



NEAR EAST UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
MARKETING MANAGEMENT PROGRAM

**AN INVESTIGATION OF CONSUMERS PERCEPTIONS ON
THE CONSUMPTION OF COUNTERFEIT LUXURY GOODS
ONLINE**

BELINDAH MASHINI

MASTER'S THESIS

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2019

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MASTER'S THESIS

THESIS SUPERVISOR

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NICOSIA
2019

ACCEPTANCE/APPROVAL

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DECLARATION

I Belindah Mashini, hereby declare that this dissertation entitled 'An Investigation Of Consumers Perceptions On The Consumption Of Counterfeit Luxury Goods Online' has been prepared myself under the guidance and supervision of 'Assit. Prof. Dr. Ahmet Ertugan' in partial fulfilment of the Near East University, Graduate School of Social Sciences regulations and does not to the best of my knowledge breach and Law of Copyrights and has been tested for plagiarism and a copy of the result can be found in the Thesis.

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DEDICATION

This thesis is dedicated first and foremost to Almighty God who provided me with patience, peace and long-life to put in time, and effort in accomplishing my set goal. Secondly, to my loving parents I say a big thank you for striving and providing for my needs especially at my difficult times I will forever cherish your sacrifice. Lastly to my husband, I would not be here today if it was not for the bond we have. To everyone I am eternally grateful.

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To my supervisor, Assit. Prof. Dr. Ahmet Ertugan, I sincerely appreciate your input, your guide, expertise, professionalism and companionship. Without you, I would not be able to conclude this thesis.

ABSTRACT

AN INVESTIGATION OF CONSUMERS PERCEPTIONS ON THE CONSUMPTION OF COUNTERFEIT LUXURY GOODS ONLINE

There are basically two groups of counterfeiting and these include deceptive counterfeiting on one hand and on the other hand non-deceptive counterfeiting. There are those customers who buy counterfeit goods knowing that the products are not real and will to participate thereof on the illegal market and on the other hand there exist another group of customers which is the uniformed customers who participate in the buying of counterfeits unknowingly. In this paper we made use of the correlation analysis, probit and logit model to find out the relationship between buying counterfeits online and the independent variables of gender, family size, social status, age, personal income, occupation, perception, liquid assets and family income. We provide that there is a significant positive relationship buy counterfeits and gender and that there is a significant negative relationship between buying counterfeits, and age and occupation of the buyer. We also argue that there is no significant linear relationship between buying counterfeits and explanatory variables, family size, social status, personal income, perception, liquid assets and family income.

Keywords: Counterfeit luxury goods, online buying, consumer behavior.

ÖZ

AN INVESTIGATION OF CONSUMERS PERCEPTIONS ON THE CONSUMPTION OF COUNTERFEIT LUXURY GOODS ONLINE

Temel olarak iki sahtecilik grubu vardır ve bunlar bir yandan aldatıcı sahteciliği ve diğer yandan aldatıcı olmayan sahteciliği içerir. Ürünlerin gerçek olmadığını ve yasadışı pazara katılacağını bilen sahte ürünler satın alan müşteriler var, diğer taraftan bilmeden sahte alımlara katılan üniformalı müşteriler olan başka bir müşteri grubu da var. Bu yazıda, çevrimiçi sahte satın alma ile cinsiyetin bağımsız değişkenleri, aile büyüklüğü, sosyal statü, yaş, kişisel gelir, meslek, algı, likit varlıklar ve ailenin bağımsız değişkenleri arasındaki ilişkiyi bulmak için korelasyon analizi, probit ve logit modelini kullandık. Gelir. Sahte satın alma ile cinsiyet arasında önemli bir pozitif ilişki olduğunu ve sahte satın alma ile alıcının yaşı ve mesleği arasında önemli bir negatif ilişki olduğunu temin ediyoruz. Ayrıca sahte satın alma ve açıklayıcı değişkenler, aile büyüklüğü, sosyal statü, kişisel gelir, algı, likit varlıklar ve aile geliri arasında anlamlı bir ilişki olmadığını da iddia ediyoruz.

Anahtar kelimeler: Sahte lüks mallar, çevrimiçi satın alma, tüketici davranışı.

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INTRODUCTION

To begin with, consumer perception according to the business dictionary is referred to as marketing concept that involves various aspects such as customer awareness, impression and their consciousness about what is being offered by a business organization. The perceptions of customers are basically affected by various factors such as social media, public relations, personal experiences and advertisements just to mention but a few.

In this paper we are going to look into the perceptions of customers on buying online counterfeit luxurious brands. Counterfeit products are those goods or products that are copied from the real and original brand but they are not the true and real brand by themselves in as much as they portray to be like the real brand. According to Radon (2012) in the realms of life there exist two customers of counterfeit goods, that is, there are those customers who buy counterfeit goods knowing that the products are not real and will to participate thereof on the illegal market and on the other hand there exist another group of customers which is the uniformed customers who participate in the buying of counterfeits unknowingly.

Grossman and Shapiro (1988) argue that there are basically two groups of counterfeiting and these include deceptive counterfeiting on one hand and on the other hand non-deceptive counterfeiting. According to Grossman and Shapiro (1988) deceptive counterfeiting refers to a situation whereby customers participate in the buying of counterfeit goods unknowingly during the period at which they buy the goods. This is so

because it is usually difficult for consumers to immediately make an observation of the quality of goods during the buying process, nor distinguish them from authentic merchandise copies, Radon (2012). Deceptive counterfeiting usually takes place in the market of consumer electronic goods like stereo equipment, medical devices, computers and pharmaceuticals according to Grossman and Shapiro (1988).

In the market of luxury brands according to Radon (2012) the opposite, non-deceptive counterfeiting, is shown where customers are involved in the buying of counterfeit luxury brands willingly and knowingly. Radon (2012) argues that, at the time of product purchase the consumer is fully aware that the purchased product is a counterfeit. Grossman and Shapiro (1988) postulated that the markets of non-deceptive counterfeiting include perfumes, fashion apparel, designer sunglasses, leather goods and many more where public participate fully aware of the bogus brand name availability in the market. Radon (2012) propose for the reason behind non-deceptive counterfeiting as lying behind the lines that the customers values the label and the design features, such as distinctive fabric patterns and logo, and are the major reasons why customers participate in non-deceptive counterfeiting. Nil and Shultz (1996) argues that consumers of counterfeit luxury goods are subject to social risk since the products have a high social visibility as well as a symbolic value which is high.

Bian and Moutinho (2011) in their study on the effects of consumption of counterfeit luxury brands on genuine brands argue that a consensus conclusion is yet to be found. Phau et al (2009) and Lu (2013) argue that counterfeit luxury goods have the effect of distorting the reputation and value as well as diminishing the revenue and satisfaction related to the genuine brands. McDonald and Roberts (1994) argues that if for example there exist counterfeit inferior brands that cannot be easily distinguished from the genuine brand by customers this may reduce the exclusiveness and perceived quality of the genuine brands.

On the same note, Bloch et al (1993) provides that counterfeit luxury brands have got the effect of harming the consumer confidence on luxury genuine brands. Phau and Teach (2009) also argue that the attractiveness of genuine brands and their profits can also be reduced by counterfeiting.

In this paper we are also going to look into the various factors that influence the buying behavior of consumers. According to Ramya (2016) there are five factors that influence the buying behavior of consumers. These factors include psychological factors, cultural factors, economic factors, social factors and personal factors. These factors are fully explained in the chapter 1 of background information below.

In addition to that in this paper we make use of interviews to carry out an empirical study on the perceptions of consumers of counterfeit luxury brands. We make use of the correlation analysis and the probit and logit model to come up with robust results of our study.

In the section that follows we are going to start by outlining various factors that influences the buying behavior of consumers. In chapter 2 we are going to undertake a theoretical review on what other scholars say on customer perceptions of buying counterfeit luxury goods online as well as an empirical review on the findings that were obtained by our fore runners. In chapter 3 we are going to outline the methodology and data that we use in our study and finally in chapter 4 we do the data analysis and provide the results of our study.

Aim of the study

The current study is aimed at investigating the perceptions of consumers on the consumption of counterfeit luxury goods online. The paper also seek to investigate on the factors that influences the consumers' buying decisions to purchase counterfeits products online.

Hypotheses

H1: There is a significant linear relationship between buying counterfeits and the age.

H2: There is a significant linear relationship between buying counterfeits and the amount of family income.

H3: There is a significant linear relationship between buying counterfeits and the family size from which the buyer comes from.

H4: There is a significant linear relationship between buying counterfeits and the gender type of buyer.

H5: There is a significant linear relationship between buying counterfeits and the liquid assets of the buyer.

H6: There is a significant linear relationship between buying counterfeits and the occupation status of the buyer.

H7: There is a significant linear relationship between buying counterfeits and the buyers' perception.

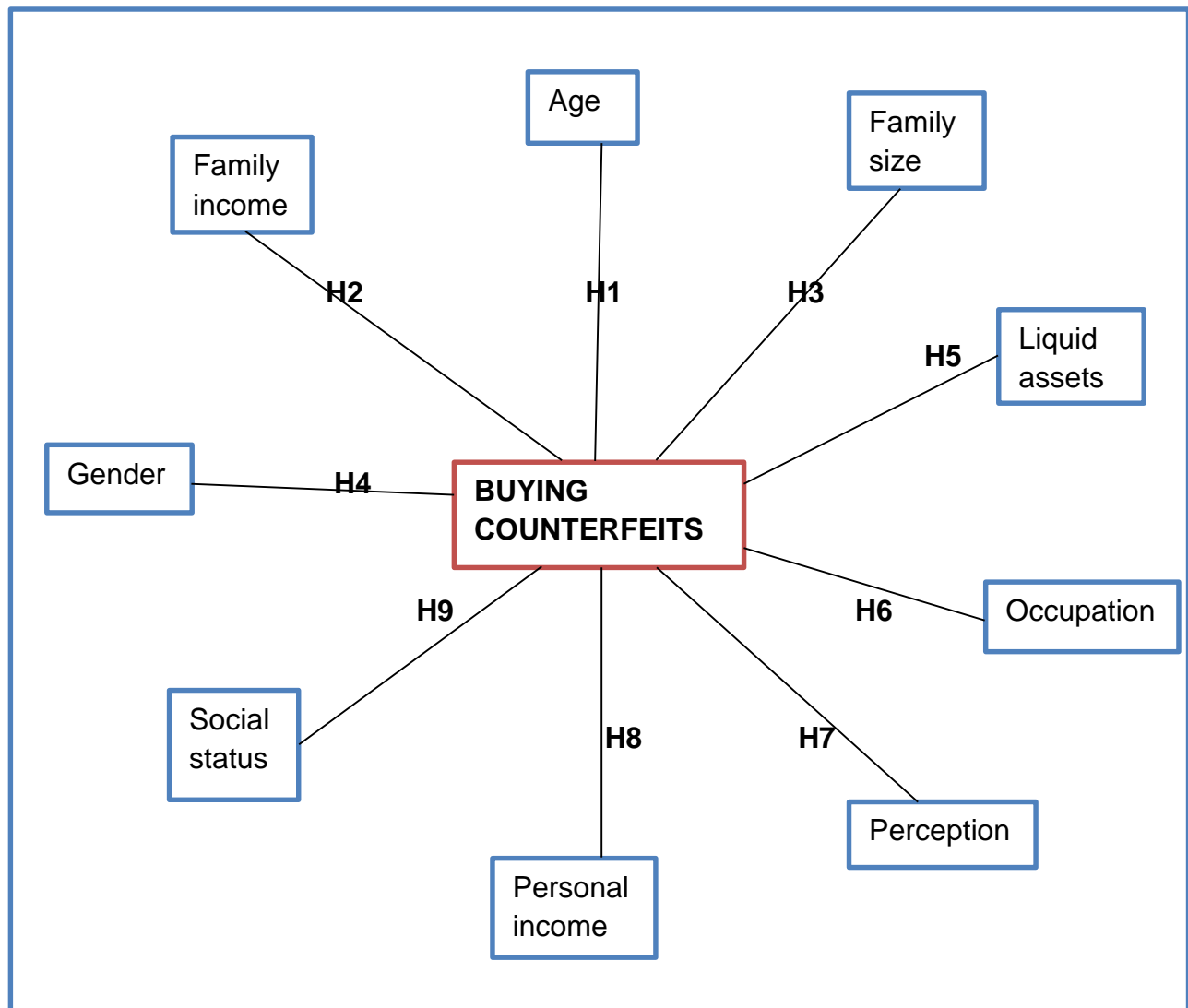
H8: There is a significant linear relationship between buying counterfeits and the personal income of the buyer.

H9: There is a significant linear relationship between buying counterfeits and the social status of the buyer.

Research Model

The diagrammatical exposition provided for in figure A below that follows is a model that will be followed in our study. It provides all relationship that has been outlined in the hypotheses above.

Figure A: Relationship between buying of counterfeits with various factors



Source: Author's own illustration

CHAPTER 1 BACKGROUND INFORMATION

1.1 Factors affecting consumer buying decisions

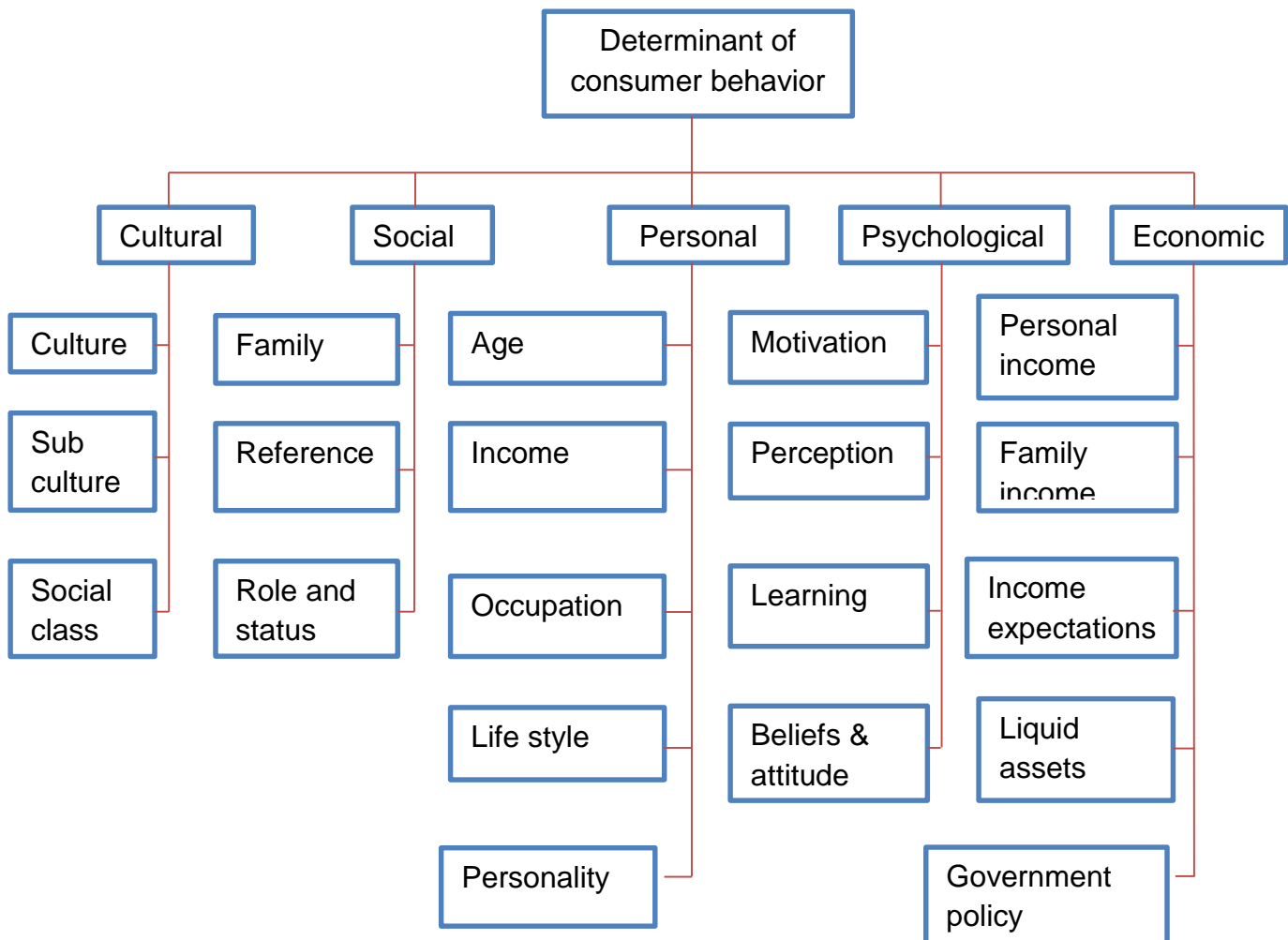


Figure 1.1: Factors influencing buying decisions of consumers

Source: Ramya (2016)

According to Ramya (2016) there are basically five factors that influence the buying behavior of consumers. These factors include psychological factors, cultural factors, economic factors, social factors and personal factors. The diagrammatic exposition above gives a clear break down of factors that affect consumer buying behavior.

Ramya (2016) postulated that there are various questions that has to be asked in order to fully understand the behavior of consumer. The first question that has to be asked in order to understand consumer buying behavior is on who the consumer market is as well as the extent of market power of the organization. By fully understanding this first question Ramya (2016) argued that consumer behavior will be better understood.

Other questions that help understand consumer behavior according to Ramya (2016) are as follows: what does consumers buy?, why do they buy certain products from various organization?, who is involved in the buying process?, how do they buy those products? , when do they often buy?, and where do they buy their products? Ramya (2016) argue that by coming up with satisfactory answers to the above mentioned questions one will be able to understand how consumers react to market stimuli. The stimulus-response model that is illustrated below was adapted from Ramya (2016).

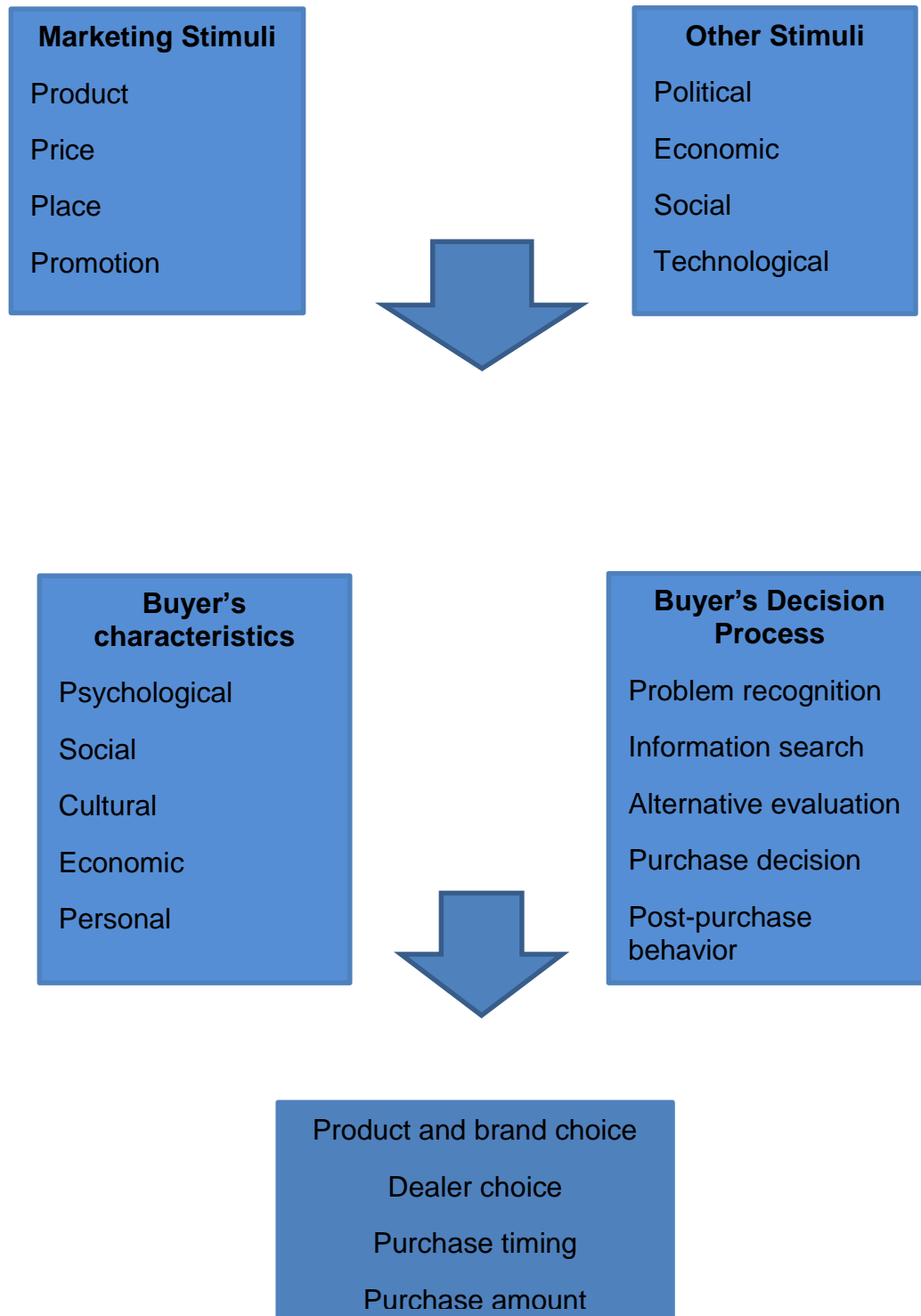


Figure 1.2: *stimulus-response model*
(Source: Ramya (2016))

The stimulus-response model postulates that there are basically two broad stimuli, the first group being the marketing mix stimuli and the second one being the external environment stimuli (Ramya, 2016). The marketing mix stimuli take the form of the 4Ps that is price, place, product and promotion. The stimulus-response model shows that these two forms of stimuli, external environment and marketing mix, enters into what is termed as the black box of the buyers thereby interacting with buyers' characteristics as well as decision processes which will necessitate the production of output in form of purchase decision.

Ramya (2016) postulated that the marketing planner is thus faced with the major task to know how the black box operates. There are basically two principal components of the black box: the first one involves factors brought by individuals to the buying situation and the processes used in decision making (Ramya, 2016).

1.1.1 Internal or Psychological factors

There are various psychological or internal factors that affect the buying behavior of customers. Ramya (2016) postulated that there are basically two major psychological factors that influence the buying decision of customers and these are motivation and perception.

Motivation

A motive is defined as an urge or a drive towards the achievement of satisfaction. Thus it can be argued that the end result of motivation or its intended result is to get satisfied at the end of the day. This urge or drive turns out to be a buying motive once the buyer seeks satisfaction through the buying of a product or a service. Ramya (2016) defined a motive as an inner urge which can also be a need which has got the ability to move someone to buy some products or services in order to satisfy two wants namely; core wants and secondary wants.

Thus looking from another angle Ramya (2016) argues that motivation is a kind of force that is useful in activating goal oriented behavior. Motivation as a driving force also impels one to take action leading in satisfaction of their needs. Once a need has been aroused up to a sufficient level of intensity, it becomes a motive and has the capacity to

drive a person to act (Ramya, 2016). There are basically two major types of motives according to Ramya (2016) and these are the biogenic and psychogenic needs. Biogenic needs are the needs to satisfy basic needs such as hunger and thirst and they can be termed as the lower level needs in the Abraham Maslow's hierarchy of needs.

A psychogenic need on the other hand comes from the psychological states of tension of achievement such as esteem needs and the need to recognition. Thus psychogenic needs can be equated with Abraham Maslow's higher needs of self-esteem and self-actualization.

Perception

On top of the five basic human senses of touch, taste, smelling, hearing and sight, Ramya (2016) argues that humans have extra other senses of balance, sense of direction as well as sense of a clear knowledge on how things ought to be among many others. Ramya (2016) argue that there is a constant feed of information to the brain by each and every sense and that an overload of the brain may occur if all the information being fed by the senses happen to be taken all. However, in this case the brain always filters the information selects the best and removes the extraneous noise.

Thus the information entering the brain does not construct the world around an individual rather the brain with the remaining information will map the world (Ramya, 2016). There are basically five factors that affect the mapping of the outside world by one's brain according to Ramya (2016) and these are categorization, subjectivity, past experience, selectivity and expectations.

Subjectivity according to Ramya (2016) is the existing world in one's individual life and is unique to that particular individual. On the other hand categorization is the pigeonholing of information which is a process whereby one pre-judges event occurrence as well as products. Categorization takes place via a process known as chunking whereby chunks of similar or related information are organized together by an individual.

Selectivity refers to the degree at which an individual tends to choose something from the environment. Customers when faced with various will always make a choice

from what is being provided by the market. Ramya (2016) argued that selectivity is also closely related to subjectivity. Some people are seen as more selective whilst others are less selective.

Expectations on the other hand tend to cause individuals to interpret information in a specific way according to what they think it ought to be. In the case of past experience individuals will interpret later information in line with what they know already.

1.1.2 Social factors

According to Ramya (2016), a man is termed as a social man who seeks confirmation and approvals from those around him before doing anything. It is seldom hard to find someone doing what is termed as socially unacceptable in a society, Ramya (2016). People as social beings want to fit in the company of others as a result want to figure out that some of their decisions do not suit the social traits portrayed by those who live around them. According to Ramya (2016) there are basically three major types of social factors that influence the buyer's buying behavior and these are; reference groups, family and role and status.

Ramya (2016) provides for two family types that exist in the realms of the buyer's life and these are the nuclear family and the joint family. Ramya (2016) postulated that a nuclear family is one that is characterized by a very small family size and under nuclear family individuals have highest liberty to make their own decisions. A joint family which can also be termed as an extended family is not so, it is one that is characterized by a very large family size and here group decision making is more powerful than individual decisions.

Ramya (2016) giving an example of the Indian society argued that family influence has a very strong impact on the buyer's buying behavior. Family tends to influence one's buying behavior in two ways: first one being through influencing on the characteristics, personality, evaluation criteria and attitudes of the buyers through interaction as they grow and second through the decision process undertaken when one wants to buy something. Ramya (2016) postulated that in Indian families it is the father as the head of the family

who may decide the purchase alone or jointly with other family members. Therefore, as a marketing planner it is of paramount importance to study and know the role of each and every family member otherwise without that knowledge you may plan amiss.

According to Ramya (2016) an individual is subject to living through two families that is family of orientation and family of procreation. Family of orientation according to Ramya (2016) is one in which one was born and through the influence of the parents and siblings as one is up-brought tend to have a very strong influence on their buying habits. An example is given of those people who are brought from a Gujarati vegetarian family who will only buy vegetables and not meat even if they are aware of its nutritious value, Ramya (2016). Therefore, we argue that family is by no means one of the most crucial factors that influence the buyer's behavior.

Family of procreation according to Ramya (2016) is one that is formed after marriage and consists of one's spouse as well as children. An individual's buying behavior is always subject to change just after marriage as some of the decisions will be influenced by the spouse as well as children. Ramya (2016) argues that as the family grows older and older family roles tend to be separated as we start seeing one member being more influential on certain roles than others with the father most likely to concentrate more on the investment role while the mother will tend to do more of the children's health. Ramya (2016) drawing from the view point of marketing argues that the number of households influences demand more than the number of families thus arriving at a conclusion that number of families is more about consumer behavior and not demand.

Reference group according to Ramya (2016) is termed as people whom an individual tends to interact or associates with. A reference group has the impact of influencing one's characteristics, attitudes and decisions either directly or indirectly. Therefore, in this paper we argue that it is crucial to study very well the reference group of buyers in order to understand their buying behavior.

Individuals as social beings as has been outlined in the section above participate in various activities with other in the family, organizations and clubs thereby acquiring various roles and statuses. These positions acquired through interaction in various

activities become the roles and statuses of those individuals, Ramya (2016). Most often people buy those products which suit their roles and statuses and it is the duty of marketers to come up with those products that matches the roles and statuses of their buyers in order to make a successful business (Ramya, 2016).

1.1.3 Cultural factors

Culture refers to a set of values, norms, preferences and behavioral patterns that are learnt as one grows through a process of socialization, Kotler (). Culture is thus one of the key factors that determines the behavioral patterns of individuals and plays a major role in influencing the way how one makes choices, Ramya (2016). Schiffman and Kanuk () argues that values include those things such as progress, efficiency, success, achievements, material comfort and humanitarianism just to mention but a few. Basically, there are three cultural factors that influence the buyer's behavior and these are culture, subculture and social class, Ramya (2016).

Ramya (2016) postulated that it is the task of marketers to explore different kinds of cultures in order to come up with strategies that suit each and every culture for the success of the business. Culture is not static it is a dynamic aspect that is subject to change with the passage of time. Ramya (2016) defined culture as a set of beliefs and/or values that are shared by a group of people. Culture is learned hence making it subjective as well as arbitrary and is passed on from one individual member to another as well as from generation to generations. Culture is mostly and deeply built in the behavior of people therefore it is wise for marketers to work within a given culture rather than trying to change the culture, Ramya (2016).

Sub-cultures refer to a small culture that is found within a broader culture. According to Ramya (2016) sub-culture provides for a more specific socialization and identification of its members. Sub-cultures according to Ramya (2016) take the form of racial groups, religion, nationality and geographical regions. Ramya (2016) postulated that sub-cultures often make up market segments hence the need of marketers to come up with brands, products and strategies that suit these market segments in the form of sub-culture. Ramya (2016) also postulated that in as much as sub-cultures share same

values and beliefs with the main group of culture, they however tend to have some other beliefs that are totally different from the main group.

According to Ramya (2016) social class plays a pivotal role in determining the consumer behavior of certain individuals. Socio-Economic Classification (SEC), a process by which people are classified according to their social status is a critical aspect in determining consumer behavior. There are various ways by which people may be classified into various social classes and some of these include such factors as income, property, power, education, occupation and life style just to mention but a few (Ramya, 2016).

There are basically three groups of social classes that is the lower class, middle class and upper class. People belonging from the lower class tend to buy on impulsive without gathering and assessing any information about a product, while those from the middle class tend to assess and gather information about products and finally those from upper classes tend to buy prestigious goods in order to maintain their statuses (Ramya, 2016). The other three groups which people can be grouped into is the working class or proletariat according to Karl Marx, capitalist class that owns the means of production and the royal class.

1.1.4 Economic factors

Economic factors are by far the major factor that influences the consumer buying behavior. Economic factors that influence consumer behavior include personal income, family income, savings, income expectations, liquid assets of consumers, and consumer credit among many others, Ramya (2016).

Ramya (2016) argue that personal income is one of the determinants of an individual's buying behavior. Personal income is obtainable from one's disposable income as well as discretionary income (Ramya, 2016). Disposable personal income according to Mankiw (2013) is the amount of money balance that is left after deduction of government taxes as well as other deduction that are compulsory from one's gross income. It is the actual amount of money that one is left with and is available for spending.

Mankiw (2013) postulated that there is a positive relationship between disposable income and expenditure that is an increase in disposable income has the effect of increasing one's expenditure on certain items and a decrease in disposable income tend to decrease expenditure in the same way.

On the other hand discretionary personal income is that amount that of money that is left after one has met his or her basic necessities of life, Ramya (2016). Discretionary personal income is thus can be argued to be always less than disposable income. Ramya (2016) argue that discretionary personal income is used to buy luxurious goods and increasing discretionary personal income basically improves one's standard of living.

The second economic factor that influences the buying behavior of consumers is the family income. Family income according to Ramya (2016) is the aggregate or total income of all family members. Therefore, the buying behavior of a family is always influenced by the amount of family income that is owned, Ramya (2016). Family income affects buying behavior in the same manner as personal income does as has been explained above.

In addition to the above mentioned economic factors income expectations is by far one of the critical factor which influences individual's buying behavior. Ramya (2016) postulated that if an individual is expecting to earn more income in the future they tend to spend more on luxury goods, durable goods and shopping goods. On the other hand, in the event that future income expectations are low individuals tend to buy less of those and buy more of basics.

Moreover, savings also influences individuals' buying behavior according to Ramya (2016). Ramya (2016) postulated that changes in savings patterns affect the buying behavior of a person. A decision to save more money has the tendencies of reducing the amount that was otherwise available for buying luxury goods and durables while a reduction in savings will leave more money available for spending on luxuries and durables.

Liquid assets are assets that can be easily turned into cash without incurring any loss and these take the form of cash in hand, marketable securities, and cash at bank.

Individuals who own more liquid assets tend to buy more of luxury goods than those who has nothing or less, Ramya (2016).

Consumer credit is a special offer that is given by sellers to their customers whom they trust and can be in the form of hire purchase, direct bank loans, installment purchase among many others. It can be argued that consumer credit has a great impact in influencing the buying behavior of individuals. Availability of consumer credit to individuals tend to drive them into buying luxury goods and durables while non-provision of consumer credit will lead individuals into buying basic goods which they can afford because they are cheap (Ramya, 2016).

1.1.5 Personal factors

The fifth and final factors that influence individual's buying behavior are personal factors. According to Ramya (2016) there are basically four important personal factors that influence the buying behavior of consumers and these are age, occupation, income and life style. Age is by far the most important factor in influencing consumer buying behavior. Different people with different ages have got very different tastes and preferences that are being driven by their respective ages and will buy different products for different purposes. Ramya (2016) argue that individuals at their different stages in their life cycles buy different products because of their ages.

Different people with different occupation usually portray very different buying behavior patterns. Ramya (2016) postulated that the buying behavior of an economist is always different from that of a doctor, lawyer, teacher and or manager. Thus Ramya (2016) argue that marketing managers have the great task of designing various marketing strategies that will be in a better position to meet the different buying behaviors of different occupational groups.

Income also affects one's buying behavior in the manner that has been outlined in the section above of economic factors. The final factor under personal factors is one's life style and is determined by various activities undertaken by individuals in their day to

day living, Ramya (2016). Customers with different life styles need different marketing strategies which suit them.

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Literature Review

According to Radon (2012) citing Frank (1999) postulated that the world or era in which we are living in is a new wave of the luxury fever. Almost everyone the world over is striving to acquire, consume, use luxury products and/or live a luxurious life. Radon (2012) argues that luxury implies exclusiveness and that the perception behind exclusiveness is mainly based on the concept of scarcity, thus poses question on why the sale of luxury brands is striving to increase.

In this section we are going to look into the theoretical review on our topic: consumption of counterfeit luxury goods and the perceptions of consumers. We are going to start by explicating on the concept of counterfeit luxury goods online, followed by the effects of counterfeits on genuine brands, luxury goods online and finally we will look on the determinants of counterfeit luxury goods consumption.

2.1.1 Counterfeit Luxury Goods Online

Counterfeit products are those goods or products that are copied from the real and original brand but they are not the true and real brand by themselves in as much as they portray to be like the real brand. According to Radon (2012) in the realms of life there exist two customers of counterfeit goods, that is, there are those customers who buy counterfeit goods knowing that the products are not real and will to participate thereof on the illegal market and on the other hand there exist another group of customers which is the uniformed customers who participate in the buying of counterfeits unknowingly.

Grossman and Shapiro (1988) argue that there are basically two groups of counterfeiting and these include deceptive counterfeiting on one hand and on the other hand non-deceptive counterfeiting. According to Grossman and Shapiro (1988) deceptive counterfeiting refers to a situation whereby customers participate in the buying of counterfeit goods unknowingly during the period at which they buy the goods. This is so because it is usually difficult for consumers to immediately make an observation of the quality of goods during the buying process, nor distinguish them from authentic merchandise copies, Radon (2012). Deceptive counterfeiting usually takes place in the market of consumer electronic goods like stereo equipment, medical devices, computers and pharmaceuticals according to Grossman and Shapiro (1988).

In the market of luxury brands according to Radon (2012) the opposite, non-deceptive counterfeiting, is shown where customers are involved in the buying of counterfeit luxury brands willingly and knowingly. Radon (2012) argues that, at the time of product purchase the consumer is fully aware that the purchased product is a counterfeit. Grossman and Shapiro (1988) postulated that the markets of non-deceptive counterfeiting include perfumes, fashion apparel, designer sunglasses, leather goods and many more where public participate fully aware of the bogus brand name availability in the market. Radon (2012) propose for the reason behind non-deceptive counterfeiting as lying behind the lines that the customers values the label and the design features, such as distinctive fabric patterns and logo, and are the major reasons why customers participate in non-deceptive counterfeiting. Nil and Shultz (1996) argues that consumers of counterfeit luxury goods are subject to social risk since the products have a high social visibility as well as a symbolic value which is high.

According to De Chernatony (2001) there is need for the marketers of brands to rethink on the strategies at which they brand their products to enable the products to be found in both the off-line market and the on-line market. De Chernatony (2001) termed the off-line market as the bricks and mortar environment while the online market is the clicks environment. According to Radon (2012) citing De Chernatony (2001), a product in the offline (bricks and mortar environment) can be transferred to the online (clicks environment) by making use of the same brand if and only if it maintains the same true values. Omasnson et al (2001) provides for companies to take a considerable measure on the way at which they design their web site which is used to support their brands. Radon (2012) postulated that the stores of luxury goods are often distinct both in their location and their interior design including the way how the merchandise is designed to facilitate luxury and a better experience, which is also the most important aspect in the case of an online market.

2.1.2 The effects of counterfeits on genuine brands

According to Bian and Moutinho (2011) the study on the effects on the consumption of counterfeit luxury brands on genuine brands is yet to find a consensus conclusion. Phau et al (2009) and Lu (2013) argue that counterfeit luxury goods have the effect of distorting the reputation and value as well as diminishing the revenue and satisfaction related to the genuine brands. McDonald and Roberts (1994) argues that if for example there exists counterfeit inferior brands that cannot be easily distinguished from the genuine brand by customers this may reduce the exclusiveness and perceived quality of the genuine brands.

On the other hand, Bloch et al (1993) postulated that counterfeit luxury brands have got the effect of harming the consumer confidence on luxury genuine brands. Phau and Teach (2009) also argue that the attractiveness of genuine brands and their profits can also be reduced by counterfeiting. Lu (2013) and Romani et al (2012) concurs that the existence of counterfeit luxury products has got the positive impact on the side of luxury genuine brands as this tends to increase the willingness of consumers to buy genuine brands that are well known rather than the forged brands.

However, on the other hand other studies have proved counterfeiting to be having a positive effect on genuine luxury brands. Bian and Moutinho (2011) argue that exposure to consumption of counterfeit luxury brands does not necessarily decrease the perceptions of consumers or their attitudes towards genuine brands. Gabrielli et al (2012) in their studies postulated that the awareness of consumers on the existence or availability of counterfeit luxury brands is with no negative impact on the luxury genuine brand rather it strengthens evaluation of consumers on luxury genuine brands.

2.1.3 The impacts of Counterfeits on Consumers

According to Grossman and Shapiro (1988) the impact of counterfeit luxury goods consumption differs from one individual to another depending on the type of counterfeiting the individual is exposed to, that is whether deceptive counterfeiting or non-deceptive counterfeiting. Grossman and Shapiro (1988) defines deceptive counterfeiting as a situation whereby the customers consume counterfeit luxury goods unknowingly, that is, the customers are not aware that the products in question are counterfeits, whereas non-deceptive counterfeiting is when customers are aware and willing to participate in the illegal products.

Lu (2013) argues that it is the consumers of deceptive counterfeiting that are often exposed to the negative effects of counterfeiting since they are not aware that the product consumed is a counterfeit. The customers will be willing to buy the genuine brand but because of asymmetric information they end up buying the wrong and forged brand. The consumer under deceptive counterfeiting usually is exposed healthy and safety dangers, Lu (2013). However, for non-deceptive counterfeiting the opposite is true as these are aware and willing to buy the forged brand hence no negative impact on them.

2.1.4 Branding: an important factor

Branding according to Malik (2009) is a set of logos, together with products, advertising, services and ideas which all combine with the marketing efforts for positioning and communicating an offer of the entity. In a lighter note and simpler terms branding refers to a name or symbol that is used to distinguish and/or differentiate products from

the same goods provided by the competitors (Ghodeswar, 2008). Lu (2013) and Green and Smith (2002) argues that brands are termed the most intangible valuable assets of an organization or business entity and thus are nurtured and developed with the passage of time. Green and Smith further argued that a well trusted brand enjoys goodwill as customers will have trust in it.

Mudambi (2002) argues that brands are not only important for the business, they are also crucial for consumers since they help consumers to readily differentiate between different brands of the same product. A well-known brand and trusted by customers if bought occasionally helps customers reduce the purchase risk which is the risk associated with buying the wrong or poor product. According to McCracken (1988) branding also comes with the intangible benefits to the customers on the basis of gender meaning, symbolic meaning as well as authenticity which go a long way in identity of personality establishment.

2.1.5 Determinants of Counterfeit Luxury Goods Consumption

According to Lu (2013), there are basically six factors that determine the consumption of Luxury goods and these are demographic factors, product attributes, ethical and legal concerns, personal and social factors, price consciousness and consume-based equity dimensions. These factors are explained in detail below:

Demographic factors: refers to the variables about the status of people such as gender status, age, level of income, education level and marital status among many more. These factors according to Bian and Veloutsou (2007) and Wee et al (1995) are very significant in determining the consumption of luxury goods. Lu (2013) citing Wee et al (1995) postulated that there exist a negative relationship between household income and the intention to buy counterfeit goods, that is, when household income increases the willingness to buy counterfeits decreases and if household income decreases then one will be willing and more ready to buy counterfeits. Gentry et al (2001), Gupta et al (2004) and Phau et al (2009) as cited in Lu (2013) concurs that age is one of the most important and critical factor in determining the willingness to consume counterfeit luxury goods, and their studies observed that people of ages between 18 to 25 were more willing and ready

to purchase counterfeit luxury goods. Gender researches also indicated that women are more likely to buy counterfeit accessories and clothes than their male counterparts (Cheung & Prendergast, 2005).

Ethical and legal concerns: Ethics refer to what is believed to be right and/or wrong in a society whereas legal concerns are the rules and regulations that govern the way how people live in a society. Lu (2013) argues that ethical and legal factors are one of the crucial and most important determinants of luxury goods consumption. According to Gupta et al (2004) and Sheng et al (2012) as cited in Lu (2013), societies that strongly uphold laws and ethics hinder the consumption of counterfeit luxury products whereas societies with no strong ethical and legal background encourage the consumption of luxury counterfeits.

Personal and Social factors: includes those factors such as integrity, collectivism and novelty seeking according to Lu (2013). Phau and Teah (2009) and Hidayat and Diwasasri (2013) concur that personal factors in the form of integrity and consumption status as well as social factors related to normative susceptibility including informative susceptibility are related to the willingness of consumers to buy counterfeit luxury goods.

Product Attributes: are the core and primary factors that determine the consumption of counterfeit luxury goods (Eisend & Schuchert, 2006) According to Phau et al (2009) and Wee et al (1995) the attributes of product such as product appearance, perceived quality, durability, utility and performance are strongly related to the consumption of counterfeit luxury goods. This is so because if the counterfeit product is of high quality, durable and having a good performance customers will tend to go for them in order to enjoy the qualities of these products.

Price Consciousness: is the major factor that determines the consumption of counterfeit luxury goods. It is simple to note that from an economic point of view whenever we talk about buying and selling (demand and supply) definitely by one way or the other we have to explicate about price since it is the unit of exchange in the market of goods and services. Lu (2013) argued that in as much as price consciousness is regarded as the major determinant however, its role in influencing the consumption of counterfeit

luxury goods has been subject to dispute. Lichtenstein et al (1990) postulated that price consciousness is the concern by persons who seek to maximize the value of money and willingness to pay at a lower price in relation to the constraints of quality. Phau and Teach (2009) in their studies provides for higher price consciousness as significantly related to the consumption of counterfeits whereas, Penz and Stottinger (2005) argues that price consciousness has no direct on consumers purchase of counterfeit products.

Consumer-Based Equity Dimensions: refers to the value that customers give to the brand (Lu, 2013). According to Lu (2013) consumer-based brand equity is comprised of three different dimensions, that is, perceived quality, brand loyalty and brand awareness which is the brand association. Lu (2013) posed that it is the consumer-based brand dimension factors that are closely and significantly associated with the willingness of customers to buy genuine luxury brands rather than counterfeits. Penz and Stottinger (2005) argue that when customers buy counterfeits it is not because they want the product attributes, but the symbolic meanings related with the real brand.

2.2 Empirical Literature Review

In this section we are going to explain the empirical studies that were undertaken by our forerunners who carried out their studies on the same topic. We are going to allude on their findings and see how this helps us in our current study. We begin by the study that was undertaken by Viot et al (2014) in France. Viot et al (2014) in their study made use of questionnaires to survey 226 university students in France. They used the Second-order model to analyze their data in order to come up with informed results. In their findings Viot et al (2014) observed that the Second-order factors have got an indirect influence on the customers' intention to buy counterfeits. Viot et al (2014) also found out that economic societal factors have no or less effect on the attitude and intention of

customers to buy counterfeit products. They however argue that individual motivation is significant on the intention to consume counterfeit goods (Viot et al 2014).

Another significant study on consumer perceptions on the consumption of luxury goods is the study by Doss and Robinson (2013) which was carried out in the USA by way of interviewing 215 female students. In their results Doss and Robinson (2013) found out that the level of rated perceptions on the luxury brand are relatively higher than counterfeits of the brand. They also postulated that there is a significant difference in luxury perception amongst customers who last acquired a luxury hand bag brand from those who last acquired a counterfeit hand bag brand (Doss and Robinson, 2013). In addition to that Doss and Robinson (2013) observed that the results obtained from SEM did not fit the luxury brand however, provided a close fit for counterfeit luxury brand.

Furthermore, Radon (2012) in their study undertaken in Sweden observed that price and brand visibility are the most significant aspects of online consumption of counterfeit luxury goods. They also find out that consumers of counterfeit luxury goods online are economical and rational as well as symbolic and conspicuous. Bush et al (1993) on their field experiment observed that consumers tend to buy counterfeit products knowingly especially in cases where there is price advantages.

According to D'Astous and Gargouri (2001) who carried out an experiment in Canada of 160 consumers observed that evaluation of consumers on brand imitations does not depend on whether the imitation is good or not. Further results under this study showed that stores with better images tend to obtain a positive evaluation from customers when selling counterfeit luxury goods as compared to store with bad reputation (D'Astous & Gargouri, 2001). Consumer characteristics such as generalized brand loyalty, brand sensitivity, product familiarity and product category involvement produced a negative correlation with brand imitation evaluations according to D'Astous and Gargouri (2001).

According to Yoo and Lee (2012) the purchase of counterfeits brands in the past is not related to the intention to current purchase of luxury genuine brands. Bian and Moutinho (2011) also postulated that exposure to the consumption of counterfeit

luxury goods does not reduce the perceptions of consumers nor their attitude towards luxury genuine products. Gabrielli et al (2012) highlighted the fact that counterfeit Luxury Banded Products existence and availability awareness on the side of consumers does not pose a negative impact on luxury genuine brands. This awareness rather strengthens the evaluation of luxury genuine products by consumers according to Gabrielli et al (2012).

Cordell et al (1996) carried out an experiment on 221 upper division students of business and observed that there is a negative relationship between the willingness to buy counterfeit products with attitude to lawfulness. In another study by Dubois and Paternault (1995) in France where 3000 people were interviewed the findings showed that there is a strong relation between purchase and awareness. Furthermore Dubois and Paternault (1995) found out that developing the brand of luxury goods with less or no jeopardy on its appeal proved to be a challenge.

Lu (2013) in their Australian survey of 244 students they found out that 3 of the 7 independent variables namely: perceived behavioral control, brand awareness of the genuine brand and attitude toward CLBP were related to the consumption of CLBP. They further figured out that there is an insignificant difference on perceptions of consumers of genuine luxury brands between owners and non-owners of CLBP and that CLBP owners proved to be more loyal to CLBP than non-owners (Lu, 2013).

The rest of the empirical studies by our forerunners on this current study are outlined and summarized the table 2.1 below.

Table 2.2.1 Summary of past empirical studies and their findings

Author	Country	Models	Participants	Findings
Doss & Robinson (2013)	USA	Modified BLI scale	215 female students	Rated perceptions on the luxury brand were higher

				<p>than counterfeits of the brand.</p> <p>There is a significant difference in luxury perception on customers who last acquired a luxury brand hand bag from those who last acquired a counterfeit brand hand bag.</p> <p>The results obtained from SEM did not fit the luxury brand however, provided a close fit for counterfeit luxury brand.</p>
d'Astous & Gargouri (2001).	Canada	Experiment Correlation analysis	160 consumers	<p>Evaluation of consumers on brand imitations does not depend on whether the imitation is good or not.</p> <p>Stores with better images tend to obtain a positive evaluation from customers when selling counterfeit luxury goods as compared to store with bad reputation.</p> <p>Consumer characteristics such as generalized brand loyalty, brand sensitivity, product familiarity and product category involvement produced a negative correlation with brand imitation evaluations.</p>
Radon (2012)	Sweden	Online interviews	47 consumers (40% men)	Categorized empirical evidence into price, information,

			and 60% women)	<p>Conspicuousness, fear, Quality, Substitutes and Trading up.</p> <p>Price and brand visibility proved to be the most significant aspects of online consumption of counterfeit luxury goods</p> <p>Counterfeit luxury goods consumers online are economical and rational as well as symbolic and conspicuous</p>
Bush et al (1993)		Demand-oriented Field experiment	Consumers	Consumers tend to buy counterfeit products knowingly especially in cases where there is price advantages.
Cordell et al (1996)		Experiment Ordinal logit analysis	221 upper division students of business	There is a negative relationship between the willingness to buy counterfeit products with attitude to lawfulness
Dubois & Paternault (1995).	France	Interviews (face to face)	3000 people	<p>There is a strong relation between purchase and awareness</p> <p>Developing the brand of luxury goods with less or no jeopardy on its appeal proved to be a challenge.</p>
Lu (2013)	Australia	Survey Questionnaire	244 students	3 of the 7 Independent variables namely: Perceived behavioral

		Multiple regression analysis		<p>control, brand awareness of the genuine brand and attitude toward CLBP were related to the consumption of CLBP</p> <p>There is insignificant difference on perceptions of consumers of genuine luxury brands between owners and non-owners of CLBP</p> <p>CLBP owners proved to be more loyal to CLBP than non-owners.</p>
Pueschel et al (2017)	United Arabic Emirates	Survey 19 in-depth interviews	Emiratis	<p>The perception of risk usually depends on culture.</p> <p>Consumers in most circumstances are aware of risks that are associated with the consumption of counterfeits.</p>
Viot et al (2014)	France	Questionnaire Second-order model	226 Students	<p>Second-order factors have got an indirect influence on the intention to buy counterfeits.</p> <p>Economic societal factors have no effect on the attitude and intention to buy counterfeits.</p> <p>Individual motivation is significant on the intention to consume counterfeits.</p>
Yoo and Lee (2012)				<p>The purchase of counterfeits brands in the past is not related to the</p>

				intention to current purchase of luxury genuine brands
Bian and Moutinho (2011)				Exposure to the consumption of counterfeit luxury goods does not reduce the perceptions of consumers nor their attitude towards luxury genuine products
Gabrielli et al (2012)				Counterfeit Luxury Branded Products existence and availability awareness on the side of consumers does not pose a negative impact on luxury genuine brands. This awareness rather strengthens the evaluation of luxury genuine products by consumers.

CHAPTER 3

METHODOLOGY AND DATA

3.1 Method

In this paper we made use of both qualitative and quantitative methods in order to come up with robust results. We made use of a survey based on interviews to acquire the data that is necessary to analyzing and coming out with robust results. The interview is divided into two categories, that is, closed ended questions that were necessary to provide data to undertake a quantitative analysis and open ended questions which were used for the qualitative analysis. Thus it can be noted that the open ended questions are going to be used for making a qualitative analysis while closed ended questions will be used to make a quantitative based analysis of the study. A combination of qualitative and quantitative methods is crucial to come up with a strong balanced analysis. The information that cannot be analyzed through quantitative means will be taken care off by the qualitative method. At the same time data which cannot be analyzed by means of qualitative ways will be done by the appropriate quantitative method.

Under quantitative analysis we use the correlation analysis to find out if the buying decisions of counterfeiters are associated with various social, economic, personal and psychological factors that affects the consumer buying behavior. Under social factors we make use of two major social factors that influences consumer buying behavior, that is,

family size and social status. The family size have been categorized according to the number of children available in the family of the respondent, that is two kids and below representing a small family size, three to five children representing a medium family size and 6 children and above representing a large family size. The social status has been grouped into three classes that is, working class, capitalist class and the royal class.

Under economic factors we made use of only two factors, that is, monthly family income and liquid assets. A family income of US\$500 and below has been termed as low family income, while income between US\$500 to US\$1000 has been termed as a medium family income and an income of US\$1000 and above has been categorized as a high family income. Under liquid assets respondents has been grouped as having or not having the liquid assets.

The third factors that influence the consumer buying decisions as has been outlined above are the personal factors. In this paper we made use of basically three factors, that is, age, occupation and personal income. Respondents, under age, have been categorized into three that is 20 years and below, 21 years to 30 and 30 and above. The personal income has been categorized in the same manner as for the family income as outlined above. Under occupation, respondents are either working or not working. Finally under psychological factors we made use of perception to see how it influences the buying decision of counterfeits. Perception has been categorized as either high or low.

We also seek to find out if the dependent variables, as outlined are, are correlated to each other. We seek to see if they are positively or negatively correlated and if the correlation is strong, moderate or weak. This can be done by comparing our results to the Pearson scale of correlation. We made use of the IBM SPSS statistics program to run the correlation analysis.

In addition to that we made use of the probit and logit models to find out how the dependent variable, buy counterfeits, is related to the independent variables, family size, social status, age, personal income, occupation, perception, family income and liquid assets. It must be noted that the probit and logit models are non-linear type of regression

analysis models hence we only seek to interpret the sign of the coefficient and not the magnitude. The probit and logit models are run using Eviews 10 program.

As mentioned above, we make use of the qualitative analysis method to analyze the answers obtained from our open ended questions in the interview that will be carried out. We basically used four major open ended questions based of the factors that influence consumers' perceptions on buying counterfeits. We seek to find out if factors such as product price, quality, branding and company history affects consumer perceptions in buying counterfeit luxury brands.

3.2 Data collection and sampling

Our sample size in this paper is comprised of 200 students that were interviewed using open ended and closed ended questions as mentioned in the section above from the faculty of Economics and Administrative Sciences at Near East University. We made use of the structured random sampling to collect the data. We started by dividing the respondents into 60% ladies and 40% men. Thus we surveyed 80 men and 120 women making a total of 200 respondents. After structuring our respondents into 80 male respondents and 120 female respondents we then did a random survey among those respective groups.

CHAPTER 4

DATA ANALYSIS AND RESULTS

4.1 Descriptive statistics

In this section we start by highlighting the descriptive statistics of our quantitative data. Table 4.1 below shows the mean, standard deviation, minimum value and maximum value of our dependent variable and the respective nine independent variables. The most important descriptive statistics here is the mean and standard deviation. Our dependent variable, buy counterfeits, is in binary form, that is, 1 representing that the respondent in question buys counterfeit luxury products knowingly and 0 represents that the respondent in question do not buy luxury counterfeits. The dependent variable, buy counterfeits has got a standard deviation of 0.491 and a mean value of 0.6, showing that on average according to our sample drawn from Near East University students, 60% of customers participate in buying counterfeit products online.

The rest of the descriptive statistics and their respective values are listed in the table 4.1 below.

Table 4.1: Descriptive statistics

	Minimum	Maximum	Mean	Std. Deviation
buy counterfeits	0	1	.60	.491
gender	1	2	1.60	.491
family size	1	3	1.69	.712
social status	1	3	1.43	.545
age	1	3	1.93	.789
personal income	1	3	2.08	.759
occupation	1	2	1.41	.493
perception	1	2	1.32	.466
liquid assets	1	2	1.52	.501
family income	2	3	2.78	.412

4.2 Correlation Analysis

In this section we show the results that were obtained after running the data on SPSS statistics to test for the correlations between dependent variables and respective explanatory variables and the correlation of the explanatory variables on their own.

Firstly, according to table 4.2 we can observe that at 1% level of significant, the dependent variable, buy counterfeits is positively correlated to gender, that is, there is a significant positive linear correlation between buy counterfeits and the gender. The Pearson correlation coefficient between buy counterfeits and gender is 0.375 indicating that there is a weak positive linear relationship between the two variables. It must be noted that the Pearson correlation scale ranges from +1 to -1. Thus positive Pearson

correlation coefficient indicates a positive relationship between those two variables while a negative Pearson correlation coefficient indicates a negative relationship between two variables.

Moreover, a positive Pearson correlation coefficient that is close to 1 represents a strong linear relationship between the 2 variables whereas a negative Pearson correlation coefficient close to -1 shows that there is a strong linear relationship between the two variables. In the same lines Pearson correlation coefficient of 0 shows that there is no relationship between the 2 variables. In the same lines a Pearson correlation coefficient close to 0 whether positive or negative represents a weak positive or negative linear relationship between the two variables in question. In this case we argue that buy counterfeits and gender which has got a positive Pearson correlation coefficient of 0.375 reflects that there is a weak positive linear relationship between these two variables. The results obtained in this case of buy counterfeits and gender is in line and supports our hypothesis, H4 which says that there is a significant positive linear relationship between the 2 variables.

In addition to that, considering the results of buy counterfeits and family size, there is no significant correlation between these two variables. At 1% and 5% level of significant we argue that there is no relationship between the customer's decisions to buy counterfeits products and the size of family from which they come from. Therefore in this case we tend to reject our hypothesis H3 which suggests that there is a positive and significant relationship between these two variables. Therefore, it must be noted consumers are not influenced by their family size on whether to buy counterfeits or not.

The results of buy counterfeits and social status in table 4.2 indicates that at 5% level of significant there is a weak negative linear relationship between the two variables of buy counterfeits and social status. The Pearson correlation coefficient of -0.162 shows that the correlation is negative and it's a weak relationship since the coefficient is close to zero. The relationship is significant at 5% level of significant because its significant value is small, 0.022. Therefore, we postulate that as one's social status increases their tendency of buying counterfeit luxury products decrease. Thus it is those customers with a lower level of status who tend to buy counterfeit luxury products even if they are aware.

Thus we argue that the results from our data analysis partly supports our hypothesis as indicated in H9 that there is a significant correlation between the two variables, however at 1% level of significant we reject H9.

Table 4.2 also shows that at 1% level of significant buy counterfeits and the age of the respondents are negatively linearly related. There is a weak negative linear relationship between the decision to buy counterfeits and the age of the buyer. Therefore we argue that as one's age increases they tend not to buy counterfeits. Thus it is the young people that are mostly in the business of buying counterfeit luxury products. The results here are in line with our hypothesis in the sense that there is a significant relationship.

Furthermore, in this paper table 4.2 of our correlation results shows that there is no significant relationship between buy counterfeits variable and the buyer's personal income. In fact the relationship is significant at 10% level of significant, however in our study we only accept if the variables are significant at 1% and 5% level of significant. Therefore, we tend to reject the hypothesis, H1 which says that there is a significant positive relationship between the two variables.

Moreover, table 4.2 below shows that at 1% level of significant there is a weak negative relationship between the variable of buy counterfeits and the occupation if the respondent. In this case we tend to agree and partly disagree with our hypothesis in H6 which suggests a significant relationship between the two variables. It is true that a significant correlation is there but the correlation is not positive rather it is negative.

Table 4.2 also shows that at 5% level of significant there is a weak negative relationship between buying counterfeit luxury products and the customer's perceptions. The results of table 4.2 in this case partly supports and partly contradicts the hypothesis in H7 in that it is true that there is a significant relationship between the two variables even though the relationship is not positive.

Moreover, table 4.2 indicates that at 1% and 5% level of significant there is no relationship between buy counterfeits and family income rather the correlation is significant at 10% level of significant. However in our case we used 0.01 and 0.05 level

of significant to find out if any relationship exists. Therefore, we argue that in line with our results our hypothesis H8 is rejected since there is no significant correlation between these two variables. Thus we argue that family income does not affect the decision of the buyer to purchase counterfeits luxury goods.

On top of that, the results in table 4.2 below shows that at 1% and 5% level of significant there is no significant relationship between the decision of buyers to purchase counterfeits and the factor that they have liquid assets. Therefore, it must be noted that the fact that the buyer has liquid assets or not does not significantly affect their decision on whether to buy counterfeits or not.

In addition to that, in this paper in line with the results provided for in table 4.2 we argue that at 1% and 5% level of significant there is no significant correlation between gender and other explanatory variables such as buyer's family size, social status, age, personal income, occupation, perception, family size and the liquid assets.

We also provide that at 1% and 5% level of significant there is no significant correlation between buyer's family size and buyer's social status, age, occupation and family income. However, on the other hand at 1% level of significant there is a significant linear relationship between buyer's family size and personal income, perceptions and liquid assets. Personal income indicates a negative weak relationship whereas perceptions and liquid assets reflect a positive weak relationship with buyer's family size. Therefore we argue that personal income negatively affects family size and perception and liquid assets positively affects family size.

Table 4.2: Correlation results obtained from SPSS.

		bc	g	fs	ss	age	pi	occ	per	fi
bc	P Correlation	1								
	Sig.									
g	P Correlation	.375**	1							
	Sig.	0								
fs	P Correlation	-0.083	-0.026	1						
	Sig.	0.24	0.716							
ss	P Correlation	-.162*	-0.086	-	1					
	Sig.	0.022	0.224	0.082						
age	P Correlation	-.207**	-0.039	0.137	0.052	1				
	Sig.	0.003	0.584	0.052	0.464					
pi	P Correlation	0.127	-0.129	-	0.099	-0.107	1			
	Sig.	0.074	0.068	.233**	0.164	0.13				
occ	P Correlation	-.378**	-0.025	0.035	.201**	0.041	-.289**	1		
	Sig.	0	0.726	0.626	0.004	0.567	0			
per	P Correlation	-.171*	-0.062	.357**	.295**	.147*	-0.057	.223**	1	
	Sig.	0.015	0.387	0	0	0.038	0.419	0.002		
fi	P Correlation	0.119	0.02	0.029	.145*	-0.065	.425**	-	0.014	1
	Sig.	0.093	0.78	0.687	0.04	0.358	0	.182**	0.841	
la	P Correlation	0.033	-0.069	.257**	-.142*	-0.117	-.242**	0.068	0.113	-0.04
	Sig.	0.646	0.328	0	0.045	0.099	0.001	0.336	0.111	0.574

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

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.2 also indicates that there is no significant relationship between social status and variables such as buyer's age and personal income and this supports our

hypothesis. On the other hand, at 1% level of significant occupation and perceptions have a positive weak correlation with social status. At 5% level of significant family size and liquid assets have weak positive and negative relationship respectively with social status.

In relation to age we obtained that there is no significant correlation between age and the respective variables of personal income, occupation, family income and liquid assets. However, we also found out that age and perceptions of buyers are positively linearly related at 5% level of significant. Personal income of buyers is significantly related to occupation family income and liquid assets at 1% level of significant and on the opposite personal income is not related to perceptions. We also observed that Occupation is significantly related to perceptions and family income at 1% level of significant, but it is not related to liquid assets.

Lastly, from table 4.2 we observe that there is no significant relationship between perceptions and other variables such as family income and liquid assets. There is also no significant relationship between family income and liquid assets. This is in line with our hypothesis.

4.3 Probit and Logit model results

In table 4.3 below we show the results of the probit model that was obtained after running the data on Eviews 10. We provide that there is a positive relationship between the decision of customers to buy counterfeits and the explanatory variables, family income, gender, liquidity assets and personal income. Therefore, we argue that these factors are positively related to the customer's decision to buy counterfeits.

On the other hand, table 4.3 below shows that there is a negative relationship between the decisions of buyers to purchase counterfeits and explanatory variables such as buyer's age, family size, occupation, social status and perception. Thus, in this paper we argue that age, family size, occupation, perception and social status negatively affects the decision of customers to buy luxury counterfeits products.

The results of table 4.3 below shows that at 1% level of significant it is only age, gender and occupation which is linearly related to buying counterfeit luxury goods. We also argue that age and occupation are negatively related to buying counterfeit luxury goods whilst gender is positively related to buying counterfeits. The rest of the variables, family income, family size, liquid assets, perception, personal income and social status are not significantly related to buying of counterfeit luxury products since their probability values are greater than 1% level of significant.

Table 4.3: Results of Probit model, with buying counterfeits as the dependent variable

Explanatory Variables	Coefficient	Prob
Age	-0.3619	0.0096
Family income	0.1410	0.6253
Family size	-0.0914	0.5840
Gender	1.2513	0.0000
Liquidity assets	0.2887	0.2243
Occupation	-1.0877	0.0000
Perception	-0.1484	0.5166
Personal income	0.1616	0.3019
Social status	-0.1217	0.5768
Constant	-0.1999	0.9212

In table 4.4 we provide that the logit model shows a negative relationship between buy counterfeits and the explanatory variables; age, family size, occupation, perception and social status. We also provide that family income, gender, liquidity assets and personal income affects the decision to buy counterfeit products in a positive way.

Furthermore, the results of table 4.4 below shows that at 1% level of significant it is only age, gender and occupation which is linearly related to buying counterfeit luxury goods. We also argue that age and occupation are negatively related to buying counterfeit luxury goods whilst gender is positively related to buying counterfeits. The rest of the

variables, family income, family size, liquid assets, perception, personal income and social status are not significantly related to buying of counterfeit luxury products since their probability values are greater than 1% level of significant. Thus, the results of the probit and logit model have proved to be the same and again they are in line with those of correlation analysis.

Table 4.4: Results of Logit model, with buying counterfeits as the dependent variable

Variable	Coefficient	Prob
Age	-0.5326	0.0428
Family income	0.3004	0.5634
Family size	-0.2189	0.4963
Gender	2.0785	0.0000
Liquidity assets	0.5106	0.2304
Occupation	-1.7891	0.0000
Perception	-0.2677	0.4901
Personal income	0.2602	0.3355
Social status	-0.2523	0.5292
Constant	-0.3226	0.8499

In short, the results of the probit and logit models are the same. Probit model provides results that are consistent and in line with the logit model.

4.4 Results of qualitative interviews

Results that we obtained from our qualitative interview on the perception of consumers in buying counterfeit luxury products indicated that the perception of consumers is guided by four factors such as the price of the product, quality of product, branding and packaging, and the History of the company from which they buy from.

Most of the consumers who buy counterfeit luxury products online do so because of the fairly lower prices at which they are sold at as compared to the price of the real

luxury brand. Consumers argued that most counterfeits are as equally good as the real brand and they save the same purpose with almost the same quality and durability hence there is no need to waste a whole lot of money buying expensive brands when the same alternative products at cheap prices are available in the market. On the other hand other consumers argue that they don't buy counterfeit products because the low price at which they are priced shows that they are inferior and cannot match the qualities of the original real brand.

In addition to that, consumers' perceptions showed that the quality of the product plays a very crucial role in influencing customers to buy counterfeits luxury products. Most customers argue that most counterfeits luxury products are of very high quality. Some argues that counterfeit luxury brand in some cases perform even better than the real brand. Therefore, customers argue that these counterfeits are in most cases produced in a special way to counter attack the original brand which thus makes them better and more favorable. In a different note some other customers disagreed that counterfeits are of poor quality because they are fake and not original hence can't be compared with the quality of the real brand thus they argued they tend not to buy these counterfeits.

Moreover, branding and packaging proved to play a very pivotal role in the buying of counterfeit luxury products by customers. Most customers who buy counterfeits from the interviews we carried out indicated that they buy them because counterfeits are better branded and packaged. Counterfeits usually come along with very nice and influential branding messages which make them more attractive to customers.

Furthermore, from our qualitative interview results we observed that online company's history is also significant in influencing customers to buy from it. Customers indicated that they buy counterfeit luxury products from those online companies whom they know their past history of providing good products. This knowledge, customers indicated that they either obtain it by having dealt and traded with the company before or through online word of mouth testimonies of other customers who would have used the same product. Most online companies provides for customers to provide a word of mouth comment on their website which is very essential in influencing other customers.

Therefore, in this paper we provide the four factors of product price, quality, branding and packaging and company history plays a very crucial role in influencing the perceptions of consumers of counterfeit luxury products.

4.5 Hypotheses Testing

In this section we are going to provide the following hypotheses as accepted and retained or rejected, in line with our results from our data analysis.

H1: There is a significant linear relationship between buying counterfeits luxury goods online and the age. According to the results of correlation analysis, probit and logit model we argue that there is a negative linear relationship between buying counterfeit luxury goods online and the age. This is so because the probability value of correlation, probit and logit model is less than 0.01 level of significant, therefore we accept and retain H1.

H2: Suggests that there is a significant linear relationship between buying counterfeits and the amount of family income. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between buying of luxury goods online and family income. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H2.

H3: Suggests that there is a significant linear relationship between buying counterfeits and the family size from which the buyer comes from. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between buying of luxury goods online and family size. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H3.

H4: There is a significant linear relationship between buying counterfeits and the gender type of buyer. According to the results of correlation analysis, probit and logit model we argue that there is a positive linear relationship between buying counterfeit luxury goods

online and the gender. This is so because the probability value of correlation, probit and logit model is less than 0.01 level of significant, therefore we accept and retain H4.

H5: Suggests that there is a significant linear relationship between buying counterfeits and the liquid assets of the buyer. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between buying of luxury goods online and liquid assets. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H5.

H6: There is a significant linear relationship between buying counterfeits and the occupation status of the buyer. According to the results of correlation analysis, probit and logit model we argue that there is a negative linear relationship between buying counterfeit luxury goods online and the occupation. This is so because the probability value of correlation, probit and logit model is less than 0.01 level of significant, therefore we accept and retain H6.

H7: There is a significant linear relationship between buying counterfeits and the buyers' perception. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between buying of luxury goods online and perception. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H7.

H8: There is a significant linear relationship between buying counterfeits and the personal income of the buyer. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between buying of luxury goods online and personal income. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H8.

H9: There is a significant linear relationship between buying counterfeits and the social status of the buyer. The results provided for by correlation analysis, probit and logit models persuade us to conclude that there is no significant linear relationship between

buying of luxury goods online and social status. This is so because the result of the probability value of significant level value is greater than 0.01 level of significant, hence in this paper we reject H9.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

In conclusion in this paper we argue that there is a significant linear relationship between buying counterfeit luxury goods and age, buying counterfeits and gender, and buying counterfeits and occupation of the buyer. We provide that there is a significant negative relationship between buying counterfeits products online and gender. Thus we argue that as the buyer's age increases, he or she will tend to reduce in buying counterfeit products. Therefore, we postulate that it is the young people that tend to buy counterfeit luxury goods online as opposed to the elderly, hence marketing managers of counterfeit products should target young people than old.

We also provide that there is a positive linear relationship between buying of counterfeit luxury goods online and gender of the buyer. Thus from our results we argue that ladies tend to buy more of counterfeit luxury goods online than men does. Therefore, as a marketing manager of counterfeit luxury goods, one has to target female customers more than their male counterparts.

In addition to that we provide that there is a significant negative relationship between buying counterfeit luxury goods online and occupation of the buyer. Thus, in line with this note we provide that those customers who are employed tend not to buy counterfeit luxury goods online than the unemployed ones. Therefore, we conclude in this

paper that unemployed customers are the most buyers of counterfeit goods. In this paper we did not find a significant relationship between buying of counterfeit luxury goods online and the dependent variables of Family income, Family size, Liquidity assets, Perception, Personal income and Social status. However, Viot et al. (2014) found out that individual motivation is significant on the intention to consume counterfeit products, in as much as our empirical results shows otherwise on personal income.

In this paper, we concur with what is postulated in Doss and Robinson (2013) who found out from their empirical study that rated perception on luxury brand is higher than counterfeit of the brand, we also conclude in the same manner that customers perception is not significantly related to buying counterfeit luxury goods online. The results of correlation analysis, probit and logit models have provided for an insignificant relationship between buyer's perception and buying counterfeits.

In addition to that we also provide that customers perception in buying counterfeit luxury products are highly influenced by the four factors of price of the product, quality of the product, branding and packaging. This is online with what is provided in Radon (2012) who argues that price and brand visibility has got the most visibility and significant aspects of online consumption of counterfeit luxury goods. In the same manner we also concur with Bush et al. (1993) who postulated that consumers tend to buy counterfeit products to take advantage of price discrepancies.

In short, marketers have got a great deal of job to study consumer behavior and the various factors that influences their buying decisions in order to come up with best strategies that will suit each group of customers. By doing so we conclude that marketers may go a long way in improving the profitability of the business.

5.2 Policy Recommendations

Market planners should pay more attention to the factors affecting consumer buying behavior which will help them coming up with good marketing strategies.

5.3 Limitations of the study

The current study was done at Near East University from a group of students who buy counterfeit products online. However, this group of people in as much as it consists of different people from different countries since Near East University is an international university it does not fully represents all views from various consumers of the world.

5.4 Future Recommendations

We recommend future studies to be carried out that includes various customers from different countries of the world and from different cultural and social backgrounds in order to fully understand customer perceptions in buying counterfeit luxury goods.

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APPENDIX

Dear Respondent

RE: RESEARCH QUESTIONNAIRE

I am a Master Student from the department of Marketing, Near East University, North Cyprus. I am conducting a research entitled "AN INVESTIGATION OF CONSUMERS PERCEPTIONS ON THE CONSUMPTION OF COUNTERFEIT LUXURY GOODS ONLINE". The attached questionnaire is a survey designed to determine the factors that influences the consumers' buying decisions to purchase counterfeits products online. The study is aimed at investigating the perceptions of consumers on the consumption of counterfeit luxury goods online. May you please answer all the questions carefully? All information you provide will be strictly confidential and used for academic purposes only.

Thanks for your time and support,

Belinda Mashini

SECTION A: Factors influencing consumer buying decisions

1. Age

- Below 22 years
- 22 – 30 years
- 31 + years

2. Gender

- Female
- Male

3. Marital status

- Single
- Married

4. Education

- Primary
- Secondary
- High School
- Foundation Degree (Vocational School)
- Undergraduate
- Masters +

5. Personal Income Level (Per Month - USD)

- under 500 USD
- 500 – 1000 USD
- 1000 USD and above

6. Family incomes (per month)

- under 500 USD
- 500 – 1000 USD
- 1000 USD and above

7. Do you have liquid assets?

- Yes
- No

8. What is your occupation status?

- Employed
- Unemployed

9. What is your buying perception of counterfeit products?

- positive
- negative

10. What is your social status?

- working class
- capitalist class
- royal class

11. What is your family size?

- below 3 children
- 3 to 5 children
- above 5 children

12. Do you buy counterfeit luxury products online?

- Yes
- No

SECTION B

Further qualitative questions depending on the answer provided in question 12.

PLAGIARISM REPORT

An investigation of consumers perceptions on the consumption of counterfeit luxury goods online

ORIGINALITY REPORT

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ETHICS COMMITTEE APPROVAL



YAKIN DOĞU ÜNİVERSİTESİ

BİLİMSEL ARAŞTIRMALAR ETİK KURULU

25.06.2019

Dear Belindah Mashini

Your application titled “**An Investigation Of Consumers Perception Of Counterfeit Luxury Goods Online**” with the application number YDÜ/SB/2019/455 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Note:If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.