Determinants of Purchase Intention Towards Counterfeit Fashion Products: An Enquiry Among Working Professionals in Nepal

Sirapa Malla
School of Management, Asian Institute of Technology

Vimolwan Yukongdi*
School of Management, Asian Institute of Technology

ABSTRACT

In Nepal, counterfeit fashion products are spreading at a rampant pace with demand for those products on the rise. Despite this, the reasons behind the purchase of such products in the Nepali market have been under-explored. This study aims to address this gap, by examining the purchase intention behind counterfeit fashion products among working professionals as they have the purchasing power. Data were collected via a questionnaire-based survey, yielding a total of 204 respondents. Hierarchical regression analysis was employed to examine the effect of five personality factors and two social factors on intention to purchase counterfeit fashion products. The results indicated that among the five personality factors, price consciousness had a positive effect on purchase intention, whereas perceived risk had a negative influence and only one of the social factors, normative susceptibility had a significant positive influence on intention to purchase counterfeit products. Implications of the findings are discussed.

Keywords: Counterfeit; Purchase intention; Fashion products; Nepal.

1. INTRODUCTION

Advanced technology has enabled manufacturers to produce counterfeit products of better quality without having to incur high research and development costs (Phau et al., 2009; Eisend and Schuchert-Guler, 2006; Penz and Stottinger, 2005; Gentry et al., 2006). Manufacturing counterfeits and piracy version of both luxury consumer goods and industrial goods has been a recurring phenomenon in developing countries as compared to developed nations (Riquelme, Abbas, & Rios, 2012). When manufacturers sell products using other registered goods' trademark without the authorization of the brand owner, those products are said to be counterfeit products. Copies of different product categories such as Compact Discs, Digital Versatile Discs and fashion products including clothing, shoes, watches, accessories and handbags are available in the market. The demand for counterfeit goods has been increasing at an alarming rate. Consumers are inclined to purchase counterfeits despite being aware that the product is not authentic. Previously, research regarding this issue has been conducted in countries like China, Singapore, India, Indonesia, Malaysia, Vietnam, Brazil and Taiwan numerous times (Huang et al., 2004; Wang et al., 2005; De Matos et al., 2007; Phau and Teah, 2009). However, in Nepal's context, this issue has received insignificant research attention, even though the problem of counterfeit goods in Nepal has been increasing in terms of both scope and magnitude. Due to illegal trading of counterfeit and pirated goods, the Nepalese Government is losing huge amount in revenues. Nepal has been successful in gaining the attention of renowned

companies abroad and is becoming an attractive international market. Nevertheless, if counterfeiting continues, it would not take long for the country's international image and market prospects to plummet (Subedi, 2008). Therefore, it is crucial to understand the driving forces behind the purchase of such products.

The principal aim of this study is to identify the factors that influence the purchase intention of Nepalese working professionals towards counterfeit fashion goods.   The remainder of this paper is structured as follows.   The next section presents a review of the literature relating to counterfeit products, the factors influencing intention to purchase counterfeit products, development of the hypotheses, and the conceptual framework for the study.   This is followed by the methodology, including data collection, questionnaire development and data analysis.   The final section discusses the results and concludes with some implications of the research findings.

2.   REVIEW OF RELEVANT LITERATURE

2.1 Counterfeit Products
When a trademarked brand is replicated in a manner closely resembling the original brand, the end result is a counterfeit product.   Along with trademark infringement, even the packaging and labelling are identical to that of the genuine article with the aim of giving it away as an authentic good (Cordell et al., 1996; Ang et al., 2001; Phau & Teah, 2009). The World Trade Organization's agreement on trade associated with intellectual property states that goods containing unofficial trademark are counterfeits as they violate the trademark owner's right under the nation's law of importation (Nguyen & Tran, 2013). Basically, unauthorized goods produced with inferior quality and standard, without the consent of the original producer are known as counterfeit goods. The authorized companies' products are affected severely as the sale of fake goods in the market decreases their profit, destroys their brand image and devalues their research and development efforts. Presently, product counterfeiting is not only limited to luxury goods. Even various kinds of consumables such as food, pharmaceuticals, wine, cigarettes, washing powder, razor blades, Digital Versatile Discs, Compact Discs, textiles, cosmetics, electronic devices, software and music have been exposed to counterfeiting.   Moreover, there are imitated version of durable goods such as military items and spare parts for vehicles and aircrafts, and also agricultural products such as pesticides and fertilizers (Nordin, 2009; Quoquab et al., 2017).

2.2 Types of Counterfeiting
Counterfeiting is of two types, namely: deceptive counterfeiting and non-deceptive counterfeiting. Deceptive counterfeiting occurs when a consumer is clueless that the goods they have bought are inauthentic. On the other hand, when consumers intentionally purchase the counterfeit version, it is known as non-deceptive counterfeiting (Quoquab et al., 2017). Such buyers are able to distinguish between an original and a counterfeit by using precise cues like price, purchase location and materials used in the product (Gentry et al., 2006, Eisend & Schuchert-Guler, 2006). Since, non-deceptive consumers are aware that their purchase involves a counterfeit goods, this type of customers will be the focus of the study as the factors affecting their intention can be measured.

There are various findings related to why consumers purchase counterfeits in South East Asia and East Asia.   There are a few studies conducted in South Asia, with those studies based in India. However, there is a lack of understanding regarding the demand of

counterfeits in the context of Nepal. This study therefore, is the first of its kind solely focusing on working professional's intention to purchase counterfeits in Nepal. A study focusing on counterfeit apparels and accessories with a different conceptual model was conducted in Nepal. However, this previous study was narrow in terms of sample size and the majority of the sample consisted of students. Taking students as a sample is not a good indicator for measuring purchase intention as most students are not financially independent and do not have the purchasing power. Other shortcomings of this study relate to the operationalization of variables, as two variables namely personal gratification and purchase intention was measured by using only one scale. In addition, the measurements were not reliable as the value of Cronbach's alpha was less than 0.7 for all the variables except one. However, the threshold level of 0.7 should be met (Hair, Black, Babin, & Anderson, 2014). Hence, it is pivotal to understand why consumers knowingly and willingly purchase counterfeit products. The following section presents personality and social factors that could influence intention to purchase counterfeit products. Personality factors include ethical values, perceived risk, personal gratification, value consciousness and price consciousness while social factors are information susceptibility and normative susceptibility.

2.3 Personality Factors

2.3.1 Ethical values
Ethics refers to a system of moral beliefs and standards which restrains a person or a group of people from being involved in immoral activities (Basu, Basu, & Lee, 2015). It serves as moral guidelines that direct people in their behavior regarding the purchase, selling, selection and use of products or services (Riquelme et al., 2012; Quoquab et al., 2017). According to Schwartz (2001), ethics is an enduring value possessed by an individual. The extent to which buyers believe that their behavior in question is right or wrong and ethical or unethical is known as ethics (Muncy & Vitell, 1992). The ethical aspect encourages consumers to portray ethical behavior which helps to decrease unethical behavior (Quoquab et al., 2017).

People who are high on ethical values will prevent themselves from executing any activities or actions that is against their principles. Any consumer's perception of truth is relative not absolute in relation to an individual or group holding them, further affecting ethical judgements a person holds towards the counterfeit in a positive manner. However, consumers characterized by idealism tend to be ethical and hence, develop a negative attitude towards counterfeit goods (Basu, Basu, & Lee, 2015). Factors such as acquiring benefits from illegal activities or acquiring benefits from questionable actions influence consumer ethics (Muncy & Vitell, 1992 and Maldonado & Hume, 2005). Cordell, Wongtada, & Kieschnick, (1996) argued that law-abiding consumers have a negative attitude towards counterfeits. Penz & Stottinger, (2005) found that a consumer who has a high moral character, a strong self-identity and are independent of others' opinions have a negative approach towards counterfeits. They are of the belief that purchase of counterfeits is ethically wrong (Basu, Basu, & Lee, 2015). Different people perceive the same act differently as per different levels of ethical concern. For instance, some consumers are of the opinion that purchasing counterfeit product does not violate ethics (Quoquab et al., 2017). Nevertheless, it was found that older respondents were not appealed by counterfeits and showed less willingness to purchase them as compared to younger respondents (Quoquab et al., 2017). Therefore, on the basis of previous literature, it is postulated that:

H1: *Ethical values have a negative influence on the purchase intention towards counterfeit products*.

2.3.2 Perceived risk

Perceived risk is a dominant factor which influences consumers' buying behavior (Riquelme et al., 2012). With every purchase, consumers want to minimize the uncertainty and avoid any unnecessary consequences associated with that purchase (De Matos et al., 2007; Ting, et al., 2016). Perceived risk related with the purchase of a product can be in the form of performance risk (possibility that something will be wrong with the product or service and it will not function properly), social risk (possibility that the purchase may affect other people's view towards an individual or when the social group disapproves the purchase), legal risk (possibility that an individual will be charged by law enforcement authorities if they are caught purchasing a counterfeit product) and financial risk (possibility that an individual may lose the money paid for a product) (Riquelme et al., 2012 and De Matos et al., 2007; Ting et al., 2016).

According to Mitchell (1998), the tolerance level of consumers varies for different types of risks and different product category. For instance, in case of automobiles which involves complex buying behaviour as it is self-expressive and bought infrequently, the consumers do not want to take any risks. Nevertheless, with fashion products, though consumers perceive risk while purchasing it, they do not hold back from buying it as they gain the essence of a luxury brand name without having to pay higher prices. Consumers disregard the risk associated with fashion products as they could fulfill their yearning for a branded look-alike product and display it (Cordell et al., 1996 and Wang et al., 2005, cited in Bhatia, 2018). Although, consumers are aware that counterfeits do not provide warranties, they accept this fact as the product is quality deficient and go ahead with the purchase (Gentry et al., 2006; Kotler and Keller, 2011; Cordell et al., 1996; Wang et al., 2005; Ang et al., 2001; Bhatia, 2018).

Prakash & Pathak (2017) argued that some consumers are risk averse when it comes to buying counterfeit, and hence, end up purchasing something that is either defective or unreliable. According to De Matos et al., (2007), when consumers think of buying a substandard version, the higher (lower) the risk they associate with a product, the more they are unfavorable (favorable) towards such products. Consumers had higher intention to purchase a pirated software when they perceived low risk associated with the product (Bhatia, 2018). However, even if counterfeit products have undergone major quality improvements in recent years, they do not provide warranties which further adds to the financial risk of faulty purchases (Riquelme et al., 2012). Bian & Moutinho, (2009) argued that social risk has a higher negative leverage on the purchase of counterfeits as compared to financial risk. On the other hand, the findings of Leisen & Nill, (2001) state otherwise, as they claim that perceived risk, either financial or one related to performance tend to have a substantial impact on the intention to purchase counterfeits. Hence, in light of the overall discussion, the following hypothesis is postulated:

H2: *Perceived risk has a negative influence on the purchase intention towards counterfeit products*.

2.3.3 Personal gratification

Personal gratification refers to a person's wish to accomplish something, be recognized in the social circle and experience better things in life (Ang et al., 2001, cited in De Matos, et al., 2007). Consumers who desire to achieve and wish to enjoy the supreme things in life are of the belief that it is worth purchasing genuine version of luxury brands as it promises quality. While purchasing fashion products, consumers high on personal gratification tend to be mindful of the appearance and visibility of those products. The intent behind purchasing authentic articles is to seek a sense of gratification from the purchase. Such consumers tend to be less tolerant of inferior quality goods (Teah et al., 2015). According to Teah, Phau, & Huang, (2015), genuine goods reflect wealth and social superiority, and when consumers get an opportunity to display it over others, that is when they achieve a feeling of accomplishment or satisfaction from owning the authentic good. When consumers desire to enjoy the better things in life, they do not consider purchasing the substandard version. Although, counterfeits provide similar functional benefits and may give off positive quality inferences, consumers still consider them to be substandard (Teah, Phau, & Huang, 2015). Consumers chasing comfortable life with a higher living standard do not prefer counterfeits. Those consumers fear losing their self-image and tend to feel embarrassed in situations where others can identify their use of a fake fashion product (Nguyen & Tran, 2013). Nevertheless, contradicting results have also been found. First, counterfeit non-buyers viewed themselves to be worse-off financially, lack confidence and found themselves at the lower strata of the status hierarchy in comparison to counterfeit buyers (Bloch et al., 1993; De Matos, Ituassu, & Rossi, 2007). Second, Ang, Cheng, Lim, & Tambyah, (2001) did not find any significant effect of personal gratification on consumer attitudes towards imitated articles. Nevertheless, since most of the previous studies have identified personal gratification to have a negative effect on the purchase of counterfeits, the following hypothesis has been formulated:

H3: *Personal gratification has a negative influence on the purchase intention towards counterfeit products.*

2.3.4 Value consciousness

Value consciousness is when consumers prefer a lower price point while keeping in mind that the product might be of inferior quality (Ang, Cheng, Lim, & Tambyah, 2001 and Nguyen & Tran, 2013). Counterfeits are considered as value for money when consumers are willing to pay fairly lower prices and are satisfied with a slightly substandard quality. By purchasing counterfeits, consumers attain the prestige and essence of branded products without even having to pay for them, although they have to compromise on quality (Bloch et al., 1993; Lichtenstein et al., 1993; Ang et al., 2001; Wang et al., 2005, Cordell et al., 1996; Basu et al., 2015).

In general, value-conscious customers are found to associate themselves positively with counterfeit goods (Cordell et al., 1996; Ang et al., 2001; Wang et al., 2005; Gentry et al., 2006; Prakash and Pathak, 2017, Bhatia, 2018). People tend to be favorable toward counterfeits as they provide almost similar functional benefits like the authentic ones, that too at half or less price of the authentic ones (Phau & Teah, 2009). Consumers are ready to pay a small price for inferior quality when there is no difference in the practical benefits and the symbolic value between the genuine articles and the fake ones. (Ang et al., 2001; Wang et al., 2005; Bhatia, 2018). According to Ang, Cheng, Lim, & Tambyah (2001), consumers who preferred counterfeit goods were value conscious and had lower average income compared to the non-buyers of counterfeits. Likewise, Bloch, Bush, & Campbell,

(1993) suggested that consumers who are worse-off financially are guided by price-value perception. Riquelme, Abbas, & Rios, (2012), stated that people who emphasize value will buy counterfeit goods when they believe that they can extort more value from it compared to the original item. This finding is similar to that of Bian and Moutinho (2009).

Nevertheless, the purchase intention towards counterfeit products varies across product type. When the purchase involves a product, which is risky and infrequent, for example, an automobile, consumers escape from compromising on quality and purchase notable brand within their budget. On the other hand, with fashion products, it is easier for consumers to make compromises on quality, which allows them to buy more within the limited budget (Kotler and Keller, 2011, Bhatia, 2018). Consumers find counterfeits more desirable when they are available at a lower price point in comparison to the authentic ones. Although consumers have to compromise on quality, counterfeits provide great cost savings, hence, their perceived value is high (Bloch et al., cited in Ang et al., 2001). Value conscious consumers prefer counterfeits as they provide "good value" (Eisend and Schuchert-Guller, 2006, Riquelme et al., 2012). Therefore, on the basis of this reasoning, it is predicted that:

H4: *Value consciousness has a positive effect on the purchase intention towards counterfeit products.*

2.3.5 Price consciousness
Price consciousness refers to the degree to which a consumer emphasizes on paying lowest possible prices (Lichtenstein, Ridgway, & Netemeyer, 1993). The past literature indicates how price conscious consumers are involved in price comparisons, finding price-related information to gain the minimal price and their vulnerability to promotions (Michaelidou & Christodoulides, 2011). Similarly, price sensitive consumers are keen on finding minimal prices and are extremely involved in searching and processing information related to price (Kukar-Kinney, Walters, & MacKenzie, 2007). Palazon & Delgado (2009) also concluded that price conscious consumers are attracted by price discounts and premiums. Thus, people who are price sensitive want the best value for money and go an extra mile to find the best price alternatives for them. They are known as comparison shoppers (Michaelidou & Christodoulides, 2011).

Price consciousness leads to questionable behavior on the consumer's part regarding whether to purchase a counterfeit or not (Michaelidou & Christodoulides, 2011). Therefore, Phau and Teah (2009) conclude that price consciousness is a significant determinant of purchase intention. Since, price conscious consumers are inclined to pay lower prices, they tend to have a positive orientation towards counterfeits (Michaelidou & Christodoulides, 2011). Other studies have found that price influences purchase intention towards counterfeit products (see Albari & Safitri, 2018). Therefore, taking all this into consideration, the following hypothesis has been postulated:

H5: *Price consciousness has a positive influence on the purchase intention towards counterfeit products.*

2.4 Social factors
Social influence is the impact which an individual or group has over another individual's purchase behavior. Past research has studied the effect of social influence on purchase intention towards counterfeits as social pressure encourages consumers to walk on others

path, although, their actions may lead to breaking or disobeying certain rules (Ang et al., 2001; Phau & Teah, 2009, Ting et al., 2016). Consumers' receptiveness to social pressure determines the degree to which they are influenced by such pressure (Bearden et al., 1989, cited in Riquelme et al., 2012). Consumer susceptibility is when any individual makes an effort to enhance their image among family and close friends. The need to identify one's image is driven by acquiring and using products and brands, complying to other's expectations while making a purchase. In addition, learning about the products in question through others and from observation also helps (Bearden et al., 1989; Riquelme et al., 2012). In general, susceptibility is of two types namely, information susceptibility (IS) and normative susceptibility (NS) (Bearden et al., 1989; Wang et al., 2005, Phau & Teah, 2009).

2.4.1   Information susceptibility
Information susceptibility is when consumers seek the opinion of someone who has adept knowledge regarding products which further affects their purchase decision (Ang et al., 2001; Wang et al., 2005, Phau & Teah, 2009). Consumers are likely to be information susceptible when they lack knowledge about the product category/class in question, and hence, seek the assurance of other's opinion. If reference groups (e.g., family, peers) possess expert knowledge on distinguishing between the original and counterfeit products (say, in terms of product quality), the negative repercussion as a result of purchasing counterfeit will affect the consumer's perception towards counterfeits. Also, the consumers would develop a negative attitude and deter themselves from purchasing counterfeits. Thus, it is predicted that:

H6: *Information susceptibility has a negative influence on the purchase intention towards counterfeit products.*

2.4.2   Normative susceptibility
On the other hand, normative susceptibility refers to a consumer going ahead with a purchase decision with the expectations of making a positive impression about themselves on others (Phau & Teah, 2009). Consumers who are normatively susceptible are concerned with their self-image (Bhatia, 2018). They focus on satisfying the society's expectation in order to make a good impression on them (Nordin, 2009). But the purchase of counterfeits does not signal a good impression. Consumers who were prone to normative susceptibility are unfavorable towards counterfeit fashion goods (Ang et al., 2001; Phau et al., 2009; Wang et al., 2005, Ting, et al., 2016). Therefore, previous studies of Phau & Teah (2009), Ang et al. (2001) and Wang et al. (2005) found a negative relationship - consumers who sought information from people that were experienced with products and made an attempt to leave a mark on others were less favorable towards purchasing counterfeit products. Hence, considering past research, it is postulated that:

H7: *Normative susceptibility has a negative influence on the purchase intention towards counterfeit products.*

2.5 Purchase Intention
Kotler & Keller, (2011) defined purchase intention as a consumer behavior that reflects the consumer's intention to make a purchase. Consumers are encouraged to make a purchase after they evaluate a brand in advance and will purchase the brand or product which they think will satisfy them the most. In other words, purchase intention is a consumer's mental

state which drives them to make the purchase (Djuhardi & Kusumawati, 2017). There are three types of purchase intention namely: unplanned buying, partially planned buying and fully planned buying. Impulse buying decision refers to unplanned buying. When consumers decide the product and its features they want in advance, it is known as partially planned buying. Whereas, when consumers have already decided the product along with which brand's product they want, it is referred to as fully planned buying.

According to Theory of Planned Behavior (TPB), the attitude of consumers influences their intention to purchase a particular item, and that purchase intention in turn, determines the purchase behavior of those consumers. It is said that the attitude towards behavior is a stronger determinant of behavior as compared to the attitude towards the product (Ajzen, 1991; Ajzen and Fishbein, 1977 Teah, et al., 2015). TPB argues that for a consumer to implement a purchase behavior, the environment in context (opportunities and resources), for instance, the easy accessibility of counterfeits must be present to support the purchase. If the environment does not support the purchase, then no matter how favorable the intention is towards the counterfeit, the purchase is not accomplished (Phau & Teah, 2009). In the current study, purchase intention is tested as a dependent variable.

2.6 Conceptual Framework

This study will examine the effect of personality factors namely, ethical values, perceived risk, personal gratification, value consciousness, price consciousness and the influence of social factors relating to information susceptibility and normative susceptibility, on the purchase intention towards counterfeit products. The conceptual framework is based on previous studies including personality factors (Phau & Teah, 2009; Ting, Goh, & Isa, 2016; Hidayat & Diwasasri, 2013; Nordin, 2009), ethics (Sharma & Chan, 2016; Quoquab, Pahleva, Mohammad, & Thurasamy, 2017; Basu, Basu, & Lee, 2015), social factors (Phau & Teah, 2009; Ting, Goh, & Isa, 2016; Hidayat & Diwasasri, 2013) and purchase intention (Bhatia, 2018; Ting, Goh, & Isa, 2016; Teah, Phau, & Huang, 2015)., The conceptual model is presented in Figure 1.

3. METHODOLOGY

A survey was conducted among people residing in the Kathmandu valley in Nepal. The sample consists of consumers who are working professionals. Working professional is defined as a person engaged or qualified in a profession. For this research, the sample comprises primarily white-collar workers (not specific to any industry or organization size). The rationale behind this is that working professionals have both the option and purchasing power to buy either a genuine product or a counterfeit. They do not have to depend on others to fulfill their needs. Therefore, it was interesting to study why, despite having disposable income, consumers preferred counterfeit over originals. In addition, they possess knowledge to make decisions and are familiar with such products via their friends, through media and advertisements. The respondents include both male and female professionals. Kathmandu valley is the economic hub of Nepal, which comprises people coming from various occupational backgrounds. In addition, counterfeit goods are widely available locally in various markets within the valley.

Figure 1:   Conceptual Framework
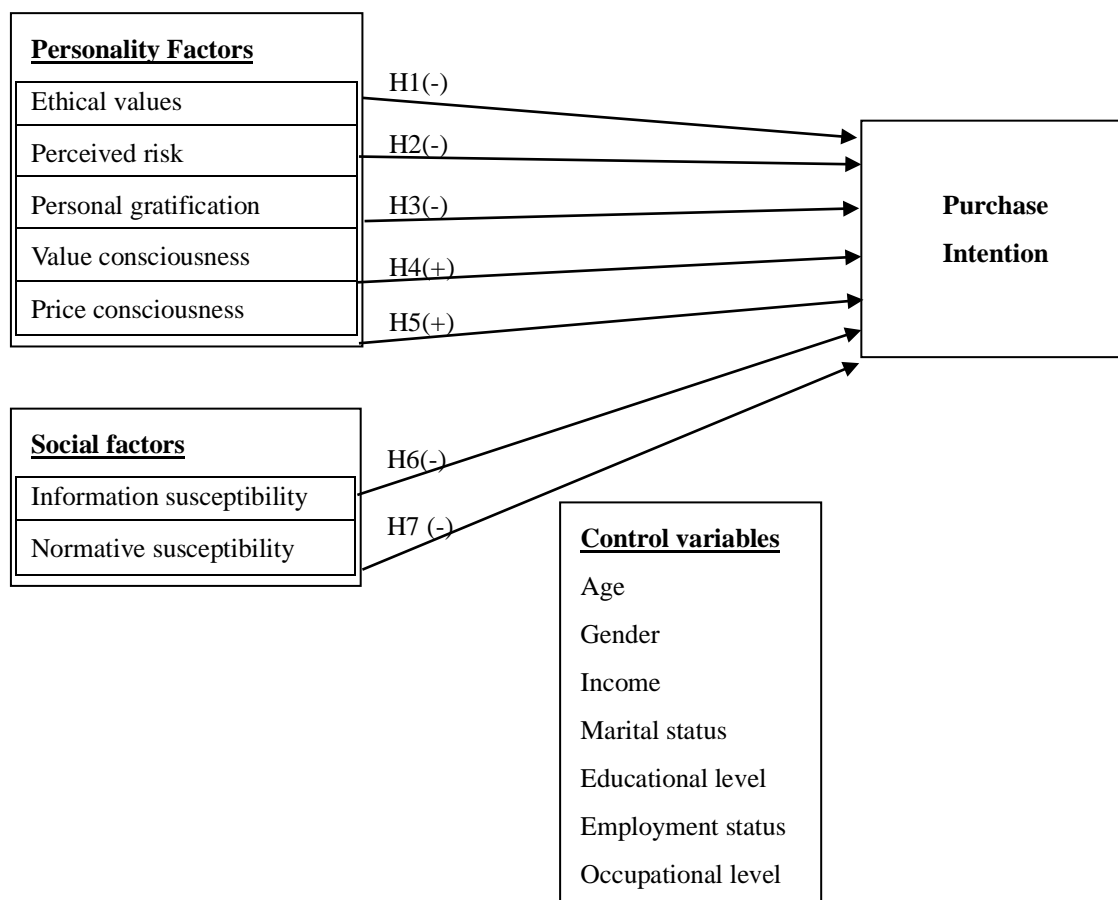
3.1 Data Collection

Initially, a pilot study was conducted before the survey was officially delivered to the target sample. A self-administered questionnaire was sent to 30 working professionals using the platform of social media i.e. Facebook. The study sought to incorporate improvements, by requesting the participants to provide feedback regarding the clarity, validity and appropriateness of the items measured.   Out of 30 respondents, only two respondents provided feedback regarding the length of the questionnaire.   However, no changes were made.   For the main study, a list of randomly selected companies along with their contact details (email addresses) were collected. The questionnaire was uploaded online into Google forms and was sent via email to 150 companies including different branches of the same companies, requesting them to forward the questionnaire to their employees. A total of 216 respondents completed the questionnaires. After data screening, 12 surveys were invalid, leaving a total of 204 respondents' questionnaires available for the analysis.

3.2 Questionnaire development

The objective of this study was to examine the factors that affect the purchase intention of consumers towards counterfeit products. Hence, purchase intention is the dependent

variable. The factors that have been investigated as independent variables are ethical values, perceived risk, personal gratification, price consciousness and value consciousness which are the personality factors; and information susceptibility and normative susceptibility which are the social factors. The demographic variables were treated as control variables.

3.2.1. Independent variables
Ethical values were based on four items (Kwong, Yu, Leung, & Wang, 2009). A sample questionnaire item is "*I think buying fake product would be immoral.*" Cronbach's Alpha was satisfactory (α= 0.92).

Perceived risk was measured using a 4-item scale which was derived from De Matos, Ituassu, & Rossi, (2007). An example of a typical item is: "*The risk that I take when I buy a counterfeit product is high.*" Cronbach's Alpha was acceptable (α= 0.76).

Personal gratification was based on four items derived from Ang, Cheng, Lim, & Tambyah, (2001). A sample item is: "*I always desire to enjoy the finer things in life.*" Scale reliability was acceptable (α= 0.79).

Value consciousness was measured on the basis of five times (Lichtenstein, Ridgway, & Netemeyer, 1993). An example of a questionnaire item is: "*I am very concerned about low prices, but I am equally concerned about product quality.*" Cronbach's Alpha was satisfactory (α= 0.84).

Price consciousness was based on four items which were adapted from Lichtenstein, Ridgway, & Netemeyer, (1993). A typical item is: "*I am willing to go to the extra effort to find lower prices.*" Reliability for the scale was acceptable (α= 0.87).

Information susceptibility was measured using four items (Phau & Teah, 2009). A sample questionnaire item is: "*If I have little experience with counterfeit fashion goods, I ask around.*" Cronbach's Alpha was satisfactory (α= 0.79).
Normative susceptibility was based on a 4-item scale (Phau & Teah, 2009). An example of an item is: "*It is important that others like the fashion goods and brand that I buy.*" Scale reliability was acceptable (α= 0.74).

3.2.2. Dependent variable
Purchase intention was measured utilizing a 4-item scale adapted from (Phau and Teah, 2009; De Matos, Ituassu, & Rossi, 2007; Ang, Cheng, Lim, & Tambyah, 2001). Cronbach's Alpha was satisfactory (α= 0.83).

3.2.3 Control variables
Demographic variables, such as, gender, age, educational level, marital status, employment status, occupational level and income are entered into the regression model as control variables.

A total of seven hypotheses were tested. Hierarchical regression analysis was conducted to analyze the data and examine the impact of the personality and social factors on purchase intention towards counterfeit fashion products (i.e., clothing, handbags, shoes).

The questionnaire consists of two parts. The first part collects demographic information of respondents including gender, age, education, marital status, employment status, job title, occupational level and income.   The second part comprises 33 questions regarding ethical values, personality and social factors and items measuring purchase intention towards counterfeit fashion products.   Each questionnaire item contains a full-sentence statement and is responded to on a 7-point scale, response options ranging from Strongly Disagree (coded 1) to Strongly Agree (coded 7).

The questionnaire was not translated into Nepali. Firstly, because English language is a fundamental part of the Nepali education system. People are familiar with the language as they have been taught in an English medium since their primary school, especially in Kathmandu valley. Secondly, the survey was conducted among people who worked in an office setting and other than Nepali, English is the primary language used in Nepali companies.

4. RESULTS

4.1 Demographic profile of respondents
A detailed breakdown of the sample characteristics in terms of gender, age, education, marital status, employment status, occupational level and income is undertaken.   There are slightly more males (55.4%, n=113) than females (44.6%, n=91).   Fifty-one percent (n=104) of the respondents were 25 years and less, followed by 38.24 percent of the respondents who were between 26-35 years; 7.35 percent were between 36-45 years and 3.43 percent were 46 years and over.   Respondents were educated in that, around more than half (58.8 percent) had completed their Bachelor's Degree. Approximately, 72 percent of the respondents were unmarried. About 81 percent were full-time workers and a large proportion of the respondents (56.4%) work in the middle level.   In terms of occupational level, 15.2 percent of the respondents from top-level were CEOs, Directors, Founders, or Chartered Accountants, 13.7 percent of lower-level management had the roles of Supervisors, Officers and Assistants. Moreover, 14.7 percent were Consultants, Management Trainee and Freelance workers holding a post in the entry-level.   The highest number of respondents (n=60) from a total of 204 earned between NRs.15,000-29,999 per month, while the lowest number of respondents (n=14) earned between NRs.60,000-74,999 per month.

4.2 Correlation analysis
Table 1 presents the values of mean, standard deviation, tolerance, VIF and correlation coefficients between purchase intention and the independent variables.   Normative susceptibility ($r = 0.266$, $p < 0.01$) and price consciousness ($r = 0.348$, $p < 0.01$) have a positive significant correlation with purchase intention towards counterfeit products. On the other hand, ethical values ($r = -0.168$, $p < 0.05$) and perceived risk ($r = -0.316$, $p < 0.01$) are negatively correlated with purchase intention.   Information susceptibility ($r = 0.093$) and value consciousness ($r = 0.049$) showed a positive, but non-significant, correlation with purchase intention.   In addition, the results show no multicollinearity between the variables as the tolerance values are over 0.1 and the VIF for all variables are less than 10. The threshold for tolerance is at 0.1 and the VIF should be less than 10 (Hair, Black, Babin, & Anderson, 2014).

4.3 Hierarchical regression analysis

Hierarchical regression analysis was conducted to test the hypotheses. The results presented in Model 1 (Table 2) when the demographic variables were entered, the control variables did not contribute to explaining the total variability in purchase intention, $F(7,196) = 0.228$, p = .978. In Model 2, after controlling for age, gender, education, marital status, employment status, occupational level and income, the independent variables accounted for 32.6% ($R^2 = 0.334 - 0.008 = 0.326$) variance in the dependent variable, purchase intention, $F(14,189) = 6.773$, p<.001.

5   DISCUSSION

This is the first study of its kind that has explored the determinants of purchase intention of working professionals towards counterfeit fashion products in the context of Nepal. This research developed and tested a conceptual model which resulted in the acceptance of two hypotheses, while rejecting five hypotheses. The findings from the study suggest that perceived risk, price consciousness and normative susceptibility are the three major factors which affect the purchase intention of working professionals towards counterfeit products. Specifically, the results indicate that perceived risk has a negative effect while price consciousness has a positive influence on intention to purchase counterfeit products as predicted. On the other hand, while normative susceptibility is also a significant predictor of purchase intention, the effect is positive rather than negative, contrary to expectations.

For perceived risk, a possible explanation could be that perceived risk has a negative influence considering the social and performance risk associated with it in the Nepali context. Consumers especially belonging to the higher social echelon may be unwilling to purchase counterfeit products because it may impact their social status and their social circle might disapprove of the purchase. Similarly, keeping the performance and durability aspects in mind, people may be hesitant to purchase the counterfeit version. According to Riquelme, Abbas, & Rios (2012), buyers are mindful that counterfeit products have a short life span and are prone to damage, which leads the customer to believe that there is a greater amount of risk associated with the performance, and this further has a negative influence on the purchase of such products. The results are in line with previous findings of De Matos, Ituassu, & Rossi, (2007) and Ting, Goh, & Isa, (2016), who used two scales similar to this research, further making two things evident; one that the risk consumers take while purchasing a counterfeit product is high, and two, that consumers believe counterfeits have a higher chance of not working.

Table 1 Means, standard deviation, Pearson correlation matrix, collinearity statistics

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	Collinearity Statistics	
											Tolerance	VIF
1. Information susceptibility	4.40	1.40	1								0.682	1.467
2. Normative susceptibility	3.26	1.35	0.296**	1							0.649	1.542
3. Ethical values	4.02	1.82	0.178*	0.29**	1						0.528	1.893
4. Value consciousness	5.57	1.09	0.408**	0.073	0.067	1					0.541	1.848
5. Perceived risk	3.97	1.26	0.073	0.196**	0.512**	0.163*	1				0.589	1.698
6. Personal gratification	4.94	1.10	0.233**	0.377**	0.216**	0.464**	0.423**	1			0.553	1.808
7. Price consciousness	4.42	1.34	0.324**	0.26**	-0.044	0.507**	0.135	0.343**	1		0.634	1.577
8. Purchase intention	3.67	1.30	0.093	0.266**	-0.168*	0.049	-0.316**	-0.041	0.348**	1		

Notes: n=204; ** significant at the 0.01 level (2-tailed); * significant at the 0.05 level (2-tailed)

Table 2 Hierarchical regression analysis of predictors of purchase intention

Variables	Model 1		Model 2	
Control Variables	*Standardized Beta*	*Significance*	*Standardized Beta*	*Significance*
Age	0.061	0.569	0.052	0.581
Gender	-0.025	0.735	0.029	0.648
Income	0.016	0.876	0.035	0.698
Educational Level	-0.067	0.469	-0.003	0.972
Marital Status	-0.029	0.768	-0.042	0.618
Employment Status	-0.061	0.402	0.01	0.87
Occupational Level	-0.014	0.867	-0.041	0.551
Independent Variables				
Information Susceptibility			-0.047	0.517
Normative Susceptibility			0.298	0.000***
Ethic values			-0.024	0.768
Value Consciousness			-0.046	0.572
Perceived Risk			-0.364	0.000***
Personal Gratification			-0.099	0.217
Price Consciousness			0.395	0.000***
R square	0.008		0.334	
F-value	0.228		6.773***	

Note: ***Variables are significant at 0.001 level of significance (two-tailed)

Similarly, the results also validate the prior findings of Nordin, (2009) related to how price conscious consumers have a positive effect on their intention to purchase a counterfeit. Counterfeits are economically priced as compared to their original counterparts. This further encourages the consumption of price sensitive consumers to purchase the counterfeit version as they emphasize on paying lower prices and are eager to make an effort to find minimal prices, even if it means having to shop at more than one store or location. According to Michaelidou & Christodoulides (2011), price conscious consumers are inclined to pay lower prices, and hence, have a positive orientation towards counterfeit products which cost less than genuine products. The price sensitive consumers who knowingly and willingly purchase counterfeits are of the mindset that the money saved, and time spent by seeking for minimal prices is worth it.

As noted earlier, normative susceptibility has a significant, but positive effect on the purchase intention which is opposite from what has been hypothesized based on prior research. The result of this study contradicts those from previous studies by Ang,

Cheng, Lim, & Tambyah, (2001), and Wang, Zhang, & Ouyang, (2005) who found consumers that rely on self-image and gave a shot at leaving a mark on others to hold a negative orientation towards counterfeit products. Nevertheless, the results of this study are consistent with the study conducted by Ting, Goh & Isa (2016) and Phau & Teah, (2009) who also found normative susceptibility to have a significant positive effect.   One possibility could be that the consumers who are image-conscious and want to leave an impression on others want to belong to similar circle of people who own the imitated version. Phau & Teah, (2009) argue that due to hefty price of original goods, consumers may switch to counterfeits as a reasonable alternative to impress other people (Phau & Teah, 2009).

Contrary to the findings of Ting, Goh, & Isa (2016) and Phau & Teah (2009), information susceptibility was found to have an insignificant effect on the purchase intention towards counterfeits. One possible explanation could be that since working professionals are well educated, and hence well-informed enough to have an understanding of the product categories and the corresponding product class, they do not feel the need to consult others regarding the purchase they make. Although they have little to no experience with counterfeit fashion goods, they may not bother their friends and family for information or observe what others would buy before making their own purchase. The result of this study is similar to that of Ang, Cheng, Lim, & Tambyah (2001) and Teah, Phau, & Huang (2015) who found information susceptibility to be an insignificant predictor. As counterfeits are comparatively less-priced than their genuine counterparts, the cost of a wrong purchase will be minimal. Therefore, people do not seek the expert opinion of other people as the functional and financial risk associated with it will be low (Ang, Cheng, Lim, & Tambyah, 2001). According to Teah, Phau, & Huang (2015), there are lack of experts to provide opinion regarding the consumption of counterfeit goods in the Chinese and Taiwanese context. The former study conducted in Nepal which examined social influence as a whole found an insignificant relationship as well.

Likewise, personal gratification was found to be an insignificant predictor which was inconsistent with the previous work of De Matos, Ituassu, & Rossi (2007), Phau & Teah, (2009) and the former study conducted in Nepal by Adhikari & Biswakarma, (2017). A possibility for such results could be because consumers who are keen on gaining recognition and respect in the social circle and desire to have a taste of the supreme things in life did not associate counterfeit products as a medium to achieve those parameters. The insignificant findings are similar to that of Ang, Cheng, Lim, & Tambyah, (2001), who suggest that counterfeit goods are not a means of achieving a comfortable and pleasurable life.   Similarly, Teah, Phau, & Huang, (2015) who also did not find any relationship between the purchase intention of counterfeits, proposed that though counterfeits give a hint of positive quality and provide nearly akin practical benefits, they are still viewed as an inferior by the consumers.

To much surprise, value consciousness is also identified as an insignificant variable, which is in line with the findings of Nguyen & Tran, (2013), meaning that the respondents who participated in the study are not particularly value conscious. One of the possibilities can be the thriving business of local Nepali brands, which are nearly priced the same or a bit lower or higher than the counterfeit version of branded products. Instead of having to compromise on quality by purchasing the substandard

version, consumers may be opting for the best local buy. The results of this study however, contradicts the findings of Riquelme, Abbas, & Rios (2012) who conducted the study in Kuwait, Ting, Goh, & Isa (2016) whose survey included Malaysians and Bhatia (2018) who conducted the study in India's largest city, Mumbai.

Finally, the findings related to ethical values fail to validate the results of previous studies by Riquelme, Abbas, & Rios (2012) and Quoquab, Pahleva, Mohammad, & Thurasamy (2017) who identified it as a significant predictor of purchase intention towards counterfeits. The inconsistency in the result could be because in Nepal there are lack of regulatory bodies who disseminate information regarding the Intellectual Property Rights (IPR) laws for selling counterfeits, with no strict rules or punishment for the violators. There is lack of ethical awareness among consumers regarding the negative repercussions of purchasing such products. Therefore, in an unwary environment, the moral values of people do not come into play. Likewise, most of the counterfeit goods available in the Nepalese market are imports. The imitated versions available in the market are exploits of international brands. Thus, the consumers might not perceive consuming those products to be wrong as it has no effect on local brands.

6. CONCLUSION AND RECOMMENDATIONS

The issue of counterfeit consumption is spreading rapidly all over the world, with Nepal being no exception. The purchase and consumption of counterfeits among Nepalese consumers have been increasing in both scope and magnitude. This study, therefore, set out to investigate the driving forces behind the purchase intention of Nepalese working professionals towards counterfeits. It is evident that price conscious consumers are inclined to purchase the forged version. Consumers are attracted by initially set low prices and the price discounts they can enjoy on such products. Perceived risk seems to be another important factor to have an effect on consumer's purchase intention. The uncertainty and unfavorable consequences associated with counterfeits is what holds the consumers back from owning the imitated version. Although the risk associated with buying counterfeit fashion products may not be as high as the risk involved when making a complex purchase, the respondents seem hesitant to make the purchase considering the risk aspect. On the normative susceptibility front, self-image conscious consumers who want to signal a good impression do not deter themselves from purchasing counterfeits. The consumers' moral values and beliefs, their lack of knowledge about the product in question which leads them to seek other's opinion on a purchase, their longing to enjoy the better things in life and their concern of paying lower prices for a substandard quality do not have an effect on their intention to purchase the counterfeit version. From an ethical perspective, this study provides an interesting insight and highlights as to how Nepalese consumers who, in general, are guided and bounded by ethics in various aspect of their life, may lack ethical awareness when it comes to the purchase of counterfeits. Ethical awareness among consumers who purchase counterfeits knowingly and willingly is a must in realizing the harm that counterfeits cause to the economy, society, businesses and the consumer themselves. The demand for counterfeits is on the rise. Further research, therefore, should focus on examining the post-purchase experience of the consumers who knowingly and willingly purchase

counterfeits to understand and get to the core of their inclination towards such products.

Contribution to the Literature and Managerial Implications
This research contributes to the existing literature by exploring some segments that have not received notable research attention. This study extends the understanding on under-explored areas of ethical values and price consciousness in relation to purchase intention towards counterfeit products. In addition, this research examines price consciousness by addressing it as a personality factor which has been done by only one earlier study (i.e., Nordin, 2009). Previous studies have focused on fashion goods, either by not being specific to any type of product or by being specific to a different set of products study-wise. However, this study investigates the purchase intention regarding the combination of three fashion goods including clothes, shoes and handbags. In Nepal's context, this study is the first of its kind, which has been conducted by including considerably a different set of variables, different set of fashion products and different sample population. All in all, this study contributes to a better understanding of consumer behavior in Nepal.

On the practical side, marketers and the government could use the findings of this study to combat counterfeiting by adopting and implementing various anti-counterfeiting strategies. The study found consumers who associated risk with a substandard version to restrain themselves from purchasing it. The manufacturers of original articles, therefore, should tap into the doubts and dilemmas of Nepalese consumers, highlighting the quality and durability functions of the original articles in comparison to the imitated versions. Consumers were also found to prefer counterfeits due to the low-price associated with it and also as a means to impress others. Marketers who own local brands or entrepreneurs looking to establish a start-up can use the opportunity to produce and promote local goods as a reasonably priced, high-quality authentic good which will create a win-win situation for both parties. Manufacturers alone are not accountable for the accelerated growth of counterfeit articles; the consumers are equally to blame. The marketers should therefore, run awareness campaigns informing the non-deceptive consumers regarding the detriments of counterfeit business. Consumers should be made known to the fact that the adverse effects of counterfeit trade go beyond deteriorating brand image or damaging the brand equity; it equally affects the economy, the state of employment and the public health.

Limitations and Recommendations
Although this study has its merits, it is bound by some limitations. Firstly, this study was limited to three fashion products namely clothing, handbags and shoes. The reactions received are limited to these three categories only. Therefore, future researchers are encouraged to consider other products such as counterfeit health products and Fast-Moving Consumer Goods (FMCG), whose sales have gone up not only via retail medium but also gained digital sales platform. According to Chaudhry & Stumpf (2011), illicit trade through counterfeits is spreading in both physical and virtual markets, and counterfeit trade has gone beyond selling high-fashion goods, and impinged products harmful to a consumer's health i.e. health consumables. Among FMCG, the demand for counterfeit cosmetic products is on the rise in Nepal (Nepal Republic Media Pvt. Ltd., 2017). Future researchers could also study the reasons for

the purchase of counterfeits online. Secondly, the survey was restricted to working professionals, without considering the organization size and industry. Further research could test the conceptual model in a narrow organizational setting by being specific to one industry and organizational size or compare the purchase intention among individuals working in different industries and organizational size. Thirdly, with respect to the questions related to ethics, the respondents may have faced a slightly difficult time in distinguishing between ethics and morals, as both the terms are often used interchangeably.   The difference between ethics and morals lies in that, while ethics broadly refers to the moral principles, with a person applying it to questioning a correct behavior within a relatively narrow area of activity, and, morals on the other hand, refers to the values of a person concerning what is right and what is wrong (Merriam-Webster, n.d.).   Future research could, therefore, mention or illustrate the differences between ethics and morals. Finally, the study was conducted in Kathmandu valley, where counterfeit goods are widely available and extensively used. Future research could focus on other major cities in Nepal such as Pokhara, Biratnagar, Butwal, and so on, with varied consumer culture and purchase environment.

ACKNOWLEDGEMENTS

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