Impact of the Word of Mouth on Consumers' Attitude Towards the Non-Deceptive Counterfeits

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Abstract: Previous studies identified various factors such as low, easy accessibility and weak low enforcement as main reasons stimulating demand for counterfeits. However, the impact of the word of mouth on the consumers' attitude towards the non-deceptive counterfeits was unaddressed. This study filled this gap in the existing literature on counterfeiting. The results show that word of mouth positively influences the consumers' attitude towards the non-deceptive counterfeits and their purchase intentions especially in mobile phone category in Asian countries. It is recommended that effect of WOM on consumers' attitude towards the non-deceptive counterfeits in other product categories such as sunglasses, watches, shoes etc. should be examined in future researches in different cultural contexts.

Key words: Counterfeiting trade · Non-deceptive Counterfeits · Word of mouth · Attitude · Purchase intentions

INTRODUCTION

Counterfeiting trade is rapidly growing in scope and accounts nearly 7% of the global trade [1]. Its growth rate is 15% per year. If it continues to grow at the same rate it could grow up to $960 billion by 2015 [2]. China is the main producer of counterfeits in the world. Other important sources are Russia, Argentina, Chile, Egypt, India and Israel. USA is the main consumer of counterfeits in the world [3]. Many studies have been devoted to examine the impact of the various factors such as low price and easy accessibility on the consumer attitude towards the counterfeit products. Low price is a key factor appealing consumers to buy the counterfeits [1, 4-7]. Similarly, easy accessibility of the counterfeits is a main factor inspiring consumers to buy them [8, 9]. However, the effect of the word of mouth on the consumers' attitude towards the counterfeits and their purchase intentions is still unaddressed. The objective of this study is to fill this gap in the existing literature on counterfeiting trade. This gap needs to be addressed as the word of mouth is considered to have the capacity of complementing the advertising [10]. Second, it is a vibrant and pervasive channel of marketing communication [11].

Third, both the deceptive and non-deceptive counterfeits are not promoted through the public media such as TV and Newspapers because of their illegal nature. Thus, the word of mouth may be the possible factor responsible for developing the consumers' positive attitude towards the counterfeits. Counterfeiting trade becomes a serious threat for the genuine industry especially when consumers knowingly purchase the counterfeits. This situation is known as the non-deceptive counterfeiting. In case of the non-deceptive counterfeiting consumers knowingly buy the fake products [12, 13]. Therefore, this study only focuses on the non-deceptive counterfeits. This study focuses on the mobile phone manufacturing industry only. Because in Asian markets most of the non-deceptive counterfeit mobile phone are produced and purchased. The findings of this study are useful for mobile device (mobile phones) producing companies in understanding the consumer behavior in Asian markets.

Theoretical Bases and Conceptual Model
Attitude and Intention Towards Counterfeits: Understanding the attitude is important as it directly influences the consumer behavior. Attitude is an individual's internal evaluations of the objects or events

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based on his or her beliefs [14]. Attitude affects an individual's intentions which in resection influence his or her behavior [15]. It is the mental states individuals use to structure the ways to perceive their environment. It also guides them how to respond to their environment [16]. Attitude reflects the reasons for performing a particular act [17]. Consumer's attitude can be positive or negative. Same is the situation in case of counterfeiting. Some consumers hold positive attitude towards the counterfeit products while others evaluate them negatively [18]. Positive attitude about the counterfeits influences the consumer purchase intentions of them positively. It is especially witnessed in case of the counterfeits of luxury brands [19]. This study postulates that consumer's attitude towards the non-deceptive counterfeits (NDC) and their purchase intentions are positively associated. Consumers' positive attitude towards the counterfeits can positively influence their purchase intentions [20]. This study advances that the word of mouth has positive impact on the consumers' attitude towards the non-deceptive counterfeits (NDC). The word of mouth usually takes place among the friends, relatives and the family members. The consumers whose family members and the friends approve their counterfeit purchase decisions are more likely to have a favorable attitude towards the counterfeits or fake products [18]. Figure 1 shows the overall conceptualization of the constructs of the study.

Word of Mouth: Since the both deceptive and non-deceptive counterfeits are unlawful products they are not promoted through the public media such as TV and newspapers. But the flexibility and loop holes in internet technology provide a communication mean to counterfeiters. They use different websites, blogs and personal pages to promote and advertise the counterfeits. Unlike traditional media the probability that consumers would see the ads on different websites is least and uncertain. Exposure of the people in different cultural contexts is more to the traditional media than internet especially in developing countries. These facts support the word of mouth as a communication channel counterfeiters may possibly use to promote their products. Hung and Li [11] stated that the word of mouth is an important and persuasive mean of marketing communication. But researchers have not thoroughly understood its effectiveness [11]. This study advances that the word of mouth positively influences the consumers' attitude towards the non-deceptive counterfeits. According to the Hogan *et al.* [10] word of
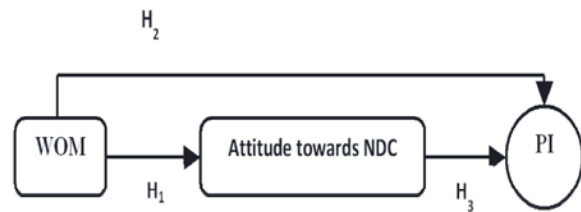

Fig. 1: The Proposed Model

mouth (WOM) has the capacity to complement the advertising [10]. It is an informal channel of communication to share the information among different groups of people about the products, services or social issues [21]. The WOM rapidly spreads among friends, relatives and the family members. Opinions of family and friends are important factors influencing the counterfeit product purchasing decisions [7]. Social and reference groups such family and friends influence the consumers' purchase decisions of the genuine or counterfeits brands [22]. The consumers whose friends and the family appreciate their counterfeit product purchase decisions are likely to have more positive attitude towards the counterfeits [23]. This indicates that WOM is used to promote the counterfeits among the people. This assumption is strengthen by the Ang *et al.* [23] who suggested that anti-piracy organizations can utilize word of mouth communication among friends and the family members especially in collectivistic cultures to reduce the demand of counterfeits [24]. This impact is shown in Figure 1.

Hypotheses:

H$_1$. Word of mouth has positive impact on consumers' attitude towards the non-deceptive counterfeits.

H$_2$. Word of mouth has direct and positive impact on consumers' intentions to buy the non-deceptive counterfeits.

H$_3$. Consumers' attitude towards the non-deceptive counterfeits and their purchase intentions are positively associated in case of the non-deceptive counterfeits.

Method: Data was collected from university students through survey. Students were randomly chosen from the database of Iqra University Islamabad. Students sample was chosen because of their extensive exposure to mobile phone technology. Secondly, student sample is justified as many studies (e.g. Nia and Zaichkowsky [25] and

Wang *et al.*[25,26]) concentrated on the students sample. Third students are thought to be identical in their attitudes and behavior [27, 28]. Survey was conducted in two phases. In first phase data was conducted from 150 students to validate the adapted and newly developed scales. In second phase 500 questionnaires were distributed among the randomly chosen students. However, only 433 questionnaires were received back completely filled. Items were adapted from Wang *et al.* [26] to measure the students' attitude towards the non-deceptive counterfeit mobile phones [26]. For purchase intention scale items were adapted from de Matos *et al.* and Wang *et al.* [18, 26]. Effect of WOM was measured by adapting two items from Chaudhry and Stumpf [29], whereas three items were newly developed. To know the background of the respondents four demographic variables i.e. age, gender, income and education were included in the Questionnaire. Intensity of responses for all variables was measured on 5 point likert scale except respondents' purchase intentions which were measured on three point comparative scale. To facilitate the respondents all the terms were defined in the opening statement of the questionnaire.

Exploratory Factor Analysis: In phase one data was collected from 150 students to assess the validity and reliability of measurement scales of constructs. The sample size was selected on the basis of recommendations given in the existing literature. There are diverse views about the sample size necessary for exploratory factor analysis. According to the Tabachnick and Fidell [30] there should be at least 300 cases for factor analysis. However, the smaller sample size (e.g. 150 cases) is also sufficient if the most of the items have high factor loadings (above.80) [30]. Five cases for each item are sufficient in most cases [31]. Even a sample of the 100 cases is acceptable for exploratory factor analysis [32]. This study meets the minimum sample size criteria. The Kaiser-Meyer-Olkin (KMO) test was applied which measures sample adequacy. Its values should be between 0-1. However, a value closer to 1 indicates that patterns of correlations among items are relatively compact and so factor analysis should produce distinct and reliable factor loadings [33]. KMO index should range from zero to one, with.60 suggested as the minimum value for a good factor analysis [30]. The KMO index in this study is.642 which is meeting the minimum KMO test criteria for good factor analysis. Bartlett's test of sphericity should be significant ($p <.05$) for factor analysis to be considered appropriate

[30]. In this pilot study Bartlett's test presented a significance of.000 which is a preferable index for factor analysis. After running exploratory analysis measurement items were reduced to 31 for the phase 2. Only those items were selected whose factor loadings were more than.60. Eigen value, percentage of variance and reliability values of measured items are shown in Table 1.

RESULTS

The final sample of 433 students was selected for analysis among which 65.5% were male and 39.5 females. The maximum respondents (i.e. 36.5 %) were under 21 of age. 32.8% respondents ages were between 21 and 27 which was the second highest score and so on.46.7% respondents were undergraduates, 25.7% were graduates and 27.6% were postgraduates. Maximum respondents (i.e. 35.1%) had less than Rs. 10000 incomes per month and 29.6% had between the Rs. 10000-20000 and so on. Income was measure in Pakistani Rupee.

First, enter method of regression was conducted to examine the impact of WOM on the students attitude towards the non-deceptive counterfeit mobile phones. The model with $F_{(1, 431)} = 78.061$ and R=.392 is significant at the 5 percent level of significance as ($p < 0.05$). $R^2 =.153$ indicates that WOM account 15.3 percent variation in students' attitude towards the non-deceptive counterfeit mobile phones. The WOM with $p =.000$ ($p <.05$), $\beta =.392$ and t= 8.835 supports the hypothesis (H_1) that Word of mouth has positive impact on consumers' attitude towards the non-deceptive counterfeits. Second, regression test was conducted to examine the direct impact of WOM on consumers purchase intentions of the non-deceptive counterfeits mobile phones. The model with $F_{(1, 430)} = 70.132$ and R=.374 is significant at the 5 percent level of significance as ($p < 0.05$). $R^2 =.140$ indicates that WOM account 14.0 percent variation in students' purchase intentions the non-deceptive counterfeit mobile phones.

The WOM with $p =.000$ ($p <.05$), $\beta =.374$ and t= 8.375 supports the hypothesis (H_2) that Word of mouth has direct and positive impact on consumers' intentions to buy the non-deceptive counterfeits. Similarly, regression test was conducted to examine the association between consumers' attitude towards the non-deceptive counterfeit mobile phones and their purchase intentions. The model with $F_{(1, 430)} = 341.691$ and R=.665 is significant at the 5 percent level of significance as ($p < 0.05$). $R^2 =.443$ indicates that consumers attitude

Table 1: Measurement items of the study constructs

Construct	Measurement	Factor Loadings	Cronbach's Alpha(α)
Attitude towards non-deceptive counterfeit mobile sets	I like the non-deceptive counterfeit Mobile phones because people say favorable things about them.	.748	.763
	Buying non-deceptive mobile phone generally benefits the consumer	.837	
	My friends often tell me about the non-deceptive counterfeit mobile phones	.820	
	I refer my friends and family members to buy non-deceptive counterfeits such as mobile phones.	.776	
Purchase Intentions			.631
	I think about a non-deceptive counterfeit mobile phone as a choice when buying mobile phone set.	.715	
	I think to buy a non-deceptive counterfeit mobile phone.	.660	
	I will recommend my friends and relatives to buy a non-deceptive counterfeit mobile phone set.	.665	
Word of Mouth	I would encourage friends to obtain the non-deceptive counterfeit mobile phones.	.908	.718
	I would consider giving a non-deceptive counterfeit mobile phone to a friend.	.882	
	My friends told me about non-deceptive counterfeit mobile phone sets.	.778	
	Me and my friends often discuss about the non-deceptive mobile phone sets	.797	
	My friends and relatives usually tell me about the new non-deceptive counterfeit arrivals (mobile phone sets)	.803	
Percentage of variance	18.147		
Eigenvalue	5.774		
KMO	.643		
Barlett's test of sphericity	0.000		

Table 2: Summary of Regression results

Regression Results	β	t	R	R^2	F	P
Model 1						
Attitude	1.162	8.826	.392	.153	78.061	.000
WOM	.392	8.835				.000
Model 2						
Purchase intentions	.849	10.927	.374	.140	70.132	.000
WOM	.374	8.375				.000
Model 3						
Purchase intentions	.586	11.532	.665	.443	341.691	.000
Attitude	.665	18.485				.000

towards the non-deceptive counterfeit mobile phone accounts 44.3 percent variation in students' purchase intentions of the non-deceptive counterfeit mobile phones. Consumers attitude towards the non-deceptive counterfeit mobile phones with $p = .000$ ($p < .05$), $\beta = .665$ and t= 18.485 supports the hypothesis (H_3) that consumers' attitude towards the non-deceptive counterfeits and their purchase intentions are positively associated in case of the non-deceptive counterfeits. The Summary of the impact of WOM on consumers' attitudes the non-deceptive counterfeit and their purchase intentions is shown in Table 2.

DISCUSSION

Despite the legal measures taken and sanctions imposed on counterfeit production and consumption counterfeiting business continues to expand rapidly [1]. Big giants such as IBM, GE, Gillette, Microsoft, Gucci, Rolex and others invested billions of dollars to promote their brands and enhance their recognition and acceptance across the world markets [34]. But all these could not deter the rapidly increasing counterfeiting trade.

There are various reasons responsible for this rapid growth. One of the main reasons is growing consumer demand for these illicit products. Behind this consumer demand various factors are working such as low price of the counterfeits [1, 4-7]. This study examined the impact of word of mouth (WOM) on consumers' attitude towards the non-deceptive counterfeits which had not been addressed before. First main finding of this study is that WOM positively affects the consumers'' attitude towards the non-deceptive counterfeits. Word of mouth is a persuasive, inexpensive and effective mode of marketing

communication in the market place [35, 36]. This finding indicates that counterfeiters are effectively using the word of mouth communication to promote their illicit products among the youth. The consumers whose friends and family appreciate their counterfeit purchase decisions are expected to hold positive attitude towards the counterfeits [23]. This encourages them to share their positive experiences with other friends and peers. It results in the positive promotions of counterfeits. This positive promotion of counterfeits leads to the positive consumer attitude towards the counterfeits which in response affects the purchase intentions of the counterfeits positively. Second main finding of this research is that consumers' attitude towards the non-deceptive counterfeits and their purchase intentions are positively associated in case of the non-deceptive counterfeits. Attitude affects an individual's intentions which in resection influence his or her behavior [15]. Third main finding of this study is that word of mouth has direct and positive impact on consumers' intentions to buy the non-deceptive counterfeits. These findings imply that genuine industry especially cellular phone (mobile set producers) should use the word of mouth communication to strengthen the genuine industry and discourage the demand of counterfeits [24].

CONCLUSION

Counterfeiting trade as a global problem is growing rapidly across the globe. Various factors that stimulate demand for the counterfeits have been identified as by previous studies. This study makes an incremental contribution in the existing literature on counterfeiting by examining the impact of the word of mouth communication on the consumers' attitude towards the non-deceptive counterfeits. This study identified that WOM is an important factor stimulating consumers' demand for the non-deceptive counterfeit products. This indicates that counterfeiters are effectively using the word of mouth communication to promote their products among the young consumers (students). The findings of this study suggest that genuine industry should use the word of mouth communication to strengthen the genuine industry and discourage the consumers from buying of counterfeits [24]. It is recommended that effect of WOM on consumers' attitude towards the non-deceptive counterfeits in other product categories such as sunglasses, watches, shoes etc. should be examined in future researches in different cultural contexts.

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