CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

This chapter presents an overview of the study and summarises the research findings. It also attempts to discuss the implications of the study. Finally, areas of possible future research are also discussed.

5.1 Overview of the Study

The present study attempted to examine the consumer behaviour related to counterfeit products. This included the study on the consumers' attitude towards counterfeit goods, product attribute importance and satisfaction that consumers seek from counterfeit goods. In addition, it also intends to identify individual traits that may be related to willingness in buying counterfeit products. Data for the study was collected through self-administered questionnaire. The sample consisted of 290 postgraduate students from local universities or private colleges. The majority of the respondents were Chinese, followed by Malay and Indian respondents. They were mainly from the age group of 20 to 49 years. The proportion of male respondents was slightly higher than female respondents. Most of the respondents were single and were private sector employees. However, there was also a substantial number of student respondents. For those working respondents, majority had personal monthly income of between RM2000 to RM3999.

The study reveals that majority of the respondents has the experience of knowingly purchased the counterfeit products selected for this study, i.e., software / VCD /CD, leather products, wallet / purse / handbag, watch and clothing. They normally get their copies from shopping malls, stalls at roadside and night market. Besides that, close to 90 percent of them were with intention to purchase counterfeit products in the near future. The distribution of purchase frequency was quite even, with those who purchased 3 to 5 times in the past one

year was slightly higher than other groups. On average, the respondent found to purchase around 5 times of counterfeit product in the past one year.

With respect to the analysis of intention to purchase counterfeit product in the near future, the findings indicates that there were significant differences across frequency groups as well as ethnic groups in determining if they intend to purchase counterfeit product in the near future.

In relation to attitudes towards counterfeiting, the findings indicate respondents tend to give higher level of agreement to the statement of "Counterfeit products hurt the companies that manufacture the legitimate product" compared to the statement of "Counterfeit products do not hurt the Malaysian economy". With respect to the dimension of the legality of counterfeiting, the respondents found to hold different judgment towards those who manufacture or sell counterfeit products as oppose to those who buy. They were more lenient to buyers than sellers or manufacturers. In terms of Anti-big business attitude, it seems that the respondents have less anti-big business sentiment, the rating given found to be at lower side, except for statement "I buy counterfeit products because the prices of designer products are unfair and overcharge. For quality assessment dimension, the respondents were considerably reserved in giving their ratings. This reflects that most of them think that the quality of counterfeit products are just average only. The results also illustrates that out of the 13 attitude statements, only 4 were found to have significant differences across frequency groups, they are "People who buy counterfeit products are committing a crime", "Buying counterfeit products is a way to get back at uncaring and unfair 'big' business", "I buy counterfeit products because the prices of designer products are unfair and overcharge" and "Buying counterfeit products demonstrates that I am a wise shopper".

With respect to the relationship with ethnic groups, only 4 were found to be significant. They were "I like buying counterfeit products because it's like playing a practical joke on the manufacturer of the non-counterfeit products", "I would buy counterfeit products even if I could easily afford to buy non- counterfeit products", "Counterfeit products do not hurt the Malaysian economy" and "I buy

counterfeit products because the prices of designer products are unfair and overcharge".

In the study of attribute importance of counterfeit products, in general, the respondents were more concern on the pricing and functionality of the counterfeit product. To most of the respondents, "Good value for price" was the most important attribute, followed by "Serve the purpose", "Comfortable", "Durability" and "High Quality". "Physical appearance", "Attractive", "Fashionable", "Image", "Attention getting" and "Prestigious" found to be less concern by the respondents. ANOVA test revealed that 7 attributes were significantly different across frequency groups, they are "Good value for price ", "serve the purpose", "Image", "Fashionable", " Attention getting", "Attractive" and "Prestigious". On the other hand, all the attributes were found to have significant relationship with ethnic groups.

The analysis of consumer satisfaction with counterfeit products discerns several interesting findings. The respondents generally give higher satisfaction level to attribute "Good value for price", followed by "Serve the purpose", "Comfortable", "Physical appearance" and "Attractive". On the other hand, "Fashionable", "Durability", "Attention getting", "Image", "High quality" and "Prestigious" found to score lower satisfaction rating. The results show that only 3 attributes were to have significant association with frequency groups, they are "Good value for price", "Serve the purpose" and "Image". In terms of comparison wit ethnic groups. 6 attributes were found to be significant, they were "Good value of price", "Durability", "Serve the purpose", "Comfortable", "Attention getting" and "Prestigious".

The analysis of individual traits discloses that the respondents generally tend to give higher level of agreement to item of "Confident", "Careful", "Decisive", "Successful", "Outgoing" and "Adventuresome". They were less agreeable with item of "Worried" "Anxious" and "Well off financially". There were not much differences in the perception of individual traits across frequency groups, such differences could only be found in "Individualistic" and "Reserved". In addition, it is interesting to realise that those who has the intention to purchase

counterfeit products were more adventuresome and outgoing compared to those who don't.

5.2   Implications of the Study

The results of the study reveals that a significant proportion of the population who had ever knowingly purchased the counterfeit products have the intention to continue the counterfeit purchases. In addition, it also discloses that the counterfeit products selected for this study are popular and widely available. The policy regulators or enforcers as well as the legitimate product producers should pay attention to this alarming sign. Much more efforts are urgently needed to curb this phenomenon. For instance, ensure more stringent legislative controls, enforcement measures and punishment for copyright or trademarks violation. From the producers' perspective, additional effort to curb this problem includes the use of techniques like hidden magnetic or microchip tags. holographic images (as what Microsoft Corp has done) and so on.

Efforts to limit counterfeiting may be more effective if they are targeted at this loyal sub-segment of consumers. Supply will always exist where there is demand. Remedies aimed at channel members to reducing counterfeiting will be hampered when dealers are confronted with a large number of consumers who are willing to buy counterfeit products. Further more. recent cases illustrated that if counterfeiters find out channel closed to them, they ingeniously create new channels.

Another interesting finding is the buyers of counterfeit products do not feel accountable for knowingly purchasing a counterfeit product, although they believed that manufacturing or selling counterfeit products is a civil or criminal offence. When a double standard emerges in which consumers do not hold themselves to the same principles as their counterpart in the transaction, this will certainly facilitates counterfeiting in this country. Hence, policy makers or enforcers must play a role in educating the public, for instance, instil fear sentiment by informing them of the penalties of buying counterfeit products. In addition, consumer must be educated on the adverse effect of counterfeiting

upon the overall economy, both local and global, severity of trade, employment and welfare losses caused by counterfeiting. It is important to note that such programmes are effective if they can demonstrate that indirectly or in the long run, the target audience's welfare will also be adversely affected by such activities.

The findings also confirm that "Anti Big Business" sentiment do exist among the Malaysian consumers, although it is at lesser extent compared to the American consumers. This support the previous research conducted by Cordell, Wongtada and Kieschnick (1996). The producers of legitimate products need to do something to reduce the dissatisfactions of the consumers. They may need to seriously review the marketing mix they are practising currently. For example, they can consider carrying out differentiated marketing, which involves targeting several market segments (genuine and counterfeit products buyers) and design separate offer package for each. Alternatively, they can think of product line modifications, brand extensions and price-tier pricing approach.

As discussed in the earlier chapter, buyers of counterfeit products may make a purchase when they perceive these products possess certain important attributes similar to the originals. For functional products, of counterfeited versions could serve the same purpose, consumers are more likely to purchase them. For fashion related product, the similarities in appearance, quality and image projected by the counterfeited version compared to the originals are important in determining purchase intention. Hence, legitimate product producers should try to differentiate their products as much as possible from the counterfeit versions. Consumers should be informed of how to distinguish the original copies from the fake one. In addition, they should also inform the consumers where the genuine product can be purchased. Giving warranties guarantees and after sales services are also some of the differentiation strategies.

5.3   Recommendations for Future Research

Despite counterfeiting becoming a serious problem in this region, the research on counterfeiting is relatively scarce.   In line with this, a few recommendations for future research are made.

Firstly, it should be noted that this study is basically exploratory and cross sectional in nature.   The investigations are limited to several product categories and only in urban area of Kuala Lumpur and Selangor.   It is recommended that future investigation will extend to other product categories or to a nation-wide survey.   Efforts to enlarge the sample size and product category will enhance the generalisation ability of the study.

Secondly, the present study concentrates on examining consumer behaviour related to general counterfeit products.   It has been argued that counterfeit prone consumers may differ by product type (Bloch, Bush and Campbell 1993; Chow, Soo and Kim 1998).   Hence, it is suggested that future research may consider to examine problem of counterfeiting on an industry or product specific basis.

Finally, the study only includes respondents who have indicated that they had ever purchased the counterfeit products.   There was no comparison on the behaviour of those who had ever purchased and those who never.   Thus, it will be interesting to expand the knowledge to this area.