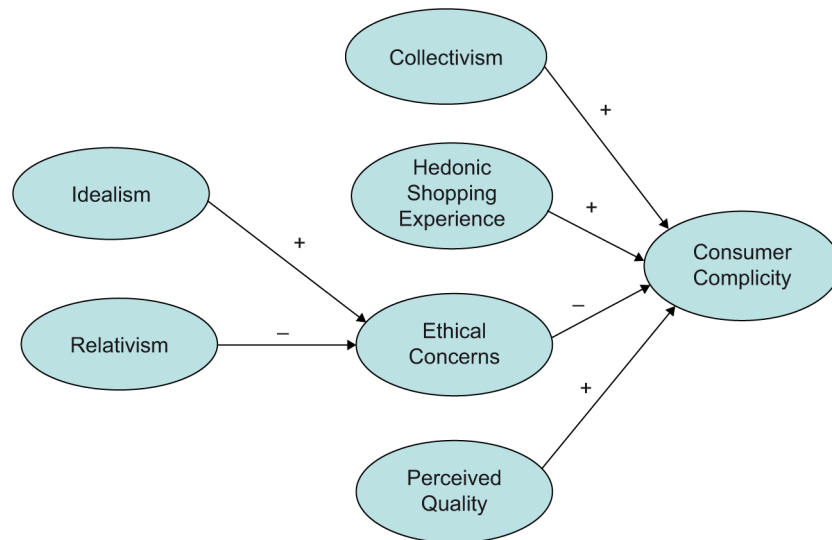
- 1 an individual's ethical concern in being complicit with counterfeit products; and
- 2 the perceived quality of the counterfeit product. Ethical concern reflects the extent of consumer agreement that complicity infringes on owner intellectual property rights, damages the industry, and is thought to be illegal or unethical.

As indicated in Table I, several studies have addressed some type of "ethical concern", such as their perception of morality and/or lawfulness associated with the actual act of complicit behavior. Recent work found that a consumer attitude that failed to see music piracy as unethical and illegal was a significant predictor of future complicity (Lysonski and Durvasula, 2008). Earlier studies established that consumers are willing to purchase counterfeits for a variety of reasons, including expressing an anti-big-business sentiment and holding lax attitudes about the legal protection of intellectual property rights (Wee *et al.*, 1995).

- H5.* Ethical concern is negatively related to consumer complicity with counterfeit products.

Table I Conceptual research assertions of consumer complicity constructs

	Research assertions	Relevant papers ^a
Construct/independent variables		
Personal values: Relativism/idealism in context of making ethical decisions	<ol style="list-style-type: none"> 1. Idealism is a significant predictor of perceived moral intensity 2. Relativism is a significant inverse predictor of perceived moral intensity 3. The dimensions of Forsyth's Ethical Position Questionnaire (EPQ) that measures relativism/idealism can vary between countries 	Cui <i>et al.</i> (2005), Singh <i>et al.</i> (2007), Shoham <i>et al.</i> (2008), Steenhaut and Van Kenhove (2006)
Collectivism (individualism) in context of influencing demand for counterfeit products	<ol style="list-style-type: none"> 1. The higher degree of individualism in a country, the less intellectual property violations 2. Culture is an explanatory variable for micro-level studies. For example, collectivist cultures embrace the concept of sharing and will thus favorably affect complicity 3. Consumers in a collectivist culture place more value on approval and compliance of his/her behavior with others and this overrules his/her own attitude towards the behavior 	Husted (2000), Moores (2008), Wang <i>et al.</i> (2005)
Hedonic shopping experience in context of influencing demand for counterfeit products	<ol style="list-style-type: none"> 1. Mood is an antecedent variable that influences the purchase decision and can moderate a consumer's attitude toward pirated products 2. Counterfeit products are novel and symbolize tourist experiences 	Eisend and Schuchert-Güler (2006), Gentry <i>et al.</i> (2006), Penz and Stöttinger (2008), Wang <i>et al.</i> (2005)
Attitude towards counterfeit products: ethical concerns	<ol style="list-style-type: none"> 1. Moral obligation will affect the consumers' feeling of guilt towards complicity 2. Consumers with higher ethical predisposition will be embarrassed if their illicit consumption is detected 3. Consumers with a higher ethical predisposition are more independent of others' opinions and this will decrease complicity 4. Digital piracy lacks the ethical seriousness of physical piracy and may enhance a distancing effect in which consumer feel removed from personal involvement with the illicit act 	Al-Rafee and Cronan (2006), Ang <i>et al.</i> (2001), Augusto de Matos <i>et al.</i> (2007), Gupta <i>et al.</i> (2004), Wilcox <i>et al.</i> (2009)
Attitude towards counterfeit products: perceived quality	<ol style="list-style-type: none"> 1. The better the expected performance (quality) the more likely the consumer is willing to buy the counterfeit 2. Counterfeit products are inferior and consumers would rather own prestigious brands 3. The greater a price-quality inference the more negative the attitude towards counterfeits 	Augusto de Matos <i>et al.</i> (2007), Commuri (2009), Penz and Stöttinger (2008), Prendergast <i>et al.</i> (2002)
Construct/dependent variables		
Intention to purchase counterfeits: surveys	Intention to purchase as a surrogate for actual self-report of actual purchases	Bian and Veloutsou (2007), Cronan and Al-Rafee (2008), Kwong <i>et al.</i> (2003), Moores and Cha-Jan Chang (2006), Penz and Stöttinger (2008)
Intention to purchase counterfeits: experiments	Measure complicity through a controlled purchase situation	Nunes <i>et al.</i> (2004), Wilcox <i>et al.</i> (2009)
Disclosure of actual counterfeit purchases: surveys	<ol style="list-style-type: none"> 1. Segment high versus low spenders 2. Use past purchase behavior as an independent variable that will affect future intentions to purchase counterfeits 3. Measure frequency of usage 	Cheung and Prendergast (2006), Goles <i>et al.</i> (2008)
Qualitative research	Analyze consumer perceptions of counterfeits using such methods as focus groups	Commuri (2009), Bian and Moutinho (2009), Eisend and Schuchert-Güler (2006), Gentry <i>et al.</i> (2006)
Note: ^a A list of a few relevant papers for each construct is given to provide a succinct summary. A complete list of references can be obtained from the authors		

Figure 1 Belief systems, the shopping experience, and attitudes towards counterfeits in consumer complicity with counterfeit products

Some researchers claim that consumer willingness to obtain a counterfeit product increases if they discern high product quality prior to the purchase (Eisend and Schuchert-Güler, 2006). Other studies have established “consumer confusion” due to a quality continuum of fakes ranging from shoddy imitations to authentic goods, such as production overruns sold through an unauthorized channel (Gentry *et al.*, 2006). Most research has shown that given a price/quality trade-off, the perceived quality of the counterfeit product increases a consumer’s willingness to obtain it. Indeed, a few studies have claimed that consumers who purchased counterfeits did not believe that they were inferior in quality to the genuine products (Augusto de Matos *et al.*, 2007; Penz and Stöttinger, 2008).

H6. Perceived quality is positively related to consumer complicity.

Research methods

Survey pre-test

We constructed a web survey based on items developed by Treise *et al.* (1994) and Forsyth (1980) for idealism and relativism, by Babin *et al.* (1994) for hedonic shopping, and by Wang *et al.* (2005) for collectivism, ethical concern, and perceived quality. We added items on complicity (intentions and behavior regarding acquiring, sharing, using counterfeit products), and demographic characteristics considered in the complicity literature.

A pre-test web survey was administered to 72 respondents to assess the psychometric properties of the instrument and insure the relevance of both movie and pharmaceutical complicity to a student population[2]. Analyses were conducted to estimate the reliability and factor structure of the measures (Nunnally, 1967). We modified the instrument by revising six items, deleting three items, and adding three new items. These analyses were repeated with the revised instrument (see the Appendix) and the new sample reported below.

Sample and demographic variables

A web-based survey was administered online to consumers participating in their college education at three universities – one each in New York, Oklahoma, and Pennsylvania. Each university identified a sponsor who, in collaboration with the authors, oversaw the study. While participation was voluntary and anonymous, 254 consumers responded out of 329 individuals invited to participate (77 percent response rate). Compared to the global population of consumers that could be complicit with counterfeit products, this sample was younger, more educated, culturally more homogenous, and more familiar with virtual shopping. While a convenience sample, there were no known biases within the sample beyond the characteristics mentioned above.

Survey respondents provided their age, gender, level of education, annual household income, occupation, and race/ethnicity so that the researchers could determine if these demographic variables, while restricted in range, might predict a consumer’s willingness to engage in illicit trade. There have been mixed results in the literature on whether demographic variables can predict consumer complicity. For example, Al-Rafee and Cronan (2006) found no support for gender, but found that age did moderate the attitude towards digital piracy.

Scale construction and internal consistency estimates of reliability

Based on the pre-test, items contained in the final survey were expected to become part of composite scales. A confirmatory factor analysis was conducted with Varimax Rotation and pairwise deletion of missing data. As shown in Table II, the intended nine factors emerged, each with an eigenvalue greater than 1.0. Only factor 4, perceived quality of pharmaceuticals, had loadings suggesting a confounded construct. This may limit the results of this variable. Scales were formed by taking the simple average of items designated as being in that scale. All scales had reasonable (above 0.65) to good (above 0.80) internal consistency (Nunnally, 1967).

Table II Analysis of complicity factors

Item	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8	Factor 9
I1			<i>0.84</i>						
I2			<i>0.86</i>						
I3			<i>0.87</i>						
I4			<i>0.82</i>						
I5			<i>0.68</i>						
R1					<i>0.69</i>				
R2					<i>0.83</i>				
R3					<i>0.68</i>				
R4					<i>0.64</i>				
R5					<i>0.51</i>				
C1							<i>0.77</i>		
C2							<i>0.75</i>		
C3							<i>0.75</i>		
ECM1						<i>0.73</i>			
ECM2						<i>0.74</i>			
ECM3						<i>0.73</i>			
ECM4				0.46		<i>0.76</i>			
ECP1								<i>0.80</i>	
ECP2								<i>0.83</i>	
ECP3								<i>0.45</i>	
ECP4				0.43				<i>0.53</i>	
PMQ1									<i>0.67</i>
PMQ2	0.35			0.41					<i>0.77</i>
PPQ1				<i>0.73</i>					
PPQ2				<i>0.76</i>					
PS1	<i>0.76</i>								
PS2	<i>0.87</i>								
PS3	<i>0.85</i>								
PS4	<i>0.80</i>								
PP5	<i>0.62</i>								
VS1		<i>0.73</i>							
VS2		<i>0.85</i>							
VS3		<i>0.80</i>							
VS4		<i>0.75</i>							
VS5		<i>0.64</i>							0.36
Eigenvalue	8.76	4.54	2.09	1.97	1.66	1.49	1.37	1.14	1.07
Percentage of variance	25.03	12.97	5.97	5.63	4.75	4.25	3.91	3.25	3.04
Coefficient α	0.91	0.86	0.89	0.86	0.73	0.77	0.66	0.70	0.77

Notes: Only loadings of at least 0.35 are presented. Cumulative variance explained: 68.8 percent. Loadings in italics identify the scale on which the item was used

Measures for consumer complicity

We build on previous research by using multiple measures of complicity to assess consumer intentions by product, previous consumption by product, and consumption in general. Three self-report measures of complicity were used:

- 1 the consumers expression of willingness to obtain, share, and/or use a counterfeit movie (pharmaceutical);
- 2 whether the respondent had ever acquired a counterfeit movie (pharmaceutical) (yes = 1, no = 0); and
- 3 the frequency of acquiring counterfeit products of any sort in a two-year time frame (answers ranged from 1 = none to 6 = more than 12).

Four items from the complicity measure labeled “general willingness to use” for each product:

- 1 “I would obtain counterfeit movies (pharmaceuticals) on the internet”¹
- 2 “I would encourage friends to obtain counterfeit movies (pharmaceuticals)”;
- 3 “I would consider giving a counterfeit movie (pharmaceuticals) to a friend”; and
- 4 “I would obtain counterfeit movies (pharmaceuticals) from a vendor or at a market”.

Each statement had a seven-point response scale (1 = strongly disagree, 4 = neither agree nor disagree, 7 = strongly agree).

The use of multiple measures of complicity by product type supports the study objective of more fully understanding the complicity construct and permits an examination of each hypothesis relative to each measure of complicity. Do the roles

of ethical ideologies, collectivism, hedonic shopping, and/or attitudes toward counterfeits vary based on the counterfeit product type and/or an intention to be complicit versus a complicit behavior?

Demographics correlates

The relationships of the demographic items with study variables were generally small (simple r 's, $p < 0.05$): younger students were more likely to obtain a counterfeit movie (0.19), to use counterfeit products in the last two years (0.17), and to acquire a counterfeit movie (0.23). Males were more likely to obtain a counterfeit movie (0.17), to use a counterfeit movie (0.20), to have consumed a counterfeit pharmaceutical (0.16), and enjoy the virtual (0.22) and physical (0.15) hedonic shopping experience than females. Females were more likely to express an idealistic ideology than males (0.15). Asians/Pacific Islanders ($n = 37$) were significantly more likely to report having obtained a counterfeit movie (76 percent had) than African Americans ($n = 30$, 53 percent had), Hispanics ($n = 22$, 50 percent had), Native Americans ($n = 9$, 33 percent had), or Caucasians ($n = 161$, 49 percent had). There were no significant linear relationships of education or income to any study variable.

Results

Examination of hypotheses

The correlations reported in Table III reveal the relationships among idealism, relativism, and collectivism with hedonic shopping experience, movie/pharmaceutical ethical concern, movie/pharmaceutical quality, and the five complicity measures. *H1* was supported: idealism was positively related with ethical concerns (0.36 movies; 0.38 pharma).

H2 was not supported. We predicted a negative relationship between relativism and ethical concern for both movies and pharmaceuticals. If a consumer is a relativist, he or she would condone the act of obtaining counterfeit products in context of the situation and thus have limited ethical concern, such as whether he or she strongly felt that movie counterfeiting damages the motion picture industry and whether the act is illegal and/or unethical. Counter to our hypothesis, we observed a significant positive correlation between relativism and ethical concern for each product (0.13 movies; 0.25 pharmaceutical).

For *H3*, we predicted a positive relationship between collectivism and complicity. We found support for this relationship with the willing use measure of complicity for both products (0.32 movies, 0.23 pharmaceutical) and for movie acquisition (0.13). The relationships of collectivism with pharmaceutical acquisition and frequency of acquisition were not significant.

H4 examined to relationship of hedonic shopping and complicity. A hedonic experience was positively related to complicity for virtual and physical shopping for all complicity measures with the exception of virtual shopping with pharmaceutical acquisition. Positive hedonic emotions are related to a consumer's willingness to acquire counterfeit products virtually (0.54 movies, 0.47 pharmaceuticals) and physically (0.55 movies, 0.39 pharmaceuticals). There was a consistent relationship of shopping for a movie either virtually or physically and acquiring it or counterfeits in general (r values 0.34, 0.36, 0.32, 0.34).

We found strong support for *H5* regarding the relationship of ethical concern for each product with the five measures of complicity. Ethical concerns have a negative correlation for both products and strongly influenced their willingness to use a fake movie (−0.43) or pharmaceutical (−0.43), acquire a movie (−0.32) or pharmaceutical (−0.23), and overall frequency of engaging in the illicit trade (−0.37 movies, −0.20 pharmaceuticals).

The relationships of perceived product quality with complicity were generally significant, supporting *H6*. We observed fairly strong relationships of perceived product quality and willing use of counterfeit movies (0.36) and pharmaceuticals (0.51), and moderate to weak relationships among perceived product quality and obtaining a counterfeit movie (0.15), and the frequency of acquiring counterfeits (with movie quality, 0.24; with pharmaceutical quality, 0.13). We speculate that this weak support is because few of the respondents reported obtaining a fake pharmaceutical (4 percent, compared to 53 percent acquiring a fake movie). Yet, their attitude towards a counterfeit pharmaceutical quality correlated with their willingness to acquire it ($r = 0.51$).

Regression analysis of ethical ideologies, collectivism, hedonic shopping, and attitudes with complicity measures

We present the results of five regressions in Table IV – one equation for each of the five complicity variables – all were statistically significant. We report β values (standardized regression coefficients) and their respective significance. Collectivism and ethical concern remained statistically significant in the prediction of willingness to use a counterfeit movie; idealism and relativism did not make significant contributions to predicting any complicity variable – providing further support for the intervening effects of ethical concern in the effects of ethical ideologies on complicity.

The multiple R^2 values for each regression are noted in Table IV. The variables in our complicity model were able to account for 49 percent of the variance in willingness to use a counterfeit movie and 43 percent of the variance in willingness to use a counterfeit pharmaceutical. Consumer attitudes toward counterfeits and the hedonic shopping experience of acquiring them are strong predictors of self-reported complicity with counterfeit products.

Discussion

Expressing less idealism, a more hedonic shopping experience, less ethical concern, and perceiving product quality to be higher are each related to consumer complicity with counterfeit products. This complicity and one's ethical concern and perception of product quality vary to a modest degree based on the product type. Hedonic shopping is a more important factor in movie complicity and complicity in general; product quality is more important in pharmaceutical complicity. While the consumers in this study reported a greater sense of hedonic shopping when shopping physically versus virtually, these types of shopping experience related in similar ways with the other study variables.

Table III Means, standard deviations, and correlations among ethical ideologies, collectivism, shopping experience and attitudes with consumer complicity with counterfeit movies and pharmaceuticals

	Idealism	Relativism	Collectivism	Movie/pharma ethical concerns	Movie/pharma perceived quality	Virtual shopping	Physical shopping	Movie/pharma willing use	Movie/pharma acquisition	Frequency
Idealism	0.89 (5)									
Relativism	0.24**	0.73 (5)								
Collectivism	0.01	0.24**	0.66 (3)							
Movie/pharma ethical concerns	0.36**/0.38**	0.13*/0.25**	-0.07/-0.05	0.77 (4)/0.70 (4)						
Movie/pharma perceived quality	-0.09/-0.14*	0.12*/0.08	0.21**/0.14*	-0.15*/-0.28**	0.77 (2)/0.86 (2)					
Virtual hedonic shopping	-0.22**	0.06	0.25**	-0.22**/-0.30**	0.26**/0.34**	0.86 (5)				
Physical hedonic shopping	-0.18**	0.18**	0.25**	-0.28**/-0.28**	0.23**/0.34**	0.66**	0.91 (5)			
Consumer complicity measures										
Movie/pharma willing use	-0.27**/-0.27**	0.07/-0.09	0.32**/0.23**	-0.43**/-0.43**	0.36**/0.51**	0.54**/0.47**	0.55**/0.39**	0.90 (4)/0.96 (4)		
Movie/pharma acquisition	-0.10/-0.10	0.08/-0.15*	0.13**/-0.05	-0.32**/-0.23**	0.15*/0.09	0.34**/0.10	0.36**/0.12*	0.55**/0.26**	(1)/(1)	
Frequency of acquiring	-0.14*	-0.01	0.09	-0.37**/-0.20**	0.24**/0.13*	0.32**	0.34**	0.53**/0.15*	0.56**/0.22**	(1)
Mean	5.64	5.04	3.51	5.27/5.37	3.29/3.11	2.42	3.12	3.07/2.01	0.53/0.04	2.02
SD	1.32	1.22	1.37	1.29/1.26	1.60/1.55	1.36	1.56	1.71/1.42	0.50/0.19	1.53

Notes: $n = 262$. * r values above 0.12 are significant at $p < 0.05$ (two-tailed). ** r values above 0.17 are significant at $p < .005$ (two-tailed). The main diagonal contains coefficient α estimates of internal consistency (reliability) and number of scale items (in parentheses). All items used were responded to on a seven point scale anchored as follows: 1 = strongly disagree, 4 = neither agree nor disagree, 7 = strongly agree

Table IV Beta values from regression analysis of ethical ideologies, collectivism, hedonic shopping experience, and attitudes with consumer complicity with counterfeit products movies and pharmaceuticals

	Movie willing use	Movie acquisition	Pharma willing use	Pharma acquisition	Frequency of acquiring all counterfeits
Idealism	-0.07	0.03	-0.05	0.05	0.02
Relativism	0.01	0.06	-0.10	-0.10	-0.04
Collectivism	0.16 **	0.00	0.14 *	-0.05	-0.01
Virtual hedonic shopping	0.22 **	0.16 *	0.22 **	-0.00	0.09
Physical hedonic shopping	0.24 **	0.17 *	0.06	0.11	0.21 *
Movie ethical concerns	-0.24 **	-0.25 **			-0.31 **
Pharma ethical concerns			-0.20 **	-0.15 *	0.07
Perceived movie quality	0.18 **	0.04			0.16 *
Perceived pharma quality			0.34 **	0.03	-0.08
R ²	0.49	0.20	0.43	0.06	0.22
F (between, within) degrees of freedom	31.7 (7, 230)	8.3 (7, 234)	29.4 (7, 227)	2.1 (7, 232)	7.0 (9, 227)
Significance	0.000	0.000	0.000	0.046	0.000

Notes: All individual variable results reported are standardized beta coefficients based on the full regression model summarized by the R² noted above. * $p < .05$ (two-tailed); ** $p < 0.005$ (two-tailed)

Do human values influence consumer complicity with counterfeit products?

The hypothesized relationships among idealism and relativism with ethical concern, and collectivism with complicity, received mixed support. Idealism (collectivism) demonstrated consistent significant relationships across both hedonic shopping experiences and “willing product use” (all negative for idealism, all positive for collectivism). Similar to the research findings of Singh *et al.* (2007), this study did not support the expected relationship between relativism as a significant determinant of a person’s judgment on ethically questionable behavior. This may be the result of using respondents from one cultural orientation, or that a relativist may act differently in the context of different ethical scenarios. The strength of one’s ethical ideology is related to subsequent shopping experiences that effect attitudes toward counterfeit products and complicity. Since a consumer may have multiple ethical ideologies affecting his/her complicity with counterfeit products – ideologies which may be in concert or in conflict with each other – continued exploration of the value and belief systems of consumers from different cultures across product categories is essential.

Based on the results of *H1-H3*, altering the personal values of consumers may be less of a concern than affecting the venturesome hedonic shopping experience and attitudes toward counterfeits that stimulate the acquisition of counterfeit products. Consumers expressing ethical concern were less likely to be complicit. Yet, consumers that perceive the quality of the counterfeit to be reasonable were willing players in the counterfeit market. Consumers that take pleasure in hedonic shopping were also more complicit. Overall, consumer attitudes toward counterfeits and hedonic shopping overshadowed the effects of their ethical ideologies.

Does the type of counterfeit product matter?

Our findings indicate product category does matter to a modest degree. One might expect a consumer to be more sensitive to risk in using a fake pharmaceutical compared to a movie, or more supportive of the product innovation rewards

earned by pharmaceutical companies compared to movie producers. The strength of the relationships observed for several variables with counterfeit movies were significantly different than the correlations with counterfeit pharmaceuticals ($p < 0.05$): the perceived quality of a counterfeit pharmaceutical was more strongly related to its willing use (0.51) than the perceived quality of a counterfeit movie to its willing use (0.36); the physical shopping experience for a counterfeit movie was more strongly related to its willing use (0.54) than the physical shopping experience for a counterfeit pharmaceutical was to its willing use (0.39); a positive hedonic shopping experience was more strongly associated with counterfeit movie than pharmaceutical acquisition; and the willing use of counterfeit movies was more strongly associated with counterfeit movie acquisition and frequency of acquiring any counterfeit than was the willing use of counterfeit pharmaceuticals.

Does the type of hedonic shopping experience matter?

Virtual and physical shopping experiences related similarly to all variables. In that the correlation of these hedonic shopping experiences was 0.66 – our sample of respondents was not conceptualizing the virtual versus physical environment as “all that different”. Their youthfulness and familiarity with virtual shopping may have contributed to this result.

Consumer complicity in virtual versus physical shopping environments did not support a notion of a “distancing effect” in this sample. Some studies have speculated that ethical concern (moral intensity) is reduced in a virtual environment where an illegal download of a movie is just a few clicks away (see, for example, Gupta *et al.*, 2004). Is a consumer more willing to perform an illegal product acquisition in a virtual market? Our results suggest that many consumers are willing players for both product categories and in both types of markets.

What actions can managers and policymakers employ to reduce consumer complicity?

With the rapid growth in counterfeiting in a broad range of products, there is an urgency to modify the consumers’ complicity through anti-counterfeiting strategies (e.g. unique

labeling techniques), product pricing, and de-marketing tactics. Peattie and Peattie (2009) found that consumers' consumption behavior was reduced by highlighting the success of the Truth Campaign that led to anti-consumption behavior of youth for tobacco products in Florida. Some agencies, such as the World Health Organization (WHO), are testing de-marketing techniques, such as fear in ad copy, to influence consumer behavior (one WHO slogan is "Counterfeit drugs kill", portraying a snake encircling fake prescription medicines). This research supports Voss *et al.* (2003) in their recommendation that understanding hedonic shopping would assist managers in developing more effective consumer communication.

Those espousing greater idealism possess a higher degree of ethical concern – an attitude that may make anti-counterfeiting strategies and social marketing tactics more salient. This may be analogous to "preaching to the choir" – such consumers already have a negative orientation to engaging in this type of illegal activity. In contrast, for those espousing stronger collectivism, the acquisition of counterfeit products appears to be unrelated to their ethical concern, and has a tenuous relationship to complicity in this sample of college age consumers.

Study limitations and future research

Human values, hedonic shopping, and attitudes toward counterfeits play a role in consumer complicity with counterfeit products. While the relationships of idealism, relativism, and collectivism with other study variables were generally small or modest, the pattern of relationships was strong and consistent. The sample studied, while representative of US college students, does not reflect the global consumer market for the acquisition of counterfeit products. The effects observed are likely to be stronger in the global marketplace with more distinct or strongly held ethical ideologies, a closer association to collectivism, and greater variance in consumer demographics. The recent work of Singh *et al.* (2007) reveals a clear cultural distinction of espoused ideologies (idealism, relativism) and moral intensity between US and Chinese marketing managers in their perceptions of four ethical scenarios is testimony to the need for further cross-cultural research. Thus, future research questions to consider include:

- Do these results generalize to consumers of different cultures, with different demographic characteristics, and in different country markets?
- human values and attitudes toward counterfeiting affect consumer perceptions of the likely effectiveness of company or policy maker actions intended to reduce product counterfeiting and deter consumer complicity?

As with most survey research, there are concerns about response bias, common method variance, obtaining valid responses, and the generalization of results to other populations. Our response rate was fairly high (77 percent) – but it was a convenience sample of college students – generalizing results to other populations is risky. Common method variance is likely to be present – the similarity of results across products and markets should be taken as suggestive, not confirmatory. We relied on self-report measures of complicity, such as previous acquisition of a counterfeit movie (pharmaceutical) and the frequency of this

illicit behavior. Using this type of data presents its own unique problems (see Donaldson and Grant-Valone, 2002). However, one would expect any conscious misrepresentation in responses to be in the direction of not admitting complicity with counterfeit products. Even though the responses were anonymous, cautious respondents might underestimate their complicity. While these are serious limitations, each tends to work in the direction of negating any meaningful findings. The fact that many results were sizeable (r values of 0.35 and higher), and the multiple correlations were large, lend support for the usefulness of the findings.

While the study sample limited the likelihood of observing cultural or demographic differences in consumer complicity and other study variables, several demographic correlates were observed. Even with the restricted range of age and ethnic origin, younger people, males, and Asian/Pacific Islanders reported greater complicity with counterfeit products. Culture, gender, and age may be important factors to consider in efforts to reduce consumer complicity.

It is clear that illicit trade is increasing in both physical and virtual markets. Future research needs to go beyond single product, single country studies to examine the role that consumer complicity plays in the growth of counterfeit trade. Counterfeit trade involves more than the high-fashion goods and has encroached on products that can harm a consumer, such as health-oriented consumables. This study supports the notion that consumers are complicit with counterfeit pharmaceuticals – a non-traditional fake product with obvious health risks – and different factors are salient to this complicity than for movies – a more traditional product.

Attempts to reduce the amount of illicit trade in different country markets without considering consumer ideologies, hedonic shopping, and attitudes in those markets is unlikely to yield the desired results. Finding ways of reaching and influencing those with a collectivism value – and to some extent a relativism ideology – to be less complicit is a major challenge that may yield little benefit. Industry associations such as the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA) are using social marketing tactics to elicit compliance of their IP rights. Tactics used include role model spokespersons, peer pressure, education, revealing the poor quality of the fake product, and a negative association of piracy with organized crime. De-marketing and other anti-counterfeiting approaches must be examined to see whether consumers perceive that such actions will be effective, and then actually change their behaviors to be less complicit with counterfeits.

Managerial implications and applications

In order to decrease consumer demand for counterfeits of their products marketing managers need to highlight in their packaging, merchandizing, and advertising issues that are of likely ethical concern to their consumers (e.g. violation of IP rights, the illegality and unethical nature of being complicit), understand the role of hedonic shopping (possibly trying to reduce it depending on the product being counterfeited), and appeal to the consumers' value of idealism (do no harm to another, to maintain the dignity and welfare of others). In their anti-counterfeiting actions, they should seek to address the many aspects of complicity – i.e. purchase, non-purchase acquisition, sharing a counterfeit with others, and intentions to obtain or share. Since consumer complicity was found to

vary by product, marketers need to conduct product-specific research with intended consumers in key markets that permits them to model how consumer belief systems, shopping experiences, and attitudes toward counterfeits affect consumer intentions and behaviors in acquiring and using a counterfeit of their product. Based on such research explicit actions can be designed to educate, inform, and influence the likely complicit consumer.

Notes

- 1 In 2008, the US government seized \$28.1m worth of fake pharmaceuticals (a 152 percent increase from 2007) and the EU taxation and customs union reported a 52 percent increase in counterfeit medicines in 2007 (Intellectual Property Rights, 2009; 2007 Customs Seizures).
- 2 While students reported greater complicity with movies than pharmaceuticals, their responses to the pharmaceutical questions had similar measurement properties as their responses to the movie-specific questions. Based on an in-class discussion with pilot study students, their interest in counterfeit pharmaceuticals was for “life style” or “to enhance study habits” (i.e. obtaining Viagra or Ritalin).

References

- Al-Rafee, S. and Cronan, T.P. (2006), “Digital piracy: factors that influence attitude toward behavior”, *Journal of Business Ethics*, Vol. 63 No. 3, pp. 237-59.
- Ang, S.H., Cheng, P.S., Lim, E.A.C. and Tambyah, S.K. (2001), “Spot the difference: consumer responses towards counterfeits”, *Journal of Consumer Marketing*, Vol. 18 No. 3, pp. 219-35.
- Augusto de Matos, C., Ituassu, C. and Rossi, C. (2007), “Consumer attitudes toward counterfeits: a review and extension”, *Journal of Consumer Marketing*, Vol. 24 No. 1, pp. 36-47.
- Babin, B.J., Darden, W.R. and Griffin, M. (1994), “Work and/or fun: measuring hedonic and utilitarian shopping value”, *Journal of Consumer Research*, Vol. 20, pp. 644-56.
- Bian, X. and Moutinho, L. (2009), “An investigation of determinants of counterfeit purchase consideration”, *Journal of Business Research*, Vol. 62 No. 3, pp. 368-78.
- Bian, X. and Veloutsou, C. (2007), “Consumers’ attitudes regarding non-deceptive counterfeit brands in the UK and China”, *Brand Management*, Vol. 14 No. 3, pp. 211-22.
- Bloch, P., Bush, R. and Campbell, L. (1993), “Consumer ‘accomplices’ in product counterfeiting”, *Journal of Consumer Marketing*, Vol. 10 No. 4, pp. 27-36.
- Cheung, W.L. and Prendergast, G. (2006), “Buyers’ perceptions of pirated products in China”, *Marketing Intelligence & Planning*, Vol. 24 No. 5, pp. 446-62.
- Commuri, S. (2009), “The impact of counterfeiting on genuine-item consumers’ brand relationships”, *Journal of Marketing*, Vol. 73, May, pp. 86-98.
- Cronan, T. and Al-Rafee, S. (2008), “Factors that influence the intention to pirate software and media”, *Journal of Business Ethics*, Vol. 78 No. 4, pp. 527-45.
- Cui, C., Mitchell, V., Schlegelmilch, B. and Cornwell, B. (2005), “Measuring consumers’ ethical position in Austria, Britain, Brunei, Hong Kong, and USA”, *Journal of Business Ethics*, Vol. 62 No. 1, pp. 57-71.
- Donaldson, S. and Grant-Valone, E. (2002), “Understanding self-report bias in organizational behavior research”, *Journal of Business and Psychology*, Vol. 17 No. 2, pp. 245-60.
- Dubinsky, A.L., Natarajan, R. and Huang, W.Y. (2005), “Consumers’ moral philosophies: identifying the idealist and the relativist”, *Journal of Business Research*, Vol. 58 No. 12, pp. 1690-701.
- Eisend, M. and Schuchert-Güler, P. (2006), “Explaining counterfeit purchases: a review and preview”, *Academy of Marketing Science Review*, Vol. 12, pp. 1-22.
- Forsyth, D.R. (1980), “A taxonomy of ethical ideologies”, *Journal of Personality and Social Psychology*, Vol. 39 No. 1, pp. 175-84.
- Gentry, J., Putrevu, S. and Shultz, C. (2006), “The effects of counterfeiting on consumer search”, *Journal of Consumer Behaviour*, Vol. 5, September, pp. 1-12.
- Goles, T., Jayatilaka, B., George, B., Parsons, L., Chambers, V., Taylor, D. and Brune, R. (2008), “Softlifting: exploring determinants of attitude”, *Journal of Business Ethics*, Vol. 77 No. 4, pp. 481-99.
- Gupta, P., Gould, S. and Pola, B. (2004), “To pirate or not to pirate: a comparative study of the ethical versus other influences on the consumer’s software acquisition-mode decision”, *Journal of Business Ethics*, Vol. 55 No. 3, pp. 255-74.
- Hirschman, E.C. and Holbrook, M.B. (1982), “Hedonic consumption: emerging concepts, methods and propositions”, *Journal of Marketing*, Vol. 46, Summer, pp. 92-101.
- Hofstede, G. (1980), *Culture’s Consequences: International Differences in Work-related Values*, Sage, Newbury Park, CA.
- Husted, B.W. (2001), “The impact of national culture on software piracy”, *Journal of Business Ethics*, Vol. 26 No. 3, pp. 197-211.
- Kwong, K.K., Yau, O.H.M., Lee, J.S.Y., Sin, L.Y.M. and Tse, A.C.B. (2003), “The effects of attitudinal and demographic factors on intention to buy pirated CDs: the case of Chinese consumers”, *Journal of Business Ethics*, Vol. 47 No. 3, pp. 223-35.
- Lyonski, S. and Durvasula, S. (2008), “Digital piracy of MP3s: consumer and ethical predispositions”, *Journal of Consumer Marketing*, Vol. 25 No. 3, pp. 167-78.
- Moore, T. (2008), “An analysis of the impact of economic wealth and national culture on the rise and fall of software piracy rates”, *Journal of Business Ethics*, Vol. 81 No. 1, pp. 39-51.
- Moore, T.T. and Cha-Jan Chang, J. (2006), “Ethical decision making in software piracy: initial development and test of a four-component model”, *MIS Quarterly*, Vol. 30 No. 1, pp. 167-80.
- Nunes, J., Hsee, C. and Weber, E. (2004), “Why are people so prone to steal software? The effect of cost structure on consumer purchase and payment intentions”, *Journal of Public Policy & Marketing*, Vol. 23 No. 1, pp. 43-53.
- Nunnally, J.C. (1967), *Psychometric Theory*, McGraw-Hill, New York, NY.
- Peattie, K. and Peattie, S. (2009), “Social marketing: a pathway to consumption reduction?”, *Journal of Business Research*, Vol. 62 No. 2, pp. 260-8.
- Penz, E. and Stöttinger, B. (2008), “Corporate image and product similarity – assessing major demand drivers for counterfeits in a multi-country study”, *Psychology & Marketing*, Vol. 25 No. 4, pp. 352-81.

- Prendergast, G., Chuen, L. and Phau, I. (2002), "Understanding consumer demand for non-deceptive pirated brands", *Marketing Intelligence & Planning*, Vol. 20 No. 7, pp. 405-16.
- Shoham, A., Ruvio, A. and Davidow, M. (2008), "(Un)ethical consumer behavior: Robin Hoods or plain hoods?", *Journal of Consumer Marketing*, Vol. 24 No. 4, pp. 200-10.
- Singh, J.J., Vitell, S.J., Al-Khatib, J. and Clark, I. (2007), "The role of moral intensity and personal moral philosophies in the ethical decision making of marketers: a cross-cultural comparison of China and United States", *Journal of International Marketing*, Vol. 15 No. 2, pp. 86-112.
- Steenhaut, S. and Van Kenhove, P. (2006), "An empirical investigation of the relationships among a consumer's personal values, ethical ideology and ethical beliefs", *Journal of Business Ethics*, Vol. 64 No. 2, pp. 137-55.
- Tan, B. (2002), "Understanding consumer ethical decision making with respect to purchase of pirated software", *Journal of Consumer Marketing*, Vol. 19 Nos 2/3, pp. 96-110.
- Treise, D., Weigold, M., Conna, J. and Garrison, H. (1994), "Ethics in advertising: ideological correlates of consumer perceptions", *Journal of Advertising*, Vol. 23, September, pp. 59-69.
- Vitell, S.J., Singhapakdi, A. and Thomas, J. (2001), "Consumer ethics: an application and empirical testing of the Hunt-Vitell theory of ethics", *Journal of Consumer Marketing*, Vol. 18 No. 2, pp. 153-78.
- Voss, K., Spangenberg, E. and Grohmann, B. (2003), "Measuring the hedonic and utilitarian dimensions of consumer attitude", *Journal of Marketing Research*, Vol. 40 No. 3, pp. 310-20.
- Wang, F., Zhang, H., Zang, H. and Ouyang, M. (2005), "Purchasing pirated software: an initial examination of Chinese consumers", *Journal of Consumer Marketing*, Vol. 22 No. 6, pp. 340-51.
- Waters, R. (2008), "Moment of truth for eBay on fake luxury goods", *The Financial Times*, available at: www.ft.com (accessed July 3, 2008).
- Wee, C., Tan, S.J. and Cheok, K.H. (1995), "Non-price determinants of intention to purchase counterfeit goods", *International Marketing Review*, Vol. 12 No. 6, pp. 19-46.
- Wilcox, K., Kim, H.M. and Sen, S. (2009), "Why do consumers buy counterfeit luxury brands?", *Journal of Marketing Research*, Vol. 46, pp. 247-59.

Appendix. Complicity survey dimensions and items (seven-point agreement scale)

Idealism (I1-I5)

- A person should make certain that their actions never intentionally harm another even to a small degree.
- One should never psychologically or physically harm another person.
- One should not perform an action which might in any way threaten the dignity and welfare of another individual.
- If an action could harm an innocent other, then it should not be done.
- It is never necessary to sacrifice the welfare of others.

Relativism (R1-R5)

- Codes of ethics should reflect cultural differences.
- What is ethical varies from one situation and society to another.

- Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.
- Moral standards indicate how a person should behave in a particular culture.
- Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the actions.

Collectivism (C1-C3)

- He that shares is to be rewarded, even if it not theirs to share.
- I wish others can share with me, even if they do not want what they are sharing.
- The more people share a product, the more valuable the product is.

Ethical concerns – movies (ECM1-ECM4)

- Movie counterfeiting infringes on intellectual property rights.
- Movie counterfeiting damages the movie industry.
- Obtaining counterfeit movies is illegal.
- Obtaining counterfeit movies is unethical.

Ethical concerns – pharmaceuticals (ECP1-ECP4)

- Pharmaceutical counterfeiting infringes on intellectual property rights.
- Pharmaceutical counterfeiting damages the pharmaceutical industry.
- Obtaining counterfeit pharmaceuticals is illegal.
- Obtaining counterfeit pharmaceuticals is unethical.

Perceived movie quality (PMQ1, PMQ2)

- Counterfeit movies have a similar quality to the legal version.
- Counterfeit movies are as reliable as the legal version.

Perceived pharmaceutical quality (PPQ1, PPQ2)

- Counterfeit pharmaceuticals have a similar quality to the legal version.
- Counterfeit pharmaceuticals are as reliable as the legal version.

Physical shopping (PS1-PS5)

- I would shop, not because I had to, but because I wanted to.
- Compared to other things I could do, the time spent shopping would be enjoyable.
- I would have a good time because I would be able to act on the "spur of the moment".
- While shopping, I would feel a sense of adventure.
- I would not worry about legal prosecution since I would use cash to pay for the counterfeit goods.

Virtual shopping (VS1-VS5)

- I would shop for counterfeits on the web, not because I had to, but because I wanted to.
- Compared to other things I could do, the time spent surfing for counterfeits would be enjoyable.
- I would have a good time because I would be able to act on the "spur of the moment".
- While surfing the internet, I would feel a sense of adventure. I would not worry about legal prosecution since many of the counterfeit items would be a free download from the web.

About the authors

Peggy E. Chaudhry is an Associate Professor of International Business at Villanova School of Business (VSB). In 2009, she published a book (with Alan Zimmerman), *The Economics of Counterfeit Trade – Governments, Consumers, Pirates and Intellectual Property Rights*. She currently serves on the Editorial Board of *Business Horizons*. She serves as a Faculty Associate for the Center for Global Leadership and the Marketing & Public Policy Center at the Villanova School of Business. She has published various articles in *Business Horizons*, *Columbia Journal of World Business*, *European Management Journal*, *Journal of Asia-Pacific Business*, *Journal of International Marketing*, *Marketing Health Services*, *Marketing Review*, *Multinational Business Review*, *Sloan Management Review*, and the *Wall Street Journal*. Peggy E. Chaudhry is the corresponding author and can be contacted at: peggy.chaudhry@villanova.edu

Stephen A. Stumpf is Professor of Management at Villanova School of Business (VSB), and he holds the Fred J. Springer Chair in Business Leadership. Dr Stumpf has served as Interim Dean and Management Department Chair. He is involved in the activities of the Center for Global Leadership and with Wharton Executive Education. Dr Stumpf has been Chief Learning Officer (Dean) of Professional Development at Booz Allen Hamilton and is often a speaker, consultant, and facilitator on the topics of leadership and relationship building. Dr Stumpf earned a BS degree in Chemical Engineering from Rensselaer Polytechnic Institute, a MBA from the University of Rochester, and a MPhil and PhD in organizational behavior and industrial psychology from New York University.

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

The supply of and demand for counterfeit products continues to pose a huge problem for many business organizations. While legislation has been introduced for such as music piracy, its effectiveness remains questionable. Furthermore, conflicting outcomes of court proceedings against online sites accused of involvement in the counterfeit trade has done little to reassure marketers facing a battle to protect intellectual property (IP) rights.

Most previous research has focused on the supply side of the equation, although several studies have now addressed demand. A key finding from this work has been the willingness of consumers to purchase fake goods despite knowing that the act is unlawful. Among the possible reasons deemed likely to induce complicity in the trade include product involvement, lack of principle, perceived quality of counterfeit goods and a positive attitude towards them. Scholars have generally explored such factors in relation to past purchase activity or intention to buy single products like music or software. The possible influence of distribution

channel type on consumer behavior has been largely overlooked in these studies.

Different authors argue that those who engage in piracy are deficient in “moral intensity” and that computer technology helps to distance the illegal act. It is therefore widely proposed that consumer involvement in the purchase of imitation goods will be at least partly determined by their ethical perspective. To this end, researchers have investigated contrasting ideologies and found evidence that consumers holding highly relativistic values may be inclined to endorse “ethically questionable” activities. The likelihood of concern about such behavior is equally probable among more idealistic individuals positioned at the opposite end of this ideological continuum. Similar conclusions have been reached about the significance of collectivist values. The indication from various studies is that the importance of sharing is such that those within a collectivist society may be likelier to participate in the trading of fake goods.

Complicity has also been associated with the hedonic aspect of shopping. The possibility exists for consumers to consider it adventurous to engage in this illegal activity, while research also suggests belief in the fun and value of luxury goods, whether genuine or counterfeit.

An individual’s ethical concern is regarded as a key determinant of their attitude towards imitation goods and their likely purchase of them. Study evidence suggests that future complicity in music piracy is highly probable among those who do not acknowledge the act as being illicit or immoral. Such individuals might also be driven by other motives, among which is the desire to rebel against large corporations. On the other hand, people who are more ethical are likelier to accept the wrongs of such behavior and its consequences for those affected.

Product quality is another factor that can influence complicity. The superior quality of some imitations makes them hard to distinguish from the original. Considerable support has been found to show that consumer willingness to purchase a counterfeit product increases when they perceive its quality to be high.

Chaudhry and Stumpf further investigate these issues in an online survey of consumers based at three colleges in the USA. The sample of 254 is regarded as being younger, better educated, culturally more homogeneous and more familiar with online shopping than those identified globally as likely to buy counterfeit goods.

Use of two contrasting product categories differentiates this study from previous research. The authors investigate movies, a category long associated with counterfeiting activities, along with the non-traditional area of pharmaceuticals. In the latter category, expanding counterfeit trade for health-related products is noted, however. A significant difference between the respective areas is that movies can be purchased in virtual or hard-copy formats, whereas pharmaceutical products must be tangible.

Participants were asked to indicate their level of agreement with various statements pertaining to the factors and to provide information about age, gender, education, occupation, income and race/ethnicity. These details were requested because previous study into the relationship between demographic variables and complicity had proved inconsistent.

The study findings revealed that:

- younger students were most likely to obtain counterfeit products, such as movies;
- males were likelier than females to be involved with the acquisition of movies or pharmaceuticals and to enjoy the virtual or physical hedonic shopping experience;
- females were more likely than males to hold idealistic views; and
- likelihood of obtaining a counterfeit movie was highest among Asian/Pacific Islanders, followed some way behind by African Americans, Hispanics, Native Americans and Caucasians.

In many of the above cases, the influence was minimal, while education and income had no significant relationships with the study variables.

Analysis additionally indicated:

- a positive correlation between idealism and ethical concern;
- contrary to expectations, ethical concern was also positively influenced by relativism;
- the relationship between a hedonic shopping experience and complicity was positive apart from virtual shopping to acquire pharmaceuticals;
- strong negative correlation between ethical concern and willingness to acquire or consume fake movies or pharmaceuticals;
- a likelihood that consumers would purchase counterfeit products they perceived to be of high quality; and
- some indication of consumer complicity among those holding collectivist beliefs.

Strongest predictors of complicity were consumer attitudes towards counterfeit goods and the pleasure obtained in acquiring them. Because of this, Chaudhry and Stumpf propose that addressing these issues could be a higher priority than attempting to change the personal values of consumers. That relativism did not have the expected impact might be attributable to respondents being of the same cultural orientation. Alternatively, the authors advocate that relativist

behavior may be context dependent. Further investigation of these suggestions could also consider the possibility of consumers having “multiple ethical ideologies” that can harmonize or diverge accordingly.

Moderate significance was noted for product category. For instance, perceived quality showed greater influence for a pharmaceutical product whereas the hedonic shopping experience was more closely related to counterfeit movies. This lends support to authorial assumption that consumers are likely to perceive greater risk in buying fake pharmaceutical goods than with the purchase of counterfeit movies. No real difference was found between online and physical hedonic shopping experience. A plausible explanation for this is the potential high familiarity with virtual shopping among the young respondents.

Managers should emphasize to consumers the illicit nature of counterfeit products along with other ethical issues likely to concern them. Certain industries have used high-profile spokespeople, peer pressure and education. Campaigns have also highlighted the inferiority of pirated goods and raised awareness of the connection between counterfeiting and organized crime. De-marketing techniques, such as the fear tactics used in World Health Organization (WHO) advertisements pointing out the danger of counterfeit drugs is another possibility. Incorporating messages into all aspects of merchandising might help appeal to people’s sense of idealism, while greater understanding of hedonic shopping could dilute its influence. A focus on every aspect of complicity is essential to increase the chance of attaining the desired outcome.

Since findings indicate the possible significance of culture, age and gender, attempts to reduce complicity might examine these variables further. Additional research that considers a wider variety of age groups, cultural settings and products is therefore recommended.

(A précis of the article “Consumer complicity with counterfeit products”. Supplied by Marketing Consultants for Emerald.)