

Influence of Moral View and Other Variables on Purchase Intentions Concerning Fashion Counterfeits

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Abstract

The purpose of this research was to examine the extent of deontological (values) and teleological evaluation (considering consequences) used in arriving at an ethical judgment concerning intention to purchase a fashion counterfeit. In addition, the effect of psychographic (attitudes toward counterfeiting, risk taking, self-image, value consciousness, public self-consciousness, and materialism) and product attributes (perceived fashion content, physical appearance, and image) on intention to purchase a counterfeit product were investigated. Two alternatives and possible consequences as well as the scenario were given to the participants. The first alternative is persuading a friend not to buy a counterfeit and the second alternative is purchasing a counterfeit product with a friend. Participants ($n = 245$) were undergraduate volunteers enrolled in courses at a Midwestern university. Data were analyzed using confirmatory factor analysis and structural equation modeling. The proposed structural models fit the data adequately in both alternatives, and all paths were significant. Participants followed the decision making steps outlined by Hunt and Vitell (1986) in both alternatives. Personal characteristics exerted no influence on behavioral intentions concerning counterfeits. Two product-related characteristics (i.e., physical appearance of a counterfeit and projected image of a counterfeit) had direct effects on the behavioral intentions. The conclusions of this research are helpful in improving our understanding of variables that influence consumers' purchasing counterfeit luxury products.

Key words : counterfeits, ethical decision making, Hunt–Vitell ethical decision making theory

I . Introduction

Counterfeiting is big business. Although it is impossible to measure the exact losses from

product counterfeiting, it has been estimated that the total value of counterfeit and pirated products would be as much as \$1,770 billion in 2015 (“Estimating”, 2011).

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In addition to the monetary losses, there are other negative consequences associated with the practice of counterfeiting (Bloch, Bush, & Campbell, 1993; Chakraborty, Allred, & Bristol, 1996; Lee & Hahm, 2009; Nill & Shultz, 1996; Nurton, 2002). First, it is harmful to the owners of brand copyrights and workers in legitimate companies because of lost sales and damage to brand reputation (Bloch et al., 1993; Chaudhry & Walsh, 1996). Counterfeits can reduce demand for originals and subsequently reduce employment opportunities. Approximately 2.5 million jobs have been destroyed by counterfeiting and piracy ("Estimating", 2011). Second, counterfeiting deters innovation because it discourages legitimate companies from investing in research and development (Nill & Shultz, 1996). Third, counterfeits pose risks to consumer health and safety (Chaudhry & Walsh, 1996). Counterfeit pharmaceutical products, car parts, airplane parts, and even jewelry threaten life. Fourth, since counterfeiting is illegal, production is not done in legitimate workplaces (Nill & Schultz, 1996) and may even rest on the use of children. Workers are unlikely to be protected from labor abuses as the companies are engaged in illegal activities. Lastly, counterfeiting is linked to organized crime and terrorism (Nill & Schultz, 1996; Nurton, 2002). The World Customs Organization estimated that 70% to 80% of Asia-Pacific counterfeiting profits are used to finance organized crime and terrorist groups ("Counterfeiting Confidential", 2006). Nurton (2002) raised the point that when they knowingly purchasing counterfeits, consumers do not understand that they could be funding criminal activities as well as encouraging labor abuses in the factories where counterfeit products are manufactured.

The explosive growth of many forms of

counterfeiting is attributable to consumer's strong brand affinity, huge financial incentives, and the global diffusion of technologies for mass production (Nill & Shultz, 1996). Producing counterfeit goods offers cost advantages because there are no investments in product research, development, or brand advertising.

Efforts at stopping the production of counterfeits include legislation. Both the French and Italian governments introduced laws that make buying counterfeit products a crime. In France, buyers can face as long as three years in jail (Galloni, 2006). While the effectiveness of these laws remains to be seen, it is clear that consumer demand for counterfeits is strong. Chakraborty, Allre, Sukhdial, and Bristol (1997) noted that a generous supply of counterfeits will always exist as long as there is demand for them. Thus, consumers are major participants in the business of some counterfeits. In this sense, an understanding why some consumers purchase counterfeits and what role their ethical-decision making processes might play in their decisions concerning counterfeits is useful to developing effective strategies to deter demand for counterfeits.

In this study, using Hunt and Vitell's (1986) ethical decision-making theory, consumers' moral views were examined. Hunt and Vitell's (1986) ethical decision-making theory illustrates how consumers make moral judgments and form behavioral intentions. In addition, the relative effects of an individual's moral view, selected psychographic variables and selected product-related characteristics on behavioral intentions concerning a fashion counterfeit purchase were investigated. The specific research questions addressed were as follows:

1. Concerning moral views, what relationships

exist between deontological (one's values) or teleological (consideration of consequences) processes and judgments concerning intention to purchase a counterfeit?

2. When compared to moral views, what is the relative effect of psychographic and product attributes on intention to purchase a counterfeit product?

II. Review of Literature

1. Hunt and Vitell's (1986) Ethical Decision Making Theory

In this study, Hunt and Vitell's (1986) ethical decision-making theory was used (see Figure 1 for diagram of Hunt-Vitell's theory). The Hunt and Vitell's theory is one of the first developed in an organizational context that takes into

account both deontological and teleological aspects of the evaluation process (Thong & Yap, 1998). The theory has been applied to moral decision-making in general not just limited to marketing or business contexts (Hunt & Vasquez-Parraga, 1993; Thong & Yap, 1998; Vitell, Singhapakdi, & Thomas, 2001). According to Vitell (2003), the Hunt-Vitell theory is appropriate for testing research questions involving consumer ethics.

According to the theory, an individual first needs to perceive a situation as having moral content and then the decision making process is triggered. Next, an individual perceives various possible alternatives or actions. In a situation concerning an intention to purchase a counterfeit, an individual can develop alternatives such as whether or not to purchase. Once various possible alternatives are developed, two kinds of evaluations may take place. An

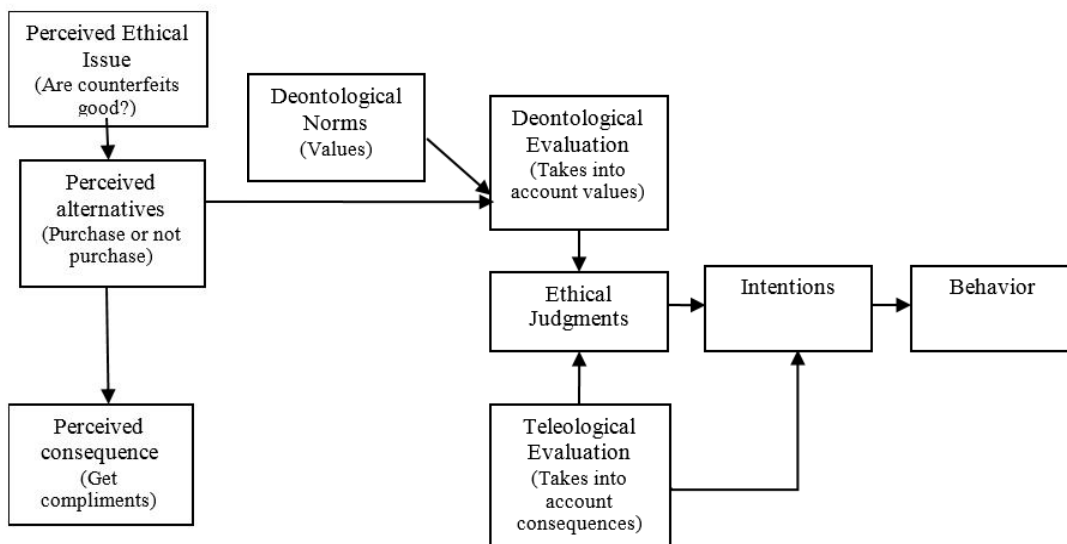


Figure 1. Adapted Diagram of Hunt-Vitell's (1996) Ethical Decision-making Theory

individual can make a deontological evaluation and/or a teleological evaluation. The deontological evaluation focuses on the specific actions or behaviors of the consumer and is influenced by the consumer's values (i.e., deontological norms). Applied to a situation involving counterfeits, the focus of the evaluation might be on whether the behavior (e.g., purchasing counterfeits, shopping for counterfeits) is wrong or not. A teleological evaluation focuses on the consequences of those behaviors. Applied to a situation involving counterfeits and the previously mentioned behaviors, the focus of the evaluation might be on whether the individual wants to support organized crime (one possible consequence) through the purchase of a counterfeit (the behavior). The next step is an individual's ethical judgment. Ethical judgments are a function of either the deontological, or the teleological evaluation, or both. Hunt and Vitell posited that ethical judgments affect behavior through intentions. Ethical judgments might differ from actual intentions in situations in which an individual believes the act is wrong (deontologically) but also believes that a specific consequence (teleologically) of the act is desirable (see Figure 1 for diagram).

H1: Deontological norms influence both deontological evaluation and teleological evaluation for both alternatives.

H2: Ethical judgments are significantly influenced by deontological and teleological evaluations (positively) in both alternatives.

H3: Behavioral intention to adopt a certain alternative is significantly influenced by ethical judgment for both alternatives.

H4: Behavioral intentions to adopt a certain alternative are significantly influenced by

teleological evaluations for both alternatives.

H5: Intention to purchase a counterfeit product is influenced by moral view for both alternatives.

2. Related Research Concerning Consumption of Counterfeits

1) Ethical beliefs and behaviors concerning counterfeiting

There is limited research addressing ethical consumer beliefs and behaviors concerning counterfeiting. Vitell and Muncy (1992) defined consumer ethics as "the moral principles and standards that guide behavior of individuals or groups as they obtain, use, and dispose of goods and services." Vitell and Muncy (1992) developed a consumer ethics scale that examined consumer ethical beliefs regarding various questionable behaviors. Participants were more likely to accept passive unethical behavior than active unethical behavior, although both were considered to be wrong. Using a modified version of this scale, Vitell and Muncy (2005) found students were significantly more likely to view buying counterfeit items as less wrong than non-students.

In related research, Chan, Wong, and Leung (1998) found that participants tended to view a copyright violation as "not wrong". Wang (2005) investigated the relationship between ethical concerns and intention to purchase pirated goods. The results revealed that people who had high ethical concerns were unlikely to purchase pirated DVD/VCDs. Penz and Stottinger (2005) found that ethical disposition was indirectly related to intention to purchase counterfeits. For example, when a person perceived the embarrassment potential of purchasing counterfeits, he or she was unlikely

to purchase counterfeits.

2) Other variables

Variables that have been investigated for their influence on the purchase of counterfeit products were grouped into two broad categories: personal characteristics and product-related characteristics. Personal characteristics include psychographic and demographic variables. Psychographic variables include attitudes toward counterfeiting, risk taking, value consciousness, self-image, public self-consciousness, and materialism. Product-related characteristics include perceived fashion content, physical appearance, and image.

(1) Personal Characteristics--Psychographic Factors

Attitudes toward counterfeits. Among the psychographic factors, attitudes toward counterfeits were one of the most frequently examined variables. In an early study, Wee, Tan, and Cheok (1995) found that the more unfavorable a person's attitude was towards counterfeits, the lower was his or her intention to purchase counterfeit products. Ang, Cheng, Lim, and Tambyah (2001) also found that attitudes towards piracy were significant predictors of counterfeit purchase intention. When a person held favorable attitudes towards piracy, he or she was likely to purchase pirated CDs. Penz and Stottinger (2005) found that the more consumers defended counterfeiters, the stronger was their intention to purchase counterfeits. Also, when a person had favorable attitudes toward counterfeiting, he or she had a higher intention to purchase them. Therefore, hypothesis 6A (attitudes toward counterfeits

influence intention to purchase counterfeit products for both alternatives.) was developed.

Risk taking. According to Cordell et al. (1996), perceived risk is multidimensional. There are financial, performance, physical, psychological, and social risks. All dimensions can play a part in perception of risk when making a purchase. Some researchers have examined one or two kinds of risk (Bloch et al., 1993; Penz & Stottinger, 2005) whereas others have investigated all dimensions of risk (Wee et al., 1995; Cordell et al., 1996; Chakraborty et al., 1997). Although Wee et al. (1995) found risk taking was not a significant factor in predicting counterfeit purchase intention, in earlier work Bloch, Bush, and Campbell (1993) did find a relationship between performance risk and willingness to purchase counterfeits. Penz and Stottinger (2005) examined social risk in the form of perceived embarrassment potential concerning ownership of counterfeits. They found that when a person perceived higher social risk with purchasing counterfeit products, he or she was unlikely to purchase. Therefore, hypothesis 6B (risk taking influences intention to purchase counterfeit products for both alternatives.) was developed.

Value consciousness. Value consciousness is defined as a concern for paying lower prices, subject to some quality constraint (Lichtenstein et al., 1990). Both Ang et al. and Wang (2005) found that value conscious consumers held favorable attitudes toward counterfeit products. And, as noted previously, when a person holds favorable attitudes toward counterfeits, he or she was more likely to purchase counterfeits. Hypothesis 6C is that value consciousness influences intention to purchase counterfeit products for both alternatives.

Self-image and public self-consciousness.

Penz and Stottinger (2005) found in a situation a high priced and a low priced counterfeit was available, that a person who had a vague and uncertain self identity tended to have a stronger intention to purchase a counterfeit, but only when its price was high. When the price of a counterfeit was significantly cheaper than an original, self identity was not a significant factor influencing intention to purchase counterfeit products. Bloch et al. (1993) found that the participants who indicated they would purchase a counterfeit saw themselves as less well off financially, less confident, less successful, and lower in status than did those who indicated they would not. Intended purchasers of the counterfeit also saw themselves as less successful and lower in status than purchasers. Hoe, Hogg, and Hart (2003) found that the main reasons to purchase counterfeit fashion products included the brand itself and the messages associated with the brand that could be transferred to the wearer. Therefore, hypothesis 6D is self-image influences intention to purchase counterfeit products for both alternatives.

Public self-consciousness may actually reduce demand for counterfeits. Bushman (1993) noted that publicly self-conscious persons were especially concerned about the impression they made on others. Publicly self-conscious people preferred buying national and famous brands over imitations. According to Lee (2010), female college students who have high public self-consciousness attach great importance to the latest fashion trends and brand names. Therefore, hypothesis 6E is public self-consciousness influences intention to purchase counterfeit products for both alternatives.

Materialism. Research findings on the influence of materialism on counterfeit purchasing are

inconsistent. In Wee et al.'s (1995) study the researcher found materialism was not a significant influence on counterfeit purchase intentions. However, in Chuchinprakarn's (2003) study, participants who were materialistic were likely to intend to purchase and to use counterfeit products. Therefore, hypothesis 6F (materialism influences intention to purchase counterfeit products for both alternatives.) was developed.

(2) Product-related Factors

Among the researchers who examined factors that influence consumers' counterfeit purchasing behaviors, several found significant relationships between product-related factors and purchasing behaviors. These product-related factors included perceived fashion content, physical appearance, and image projected from the counterfeit product.

Perceived Fashion Content. Because this study focused on counterfeited apparel and fashion accessories, the extent to which the product is considered a "fashion item" may influence participants' intention to purchase. Wee et al. (1995) used Greenberg, Sherman, and Schiffman's (1983) measure of perceived fashion content (PFC) to investigate purchase intention of counterfeits. Perceived fashion content can be calculated by dividing the functional importance for that product by the fashion importance for that same product. The researchers found that when participants considered a counterfeit watch as a fashion item rather than as a functional good, they reported a higher intention to purchase it. Hypothesis 7A is perceived fashion content influences intention to purchase counterfeit products.

Physical appearance. Physical appearance of a counterfeit product is one of the important

factors that influences consumers' decision making. Wee et al. (1995) found that for working adults, the physical appearance of counterfeit products was the dominant factor in the purchase intention of a counterfeit product. When there were minimal visual differences in appearance between counterfeit products and originals, participants were more willing to buy counterfeit products. Prendergast et al. (2002) investigated factors that influence purchasing pirated CDs and clothing in China. The researchers also found that the physical appearance of the counterfeit clothing was an important factor for the purchase of pirated brands of clothing. Hypothesis 7B is physical appearance of a counterfeit product influences intention to purchase counterfeit products.

Image. In the case of fashion items, consumers expect others will attribute to them specific traits that comprise an image as a result of owning or using a branded product. So, part of the performance of the branded fashion item consists of projecting that image to others. Thus, the extent of similarity of a counterfeit to a genuine product is important in purchasing decisions. Hoe et al. (2003) found that a counterfeit of a brand projected the same meanings as the genuine as long as others were unable to distinguish between the counterfeit and the original. This explains the earlier findings of Wee et al. (1995) who found that the dominant factor explaining purchase intentions of undergraduates concerning counterfeits was image. Similarly, Cordell (1996) found that when consumers' expected wearing a counterfeit shirt would project an image that he or she desired, he or she was likely to purchase the counterfeit. Hypothesis 7C is projecting an image of owning a counterfeit product influences intention to purchase counterfeit products.

3. Hypotheses

Based on the theoretical framework outlined and existing research findings, the following hypotheses were developed. Two possible alternatives were also developed. One was the situation in the context of persuading a friend not to buy a counterfeit and the other was the situation in the context of purchasing a counterfeit with a friend.

H1: Deontological norms influence both deontological evaluation and teleological evaluation for both alternatives.

H2: Ethical judgments are significantly influenced by deontological and teleological evaluations (positively) in both alternatives.

H3: Behavioral intention to adopt a certain alternative is significantly influenced by ethical judgment for both alternatives.

H4: Behavioral intentions to adopt a certain alternative are significantly influenced by teleological evaluations for both alternatives.

H5: Intention to purchase a counterfeit product is influenced by moral view for both alternatives.

H6: Personal characteristics influence intention to purchase counterfeit products for both alternatives.

H6a – H6f: Attitudes toward counterfeits, risk taking, value consciousness, self-image, public self-consciousness, and materialism each

H7: Product-related characteristics influence intention to purchase counterfeit products

H7a – H7c: Perceived fashion content, physical appearance of a counterfeit product, and the image projected from a counterfeit each

H8: Moral viewpoint, personal characteristics and product-related characteristics will influence intention to purchase counterfeit products (see figure 2 for diagram of proposed model).

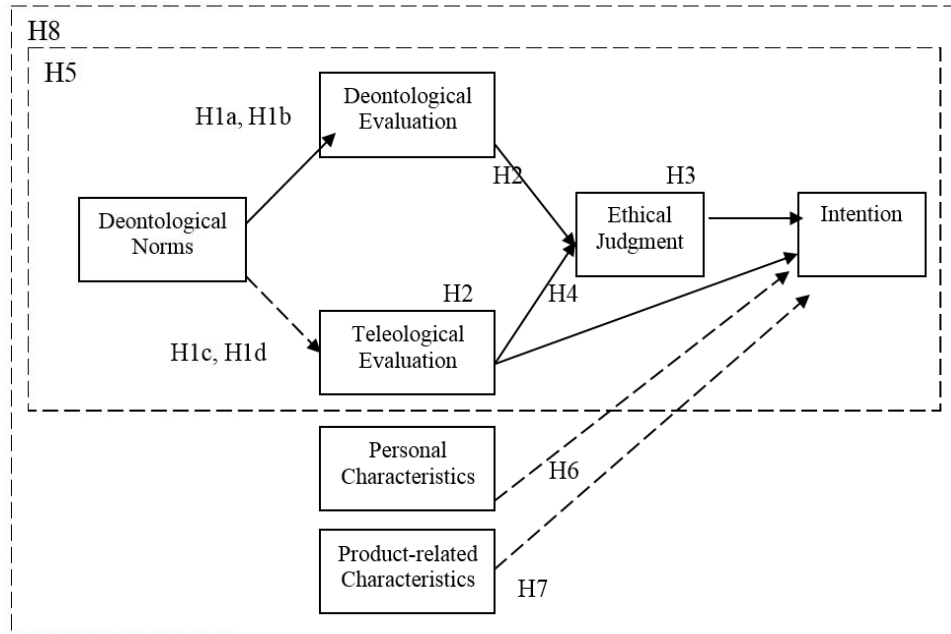


Figure 2. Diagram of Proposed Model Indicating Hypothesized Relationships between Variables.

III. Methods

1. Participants

Institutional Review Board (IRB) approval was obtained for the data collection. Participants (n = 245) were undergraduate students enrolled in courses in a Midwestern university who volunteered. A sample drawn from university students was suitable because college students are one segment of the population that knowingly purchases counterfeits because they have relatively low incomes (Chakraborty, 1997; Hwang & Hwang, 2011).

Students who agreed to participate were given a consent form and a questionnaire. The consent form detailed the voluntary nature of the research, that participants were at no risk to

participate in the study, that their responses would be confidential, and that they could stop participating at any time. After reading the consent form, the participants were asked to complete the questionnaire.

2. Scenario Design

Presenting a scenario and having participants react to the situation is a widely used study design in ethics research. This approach is recommended by Hunt and Vitell (1986) because it enhances measurement accuracy in situations featuring an ethical component. The scenario used was adapted from Thong and Yap (1998)'s softlifting (i.e. copying software) scenario. In the scenario, it describes the situation when a participant and a close friend learned that they are able to buy a counterfeit luxury bag easily at

the night market in Hong Kong where they are studying abroad in the summer. And the close friend is about to purchase a counterfeit luxury bag and asking if a participant would like to buy one. Each participant read the scenario. They then evaluated the morality of each of two different alternatives. Next participants evaluated the morality of the two alternatives taking into account the listed consequences. The scenario is presented in Table 1.

Table 2 describes both alternatives and consequences (see Table 2). One possible positive consequence and one negative consequence for each alternative were presented. The particular stakeholders were the participant and a friend. The counterfeit item under consideration was either a handbag or a wallet depending on participants' gender.

3. Data Analysis

In order to test our hypotheses, structural equation modeling (SEM) was used. SEM is considered a confirmatory method and provides researchers with a comprehensive means for assessing and modifying theoretical models. SEM allows the explicit representation of a distinction between observed and latent variables, which makes it possible for researchers to test a wide variety of hypotheses (Kline, 1998). Furthermore, the SEM approach simultaneously estimates relationships between observed variables and the corresponding underlying latent constructs and between the latent constructs.

Table 1. Scenario

Imagine you are participating in a student study tour in Hong Kong during summer session. The tour involves attending lectures, touring apparel factories and retailers, and touring cultural sites. You have free time in the evenings and on weekends. One day, you decide to go to the night market with your close friend, Sarah. The night market is an open air market where all types of goods are sold including counterfeits. When you and Sarah went shopping last time, Sarah found a designer handbag in a boutique. She really wanted to purchase it but decided she could not afford it. Sarah heard that the quality of counterfeit handbags in Hong Kong is very good. The counterfeit handbags look so similar to genuine products that very few people can tell the difference. In addition, the price of a counterfeit is about 70% less than a genuine designer handbag. You explore the night market and find that there are people selling counterfeits. They have some handbags on display but they also have pictures of other handbags that they can sell to you. If you ask about a handbag and they do not have it in their shop, they will quickly get it from someplace else. Sarah is certain she wants to buy a counterfeit handbag and begins looking for a handbag that looks like the one she liked in the designer boutique. Sarah asks you if you are also going to buy a counterfeit handbag.

Table 2. Two Alternatives and Possible Consequences

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- Alternative 1: I would strongly persuade Sarah not to buy a counterfeit
 - Consequence of Alter 1—Sarah respects me as being ethical and in helping her make a good decision and she tells other friends.
 - Consequence of Alter 1—Sarah was offended by my advice.
 - Alternative 2: I would purchase a counterfeit product with Sarah.
 - Consequence of Alter 2—I get compliments from others about the handbag.
 - Consequence of Alter 2—I will be caught using a counterfeit product and will be embarrassed in front of my friends. The counterfeited bag will break after a few uses and it will be a waste of money.
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IV. Analysis of Results

1. Sample Description

The age of participants ranged from 17 to 34 years with a mean of 20 years. Twenty-nine percent of the participants were male and 71 percent were female. Twenty-six percent were majoring in retail merchandising, 9 percent were majoring in clothing design, and 38 percent were majoring in architecture. Forty-five percent of the participants had purchased counterfeits. Among participants who had purchased counterfeits, 42.5 percent of them purchased counterfeits only once, 21.7 percent purchased twice, 10.4 percent reported that they have purchased counterfeits three times, and 25 percent purchased counterfeits more than three times. Eighty percent of participants knew someone who purchased counterfeits.

2. Preliminary Data Analyses

Reliability. In order to evaluate the internal consistency and precision of the observed items

measuring a given variable, reliability tests were conducted. Reliability of each variable was assessed using Cronbach's alpha. Nunnally (1967) recommended that instruments have a reliability of 0.6 or better. All items were above 0.7.

Confirmatory factor analysis. Table 3 and Table 4 show the results of the final confirmatory factor analysis (CFA) for each alternative. CFA showed that all factor loadings are significant ($p < .001$) and that all the loadings are greater than .50, which is above the acceptable value of .30 (Hair, Anderson, Tatham and Black, 1992).

3. Analysis of the Hypothesized Structural Model of Hunt and Vitell's Ethical Decision-Making Theory

The adapted models of Hunt and Vitell's ethical decision-making theory presented earlier in Figure 2 were analyzed using structural equation modeling. Results of the analysis of path coefficients for the structural models are shown in Figures 3 and 4 for path coefficients in each alternative.

Table 3. Confirmative Factor Loadings for Alternative 1 (N= 245)

	Deontological norms	Deontological evaluation	Ethical judgment	Teleological evaluation
De. Norm 2: We can only use other people's property when we have been authorized to do so.	.62			
De. Norm 3: Punishment must be enforced on those who have done wrong.	.81			
De. Norm 4: We should minimize the possibility of indirectly harming others such as causing loss of property.	.54			
De. Norm 5: Purchasing illegally produced products is wrong.	.56			
De. Eval. 1: Alternative 1 (persuading strongly Sarah not to buy a counterfeit) is very ethical.		.71		
De. Eval. 2: Alternative 1 is ethically acceptable.		.89		
Ethical judg. 1: Alternative 1 is very ethical.			.81	
Ethical judg.2: Alternative 1 is ethically acceptable.			.90	
Tele. Eval.1(after reading possible consequences): Alternative 1 is very ethical.				.81
Tele. Eval.2: Alternative 1 is ethically acceptable.				.87
Goodness-of-fit	$\chi^2=65.067(df=29), RMSEA=.071, CFI=.974, TLI=.950$			

Table 4. Confirmative Factor Loadings for Alternative 2 (N= 245)

	Deontological norms	Deontological evaluation	Ethical judgment	Teleological evaluation
De. Norm 3: Punishment must be enforced on those who have done wrong.	.55			
De. Norm 5: Purchasing illegally produced products is wrong.	.72			
De. Norm 6: Counterfeit products should not be purchased.	.82			
De. Eval. 5: Alternative 2 (I purchase a counterfeit product with Sarah) is very ethical.		.71		
De. Eval. 6: Alternative 2 is ethically acceptable.		.89		
Ethical judg. 5: Alternative 2 is very ethical.			.81	
Ethical judg.6: Alternative 2 is ethically acceptable.			.90	
Tele. Eval.5(after reading possible consequences): Alternative 2 is very ethical.				.81
Tele. Eval.6: Alternative 2 is ethically acceptable.				.87
Goodness-of-fit	$\chi^2=39.247(df=25), RMSEA=.048, CFI=.993, TLI=.988$			

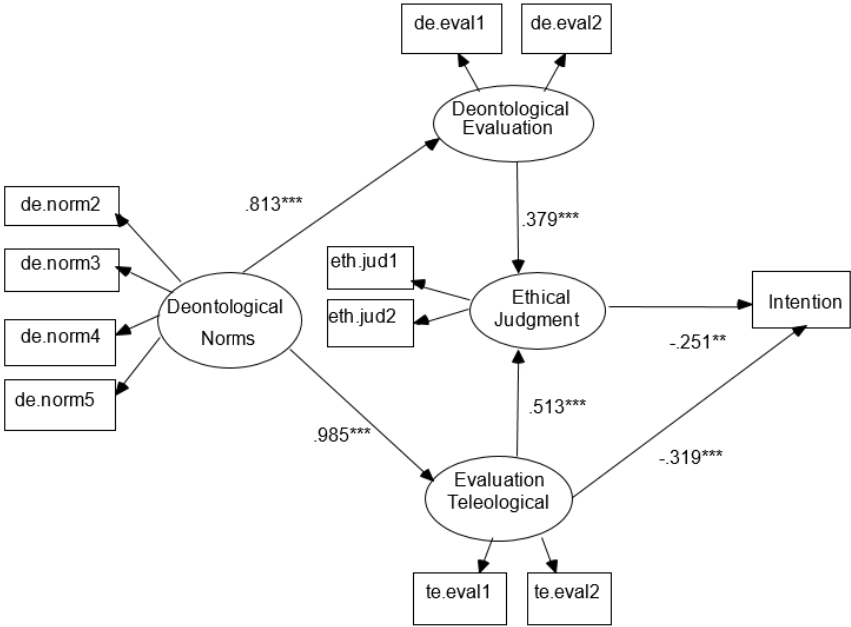


Figure 3. Structural model for alternative 1 (Persuading a friend not to buy a counterfeit)

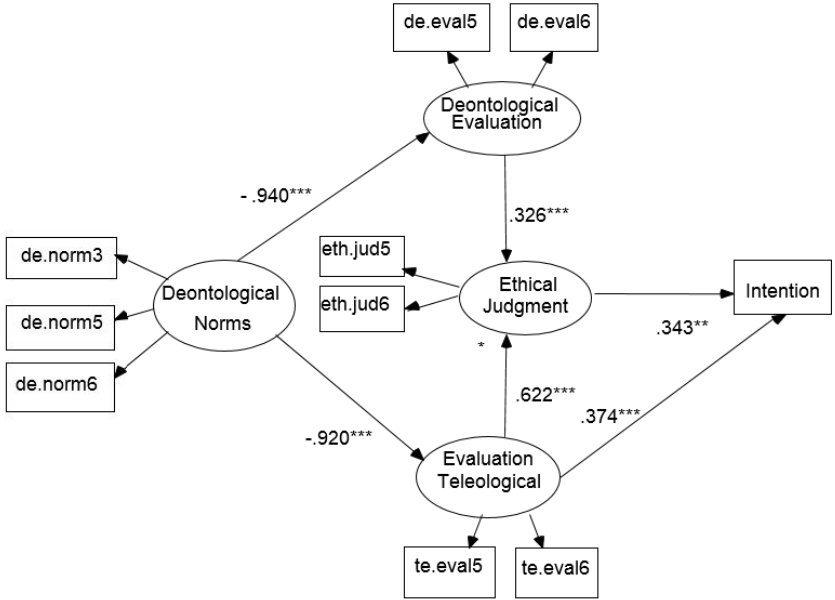


Figure 4. Structural model for alternative 2 (Purchasing a counterfeit with a friend)

1) Hypotheses Testing

The first hypotheses examined the relationship between deontological norms and both deontological evaluation and teleological evaluation.

H1a: Deontological norms significantly influence deontological evaluation for the first alternative (positively).

The results showed a significant positive relationship between deontological norms and deontological evaluation. This finding implies that individuals who held anti-counterfeit views agreed that persuading a friend not to buy a counterfeit was ethical and ethically acceptable. Thus, hypothesis 1a was supported.

H1b: Deontological norms significantly influence deontological evaluation for the second alternative (negatively).

There was a significant negative relationship between deontological norms and deontological evaluation, indicating that individuals who held pro-counterfeit views agreed buying a counterfeit with a friend was ethical or ethically acceptable. Thus, hypothesis 1b was supported.

H1c: Deontological norms significantly influence teleological evaluation for the first alternative (positively).

There was a significant positive relationship, indicating that individuals who held anti-counterfeit views agreed that persuading a friend not to buy a counterfeit was ethical and ethically acceptable after considering all possible consequences. Thus, hypothesis 1c was supported.

H1d: Deontological norms significantly influence teleological evaluation for the second alternative (negatively).

The result showed that individuals who held pro-counterfeit views agreed that buying a

counterfeit with a friend was ethical and ethically acceptable after considering all possible consequences. Thus, hypothesis 1d was supported.

There were significant relationships between deontological norms and both deontological evaluation and teleological evaluation. Hypotheses 1a to 1d were supported. Thus, hypothesis 1 was supported.

H2: Ethical judgments are significantly influenced by deontological and teleological evaluations (positively) for both alternatives.

The results showed a significant positive relationship between ethical judgment and deontological and teleological evaluations for both alternatives. Individuals considered both deontological and teleological evaluations when they made their ethical judgments. In other words, participants used both their own values and considered the stated consequences of their decision when they made their ethical judgment. Thus, hypothesis H2 was supported.

H3: Behavioral intention to adopt a certain alternative is significantly influenced by ethical judgment.

Individuals who agreed that persuading a friend not to buy a counterfeit was an ethical judgment indicated they did not intend to purchase a counterfeit. Individuals who believed that buying a counterfeit with a friend was an ethical judgment indicated they did intend to purchase a counterfeit. Therefore, hypothesis 3 was supported for both alternatives 1 and 2.

H4: Behavioral intentions to adopt a certain alternative are significantly influenced by teleological evaluations.

Individuals who thought that persuading a friend not to buy a counterfeit was ethical and ethically acceptable after considering all possible consequences did not intend to purchase a

counterfeit. Individuals who thought that buying a counterfeit with a friend was ethical and ethically acceptable after considering all possible consequences intended to purchase a counterfeit. Thus, hypothesis 4 was supported for both alternative 1 and alternative 2.

H5: Intention to purchase a counterfeit product is influenced by a moral view.

Hypothesis 5 proposed that participants would follow the steps outlined by Hunt and Vitell's ethical decision-making theory as they assessed their intended behaviors in both alternatives outlined. Participants followed the steps outlined by Hunt and Vitell in alternative 1 (i.e., persuading a friend not to buy a counterfeit product) and alternative 2 (i.e., purchasing a counterfeit product with a friend). Thus, hypothesis 5 was supported.

2) Analysis of the Effects of Other Variables on Behavioral Intention

Direct effects of personal characteristics and product-related characteristics within the context of the Hunt and Vitell's ethical decision-making theory were examined.

3) Hypothesis Testing Related to Direct effects on the Behavioral Intention

To examine the direct effects of each variable, each variable was added separately to Hunt and Vitell's ethical decision-making theory for both alternatives. It was concluded that there were direct effects when both the model fit the data and there were significant path coefficients for all relationships among variables.

H6: Personal characteristics influence intention to purchase counterfeit products.

There were no significant relationships between any of the personal characteristics examined and intention to purchase counterfeit products. Neither attitude toward counterfeits,

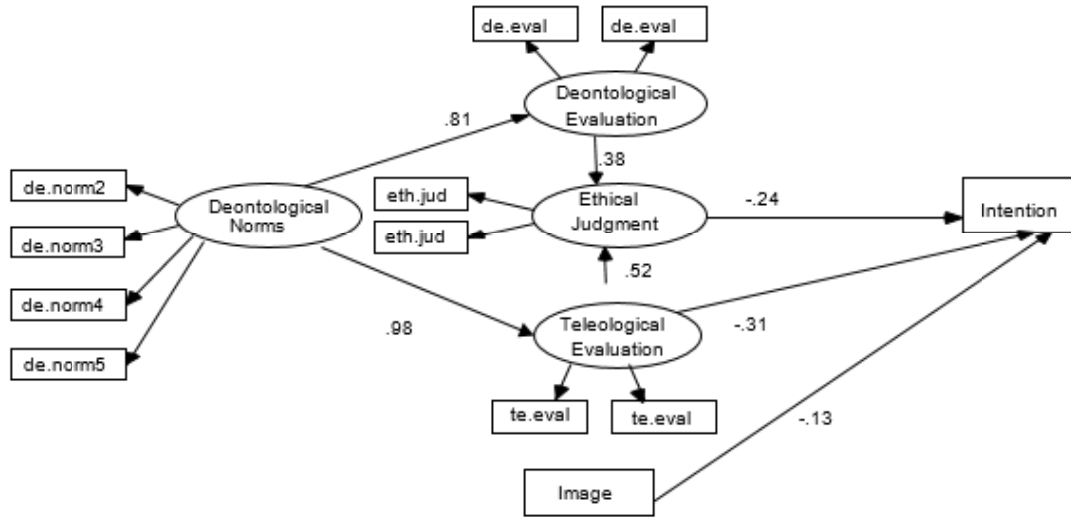
value consciousness, public self-consciousness, nor materialism had a direct effect on purchase intention in the context of Hunt and Vitell's ethical decision-making theory. Therefore, hypothesis 6 was not supported.

H7: Product-related characteristics influence intention to purchase counterfeit products.

Among the product related characteristics, perceived fashion content (PFC) showed no effect in either alternative. However, physical appearance had direct effects on behavioral intention in alternative 2. Participants who indicated the physical appearance of a counterfeit should look like a genuine brand were likely to purchase a counterfeit. In addition, projecting an image of a counterfeit had negative direct effects on the behavioral intention in alternative 1. Participants who indicated that it was important for a counterfeit to project the same image as a genuine item were unlikely to purchase a counterfeit. Although it was expected that there would be a positive relationship between projecting an image of a counterfeit and the behavioral intention, it was a negative relationship. Therefore, hypothesis 7c was not supported. Thus, only hypothesis 7b was supported. Overall, hypothesis 7 was not supported.

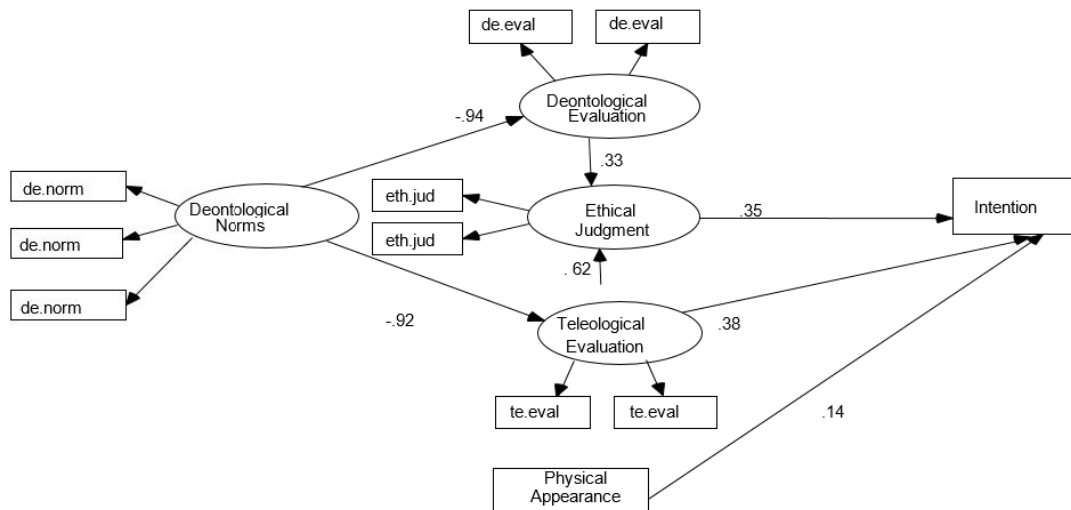
H8: Moral viewpoint, personal characteristics and product-related characteristics influence intention to purchase counterfeit products.

Moral viewpoint influenced intention to purchase a counterfeit product in both alternatives. For alternative 1, projecting the image of the genuine products also influenced behavioral intention. For alternative 2, physical appearance of a counterfeit also influenced behavioral intention. Figures 5 and 6 show the final models of the modified Hunt and Vitell's ethical decision-making theory for both alternatives. Overall, hypothesis 8 was not supported.



$\chi^2 = 70.15$, $df = 38$, $p = .001$ TLI ($> .90$) = .959, CFI ($> .90$) = .977, RMSEA ($< .08$) = .059

Figure 5. Diagram of adapted Hunt and Vitell's Ethical Decision-making Theory for Alternative 1 (Persuading a Friend not to Buy a Counterfeit)



$\chi^2 = 63.26$, $df = 34$, $p = .002$ TLI ($> .90$) = .979, CFI ($> .90$) = .987, RMSEA ($< .08$) = .059

Figure 6. Diagram of Adapted Hunt and Vitell's Ethical Decision-making Theory for Alternative 2 (Purchasing a Counterfeit with a Friend)

Hunt and Vitell's ethical decision-making theory. Participants followed most of the decision-making process outlined by Hunt and Vitell's (date) ethical decision-making theory in the context of decision making concerning behavioral intentions about purchasing a fashion counterfeit. The results differed from Hunt and Vitell in one important aspect. Deontological norms influenced both deontological evaluation and teleological evaluation. The results of our study may have varied from those of Hunt and Vitell simply because they did not bother to test this relationship in their research. Participants who believed counterfeiting was bad indicated that persuading a friend not to buy a counterfeit (alternative 1) was ethical and that purchasing a counterfeit was not ethical (alternative 2). Participants indicated this both when they used only their own values without considering possible consequences in their evaluation (deontological evaluation) and when they considered consequences to evaluate the alternatives (teleological evaluation). For alternative 1, the influence of deontological norms on teleological evaluation was stronger than on deontological evaluation. Participants who believed counterfeiting was bad were influenced more in their decision making by consideration of consequences (e.g., it is possible that you would be "caught" using a fake product and would be embarrassed in front of your friends) than when they considered only their own values (e.g., purchasing a counterfeit is bad). For alternative 2, results were reversed. Participants who believed that counterfeiting was bad were influenced slightly more by their consideration of their own values than consideration of all possible consequences (e.g., it is possible that you would get compliments from others about the fake product).

It is possible that differences in the strength of the relationships between deontological norms and type of evaluation were tied to the type of decision being made. Perhaps the difference is that one type of decision involved an individual's behavior toward another individual with respect to a decision the second individual ultimately makes (i.e., do I convince someone else not to engage in a behavior). The other type of decision only involved the individual (i.e., do I engage in the behavior).

When the participants made their ethical judgment in both alternatives (i.e., persuading a friend not to buy a counterfeit was ethical, purchasing a counterfeit with a friend was ethical), they considered both their own existing values and all possible consequences. Both Hunt and Vasquez-Parraga (1993) and Vitell, et al. (2001) found their participants relied primarily on deontological evaluation in their ethical judgments concerning using an expired coupon, switching price tags, or correcting a cashier's mistake rather than on teleological evaluation. In this study, deontological and teleological evaluations were both important to making decisions, but participants relied more on teleological evaluation (i.e., consideration of consequences) than on deontological evaluation (i.e., consideration of their values) when forming ethical judgments. In previous research, participants were presented with a scenario that described another person's behavior and were asked to evaluate that person. In this research participants were asked to reflect on their own behavior. Differences may have been a result of the relevancy of the consequences to the participants. The consequences may have been relevant to these participants because they were considering their own behavior and not evaluating someone else's.

Personal characteristics. Contrary to expectations, attitudes toward counterfeits did not have direct effects on behavioral intentions. Since the effects of attitude were measured in the current study using the structural equation modeling, it is possible that there might be other variables in the original model that influenced the relationship between attitude toward counterfeits and behavioral intention.

Neither value consciousness nor materialism had direct effects on behavioral intention. Perhaps value consciousness only influences attitudes and not intentions. This interpretation is consistent with Vitell et al. (2001), who found value consciousness had very little effect on either ethical judgments or intentions. The finding that materialism had no effect on behavioral intention supports the findings of Wee et al. (1995) and Vitell et al. (2001). It is possible that materialism may influence other variables in the model such as ethical judgment or may be a mediator between variables (e.g. between ethical judgment and behavioral intention) in the model. Further data analyses may reveal other important relationships concerning materialism.

Product-related characteristics. Our findings were consistent with those of other researchers (need cites here). Participants, as they considered whether they were intending to purchase a counterfeit, indicated they were likely to purchase a counterfeit if there were minimal visual differences in appearance between a counterfeit and a genuine brand. In alternative 1 (persuading a friend not to buy a counterfeit) participants, who thought it was important that a counterfeit should project the same or similar image to a genuine brand, were unlikely to purchase a counterfeit. It is possible that these individuals believed that a counterfeit could not

possibly project the same image as a genuine brand. For alternative 2 (intention to purchase with friend) there was no relationship between product image and intention to purchase. It is possible that participants viewed having a unique buying experience associated with the purchase of counterfeits as more important than the image of the product one intended to purchase.

V. Conclusions

When participants made a decision whether they would purchase a counterfeit item, they considered both their personal values and anticipated consequences. However, their responses indicated stronger relationships to consideration of anticipated consequences than to consideration of both anticipated consequences and values. These results suggest that efforts to dissuade consumers to purchase counterfeits might focus on educating consumers about the adverse consequences of their purchases. For example, one might publicize the evidence that the sale of counterfeits supports organized crime and terrorist activities in advertisements in fashion magazines that feature luxury goods. One such campaign is Crimes of Fashion approach to combating counterfeit purchasing featured in *Harper's Bazaar*. This campaign notes that criminal activity including drug trafficking, child labor, and terrorism is supported through the sale of counterfeits. Thus, rather than focusing on attributes of the counterfeits as the reason not to purchase, the advertisement highlights who and what activities purchasing counterfeits support.

The conclusions of this research are helpful in improving our understanding of variables that

influence consumers' purchasing counterfeit luxury products.

As with any research project, there were some limitations with this research. First, the data were collected from a convenience sample rather than a random sample. Therefore, generalizability is limited to participants in the research. Second, participants were asked to read good and bad consequences but the probability of each consequence may have been perceived differently by an individual. It was possible that some participants did not think some of the listed consequences would occur at all or there may have been uncertainty about when they would occur (immediacy). Thus, future researchers could conduct a pilot study to assess perceptions concerning the probability of each consequence and provide consequences that are perceived as equally probable. Third, there are likely consequences that were not listed. Thus, future researchers could investigate a broader scope of consequences. Fourth, purchase intentions rather than actual behaviors were examined. Actual behavior of participants might be different. Thus a field study or experiment might be developed to measure actual behaviors relative to counterfeits. Finally, the model is a very cognitive model that fails to take into consideration emotional elements that might influence behavioral intentions concerning counterfeits. Researchers might consider the affective aspects (e.g., shame, embarrassment, excitement etc.) of consumer decision making concerning counterfeits. Additional ideas for future research include use of a diverse group of participants in terms of ethnicity, age, education, or income.

Vitell et al. (2001) noted that the effects of personal characteristics on moral decision making were generally inconclusive. Personal

characteristics or product-related characteristics might have moderating or mediating effects within moral decision making processes or they might have direct impacts on ethical judgments rather than impacting behavioral intentions. Thus, researchers may want to investigate where and how these types of variables may exert an influence within moral decision making.

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