

CHAPTER II

LITERATURE REVIEW

1.1 Introduction

In this chapter, author will describe the theoretical background of this research. The author will explain the explanation about the fashion consciousness, subjective norm, ethical judgment, value consciousness, self-ambiguity, and purchase intention. Then, the previous study, research hypothesis and conceptual framework of this research will be explained in this chapter.

2.2 Theoretical Background

Counterfeiting comes in two form, deceptive and non-deceptive counterfeiting. In this research, the author is concentrating to non-deceptive counterfeiting. According to (Wilcox *et al.*, 2009) that is discussed in (Fernandes, 2013), consumers that are aware of the fact that they purchase a fake product and is accountable for the behavior is called non-deceptive counterfeiting.

Theory of Planned Behavior

The theoretical framework uses TPB (Ajzen, 1991) to explain the purchase of luxury fashion counterfeits. This theory is believed as a useful conceptual framework to deal with the complexity of human social behavior. Attitudes, subjective norms and perceived control toward behavior are usually being used to predict behavioral intentions with the result of high accuracy (Ajzen, 1991). Numbers of previous research on counterfeit purchase behavior use and find

general support of this theory (Penz and Stottinger, 2005; Fernandes, 2013; Chiu and Leng, 2016). According to (Ajzen and Fishbein, 1980) in (Fernandes, 2013), attitude and intention has a high correlation and it can be a good predictor of behavior. According to (Riquelme *et al.*, 2012), several factors are emerged as a significant explanation of the formation of an attitude towards counterfeits.

Purchasing counterfeit products seems to be a tough decision, because consumers feel the temptations to have the fake products that look alike the original ones with the often-tremendous price advantages but in the meantime counterfeit is also concluded as misbehavior.

According to (Eisend, 2006) in (Fernandes, 2013), there are several reasons that cause the purchase of counterfeits, these include psychographic characteristics such as information susceptibility, value consciousness, integrity, status, materialism. Based on those factors, the selected ones that are relevant for this study that is discussed in (Fernandes, 2013) are fashion consciousness (Penz and Stöttinger, 2005), subjective norm by (Chiu & Leng, 2015), ethical judgment (Nguyen & Biderman, 2008), value consciousness (Riquelme *et al.*, 2012), and self-identity (Penz & Stöttinger, 2005) renamed as self-ambiguity.

2.2.1 Fashion Consciousness

According to (Bloch *et al.*, 1993), fashion consciousness refers to the extent to which a consumer is caught up with fashion styles or clothing. Fashion of well-known brand are more likely to be copied. Purchasers of this well-known brand are expected to have high-value on product attributes such as prestige, brand image and fashion ability. If, consumers' income does not allow them to

purchase high-fashion brands, counterfeited version might be an interesting option they have. Counterfeited high-fashion brands allow consumers to imitate the latest fashion trends, as well as to be on the top of social status. Researchers have found the low-price advantage of counterfeits over genuine items to be the main motivator for consumers purchasing counterfeits (Juggessur & Cohen, 2009).

Fashion products have relatively short life cycle and it is one of the reasons why customers do not want to spend too much money on it because of the trends that keep changing. Therefore, it is more likely that people who are fashion conscious are more likely to purchase fashion counterfeit products (Fernandes, 2013).

2.2.2 Subjective Norm

Subjective norm in the Theory of Planned Behavior refers to the perceived pressure by others to perform a specific behavior. According to (Penz & Stöttinger, 2005), subjective norm is the consumer's perception of social pressure on him regarding the purchase of counterfeit products. It is a normative belief expressing the consumer's perception of what other people think of whether they should buy or not the counterfeit products. This means the opinions from relatives play important role to consumers' decision making. Consumers who desire to be part of a reference group or to comply with the expectations of their group will need to make purchase decisions of conspicuous products that are deemed appropriate by the group (Chiu & Leng, 2015). Thus, the greater the normative pressure from significant others whether to purchase counterfeits or not, the more he/she is likely to purchase them (Fernandes, 2013).

2.2.3 Ethical Judgment

According to (Trevino, 1992) in (Nguyen & Biderman, 2007), ethical judgment is the process which involves an individual to evaluate and judge which path is right. Ethical judgment and behavioral intention of a consumer are linked by their beliefs towards an ethical action and their willingness to avoid the unethical ones. When a customer believes that it is wrong to purchase counterfeit product, then they will not purchase it in frequent basis.

The purchase of counterfeits has great influence in embarrassment component for consumer who has a high ethical disposition, and he/she would be more ashamed if people discovered their possession of counterfeits. According to (Fernandes, 2013), the consumer will less likely to purchase counterfeits when they believe that it is unethical behavior.

2.2.4 Value Consciousness

According to (Lichtenstein *et al.*, 1990) in (Ang *et al.*, 2001), value consciousness is defined as the willingness to pay for lower prices of a certain product but subject to some quality constraint. It describes the behavior of counterfeit consumers who purchase the product at lower price and they feel the products' worth is comparable with the cost they incur. (Bloch *et al.*, 1993) stated that purchasers of counterfeit products are also expected to value image characteristics. Consumers are aware of the prestige image of luxury brands they will get without having to pay for it.

2.2.5 Self-Ambiguity

Self-ambiguity defines how confident the individual is about who they are. According to (Penz & Stöttinger, 2005), consumers who are ambiguous about their self-identity, purchase branded luxury products to construct their individual identity and self-image in a more elite position. Counterfeit consumers seek to the image that is created by the counterfeit luxury brands, that they buy at low prices, but look like originals. They are benefiting from their prestige aura and refusing to pay the price demanded by the originals (Perez *et al.*, 2010). According to (Wilcox *et al.*, 2009) that is discussed in (Fernandes, 2013), individuals might get a self-concept expressive function (by helping them to communicate who they are) and an adaptive social function (by rewarding them with social acceptance) by consuming counterfeits luxury brands.

2.2.6 Purchase Intention

(Shah *et al.*, 2012) stated in (Parengkuan, 2017) that purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer. There are internal impulse and external environment that will affect consumer's decision in purchasing products. According to (Kim & Jin, 2001) in (Parengkuan, 2017), their behavior will be driven by the physiological motivation that stimulates their respond which bring them to the retail store to fulfill their need. Therefore, purchase intention could be a good predictor to examine purchase behavior of consumer towards counterfeit products.

2.3 Previous Studies

This is the previous study that related with purchase behavior of counterfeit products. Here the previous study table, which related with the purchase behavior of counterfeit products.



Table 2.1
Previous Studies about the Analysis of Purchasing Counterfeit Product

Author	The Title of Article	Variable	Analysis Tools	Conclusion
1. Cedwyn Fernandes (2013)	Analysis of Counterfeit Fashion Purchase Behavior in UAE	<ol style="list-style-type: none"> 1. Fashion Consciousness 2. Subjective Norm 3. Ethical Judgment 4. Self-Ambiguity 	Multiple Linear Regression	Lack of ethical judgement, self-ambiguity, value consciousness and being susceptible to the opinions of others are some of the key reasons for purchasing counterfeits.
2. Elfriede Penz & Barbara Stöttinger (2005)	Forget the “Real” Thing–Take the Copy! An Explanatory Model for the Volitional Purchase of Counterfeit Products	<ol style="list-style-type: none"> 1. Purchase Intention 2. Defending Counterfeiters 3. Smart Shopper 4. Embarrassment Potential 5. Subjective Norm 6. Perceived Behavioral Control 7. Self-Identity 8. Readiness to Take Risk 9. Fashion Involvement 10. Ethical Predisposition 11. Price Consciousness 12. Price Level of 	<ul style="list-style-type: none"> • Exploratory Factor Analysis • Confirmatory Subject Analysis 	At a price level, which is only slightly cheaper than the original, the embarrassment potential did not affect the intention to purchase, while the subjective norm did. Self-identity, price consciousness and the access to fake products displayed very little to no effect on the intentions to purchase counterfeits. As to the antecedents, risk readiness has very strong impact (on embarrassment potential and “smart shopper”). Risk-ready

		Counterfeits		individuals do not fear the embarrassment potential of being disguised as owning a fake. Fashion involvement had a strong influence on embarrassment potential and a weaker one on smart shopper.
3. Hernan E. Riquelme, Eman Mahdi Sayed Abbas & Rosa E. Rios (2012)	Intention to Purchase Fake Products in an Islamic Country	<ol style="list-style-type: none"> 1. Value Consciousness 2. Performance Risk 3. Social Norms 4. Ethical Consciousness 5. Social Status 6. Genuine Store Trustworthiness 7. Previous Experience 8. Attitude 	<ul style="list-style-type: none"> • Confirmatory Factor Analysis • Structural Equation Modeling 	Value Consciousness, performance risk (negative relationship), norms (subjective and descriptive) and ethical consciousness influence attitude. Previous purchase moderates attitude and intention. Attitude explains a considerable percentage of the variance of intention to purchase counterfeits. Beliefs explain attitude to a large extent.
4. Joshie Juggessur & Geraldine Cohen (2008)	Is Fashion Promoting Counterfeit Brands?	<ol style="list-style-type: none"> 1. Definition of high-fashion brands 2. The development of fashion brands and the role of fashion 3. The reasons why consumers purchase 	<ul style="list-style-type: none"> • Observation • Documentary Analysis 	Fashion consumption is dominated by an individual's perception, and the need for self-expression. Fashion leads to particular consumption habits, and therefore important strategic

		both genuine and counterfeited high-fashion brands.		marketing approaches have to be applied by the fashion industry in an attempt to maintain long-term success.
5. Maria Eugenia Perez, Raquel Castano & Claudia Quintanilla (2010)	Constructing Identity Through The Consumption of Counterfeit Luxury Goods	<ol style="list-style-type: none"> 1. The Consumption of Counterfeit Luxury Goods 2. The Experience of Purchasing Counterfeit Luxury Goods 3. The Consumption of Counterfeit Luxury Brands Serve Consumers a Self-Concept Expressive Function and an Adaptive Social Function 	In-depth Interviews	The findings highlight three main themes describing inner benefits that consumers attain with the purchase and consumption of counterfeit luxury goods: first, being efficient by optimizing their resources; second, having fun by experiencing adventure, enjoyment, and risk; and third, fooling others expecting not to be caught. But most important, through the accomplishment of these goals consumers of counterfeit luxury goods construct an identity in which they perceive themselves as “savvy” individuals.
6. Martin Eisend & Pakize Schuchert-Guler (2006)	Explaining Counterfeit Purchases: A Review and Preview	<ol style="list-style-type: none"> 1. Person 2. Product 3. Social and Cultural Context 	<ul style="list-style-type: none"> • Focus Group • In-depth Interview 	Scarcity of the original product not only influences the value perception of the original, but also the fake

		<ol style="list-style-type: none"> 4. Purchase Situation, Mood 5. Attitude towards Counterfeiting 6. Decision and Intention to Purchase Counterfeits 7. Purchase Behavior 		<p>ones. The willingness of consumers to purchase counterfeits seems to increase if they can rate the quality of a product before purchase and to decrease if they cannot. Mood processes can explain why people are prone to buy counterfeits even if they know about the illegality of their behavior or the lack of post-purchase satisfaction with a product of low quality.</p>
7. Mega W.A.E. Parengkuan (2017)	A Comparative Study Between Male and Female Purchase Intention Toward Visual Merchandising at Centro By Parkson Department Store Mantos	<ol style="list-style-type: none"> 1. Interior Design 2. Signs and Graphic 3. Properties 4. Window Display 5. Lighting 6. Mannequins 7. Neon Box 8. Banners 9. Purchase Intention 	Independent Sample t-test	<p>There is significant difference on male and female purchase intention toward visual merchandising at Centro by Parkson Department Store Mantos, because male shoppers are more objective in making a purchase decision, while female always compare the goods with visual merchandising.</p>
8. Nhung T. Nguyen & Michael D.	Studying Ethical Judgments and	<ol style="list-style-type: none"> 1. Ethical Awareness 2. Ethical Judgment 	Multidimensional Ethics Scale	<p>Across three scenarios, only behavioral intention in sales</p>

Biderman (2008)	Behavioral Intentions Using Structural Equations: Evidence from the Multidimensional Ethics Scale	<ol style="list-style-type: none"> 3. Ethical Intent 4. Ethical Behavior 		was significantly related to moral equity judgment and then only when method effect was not estimated. Relativism and Contractualism, despite explaining substantive variance in ethical judgment, had no discernible relationships to behavioral intentions. It is possible that other existing but unexamined variables (e.g., personality) moderated the relationships of behavioral intentions to ethical judgments.
9. Peter H. Bloch, Ronald F. Bush & Leland Campbell (1993)	Consumer 'Accomplices' in Product Counterfeiting	<ol style="list-style-type: none"> 1. Demographic 2. Self-image 3. Product Importance 	Field Study	Persons who knowingly choose counterfeits see themselves as less well off financially, less successful, and less confident than do other customers, counterfeit prone consumers differ by product type.
10. Swee Hoon Ang, Peng Sim Cheng,	Spot the Difference: Consumer Responses	<ol style="list-style-type: none"> 1. Informative Susceptibility 	<ul style="list-style-type: none"> • Face-to-face Convenience 	Buyers and non-buyers of counterfeits did not perceive

<p>Elison A.C. Lim & Siok Kuan Tambyah (2001)</p>	<p>towards Counterfeits</p>	<ol style="list-style-type: none"> 2. Normative Susceptibility 3. Value Consciousness 4. Integrity 5. Personal Gratification 6. Attitude towards Piracy 7. Purchase Intention 	<p>Interview</p> <ul style="list-style-type: none"> • Multiple Regression 	<p>that there was anything wrong with buying such products. Attitude towards piracy was positively influenced by value consciousness and negatively influenced by normative susceptibility, integrity, and income. Personal gratification, education, and age were not significant predictors of attitude. The more favorable one's attitude towards piracy was, the higher was the purchase intention.</p>
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<p>11. Weisheng Chiu & Ho Keat Leng (2015)</p>	<p>Consumers' Intention to Purchase Counterfeit Sporting Goods in Singapore and Taiwan</p>	<ol style="list-style-type: none"> 1. Attitude 2. Subjective Norm 3. Perceived Behavior 4. Brand Consciousness 5. Country Differences 	<ul style="list-style-type: none"> • Confirmatory Factor Analysis (CFA) • Structural Equation Modeling (SEM) • Multiple Analysis to compare both countries 	<p>The results showed that consumers' attitude, subjective norm, and brand consciousness were predictive of purchase intention for both countries, whereas perceived behavioral control had an effect only among Taiwanese students. Further analysis showed that Singapore students had significantly higher positive attitudes toward the purchase of counterfeit sporting goods and higher levels of acceptance from peers in purchasing counterfeits.</p>
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2.4 Hypothesis Development

Based on (Juggessur & Cohen, 2009), it stated that purchasers of counterfeited high-fashion brands may see no valid reason for purchasing an extremely expensive, well-made fashion item that will only go out of fashion by next season. Instead, consumers may choose to invest in a cheaper copycat version of a high-fashion brand, which will last long enough to be replaced by the new counterfeit design from next season. Fashion consciousness is an important factor because it can trigger consumer to buy counterfeit of high-fashion brands with its low prices.

H1 : Fashion consciousness is significantly related to the intention to purchase counterfeit products.

Based on (Chiu & Leng, 2015), subjective norm significantly affect the purchase intention. The findings support their hypothesis, which is subjective norms toward purchasing counterfeit sporting goods will have a positive influence on purchase intention of counterfeit sporting goods. According to (Penz & Stöttinger, 2005), subjective norm is a normative belief expressing consumer's perception of what other people think whether one should purchase or not counterfeit products. It suggests that other people's opinion take place in making decision of purchasing counterfeit products.

H2 : Subjective norm is a significant factor in the counterfeit purchase intention.

Ethical judgment is the belief of the consumer of when an action is ethical, then they are likely to perform such an action. Thus, when a consumer thinks that it is unethical to buy counterfeit product, the less likely they will purchase them. Based on (Fernandes, 2013), the findings show the negative sign for ethical judgment which denotes that the more ethical the consumer is the less likely are they to purchase counterfeits.

H3 : Ethical judgment is significantly related to the intention to purchase counterfeit products.

The result from (Fernandes, 2013) shows that value consciousness has the highest value of β indicating that it is the most important reason of counterfeit product purchases. According to (Eisend & Guler, 2006), consumers who are value conscious, “good value” of counterfeit products adds to the desirability of purchase. Hence, it is expected that consumers who are more value consciousness will have more favorable attitudes towards counterfeit than the ones with less value consciousness.

H4 : Value consciousness is significantly related to intention to purchase counterfeit products.

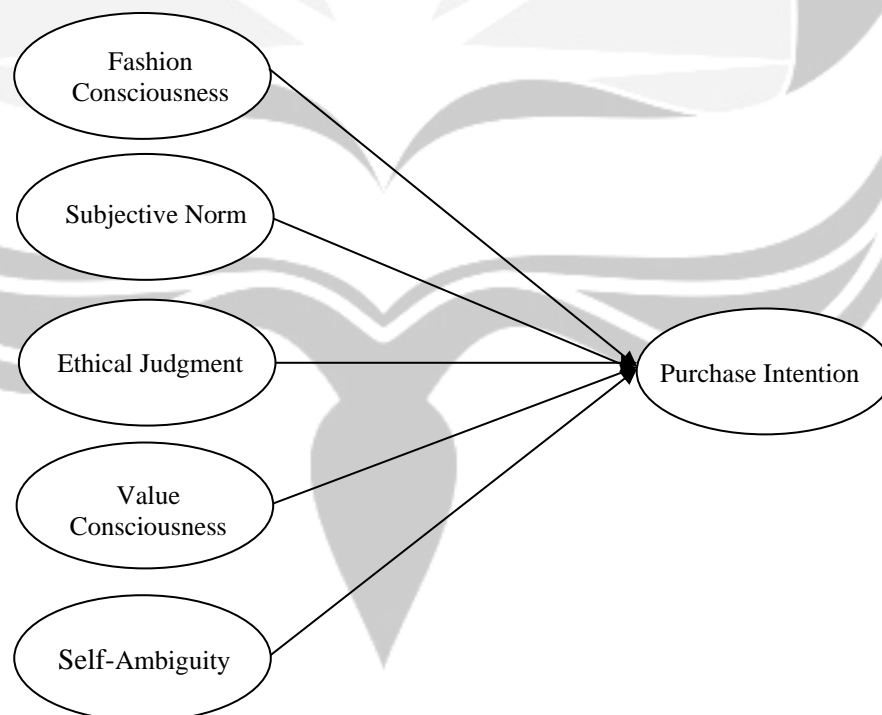
The findings from (Perez *et al.*, 2010) shows that the respondents seem to enjoy not only the social self-image that counterfeits help them to project, but the satisfaction of feeling smarter than those they want to impress and the thrill frequently associated with the risks involved in the experience. The respondents

seem to perceive a low probability of being caught based upon their self-concept as experts on counterfeits, and because the desired social acceptance is seen as high gain they are willing to make a high-risk decision.

H5 : Self-ambiguity is significantly related to intention to purchase counterfeit products.

2.5 Conceptual Framework

The conceptual framework that is suggested consists of five independent variables or key factors, which are, fashion consciousness, subjective norm, ethical judgment, value consciousness, and self-ambiguity that will influence the purchase intention (dependent variable) in purchasing a product.



Adopted from Fernandes (2013)

Figure 1.1
Conceptual Frameworks