

Explaining Counterfeit Purchases: A Review and Preview

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EXECUTIVE SUMMARY

Introduction

Counterfeiting has become an economic problem of international importance and has led to a variety of countermeasures based on lawful, political, administrative, or business techniques. In order to develop appropriate countermeasures, an understanding of the general phenomenon of counterfeiting as well as the specific reasons why people purchase counterfeit products seems expedient.

The purpose of our study is to review a number of existing studies on the determinants of consumers' intention to purchase counterfeit products, and in doing so, provide an overview of the insights on this topic and identify potential gaps. Based on the results from one qualitative study, we try to enhance the contribution of previous studies by providing further theoretical concepts in order to explain consumers' motives when purchasing counterfeit products. To explain counterfeit purchases we expand on commodity theory, mood-based concepts, and cognitive dissonance. Based on these approaches, a model is developed that provides a framework for future research endeavors.

Previous research

For the purpose of this paper, counterfeiting is defined to mean that an original product with a remarkable brand value worth copying already exists on the market. Its characteristics are copied into another product, which is indistinguishable from the original, and is sold at a lower price as if it were the original. Nevertheless consumers are well aware of the difference between the two products.

A review of previous research uncovers results that indicate the need for further investigation. First, the prevalence of quantitative designs of such studies does not allow for further insights into determinants that were previously unknown to the researcher, nor into possible underlying mechanisms that might explain the intention to purchase counterfeits beyond the mere relationship between variables. Due to the apparent lack of a profound theory, previous studies have failed so far to integrate their results consistently into a more general framework. Second, most results stem from studies based on consumers in North American or South Asian countries. As culture has been seen in existing studies to be an important factor influencing software, music, and movie piracy rates, we expect the same in the case of counterfeit purchases. Third, since results differ for various products and presumably also brands, it would be interesting to investigate other counterfeit products as well as the specific brands in those product categories.

Method

The study comprises a first study based on focus groups and a second based on in-depth interviews. First, we established two focus groups with a convenience sample of social sciences students between the ages of twenty and forty from a German university. Based on the results of the focus groups, we derived specific questions related to the new factors which turned out to be relevant determinants for purchasing counterfeit goods. In a second step we carried out in-depth interviews in order to gain further information on the underlying operating mechanisms of these determinants. Altogether, twelve interviews were conducted with persons who had already had experience in the purchase and use of counterfeit products.

Results

We discovered further reasons for the purchase of counterfeit products relating to the person, the product, and the situation, that can be summarized under a preliminary framework that allows for possible extensions. With respect to the product, we found out that the scarcity of the original product not only influences the value perception of the original brand but also of the faked brand. Commodity theory provides a framework for the investigation of scarcity on value perception and for answering the question as to whether and how the loss of the exclusivity of a brand induces a decrease of consumer demand for counterfeits of it. Furthermore, the willingness of consumers to purchase a counterfeit product seems to increase if they can rate the quality of a product before purchase and to decrease if they can not. Theoretically, this impact of different products can be explained by the typology of goods by Nelson (1970).

The situation also determines purchase intentions, particularly the situational mood. In the case of counterfeits, mood processes can explain why people are more 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.

Buyers of counterfeit products also try to legitimate their behavior and experience reasons for justifications. The theory of cognitive dissonance can be applied, which helps to explain the mental process consumers go through when coping with dissonance, and in turn, provides a preliminary framework. This framework integrates the determinants and moderating variables for attitudes towards counterfeiting and purchase intentions of counterfeit products that have been researched in previous studies. Furthermore, the framework also considers the interplay of attitudes, purchase decisions and intentions, and dissonance that leads to coping processes and in turn influences attitudes and decisions. Depending on the determinants related to the person, the product, the social and cultural context, as well as the situation, attitudes and intentions are influenced. The determinants influence intentions directly and mediated through attitudes towards counterfeiting. In line with Festinger's dissonance theory, the model includes the conflicts between attitudes and decisions or behavior that are specific for counterfeits and that lead to cognitive dissonance. Consumers develop coping strategies in order to reduce their dissonance. These strategies can alter purchase decisions or modify attitudes.

Discussion

The theory of cognitive dissonance seems to provide a promising model that can explain the effects of rational and moral justification of consumers when purchasing counterfeit products. This theoretical framework, which incorporates findings from previous research, supports and extends our understanding of the phenomenon of counterfeiting in more detail and gives some interesting starting points for further research endeavors. Of course, this is not the only theory that can help to explain counterfeit purchase intentions. Other theories (theory of reasoned action, theory of planned behavior, expected utility theory, deterrence theory, etc) can be integrated into the parsimonious framework by expanding the paths and integrating further concepts such as subjective norm.

The mixed results of moral reasoning in previous studies indicate that the appropriateness of our model may depend on the cultural context. Investigating cultural differences would seem a promising further approach when researching determinants of counterfeiting.

We suggest implications for marketing strategies and countermeasures against counterfeiting based on the results of the qualitative study. Where cognitive dissonance can prevent consumers from buying counterfeit products, the illegality and the harmful consequences of their behavior should be pointed out in more detail by refuting possible strategies that consumers use in order to cope with their cognitive dissonance.

Keywords: counterfeiting, fake products, cognitive dissonance, intentions, purchase processes

Explaining Counterfeit Purchases: A Review and Preview

About forty years ago the first cases of brand counterfeiting emerged. At that time, only a few manufacturers of very highly priced and very prestigious products like textiles, jewelry and accessories were affected and it was assumed that this phenomenon would be of minor significance. Since then, however, counterfeiting has become widespread and has developed into an economic problem of international significance. Recent figures estimate that seven percent of the world's merchandise trade, or \$512 billion in 2004, may be based on trade with counterfeit products (Balfour 2005). This global economy for illicit goods is massive and it is growing. The number of counterfeit items seized at European Union borders has increased by more than 1,000%, rising to over 103 million in 2004 from 10 million in 1998. At U.S. borders, seizures of counterfeit goods have more than doubled since 2001 (Gutierrez et al. 2006). With the ever-increasing success of counterfeiting, harm to economic systems and societies has also been on the rise. Although counterfeiting can have positive impacts on companies as well as on society, most nations prosecute trade with counterfeits as they expect a total of negative effects. For instance, counterfeiting is said to be responsible for the loss of about 300,000 jobs in Europe every year. The seriousness of the problem is troubling and has led to a variety of countermeasures based on lawful, political, administrative, or business techniques.

In addition, academics are also concerned with the analysis of the effectiveness of countermeasures (e.g., Green and Smith 2002; Grossman and Shapiro 1988a, 1988b; Olsen and Granzin 1992, 1993). In order to develop appropriate countermeasures it becomes necessary to understand the phenomenon of counterfeiting as a whole and, in particular, the reasons why people buy counterfeit goods. At first glance, it seems that consumers purchase counterfeit products primarily because of the low price. This would imply that counterfeits are primarily attractive to low income consumers. However, although they can afford the genuine brands, high income consumers in well-developed countries also buy counterfeits (Gentry, Putrevu, and Shultz 2006; Prendergast, Chuen, and Phau 2002). Empirical research investigating the determinants of counterfeit purchases indicates other antecedents than the financial motive as possible explanations for the conscious purchase of counterfeits. These non-price determinants provide interesting data for manufacturers to apply to marketing activities. These activities are aimed at challenging the counterfeiters' price-based offers, since the price is not an issue that manufacturers of original brands will be able to address without risking financial losses or a depreciation of the brand image.

However, previous research is seldom based on theoretical reasoning and is strongly data-driven. As reminded by Hoe, Hogg, and Hart (2003), those studies focus on the facts without investigating why counterfeits are purchased; profound explanations for consumers' underlying motives when purchasing counterfeit products, however, can be better assessed by qualitative research. The study at hand tries to address this gap by identifying further theoretical approaches in order to explain these purchase motives more thoroughly. Taking a consumer's perspective and viewing counterfeiting as a purchase decision, we review previous studies of determinants of consumers' motives to purchase counterfeit products and then provide an overview of the knowledge on this topic and the potential gaps. In the following study, we allow for a more exploratory approach of the topic. As a result of our study and in order to provide further explanations for counterfeit purchases, we expand on commodity theory, mood-based concepts, and cognitive dissonance as theoretical approaches.

PREVIOUS RESEARCH

Before providing a research overview, a clear definition of the research topic is required. Many terms are used to describe the fact that products are pirated: counterfeiting, brand piracy, near brands or logos, intellectual property, as well as other forms of product theft like bootlegging, reverse engineering, trade mark extortion, look-alikes, or unconvincing imitations (Jacobs, Coskun, and Jedlik 2001; McDonald and Roberts 1994). The main distinction in the literature refers to the concepts of piracy and counterfeiting. While according to Paradise (1999) copyrights and patents can only be pirated whereas trademarks can only be counterfeited, the term counterfeiting is also used in a broader sense referring to both (Bosworth 2006). Although a differentiation between counterfeiting and piracy may be useful for some research purposes, in the context of this study it is not necessary as the study deals with a wide range of products which could be either referred to as counterfeited or pirated (e.g., counterfeited luxury goods and pirated CDs and software). For clarity and convenience, the term counterfeiting is used throughout this study.

More important for the analysis is the conscious act on the part of the customer to seek and purchase a fake product. Deceptive counterfeiting occurs when the consumer believes that she/he is buying a particular brand of a product, produced by a particular manufacturer, which in fact turns out to be a product of some other marketer. In the case of non-deceptive counterfeiting, the buyer recognizes that the product is not authentic according to specific information cues such as price, purchase location, or materials used (Chakraborty et al. 1997; Gentry et al. 2006). Furthermore, non-deceptive counterfeits pose little or no health or safety risk to the public and the buyer, and have apparently little demonstrable impact on genuine brands (Nia and Zaichkowsky 2000). They may even help to build brand awareness (Shultz and Saporito 1996) and to increase the snob value for both originals and counterfeits (Barnett 2005). Under some circumstances, they can even lead to benefits for society, e.g. when necessary expensive products such as particular drugs become affordable to poor people (Ben-Shahar and Assaf 2004; Green and Smith 2002; Wilke and Zaichkowsky 1999). While previous research has used the terms deceptive and non-deceptive counterfeiting as two quite distinct concepts (Grossman and Shapiro 1988a, 1988b), Bosworth (2006) has recently suggested considering a spectrum of deception that runs from “super-deceptive” (branded and counterfeit goods appear identical and impossible to tell apart) to completely non-deceptive (all buyers are able to distinguish the counterfeit from the genuine article). Indeed, the quality of counterfeits has improved over the years and it is becoming more difficult for consumers to identify them (Gentry et al. 2006). The degree of deceptiveness apparently depends on the consumer’s awareness, knowledge, and experience. Only in cases where consumers have awareness of possible deceptiveness, can determinants of purchase intentions for counterfeit products differ substantially from determinants of purchase intentions for original brands. Hence, for the purpose of this paper, counterfeiting means that an original product with a remarkable brand value worth copying already exists on the market. Its characteristics are copied into another product as to be indistinguishable from the original and sold at a lower price as if it were the original, whereas consumers are well aware of the difference between the two products. This perceived difference can vary according to the quality and utility of the counterfeit in comparison to the genuine product (Gentry et al. 2001). Furthermore, the definition of counterfeiting includes a form of acquisition behavior, excluding the alternative of any form of mere (illicit) adoption behavior, observed when downloading or making copies of digital products. In those cases, price is not an issue and hence the behavior and its determinants can be basically conceived to differ from the counterfeit purchase decisions that are the focus of this study.

Some studies have dealt with the consumers' intentions to purchase counterfeit products and related variables such as attitudes, purchase, and product use. To identify relevant studies that have investigated possible determinants for those variables, a computerized bibliographic search was conducted. Quotations from identified studies were examined to divulge further studies. Although we can not guarantee a full

coverage of all studies performed so far, it is hoped that this procedure will provide a systematic literature review.

Table 1 gives an overview of the characteristics of the identified studies, particularly the characteristics of the products and participants, the determinants and dependent variables investigated, and the main results of the studies. For studies using quantitative methods, the description of the results is restricted to significant results ($p < .05$).

There are several aspects to be highlighted in this overview:

- In a theoretical sense, the determinants investigated are either based on conceptual foundations and previous research in general (e.g., country-of-origin (Chakraborty, Allred, and Bristol 1996)), or on assumptions or observations of real-world conditions (e.g., cultural differences in black markets (Harvey and Walls 2003)) and applied to a rather explanatory data-driven approach (e.g., Bloch, Bush, and Campbell 1993; Wee, Tan, and Cheok 1995). Besides the study of Penz and Stöttinger (2005) which explicitly refers to the theory of planned behavior, none of the studies has relied on an established theoretical framework in order to derive and test hypotheses. Compared to this, studies dealing with a related phenomenon, namely the illegal copying of software, have applied established theories far more often in order to guide empirical research such as the theory of reasoned action (Chang 1998; Christensen and Eining 1991; Woolley and Eining 2006), the theory of planned behavior (Chang 1998; d'Astous, Colbert, and Montpetit 2005; Parthasarathy and Mittelstaedt 1995), expected utility theory or deterrence theory (Peace, Galletta, and Thong 2003), equity theory (Glass and Wood 1996), Bandura's social cognitive theory (Kuo and Hsu 2001), or theories of ethical decision making (Thong and Yap 1998; Wagner and Sanders 2001).
- Determinants investigated are mostly directly observable (manifest) variables and can be grouped into the following categories: product variables (e.g., product quality) and price, vendor characteristics, social and cultural context variables, demographics, and psychographic variables (e.g., attitude towards piracy).
- The variety of counterfeit products investigated so far is large: CDs, VCDs, software, shirts, designer shoes, wallets, purses, handbags, watches, jewelry, perfume, sun glasses, accessories, apparel, books, pain relievers, auto parts, cameras, and TVs. They mostly represent what Shultz and Saporito (1996) call low-cost products that are easy to manufacture status symbols and sell quickly. Largely neglected are products that are not primarily purchased because of status but because of their functionality such as laptop computers, walkmans, or MP3-players.
- Results are mainly dependent on the product category investigated and hence the effects of even rather eminent variables vary over the studies (e.g., the influence of price or particular demographic variables). Only two studies have focused on particular brands within a product category (Leisen and Nill 2001; Yoo and Lee 2005) though it is argued in the literature that the decision to buy a counterfeit product mainly represents a brand decision (Gentry et al. 2001).
- Studies are mostly conducted with Asian or American consumers.
- Methodologically, most studies are based on quantitative designs. So far, only a few studies apply a qualitative approach (Gentry et al. 2001; Hoe et al. 2003).

The results indicate the need for further investigation. Particularly due to the apparent lack of a profound theory, previous studies have failed so far to integrate their results consistently in a more general framework. As also reminded by Hoe et al. (2003), the prevalence of quantitative designs of previous studies does not allow for further insights into determinants that were previously unknown to the researcher, as well as into underlying mechanisms that can explain the intention to purchase counterfeits beyond the mere relationship between variables. Furthermore, most results stem from studies based on consumers in North American or South Asian countries. As culture has been shown to be an important influence factor on software, music, and movie piracy rates in previous studies (e.g., Husted 2000; Marron

and Steel 2000; Proserpio, Salvemini, and Ghiringhelli 2005), we expect that for the case of counterfeit purchases results from other countries than those investigated so far would also allow for new insights in the determinants of counterfeit purchases. Finally, since results differ for various products and presumably also for brands, it might be interesting to investigate further counterfeit products as well as the particular brands in those product categories. For this purpose, we pursue in-depth qualitative research with German consumers and try to investigate underlying mechanisms and reasons that cause consumers to purchase counterfeit products and by this, hope to contribute to further theoretical approaches that are not inferrable from existing data. The main purpose is to develop a framework that also allows for the integration of previous results.

METHOD

Our research comprises a first study based on focus groups and a second study based on in-depth interviews. Both methods are considered to be appropriate ways to find starting points for new concepts. First, we established two focus groups with a convenience sample of social sciences students between the ages of twenty and forty from a German university. Nine students took part in each group, which lies within the range of recommended group sizes for focus groups. After a short introduction the moderator explained the topic to the participants and mentioned some well established determinants of purchase intentions for counterfeit products (e.g., price, attitude towards piracy) in order to stimulate a conversation that could go beyond a discussion of what we already know. All participants were asked to give their permission for the conversation to be recorded. The socio-scientific use of the discussion was also pointed out to them. In order to stimulate further associations, keywords related to the topic were written on a flip chart and presented in the course of the conversation. Each conversation lasted for about one hour.

Based on the results of the focus groups, we developed specific questions related to the new factors which turned out to be relevant determinants for purchasing counterfeit products. For this reason we decided to carry out in-depth interviews at the second stage of the survey in order to gather further information on the underlying operating mechanisms of these determinants. For this purpose, we were looking for consumers who had experiences with the purchase and use of counterfeit products. Altogether, twelve interviews were conducted. Our subjects were eight students as well as four non-students from Germany aged between twenty and sixty, both male and female. Their experiences with counterfeit purchases varied: while a few had purchased counterfeits only once so far, some of them enjoy ample shopping for counterfeits as least once a year while being on holiday. They were asked to tell about their personal experience regarding purchase situations and the meaning and significance of influence factors of their purchase decisions. Each interview lasted between thirty to sixty minutes. A qualitative content analysis method was applied in order to structure the recordings of the focus group and the in-depth interviews by looking into frequencies and categories of the determinants and motives of consumers that cause them to purchase counterfeit products. The procedure closely follows the qualitative content analysis method suggested by Mayring (2000). He proposes procedures of inductive category development where categories are tentative, revised within a feedback loop and step by step deduced.

TABLE 1
Previous Research Dealing With Counterfeit Purchases

Study	Study descriptors (method, participants)	Counterfeit product	Determinants	Dependent variable	Results
Albers-Miller 1999	survey, 92 U.S. students (potential buyers of counterfeits)	color TV	product type (generic, counterfeit, stolen), peer pressure (alone vs. company of friends who buy/don't buy the illicit product), perceived criminal risk, price levels	willingness to buy product	selling price enhances willingness to buy a counterfeit above all for those who prefer counterfeits over stolen products; presence of friends who also buy an illicit good enhance willingness to buy, buying alone decreases the willingness to buy perceived criminal risk has higher influence on buying stolen vs. counterfeit or genuine products
Ang et al. 2001	survey, 3251 Singaporean consumers (previous buyers and non-buyers of counterfeits)	music CDs	social influences (informative and normative susceptibility), personality characteristics (value consciousness, integrity, personal gratification) and demographics (age, education, income)	attitude towards piracy (mediator), purchase intention	positive correlation between attitude/purchase intention; negative influence of normative susceptibility, integrity and personal income on attitude towards piracy; positive influence of value consciousness on attitude towards piracy; males have more positive attitudes towards piracy than females
Bloch et al. 1993	survey, 200 adult U.S. consumers at mall and flea market (potential buyers of counterfeits)	shirts	demographics, self-image, product importance, store reputation, durability and style/fashion ability of the product, brand image, price	stated choice to purchase a designer label, a counterfeit or a no logo, evaluation of product attributes	demographic variables did not distinguish between the choice groups; less reliance on durability and brand image has a positive influence on the stated choice to purchase a counterfeit compared to purchasing a designer label or no logo; apart from good value, all evaluation items scored higher for the designer label compared to the counterfeit; self-image is partially significant (five of 14 evaluation-items: counterfeit buyers are less confident, careful, successful, of lower status and less

					successful financially) with respect to stated choice; no significant differences for demographics, product importance, store reputation, style/fashionability of the product, and price with respect to stated choice
Chakraborty et al. 1996	experiment, 130 US students (potential buyers of counterfeits)	auto parts	country of origin, ethnocentrism	perceived risk, quality evaluations post-purchase feelings of guilt	high ethnocentric consumers perceive higher risk, evaluate a counterfeit more negatively and feel more guilty after purchasing counterfeits when the original is made in U.S. and lower risk when the original is made in Germany compared to low ethnocentric consumers
Chakraborty et al. 1997	experiment, 87 U.S. undergraduate students (potential buyers of counterfeits)	auto parts	informational cues: country of origin of original product, failure rate of counterfeits	perceived risk, purchase intentions, post-purchase feelings of guilt	main effect of failure rate and interaction effect of failure rate and country of origin information on purchase intention; no significant effect on country of origin information on purchase intention; perceived loss risk mediates the effect on purchase intention
Cheung and Prendergast 2006	survey, 1152 adult consumers from Hong Kong, Shanghai, Wuhan (previous light and heavy buyers of counterfeits)	VCDs, clothing or accessories	demographics: income, gender, occupation, education, age, marital status	light vs. heavy buyers of pirated products (median split)	middle and high income families, males, white collar workers, people with tertiary education, younger consumers and singles are more likely to be heavy buyers of pirated VCDs; females are more likely to be heavy buyers of pirated clothing and accessories
Chiou, Huang, and Lee 2005	survey, 207 young consumers in Taiwan with idol singers/bands (potential buyers of counterfeits)	music CD	singer/band idolization, attributive satisfaction, perceived prosecution risk, perceived magnitude of consequence, perceives social consensus, perceived proximity	attitude of music piracy (mediator), behavioral intention toward music piracy	singer/band idolization, attributive satisfaction, perceived prosecution risk, perceived magnitude of consequence, perceives social consensus, perceived proximity reduces attitude of music piracy, which is highly correlated with pirated CD purchasing intention; singer/band idolization and perceived proximity reduces pirated CD purchasing intention

Chuchinprakarn 2003	survey, 662 students in Thailand (potential buyers/users of counterfeits)	various	gender, family affluence, membership/aspiration group influence, personal image, taste for western products, materialism	use of counterfeit goods, frequency of use of counterfeit goods	students from less affluent families, influenced by celebrities and with materialistic values use more counterfeits; frequency of use is higher for students from less affluent families
Cordell, Wongtada, and Kieschnick 1996	experiment, 221 business students at university in an Eastern, metropolitan area (potential buyers of counterfeits)	knit shirt, 35-mm camera	attitude toward lawfulness, expected performance of the product, branding for low investment-at-risk products, retailer prestige for high investment-at-risk products, price-concession for low investment-at-risk products	willingness to purchase known counterfeit product	attitude towards lawfulness negatively related to willingness to purchase a known counterfeit only for knit shirts; expected performance positive related to willingness to purchase a known counterfeit for both products; branding and price concession positive related to willingness to purchase a known counterfeit for low investment-at-risk (knit shirt); retailer prestige positive related to willingness to purchase a known counterfeit for high investment-at-risk (camera)
Gentry et al. 2001	qualitative study, interview with 102 international students, predominantly Chinese subculture from Singapore, Malaysia, and Indonesia (potential buyers of counterfeits)	not specified	(not pre-determined)	volitional choice for counterfeits	counterfeits are purchased because of the brands; as a low-grade version with the intent to purchase the authentic product if trial is successful; counterfeits are an acceptable compromise and offer lesser value for lesser cost; counterfeits are purchased because they represent a brand (brand decision), not as a product decision; counterfeits provide novelty and symbolize one's travel experiences for tourist consumers
Harvey and Walls 2003	experiment, 120 students, 60 from Hong Kong and 60 from Las Vegas (potential buyers of counterfeits)	fictitious purchase situation	real monetary price of the authentic goods, expected penalty associated with purchase of counterfeit, culture, interaction culture/price and culture/penalty	choice/purchase of pirated good (proportion of students)	monetary price of original has a positive effect, expected penalty a negative effect on the choice of the counterfeit over the authentic product; students from Hong Kong are slightly more likely to purchase counterfeits than students from Las Vegas; interaction of culture and price is positive and interaction of culture and penalty is negative,

					indicating that students from Hong Kong had lower elasticities for monetary prices and expected penalty with respect to purchases of counterfeits
Hoe et al. 2003	qualitative study, interview with 20 consumers (under 30) in UK (buyers and non-buyers of counterfeits)	fashion counterfeits	(not pre-determined)	use of counterfeit brands	consumers use counterfeits as substitute for desired high value designer brands that help them to create their identities, to transfer the associated cultural meaning, and to impress others but only as long as they can deceive the onlooker
Jenner and Artun 2005	survey, 202 German consumers in Turkey (potential buyers of counterfeits)	textiles, leather accessories, CDs, software, watches, perfume	perceived difference of quality between counterfeit and genuine brand	purchase intention	the perceived quality difference between counterfeits and genuine brand reduces purchase intentions for all product categories (textiles, leather accessories, CDs, software, watches, perfume)
Kwong et al. 2003	survey, 306 consumers from Hong Kong (high proportion of previous buyers of pirated CDs)	CDs	attitude toward piracy, demographics (gender, age, income, education), past purchase experience	intention to buy pirated CDs	attitude towards piracy influence purchase intentions; females have lower purchase intentions, age is negatively related and past experience is positively related to intentions to buy pirated CDs
Lau 2006	online survey in Chinese, 84 respondents; content analysis of 209 Chinese newsgroup postings concerning software piracy (potential buyers of counterfeits)	software	open-ended questions for motivations to engage in software piracy	purchase/copy of pirated software	excessive prices of original software is the key factor to use pirated software; further important determinant is the availability of pirated software
Leisen and Nill 2001	survey, 144 US students (potential buyers of counterfeits)	pain reliever, sunglasses, watch	perceived shopping environments and product attributes, perceived financial, performance, social and legal risk, awareness of societal consequences	purchase intention to buy counterfeit product	perceived shopping environment enhances the purchase intention for counterfeit watch and sunglasses, perceived financial and performance risk reduces the purchase intention for counterfeit pain relievers

Moore and Chang 2006	survey, 243 students from Hong-Kong (buyers and non-buyers of pirated software)	software	moral intentions, age, gender	buy and use behavior of pirated software	moral intentions reduce buying behavior that is strongly related to use behavior; the influence of moral intentions on buying behavior is stronger for older than for younger participants; the relationship between buying and using behavior is stronger amongst men than women
Moore and Dhaliwal 2004 (replication of Moore and Dhillon 2000)	survey, 462 students from Singapore (buyers and non-buyers of pirated software)	software	availability of pirated software, cost of legal software, punishment for buying pirated software	intention to buy pirated software	high availability of pirated software, low censure for buying it and high cost of legal software impact the intention to buy pirated software buying intentions were basically weaker in Singapore compared to Hong-Kong (see Moore and Dhillon 2000)
Moore and Dhillon 2000	survey, 243 students from Hong-Kong (buyers and non-buyers of pirated software)	software	availability of pirated software, cost of legal software, punishment for buying pirated software	intention to buy pirated software	high availability of pirated software, low censure for buying it and high cost of legal software impact the intention to buy pirated software
Penz and Stöttinger 2005	survey, 1040 Austrian consumers (previous buyers and non-buyers of counterfeits)	not specified	attitude towards counterfeiting and subjective norm influenced by personality traits (readiness to take risk, fashion involvement, ethical predisposition); perceived behavioral control, self identity, price consciousness, access to counterfeits; all mediated by price level	attitudes toward counterfeiting (mediator), purchase intention, (past) purchases of counterfeits	attitude towards counterfeiting and self identity have a positive effect on purchase intentions, particularly at low price levels; normative pressure and perceived behavioral control have a positive impact on purchase intentions at low and high price levels; personality traits influence attitude towards counterfeiting and subjective norm price consciousness has no impact, access to counterfeits has a positive impact on purchase intentions purchase intentions predict purchase behavior
Prendergast et al. 2002	survey, 200 consumers from Hong Kong (previous buyers of counterfeits)	VCD, t-shirt	price, quality, large supply, popularity, after-sales service, friends' or family members' opinion, ethical issue, legal issue	comparison between low and high spenders	quality and large supply enhances purchase intentions for high spenders compared to low spenders in case of VCDs; quality, material and friend's/family opinion enhance purchase intentions for low spenders compared to high

			for VCDs: wide variety, supported by VCD machines, original VCD is not published for T-shirts: material, physical appearance, design, durability, brand status, popularity	for counterfeits	spenders in case of t-shirts for t-shirts, quality, popularity, ethical and legal issues are more important than for VCDs overall the importance of criteria do not differ for low and high spenders with price being the most important criteria
Schlegelmilch and Stöttinger 1999	survey, 230 U.S. students (potential buyers of counterfeits)	not specified	attitude towards piracy, price, quality perception, anti-piracy campaigns	purchase intention	attitude towards piracy has a negative effect on purchase intention given a price difference of at least 40 percent between counterfeit und original product; amount of price difference and purchase intention is negatively related; quality perception of counterfeit products and anti-piracy campaigns have no influence on purchase intention
Tan 2002	survey, 377 Chinese consumers (potential consumers of counterfeits)	software	demographics (age, gender, education, income), price, purchase experience with pirated/copyrighted software, moral intensity, perceived risks, moral judgment	intention to purchase pirated software	perceived magnitude of consequences and social consensus reduce purchase intentions; perceived financial, performance, prosecution and social risk reduce purchase intentions; moral judgments reduce purchase intentions males, younger consumers have higher purchase intentions; experience with pirated software purchase increases and experience with copyrighted software decreases purchase intentions
Tom et al. 1998 (Study 1)	survey, 128 U.S. consumers (buyers and non-buyers of counterfeits)	various (not specified)	experience with counterfeit purchase	attitude toward counterfeiting	experience with counterfeit purchases enhances attitudes towards counterfeiting
Tom et al. 1998 (Study 2)	survey, 435 U.S. consumers (potential buyers of counterfeits)	CD, software, t-shirt, purses	attribute importance, demographics	preference for legitimate or counterfeit product, attitude	importance of style has a negative influence , importance of price a positive on the preference for the counterfeit version of software; importance of brand, function, durability has a negative influence, importance of price a positive on the preference for the counterfeit version of t-shirts; importance of durability has a negative influence on

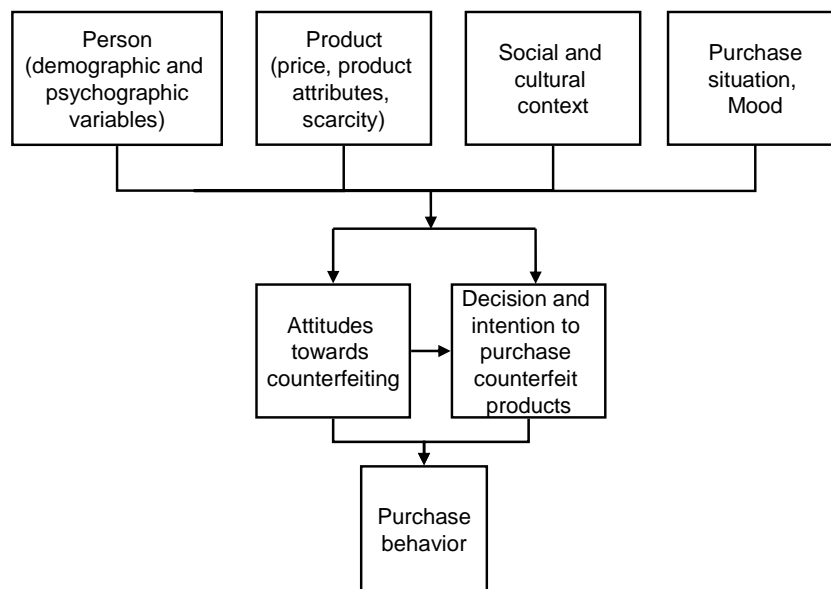
				towards counterfeiting, satisfaction	the preference of the counterfeit version of purses; age and income is negatively related, as is education with the preference for counterfeit versions of a product preference for counterfeit product leads to more positive attitudes towards counterfeiting and greater satisfaction with the price, but less satisfaction with durability and quality
Tom et al. 1998 (Study 3)	survey, 126 U.S. consumers (previous buyers and non-buyers of counterfeits)	CD, software, t-shirt, purses	satisfaction with counterfeits products, demographics	propensity to purchase counterfeits in the future	satisfaction with counterfeit products is positively related to future purchase intentions of counterfeits of CDs, perfumes and purses; age and income are negatively related to the admitted purchase of counterfeits
Wang 2005	survey, 456 students from Taiwan (previous buyers and non-buyers of counterfeits)	DVDs/ VCDs	cost benefits, performance and prosecution risk, ethical concerns, social norms	intent to buy pirated goods	cost benefits enhance the intention to purchase a pirated DVD/VCD while performance risk, ethical concerns, and social norms decrease it
Wang et al. 2005	survey, 314 Chinese students (previous buyers and non-buyers of counterfeits)	software	attitude towards piracy, influenced by social influences (informative and normative susceptibility), personality characteristics (value consciousness, integrity, personal gratification), collectivism, novelty seeking, and demographics (age, education, income)	attitude towards piracy (mediator), purchase intention	positive influences of attitude towards piracy on purchase intention; negative influence of normative susceptibility, positive influence of value consciousness, novelty seeking and collectivism on attitude towards piracy; buyers have more positive attitudes towards piracy than non-buyers
Wee et al. 1995	survey, 949 students and working adults in South-East Asia (potential buyers of	literature, software, leather wallet/ purses, watches	psychographic variables (attitude towards piracy, brand status, materialism, novelty-seeking, risk taking), product attribute	intention to purchase pirated products	attitude towards piracy is related to purchase intention for all counterfeit products; brand status, materialism, novelty seeking, and risk-taking have no influence; purpose is related to purchase intentions for

	counterfeits)		variables (purpose, quality, perceived fashion content, physical appearance, image, durability), demographic variables (education, age, household income)		counterfeit literature and software; quality is related to purchase intention for all counterfeit products; perceived fashion content is related to purchase intention for counterfeit watches; physical appearance is related to purchase intention for leather wallets/purses and watches; image and durability have no influence; education is negatively related to purchase intention for all counterfeit products; household income is negatively related to purchase intention for counterfeit leather wallets/purses
Yoo and Lee 2005	study 1: survey, 500 students from Korea (buyers and non-buyers of counterfeits) study 2: experiment, 420 students from Korea (buyers and non buyers of counterfeits)	study 1: brands from five product categories each: handbags, designer shoes, apparel, sunglasses, jewelry study 2: two handbag brands	experience of counterfeits, experience of genuine items; additionally in study 2: brand name information, price information for genuine and counterfeit items	intention to buy counterfeit and/versus genuine items	consumers prefer genuine items over counterfeits, regardless of their product experiences; the preference diminishes when price information is provided once consumers tried counterfeits, they showed stronger intentions of buying counterfeits than other consumers consumers and non-consumers of genuine items had the same level of intention to buy counterfeits; consumers of genuine items show a greater differentiation in intention to buy genuine versus counterfeit items compared to other consumers;

RESULTS

Besides the determinants and moderators investigated in previous research, we found further reasons for the purchase of counterfeit products that can be related to the product, the situation, the broader cultural context, and the person. Figure 1 gives a graphical presentation that summarizes the main categories of determinants and moderators of the volitional purchase of counterfeit products as well as the main dependent variables. The framework provides a simple way to structure previous research findings and helps us to describe our own findings. Based on this parsimonious framework, we introduce a possible extension of the framework that provides an integrative consumer information processing perspective when purchasing counterfeit products.

FIGURE 1
Framework Summarizing the Main Categories of Antecedents, Moderators, and Consequences of the Volitional Purchase of Counterfeit Products



Many determinants already investigated in other studies are based on characteristics of the products. Subjects in the current study also mentioned characteristics of the product to be relevant criteria for purchasing a counterfeit product, but also particular brands as decision drivers. For instance, they noted that certain clothing brands have lost their appeal for consumers. Two examples were Calvin Klein underwear or Lacoste shirts. In the perception of consumers, both brands have lost their exclusivity in recent years since the diffusion of the original products and the appearance of faked products ("nowadays everyone wears Calvin Klein; it's no fun to buy the fakes"¹). It seems that the scarcity of the original product influences not only the value perception of the original but also of the faked brand. Commodity theory provides an explanation for scarcity effects on value perception based on the idea of peoples' desire for uniqueness (Brock and Becker 1965; Lynn 1991). By including the

¹ Comments within quotation marks are verbatim quotations of the participants of the surveys.
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desire for uniqueness, the effects of the scarcity of originals on the value of faked brands may be explained. The theory can also be applied in order to answer the questions as to whether and how the loss of exclusivity of a brand induces a decrease in consumers' demand for counterfeit versions of this brand.

Altogether, the subjects had experience with a variety of categories of counterfeit products. They mentioned wristwatches, necklaces and rings, belts, handbags, sunglasses, shirts, jeans, suits, underwear, shoes, cameras, walkmans, software, CDs and videos. In many cases the relation between price and performance seems to be crucial. However, a distinction has to be made between products where the quality can be rated before purchase (e.g., the quality of the material or the seam of a t-shirt) and products where a rating of the quality before purchase seems to be quite impossible (e.g., electrical appliances). Theoretically, this can be explained by the typology of goods according to Nelson (1970). Nelson distinguished between search and experience goods. The willingness of consumers to purchase a counterfeit product appears to increase if they are able to rate the quality of a product before purchase (search goods) and seems to decrease if they can not (experience goods). Furthermore, there are individual differences for the application of Nelson's typology of goods depending on a person's willingness to take risks. The higher the willingness to take risks, the higher the willingness to purchase counterfeits that have primarily experience qualities, particularly products that are deemed to be major or expensive items (e.g., walkmans, cameras). To some extent, this differentiation seems to correspond with the categories provided by Shultz and Saporito (1996); based on product differentiation, they distinguish between counterfeits that are purchased because of their status (search goods, such as clothing, belts, etc) and those that are purchased because of their functionality (e.g., MP3-players, cameras).

Previous studies have neglected the situational context since purchase situations for consumers under investigation were comparable. In contrast, consumers in Germany have fewer opportunities to purchase counterfeit products on home soil and encounter these products primarily abroad or on holiday. Hence, one emerging factor refers to the purpose of the purchase which is typical for the holiday situation and differs from purchase situations at home. Purchasing counterfeit products on holiday can fulfill additional purposes ("small present," "souvenir," "holiday sports," or "to spend the last bit of money"). The holiday situation also produces a specific holiday mood which seems to drive the inclination to purchase counterfeit products. Obviously, people are in a rather good mood ("it is easier to shell out money when you're on a holiday;" "I have sympathy for the kids dealing with the products") and don't experience everyday social constraints ("I don't want to be seen by people who know me;" "I don't feel like an outsider if I am not that conscious of law and order"). Furthermore, they are also open to new experiences on holiday ("to haggle is stressful but it's fun;" "haggling is fun"). They even seem to look for some kind of tension ("I like the thrill of taking ten copies of a Rolex with me across the border"). Belk (1975) categorized mood as an antecedent situational state influencing purchase decisions. Mood can apparently influence behavior even without interfering with other cognitive processes (Clark and Isen 1982). Mood can also lead to easier retrieval of mood-congruent information or biased evaluation (Batra and Stayman 1990; Isen and Simmonds 1978). In the case of counterfeit products, these processes can explain why people are more prone to buying them even if they know about the illegality of their behavior or the possible post-purchase dissatisfaction with a product of low quality. Mood and purchase situation are less likely to alter attitudes towards counterfeiting as attitudes are rather stable and enduring. However, they can moderate the influence of attitudes on intentions by making attitudes more or less accessible or bias their influence. Other researchers have identified other determinants that can be subsumed under the category of situational context. Particularly, Gentry et al. (2001) were able to show that counterfeits provide novelty and symbolize one's travel experiences for tourist consumers. By this, the counterfeits also represent the prestige of having been to those places where they are available and provide an authentic experience in the travels of consumers (Gentry et al. 2006).

The results also suggest that people buy counterfeit products because they want to demonstrate that they can afford branded goods, to show that they belong to a particular social group, or to use the product for symbolic self-extension. However, consumers seem aware of the self-deceiving aspect of

their behavior and, hence, try to justify their behavior. For instance, consumers indicate that they feel less "burdened" when using a fake product ("I have to think about it [an original Rolex] all the time and don't feel free by having it on me"). These consumers want to use a product in a carefree manner without thinking about its material value. Since consumers are mostly not as bound to a counterfeit product as to an original brand, this gives the consumer a feeling of cognitive relief ("I don't have to take care of this product;" "I won't be that sad if somebody steals my briefcase"). In this sense, purchasing the counterfeit can be in accordance with the utility function of a consumer when the costs of the product are lower than opportunity costs. For instance, purchasing a faked polo shirt in Bangkok can be cheaper than having the original professionally washed at the hotel².

Nevertheless, there are also consumers who can't afford the original brands and therefore purchase the counterfeit versions. Some of these consumers anticipate that they will be able to buy the originals in the future. Sometimes they see the purchase of counterfeit products as an opportunity to make themselves familiar with the desired brand and to learn how to use the original ("When I purchased my first GUCCI copy I got used to keeping the glasses safe in an case – I never did that before with other sunglasses"). Similarly, Gentry et al. (2006) argue that counterfeits allow consumers to try a cheaper version of a brand with the intent to buy the genuine brand if the trial is successful. This argument is also used as justification by the respondents in the study. Justification also refers to the ethical dimension of purchasing counterfeit products. On the one hand, people can easily find excuses for buying counterfeit products ("everybody buys fake products," "there are streets full of stands selling counterfeit products," "fake products make firms and brands even more popular"). On the other hand, there are also moral objections against purchasing fake products particularly with respect to some product categories ("I don't purchase CDs since musicians have to earn some money, too"). In any case, people try to justify their behavior, which allows us to assume that people experience reasons for justifications based on a cognitive dissonance. According to the theory of cognitive dissonance (Festinger 1957), dissonance can occur after a decision is made or because intended behavior contradicts attitudes. As a consequence, decisions can be changed, but mostly people modify their attitudes or form new ones on the basis of preceding behavior or decisions. In cases of counterfeit purchases, consumers experience dissonant cognitions in the form of "I bought/will buy a faked product" and "Faked products are of minor quality, illegal, and they do harm to consumers, companies and economies as a whole." There are three ways to reduce this cognitive dissonance:

1. The reduction of the importance of the dissonant elements by devaluating the importance of the purchase decision or behavior ("It didn't cost that much to purchase the faked product anyway").
2. The adding of consonant elements by enhancing the value of the chosen alternative ("The purchase is a real bargain," "Counterfeits can help those poor individuals and the economy of the country.").
3. The change or re-interpretation of dissonant elements by devaluating the non-chosen alternative ("The original brand is almost identical to the fake, but costs a lot more").

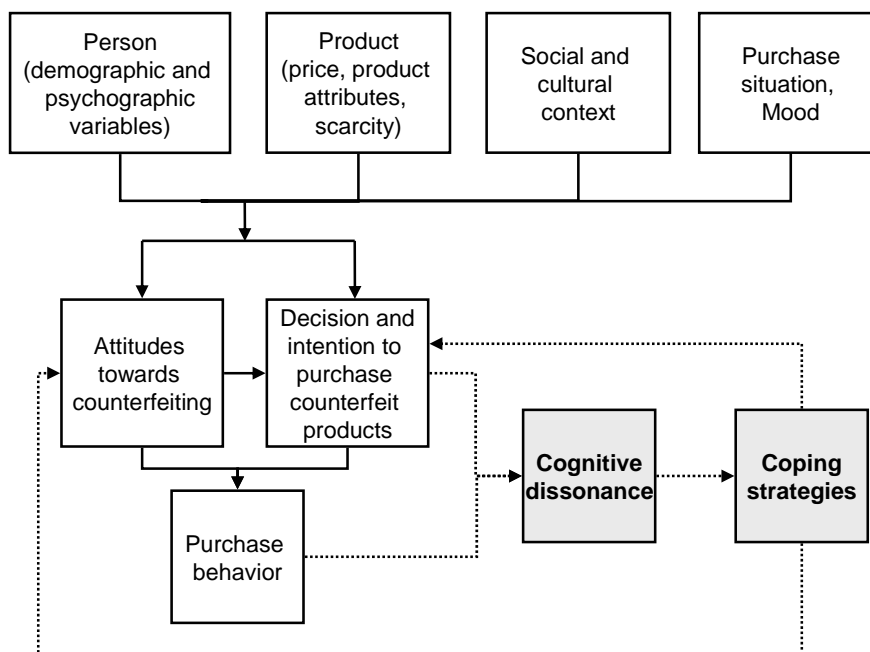
The more people comply with these strategies, the easier it is for them to purchase counterfeit products. Whether dissonance arises also depends on the awareness of the voluntariness, the negative consequences, and the irreversibility of the behavior. In cases of non-deceptive purchases of counterfeit products, voluntariness and irreversibility of a purchase decision can be taken for granted, but the awareness of the negative consequences can differ from person to person, and decision to decision. More awareness leads to higher dissonance and more efforts in applying coping strategies, or it leads to a decreased willingness to purchase counterfeit products. In order to explain the way people cope with cognitive dissonance and the effects of these thoughts on the inclination to purchase counterfeit products, the theory of cognitive dissonance provides a promising starting point for future research. It should help to find out which impact the consciousness of moral problems with respect to counterfeiting has on the purchase of counterfeit products, and how cognitive dissonances of consumers affect their purchase intentions.

² We are grateful for this suggestion of a reviewer as well as the convincing example provided.
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Based on the mental process consumers go through when coping with cognitive dissonance, we can summarize our findings by a preliminary model. This model extends the simple framework provided in Figure 1 and, by this, integrates the suggested categories of determinants and moderators for attitudes towards counterfeiting and purchase intentions of counterfeit products that have been researched in previous studies. The extended model considers the interplay of attitudes, decisions, intentions, and dissonance and covers coping processes that in turn influence attitudes and decisions. Figure 2 shows this framework. Compared to Figure 1, additional elements are depicted by different shadings and additional paths by dotted arrows.

Depending on the variables related to the person (e.g., demographics, psychographic variables such as willingness to take risks), the product (particularly the price, product attributes such as fashion ability, brand uniqueness and scarcity), the social and cultural context as well as the situation (purchase at home versus on holiday), attitudes towards counterfeiting as well as decisions and intentions to purchase counterfeits are influenced. The determinants influence decisions and intentions both directly and mediated by attitudes towards counterfeiting. In line with Festinger's dissonance theory, the model covers the conflicts between attitudes and purchase decisions or purchase behavior that are specific for counterfeit brands and products and lead to cognitive dissonance. Consumers develop coping strategies in order to reduce their dissonance as described above. Those strategies influence purchase decisions or/and alter attitudes.

FIGURE 2
Cognitive-Dissonance Model Explaining Counterfeit Purchase Processes



DISCUSSION

Previous research on counterfeiting identified product variables and price, vendor characteristics, social and cultural context variables, demographics, and psychographic variables as determinants and moderating variables for consumers' intention to purchase counterfeit products. In our study, we identified and applied several theoretical approaches in order to explain determinants of purchase

intentions. We suggest applying commodity theory and the typology of goods in order to explain the impact of product types on purchase intentions for counterfeit products. Furthermore, we suggest applying mood-based concepts in order to explain situational factors that enhance purchase intentions. Above all, the theory of cognitive dissonance seems to provide a promising model to explain the effects of rational and moral justification of consumers when purchasing counterfeit products. This model which also incorporates findings from previous research supports and extends our understanding of the phenomenon of counterfeiting in more detail and gives some interesting starting points for further research projects that try to explain the non-price determinants of counterfeit purchases. Of course, this is not the only theory that can help to explain counterfeit purchase intentions. As mentioned above, the literature on software piracy has applied other theories such as the theory of reasoned action (Chang 1998; Christensen and Eining 1991; Woolley and Eining 2006), the theory of planned behavior (Chang 1998; d'Astous et al. 2005; Parthasarathy and Mittelstaedt 1995), expected utility theory or deterrence theory (Peace et al. 2003), equity theory (Glass and Wood 1996), Bandura's social cognitive theory (Kuo and Hsu 2001), or theories of ethical decision making (Thong and Yap 1998; Wagner and Sanders 2001). Basically, those theories can also be integrated in the parsimonious framework depicted in Figure 1 by expanding the paths and integrating further concepts such as subjective norms.

Interestingly, the results for moral reasoning are rather mixed in previous studies. One reason for the emergence of the phenomena of moral justification in our study may again be the cultural context. Culture turned out to be a main determinant for software pirating behavior (e.g., Husted 2000; Marron and Steel 2000; Proserpio et al. 2005) which is also due to different morality perceptions (Simmons and Tan 2002) and apparently also to varying intellectual property rights around the globe (Shultz and Nill 2002). Investigating cultural differences seems a promising further approach when researching determinants of counterfeiting.

The study has some limitations. A major problem refers to the generalizability of results from an exploratory study with predominantly student participants. A quantitative approach based on a larger sample size of people representative of the identified population (German consumers) is a necessary next step in order to prove the theoretical approach suggested in this study. A further problem may stem from the fact that the results are based on recall of purchases when abroad. Hence, interviewees were likely to consider actual purchases and not purchase intentions, which is the focus variable in quantitative studies that served as the basis for comparison. However, given our knowledge of a strong relationship between intentions and behavior (Fishbein and Ajzen 1975), we do not expect significantly biased information from our results. Still, it would be preferable to talk to people while on holiday in order to have more realistic settings and to pursue variables such as justifications for purchasing counterfeits and mood, and the moral issues involved in their usual purchase environment.

The results of the study are based on the assumption of non-deceptive counterfeiting, i.e. purchase where consumers recognize the product as a copy. However, as mentioned above, Bosworth (2006) proposes a continuum of deceptiveness rather than a dichotomy. Such a case may include overruns, i.e. products that are legitimate but go through unauthorized channels. If consumers are aware of the legitimacy of the brand, the quality perception is the same in that determinant weights may differ in our model. Also, the need for moral justification may be lower than in the case of real counterfeits. Integrating the degree of deceptiveness in further research on counterfeiting may be a fruitful step for further research.

We also suggest first implications for marketing strategies and countermeasures against counterfeiting based on the results of the qualitative study. In cases in which cognitive dissonance can prevent consumers from buying counterfeit products, the illegality and the harmful consequences of their behavior should be pointed out in more detail by refuting possible strategies that consumers use in order to cope with their cognitive dissonance. Although counterfeiting is a threat to the economies of various countries, warnings against counterfeiting were almost non-existent. It is surprising that customs officers ask about the purchase and import of cigarettes and alcohol but not about the import of counterfeit products. Signposting the illegality of counterfeiting at borders or airports would be a

helpful first step to prevent consumers from purchasing counterfeit products abroad since in doing so dissonant elements of purchase decisions carry more weight. Nevertheless, it should be kept in mind that there are some positive aspects associated with counterfeits as mentioned at the beginning of the article; they can provide positive effects for brand awareness, distribution speed, or also provide welfare benefits such as in the case of cheap fake drugs that make them affordable for poor people. A final evaluation of the positive and negative sides of counterfeiting depends on the particular context.

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