

**A descriptive analysis into South African consumers'  
intention to purchase authentic luxury fashion brands  
versus counterfeit products**

by

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University of South Africa

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## **DECLARATION**

I declare that “*A descriptive analysis into South African consumers’ intention to purchase authentic luxury fashion brands versus counterfeit products*” submitted in fulfilment of the requirements for the degree of Master of Commerce in the subject of Business Management with specialisation in Marketing and Retail Management at the University of South Africa (UNISA), is my own work and that all sources utilised within this research study have been acknowledged by means of complete reference.

.....

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**June 2013**

## **DEDICATION**

This masters dissertation is dedicated to my loving parents (Lorna and Derek Spolander), who have instilled in me the notion that through perseverance and positivity anything is possible and to my wonderful husband Wayne Manley – thank you for your unconditional love and support through it all. I could not have completed this without you.

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*“It is through taking baby steps, that we learn to run.”*

– Anon –

## **ABSTRACT**

Counterfeiting is an illegal activity that continues to boom in the 21st century. Many research studies regarding counterfeiting undertaken in the past have had a strong focus on the supply side of the industry, whereas few studies look to consumer demand and even fewer towards consumer demand for counterfeit products in an emerging African market.

The aim of this research study, therefore, was to provide a descriptive analysis of the South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products and secondly, to examine if various demographic groupings differ in their purchase intentions. In order to achieve the research objective, an extensive literary review was conducted on the global counterfeit problem with specific focus on the South African counterfeit industry. The concept and value of branding was highlighted, followed by a discussion on consumer behaviour in conjunction with the decision-making process and the consumers' intention to purchase. An empirical study was conducted with UNISA students residing within the areas of Gauteng, KwaZulu-Natal and the Western Cape through a mixed method approach. Qualitative research formed the first leg of the study and assisted in identifying past purchase behaviour of authentic and counterfeit luxury fashion brands. Once identified, these brands were then utilised in a quantitative survey to satisfy the research objectives.

The results of this research study indicate that South African consumers' have a high intention to purchase authentic luxury fashion brands versus a low intention to purchase counterfeit products.

### **Key terms:**

Marketing; counterfeit; non-deceptive counterfeit product; brands; luxury brands; brand value; fashion; consumer behaviour; decision-making; South Africa

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# CHAPTER 1

## INTRODUCTION

*“...counterfeiting is a serious and growing problem worldwide, occurring both in less and well developed countries.” (Ergin, 2010:2181)*

### 1.1 INTRODUCTION

Counterfeiting is a term describing “...the reproduction or replicated version of the genuine article” (Teah & Phau, 2001:1) with products often being referred to as fakes, copies, knockoffs and replicas (Nellis, 2011). The act of counterfeiting is a phenomenon that was first thought to be of minor significance to manufacturers (Ergin, 2010:2181). However, as time has passed the world has come to realise this is not the case, as the illicit industry today accounts for an estimated 5%–7% of total world trade (Kim & Karpova, 2010:79).

This chapter provides an overview as to the research study. Firstly, the purpose of the study is discussed, followed by a background sketch of the counterfeit problem that organisations are facing and the effect that the availability of counterfeit products has on a consumer’s intention to purchase authentic brands versus counterfeit products. After a background sketch has been made, the research question, research objectives and the significance of the study are then discussed. Once the gap that the research study fulfils within academic literature has been explained, a brief discussion of the research methodology employed is provided. The chapter will then conclude with chapter outlines of the study.

### 1.2 PURPOSE OF THE RESEARCH STUDY

The purpose of this research study was primarily to provide a descriptive analysis of South African consumers’ intentions to purchase authentic luxury fashion brands versus counterfeit products. Secondly, the research study sought to examine if various demographic groupings differ in their purchase intention towards authentic brands and counterfeit products.

This research study took on a consumer-centred approach in an attempt to evaluate purchase intention towards authentic and counterfeit luxury fashion

branded products by South African consumers. The study therefore essentially aimed to describe consumer demand for authentic and counterfeit products in South Africa which is an area in academic literature that has received very limited attention up until now. The purpose of the research study was to provide local and international organisations with an understanding of South African consumers' purchase behaviour towards both authentic and counterfeit luxury fashion brands, so that marketers might refine and enhance existing marketing strategies.

### **1.3 BACKGROUND SKETCH OF THE STUDY**

The act of counterfeiting products; the production and sale of products that appear to be the same as the authentic product (Penz & Ströttinger, 2005:568), is a well-known problem and a problem that has been and will be around for many years (Chaudhry & Zimmerman, 2009:7; Frerichs, 2008:19). Bate (2008:1) states that "As long as people have been in the business of inventing, others have been in the business of faking their inventions". The fact is that whenever there is money or a profit to be made off the sale of a product, other manufacturers will seek to counterfeit that product in order to tap into the original profit-making strategy, regardless of whether or not it is seen to be legal, ethical or even moral to society (Zaichkowsky, 2006:ix).

However, what many consumers and brand owners are not always aware of with regard to counterfeiting is the degree of damage that counterfeiting causes, as well as the extent to which this illicit trade is spreading worldwide (Hopkins, Kontnik & Turnage, 2003:1). It is an industry that poses considerable economic and societal problems to both less- and well-developed countries (Ergin, 2010:2181; Kim & Karpova, 2010:79; Ha & Lennon, 2006:298).

Counterfeiting has grown by over 10,000% in the last two decades, accounting for about 5%–7% of total world trade, which roughly estimates to an industry that generates more than \$600 billion annually (IACC, [n.d.]; Turunen & Laaksonen, 2011:468). The growth of the counterfeit industry can be attributed to many things. Phau, Teah and Lee (2009b:3) state that one of the reasons for the growth of this industry can be linked to the increase in global trade and the development of new markets. Chaudhry and Zimmerman (2009:19) further identify seven forces behind the growth of the counterfeit industry, namely "...low



cost high technology which results in low investment high profits; globalization and lower trade barriers; consumer complicity; expansion of channels and markets; powerful worldwide brands; weak international and national enforcement and finally high tariffs and taxes". Despite all these reasons, it can be said that there would be no counterfeit market if the consumer had no demand for the product. Therefore the counterfeit industry is a problem that is mostly propagated by consumer demand (Turunen & Laaksonen, 2011:468; IACC, [n.d.]; Bian & Moutinho, 2011:192).

In order to understand consumer demand for counterfeit products, a distinction must first be made between the two transactions that a consumer can make. Heike (2010:161) and Penz and Ströttinger (2005:568) identify two instances in which consumers purchase counterfeit products, that of deceptive counterfeiting, where the product presented is made to deceive or trick the consumer into believing it is the authentic product, and that of non-deceptive counterfeiting, where people knowingly purchase the counterfeit product. Consumer non-deceptive counterfeiting purchases are investigated in this study.

The counterfeit industry would also not be present if it were not for the existence of brands and what they represent in the mind of the consumer (Penz & Ströttinger, 2005:568). Branded products that are successful often charge higher premiums as consumers over time have come to believe they represent better quality, more unique styles and features in their product offerings (Bian & Moutinho, 2009:368).

Branded products are important to consumers as they create a sense of achievement and promote individual identity (O'Cass & Frost, 2002:67). Organisations invest vast amounts of money into their brands, hoping to create a belief among customers that their brands are prestigious and exclusive. However the more an organisation seems to invest in promoting its brand name to consumers, the more susceptible the brand becomes to counterfeiting (Commuri, 2009:86).

At the heart of the counterfeit issue are illicit traders who affect the brand value and equity of authentic products by replicating products that imitate the promise of authentic branded products' superior quality, customer support and product

benefits without the actual fulfilment of the promise (Hopkins *et al.*, 2003:1). Therefore a firm that imitates another brand's offering is exploiting that brand's equity for its own gain (Zaichkowsky, 2006:1, 11).

Counterfeiters can be seen to exploit all product categories; from the shoes we wear to the toothpaste we use (Bian & Moutinho, 2009:368). However, products that are usually targeted by counterfeiters are usually products that are easy to produce and have high brand image, for example clothing (Penz & Ströttinger, 2005:568). Phau, Sequeira and Dix (2009a:262) further assert that amongst all counterfeit products it is luxury fashion brands in particular that are extensively being targeted by counterfeiters. These include products categories such as clothing, watches and wallets for example. Kim and Karpova (2010:79) go on to emphasise that counterfeiting is a severe issue within the fashion industry, which consequently fits as, according to O'Cass and Frost (2002:68), "...there is no single factor that dominates the modern popular culture psyche as much as fashion". The most popular counterfeit markets according to Ergin (2010:2181–2182) are the clothing, handbags, watches, accessories, shoes and jewellery markets. This indicates that it is essential to investigate the issue of counterfeit luxury fashion goods because the variety of products being counterfeited is vast (Frerichs, 2008:20). Therefore for the purpose of this study *luxury* fashion branded products were under investigation as, according to Nia and Zaichkowsky (2000:485) many non-deceptive counterfeit purchases are made up of luxury fashion branded products.

#### **1.4 THE RESEARCH QUESTION**

The intention of South African consumers' to purchase authentic luxury fashion brands versus counterfeit products was investigated in this study. Previous research has had a strong focus on the supply side of the counterfeit industry (Penz & Ströttinger, 2005:568). Where the literature falls short, however is research on the consumer demand for counterfeit products (Heike, 2010:160; Penz & Ströttinger, 2005:568), but more so on the demand that consumers of emerging economies have for counterfeit products. Therefore, the aim of this research study was to describe South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

The research question formulated from the preliminary literature review is therefore as follows: What is the intention of South African consumers to purchase authentic luxury fashion brands versus counterfeit products? From the stated research question, primary and secondary research objectives were formulated and are discussed next.

#### **1.4.1 Primary research objective**

The primary research objective for this study was to describe South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

#### **1.4.2 Secondary research objectives**

The secondary research objectives for this study were:

- To identify most frequently purchased authentic luxury fashion branded products within the product categories of watches, sunglasses, apparel/ clothing, leather and leather accessories, and shoes.
- To identify most frequently purchased counterfeit luxury fashion branded products within the product categories of watches, sunglasses, apparel/ clothing, leather and leather accessories, and shoes.
- To determine the purchase intention of South African consumers' towards authentic and counterfeit luxury fashion branded products.
- To examine where most South African consumers' purchase counterfeit products.
- To determine average amount spent on authentic luxury fashion brands versus counterfeit products.
- To determine if there is a relationship between age and consumers' intention to purchase authentic or counterfeit luxury fashion branded products.
- To examine if there is a relationship between race and consumers' intention to purchase authentic or counterfeit luxury fashion branded products.
- To determine if there is a difference between male and female consumers in their intention to purchase either authentic or counterfeit luxury fashion branded products.

- To investigate if geographic regions differ in their intention to purchase authentic or counterfeit luxury fashion branded products.
- To determine if current socio-economic status has an impact on consumers' intention to purchase authentic or counterfeit luxury fashion branded products.
- To identify areas of future research in the field of purchase intention of authentic and counterfeit luxury fashion brands.

## **1.5 SIGNIFICANCE OF THE STUDY**

The significance of this study lies in the fact that limited research studies have examined the demand side of the counterfeit industry (Heike, 2010:160; Penz & Ströttinger, 2005:568) and even less research has been conducted on emerging markets demand for or purchase intentions towards counterfeit products. Therefore this study aimed to bring to light the gap in academic literature by investigating South African consumers' intention to purchase authentic or counterfeit luxury fashion brands.

Investigating the demand for counterfeit luxury fashion branded products in Africa and, in particular, South Africa is important because a new trend in counterfeit trade has arisen, namely that Africa is being utilised as a “transit route” for counterfeit merchandise. This poses a threat not only to many European and American markets but also becomes a direct threat to Africa (Meissner, 2010).

The South African Institute of Intellectual Property Law (SAIPL, [n.d.]) also reports that South Africa in particular is being targeted by counterfeiters as a “dumping ground” for counterfeit products, whereby annual losses due to the illicit trade are roughly R200 billion and one of the main drivers of this industry is due to consumer demand for counterfeit products (Norton Rose, 2011).

This research study therefore sheds light on South African consumers' intentions to purchase authentic or counterfeit luxury fashion branded products. The study not only examines the global counterfeit problem but places specific emphasis on the South African counterfeit industry. Local and international organisations will stand to benefit from the findings of this study.

## **1.6 RESEARCH METHODOLOGY**

In order to investigate the above research objectives, sound methodology needed to be employed.

### **1.6.1 Research design**

For the purpose of this study the researcher opted to utilise a descriptive mixed method research design. This descriptive research approach was selected as results of such an approach can be used to potentially uncover the frequency with which something occurs. More importantly, this approach can be used to determine the relationship between different variables (Iacobucci & Churchill, 2010:59). An important consideration when planning the descriptive research design was in deciding whether to utilise a qualitative or quantitative research approach. This study made use of a mixed method approach, and therefore the researcher utilised both qualitative and quantitative data in order to answer the research question (Hesse-Biber, 2010:3).

The main difference between the two approaches is that *qualitative research* addresses research objectives through methods that allowed the researcher to make interpretations about marketing phenomena. Hence, such data focused on discovering true feelings and new insights without the use of statistical evidence (Zikmund & Babin, 2010b:131). Therefore the preliminary survey made use of a qualitative research approach as the researcher first needed to discover which authentic and counterfeit luxury fashion brands South African consumers had purchased in the past. Once a set of luxury fashion brands were identified, they were then incorporated into the main research instrument of the research study. The main research instrument then followed a quantitative research approach. *Quantitative research* is concerned with numbers and statistics and therefore one of the main reasons for using quantitative research was to develop meaningful segmentation and furthermore to give an account of usage and attitudes (Bradley, 2010:264) and this was in line with the objectives of the study.

### **1.6.2 Sampling**

The sampling methodology that the study employed was probability sampling. This methodology was selected as it is based on the concept of random

selection, and controlled procedures ensure that each respondent is given a non-zero chance of being selected; therefore each respondent had a known chance of being selected to participate in the research study (Cooper & Schindler, 2008:380; Aaker, Kumar & Day, 2007:386). Probability sampling was also selected as the preferred sampling methodology for the research study since it allowed the opportunity to generalise findings to the selected target population as well as demonstrate representativeness of the sample (Cooper & Schindler, 2008:380; Aaker *et al.*, 2007:386). The probability sampling method that was utilised was that of a multistage design (Aaker *et al.*, 2007:388–392), starting with a stratified sample. This sample was compiled through the use of a list which was representative of the selected population of interest (UNISA students residing in Gauteng, KwaZulu-Natal and the Western Cape) which was based on existing information (Aaker *et al.*, 2007:388; Zikmund & Babin, 2007:277). Stratified sampling was selected because random sampling error is reduced as each group was homogeneous. Moreover, a smaller standard error would result due to groups being adequately represented when the population was combined and therefore representation is more accurate (Zikmund & Babin, 2007:277). The second stage in the sampling method was dividing the strata of each region into gender-specific strata for representativeness of the sample required. Each gender-specific stratum was then divided in terms of statistics in that specific region utilising the Higher Education Data Analyzer (HEDA), the institutional information and analysis portal of UNISA (Data for 2011). After stratifying the sample the final stage in the multistage design was that of systematically sampling each group. The (nth) number of individuals per subgroup was divided by the required sample size, which presented the skip interval for the selection of respondents.

The motive behind a multistage sampling methodology for the research study was that objectives were best reached and representativeness of the target market was assured. Further reasoning for the selection of the stated methodology was that the researcher could gain easy access to student information (list) with the assistance of the Bureau of Market Research (BMR) and ICT at UNISA.

### **1.6.3 Pre-testing the research instruments**

Before data collection could be done, two pre-tests were conducted. A pre-test according to Burns and Bush (2010:354), can be defined as "...a dry run of a questionnaire to find and repair difficulties that respondents encounter while taking the survey".

The first pre-test that was conducted was on the preliminary survey (to determine the various authentic luxury fashion brands and counterfeit products that were to be utilised within the main research instrument). The second pre-test that was conducted was done on the main research instrument that would ultimately satisfy research objectives. Both pre-tests were conducted to minimise errors that could have potentially occurred, and to improve questions that respondents misunderstood or found difficult to respond to.

### **1.6.4 Data collection**

The data collection methodology that was employed for the research study was a survey. Two web-based self-administered questionnaires were distributed to selected UNISA students via e-mail. The preliminary survey dealt with past authentic and counterfeit purchases and the main research instrument dealt with purchase intentions consumers have towards authentic and counterfeit luxury fashion branded products. Within the e-mail, respondents were asked to follow a web link, which redirected them to the LimeSurvey® platform on which the survey was presented and responses were captured.

### **1.6.5 Data analysis**

The qualitative data that was collected in the preliminary survey was analysed by means of content analysis. Once all data had been cleaned, themes were then identified and all brands were frequency counted to indicate brands that consumers had previously purchased.

The identified brands were then incorporated into the main research instrument. The quantitative data that was collected in this survey was then analysed by means of SAS JMP Version 10. Data was then cleaned, edited and coded and thereafter presented by means of frequency counts, which were illustrated in bar, pie and tabular format. Relationships between various constructs were tested

utilising analysis of variance (ANOVA) as well as the Kruskal-Wallis and Wilcoxon tests. All results obtained for the study will be discussed further in chapter 6 (page 113).

## **1.7 LIMITATIONS OF THE STUDY**

All key considerations were taken into account when investigating South African consumers' intentions to purchase authentic luxury fashion brands versus counterfeit products. However various limitations can be associated with this research.

The results obtained in this research study are limited to the targeted sample of the regions of Gauteng, KwaZulu-Natal and the Western Cape. These regions were selected because, according to the literature, these areas are where most counterfeit activity occurs in South Africa (Naidu, 2005) and therefore the study cannot be generalised to the South African population as a whole. Another limitation of the study is that students who did not have regular access to the internet were not able to participate in the study, thereby reducing generalisability to only the population subgroups selected for investigation that did have access to the internet on a regular basis. Selected brands for inclusion in the main research instrument were based on a frequency count, and were thus regarded as the past most purchased brands from particular product categories. A limitation, however, is that not all individuals have the same interest in the selected brands. Intention could thus have been affected due to specific brands being stated. Further limitations for the study are addressed in chapter 7 (page 157).

## **1.8 CHAPTER OUTLINES**

The chapter outlines below indicate the direction of the research and paint a picture of what was investigated.

### *Chapter 1: Introduction*

The purpose of the research study is stated, and then a background sketch is given of the counterfeit industry in modern-day society, consumer needs for branded products and consumer demand (intention to purchase) for authentic luxury fashion branded products versus counterfeit products. The research



question, objectives and the significance of the study are then provided. This is followed by a brief explanation of the research methodology employed.

### *Chapter 2: Impact of counterfeiting*

This chapter deals with the impact counterfeit products have on the society in which we live, through a detailed explanation on the global counterfeit problem to that of a South African, and from an industry to an individual perspective.

### *Chapter 3: Brands and branding*

In this chapter a detailed look into branding is given to explain how the need and opportunity for counterfeits have arisen, thus highlighting the importance of brand value in the mind of the consumer.

### *Chapter 4: Consumer behaviour*

In this chapter consumer behaviour and decision making are explored. Individual and group factors that affect a consumer's behaviour to purchase are identified and discussed.

### *Chapter 5: Research methodology*

A detailed explanation of the research design is given in this chapter, so that the reader has a comprehensive understanding of how the research problem was investigated.

### *Chapter 6: Data analysis and interpretation*

This chapter provides the reader with a detailed analysis of data that was collected through the investigation of the subject matter.

### *Chapter 7: Conclusions and recommendations*

The last chapter is a summative explanation as to the main findings resulting from the research that was conducted. Furthermore delineations and limitations of the results are explained and recommendations are made to build on the body of knowledge pertaining to that of branding and counterfeiting.

## **1.9 SUMMARY**

This chapter provided an overview of what the research study is about and what it aimed to achieve. Firstly, the purpose of the study was stated, followed by a background preliminary literature review. The research question, objectives and research design were then discussed. The limitations of the research study were next identified followed by chapter outlines.

# CHAPTER 2

## IMPACT OF COUNTERFEITING

*“As long as people have been in the business of inventing, others have been in the business of faking their inventions.” (Bate, 2008:1)*

### 2.1 INTRODUCTION

Counterfeiting is believed to be as old as markets themselves (Haie-Fayle & Hübner, 2007). An illicit trade that was once thought to be of minor significance and almost unnoticed (Heike, 2010:159) has grown exponentially in the last few centuries.

Currently the illicit trade makes up approximately 5%–7% of total world trade (Kim & Karpova, 2010:79). Experts at the International Chamber of Commerce (ICC) estimate by 2015 the counterfeit industry will have grown about \$1.7 trillion with a projected 2.5 million jobs being potentially lost (ICC, 2011). With such figures in play it becomes evident that the counterfeit industry has an immense and ever expanding nature.

The illicit counterfeit industry however is not merely responsible for loss of revenue and jobs; the impact of such an industry can be seen to be far further reaching. Therefore the aim of this chapter is to provide an understanding of the concept of counterfeiting by firstly providing a historical etymology and then defining the term “counterfeit”. An explanation of the origins of counterfeiting is then given; followed by an in-depth analysis of the counterfeit industry as a whole, with particular emphasis on what drives the supply of counterfeit merchandise, the main producers (sources), distribution methods that suppliers utilise to get products known (promotion) and to destined consumers (place) and the markets that are targeted for sale of such produce. The selected target markets are then classified and the direction and focus of the study regarding the demand that consumers have for counterfeited merchandise are considered by looking at what drives consumers to demand merchandise, what types of products are being produced (product) and the highest demand thereof. Finally, the chapter concludes with the impact that counterfeits have on society.

## **2.2 COUNTERFEIT: ETYMOLOGY AND DEFINITION**

The word *counterfeit* is a term that can be seen to be synonymous with fake, knock-off, copy and replica (Nellis, 2011). It possibly derives from 1250–1300 from the Middle English *countrefet* which meant false or forged, the Anglo-French word *cuntrefet* and the Old French *contrefait* meaning to copy, imitate or equivalent to (Dictionary.com, 2011).

For the purpose of this study the term “counterfeit trademark goods” is defined according to the World Trade Organisation (WTO) Trade-Related Aspects of Intellectual Property Rights (TRIPS agreement) (World Trade Law, [n.d.]:21) as:

*“...any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation”.*

The ideology behind the term *counterfeiting* attracts many a criminal or illicit trader, due to the fact that fake merchandise makes use of the equity that original merchandise has built up over many years, thus avoiding additional expenditure in getting products known in the marketplace (Hopkins *et al.*, 2003:9). With the benefits an infringer stands to gain, it is no wonder that the counterfeit industry is continuously expanding, however in order to fully understand the attraction to embarking on counterfeiting, the origins of the trade must first be understood.

## **2.3 HISTORY OF COUNTERFEITING**

According to Chaudhry and Zimmerman (2009:167), product counterfeiting is most likely to have emerged many millennia ago, with the first signs appearing roughly 5000 years ago in China. It is said that when inventors’ marks started to appear, so did the counterfeiting of such marks; thus such a practice is not new to the world. Furthermore counterfeiting is said to be the world’s “second-oldest profession”, which is a running joke in the realms of intellectual property law (IPL) lawyers due to the longevity of the trade (Phillips, 2005:7). On a more serious note, though, the first reported knock-off or counterfeit is said to have been produced in 27 BC.

In a small glass case at the *Union des Fabricants* (Association of Manufacturers) there is a small object that is considered one of history's very first knock-offs/counterfeits. The modern-day city of Arles in the South of France was at that stage occupied by Romans belonging to the empire ruled by Augustus. Romans that occupied this city enjoyed home-made Italian wine and therefore a network was created with trusted Italian wine producers so that the Italians did not have to drink the local product (Phillips, 2005:7).

Italian wine during that period was considered to be incredibly expensive in contrast to that of the French produce. An "illiterate Gaulish" wine producer noticed that the more expensive Italian wine was only distinguishable from the French wine by a mere stopper that was marked with the name of the producer "Lassisus". The French wine producer decided that in order to obtain a higher profit for his French-produced wine, he would have to create a stopper that resembled that of the Italian wine, and thus pass the merchandise off as genuine Italian produce. There was only one minor detail the wine producer could not replicate, and that was the name on the stopper, due to his inability to write. Though the Frenchmen still tried to resemble the characters that made up the word "Lassisus", to his dismay his work appeared merely to resemble that of "bird footprints" (Phillips, 2005:7).

According to Phillips (2005:8), the counterfeiting of the wine stopper, was not recorded in Roman historical literature, and it is therefore not known if the Frenchmen's knock-off was successful in terms of sales. Nevertheless it is this story about the wine producer that can be seen to have paved the way for counterfeits for the last 2000 years.

It was the "...advent of trademarks" that was and still is used to identify producers of products that created the opportunity for counterfeit merchandise (Chaudhry & Zimmerman, 2009:8). Over the last 2000 years, due to enhanced usage of trademarks by producers, counterfeiting has grown exponentially through the counterfeiting of coinage, inscriptions, pottery, bricks and tiles, artworks, food products, pharmaceuticals and clothing to name but a few.

The first cases of *brand* counterfeiting according to Ergin (2010:2181), only really emerged roughly about five decades ago. Producers of merchandise at the time

thought that such a phenomenon would be trivial to trade but as time went on producers and brand owners soon began to realise this was not the case. It was only around the 1970s that producers really took the phenomenon to be of a serious threat/concern to trade (Phau *et al.*, 2009a:262).

Through the historical portrayal of the origin of counterfeits it can be seen that the exact date of origin is unknown, but what is observable through literature is that it is a trade that has been in existence for many years and furthermore continues to grow today.

## **2.4 THE GROWTH OF THE COUNTERFEIT INDUSTRY**

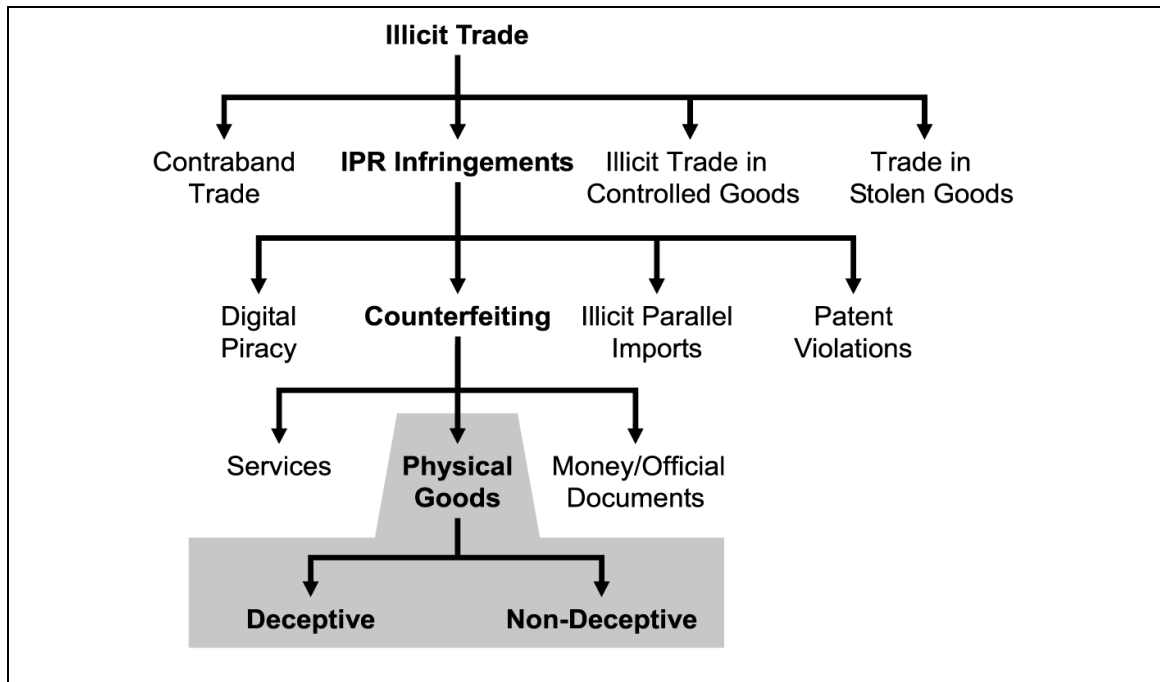
The world of counterfeiting is a long-standing industry as can be seen from the historical breakdown provided; moreover this industry is definitely not one that is to be taken lightly. Heike (2010:159) maintains that the act of counterfeiting, has severely affected international trade and thus also the global economy.

The International Anti-Counterfeiting Coalition (IACC, [n.d.]) reports that within the last two decades counterfeiting has grown more than 10,000%. To better understand this surge in growth, it was reported that in 1982 the illicit trade made \$5.5 billion dollars. In today's society (2011) the act of counterfeiting was reported to have reached an immense \$600 billion dollars yearly, which makes up approximately 5%–7% of world trade (IACC, [n.d.]; Spoor & Fisher, 2008). With such figures in play it becomes imperative to look at the factors causing this growth, and for organisations to evaluate their market to determine the type of individual that are most likely to purchase these goods.

In order to understand the impact of the illicit act of counterfeiting on society today, an understanding of what the industry comprises of is necessary.

## **2.5 THE COUNTERFEIT INDUSTRY**

To see the place of the counterfeit industry in illicit trade, Staake, Thiesse and Fleisch (2009:323) have created a classification system in order to position counterfeiting within the manufacturing industry; this can be seen in figure 2.1 below.



**Figure 2.1:** Classification of counterfeiting and related terms

**Source:** Staake *et al.* (2009:323)

Figure 2.1 above illustrates where counterfeiting fits into the concept of illicit trade, however in order to fully understand the concept of the trade, one must firstly understand the bigger picture into which it falls.

Niam (In: Romulo, 2012) defines illicit trade as “...trade that infringes the rules – the laws, regulations, licences, taxation system, embargoes and all the procedures that countries use to organize trade, protect their citizens, raise the standard of living and enforce codes of ethics”. Illicit trade can then further be broken up into four categories as can be seen in figure 2.1, but for the purpose of this study intellectual property rights (IPR) infringements are the focus.

The World Intellectual Property Organisation (WIPO, [n.d.]) defines intellectual property as “creations of the mind”. This can range from symbols, images and names to specific designs used in business, to name but a few. IPR infringements therefore mean that such “creations of the mind” are utilised without the consent of the rights holder, thereby infringing the owner’s rights. IPR infringements are further broken down into four categories and this study focuses directly on the act of counterfeiting, which in essence is the “...knowing duplication of a product by a party who wishes to usurp the brand or trademark of another” (Hopkins *et al.*, 2003:9). There are certain conditions that motivate infringers to supply such illicit goods to the marketplace. These are discussed next.

### 2.5.1 Driving forces behind the supply of counterfeit merchandise

The Organisation for Economic Co-operation and Development (OECD) compiled a table in 2008 listing the factors that drive supply and the conditions that must be in place for counterfeiters to be enticed to embark on the act of counterfeiting. Table 2.1 indicates such factors.

**Table 2.1:** Factors driving supply of infringements

Driving factor	Condition favouring counterfeiting and piracy	Affected part of industry
<b>Market characteristics</b>		
Unit profitability	High unit profitability	Market potential
Market size	Large potential market(s)	
Genuine brand power	High level of brand recognition or popularity	
<b>Production, distribution and technology</b>		
Production investments	Simple and low-cost equipment	Market exploitation
Technological requirements	Not sophisticated, easy to acquire	
Logistics	Simple and cheap logistics	
Marketing and sale of products	Easy to establish/infiltrate distribution channels	
Ability to conceal operation	Easy to hide illicit operations	
Ability to deceive	Easy to deceive consumers	
<b>Institutional characteristics</b>		
Risk of discovery	Low risk of detection	Market risks
Legal and regulatory framework	Weak laws	
Enforcement	Weak enforcement	
Penalties	Weak sanctions	

**Source:** Adapted from OECD (2008:47).

From the examination of table 2.1 above, it can be deduced as to why counterfeits still exist in today's current market structure. It is furthermore conclusive that it is these factors in most cases that will determine the supply, production and type of merchandise to be produced (Lee & Yoo, 2009:19). According to Haie-Fayle and Hübner (2007), counterfeited and pirated merchandise is being produced and consumed most likely in all markets.

### 2.5.2 Major producers of counterfeit merchandise

Various reports such as that by the OECD (2008), the United States Trade Representative (USTR, [n.d.]) as well as the ICC Counterfeit Intelligence Bureau (CIB, 2009:14–17) state that the main source of counterfeited merchandise is without a doubt the People's Republic of China (PRC) (Haie-Fayle & Hübner, 2007; Meiring, 2008:15).



The major producers of counterfeit merchandise and the number of industries affected in each country are illustrated in table 2.2 below:

**Table 2.2:** Economies listed as sources of counterfeit and pirated products

Country (producer origin)	Number of times listed by industry sectors
China	12
Russia	8
India	7
Thailand	7
Chinese Taipei	6
Turkey	6
Ukraine	6
Poland	5
Italy	4
Mexico	4
Pakistan	4

**Source:** Adapted from OECD (2008:80).

From the above table, it is apparent that China is leading in terms of the manufacture of counterfeited merchandise as well as the diversity of industries in which products are being counterfeited. Counterfeits deriving from China are therefore reported to have been found in 12 different industrial sectors.

According to Chow (2000:3), "...China has the most serious counterfeiting problem in the history of the world and appears still to be on the rise". Hopkins *et al.* (2003:62–63) agree with this statement and go on to state that the reason for the size of China's counterfeit industry can be attributed to the arrival of new technology as the country has become more open to foreign investment.

The production and supply of counterfeited merchandise is merely the beginning of the process of the illicit trade industry. Suppliers need to consider which methods of distribution they will utilise to get products to destined consumers.

### **2.5.3 Distribution of counterfeit merchandise**

The counterfeit industry, as previously stated, is one that is ever-growing (Ha & Lennon, 2006:297–298; Phau & Teah, 2009:15). The reason for the phenomenal growth of the industry is not only because technologies have increased, thereby enhancing the quantity and quality of such merchandise, packaging and labelling resemble those of the original or even that pricing benefits are associated with gaining the same status level as with the original product. It is through increased

intensity of distribution in the market that consumers are becoming more aware that such merchandise actually exists.

According to the World Customs Organisation (WCO) (2011), counterfeit products have traditionally been distributed through “fly-by-night networks, street corner vendors and street stalls”. The OECD (2008:82) states that traditionally it is the informal markets that have been highly targeted due to the loosely controlled supply chains. The manufacturers of counterfeit goods are therefore less likely to be linked to the sellers, and the marketing of such products is at a lower risk. Further examples as to markets to which counterfeit goods are supplied to are (OECD, 2008:82):

- Mobile vendors
- Bars
- Clubs
- Car boot sales
- Street markets

Over the years the distribution of counterfeited merchandise has expanded and Haie-Fayle and Hübner (2007) point out that counterfeit merchandise is no longer sold solely on shady street corners. Distribution of merchandise has extended to regular distribution channels, and products are bypassing the regular quality/rigour procedures and ending up in supermarkets next to genuine merchandise. This is a rising trend that should be of serious concern to today’s consumers (OECD, 2008:81).

Another distribution method appears to be that of trade fairs; this method is targeted not only due to the ease of infiltration into the market, but also because it is where multiple international transactions occur. Counterfeiters take advantage of trade fairs due to their duration and the concentration of industry sectors found at such events. In most cases trade fair participants are unsure of IPRs or do not have the available funding or foreign country knowledge to seek legal advice within the short period of the trade fair (OECD, 2008:82).

From the above distribution methods it is easy to see how the distribution of counterfeited merchandise has expanded over the years. However it must be

noted that it has also been the advent of the internet which has greatly fuelled the distribution of counterfeit merchandise, as through distributing counterfeit merchandise online, tracking or identifying counterfeiters becomes an impossible task and distribution of merchandise becomes global.

The International Trademark Association (INTA) states that with the distribution of counterfeit products online, sellers are more accessible to their target market and are thus not limited by “brick and mortar”, anonymity of the seller is well confined and criminals of the illicit trade can fool the customer into believing that the merchandise is genuine a lot easier, as merchandise is only received after payment (INTA, 2009:1). Lee and Yoo (2009:21) concur and add that not only do counterfeiters now have an opportunity to go global at a lower cost, but sellers are now able to reach consumers around the clock and such a resource has the opportunity to greatly expand sales of merchandise. Further advantages to counterfeiters of using the internet for the distribution of merchandise, according to the OECD (2008:81–84), are that sellers have flexibility while using the internet as a platform, as sellers can be located anywhere in the world and sites can easily be closed down or opened up.

The ways in which counterfeiters make use of the internet in selling illicit merchandise are through the use of (OECD, 2008:83; Lee & Yoo, 2009:21):

- Online auction sites
- Stand-alone e-commerce sites
- E-mails known as spam

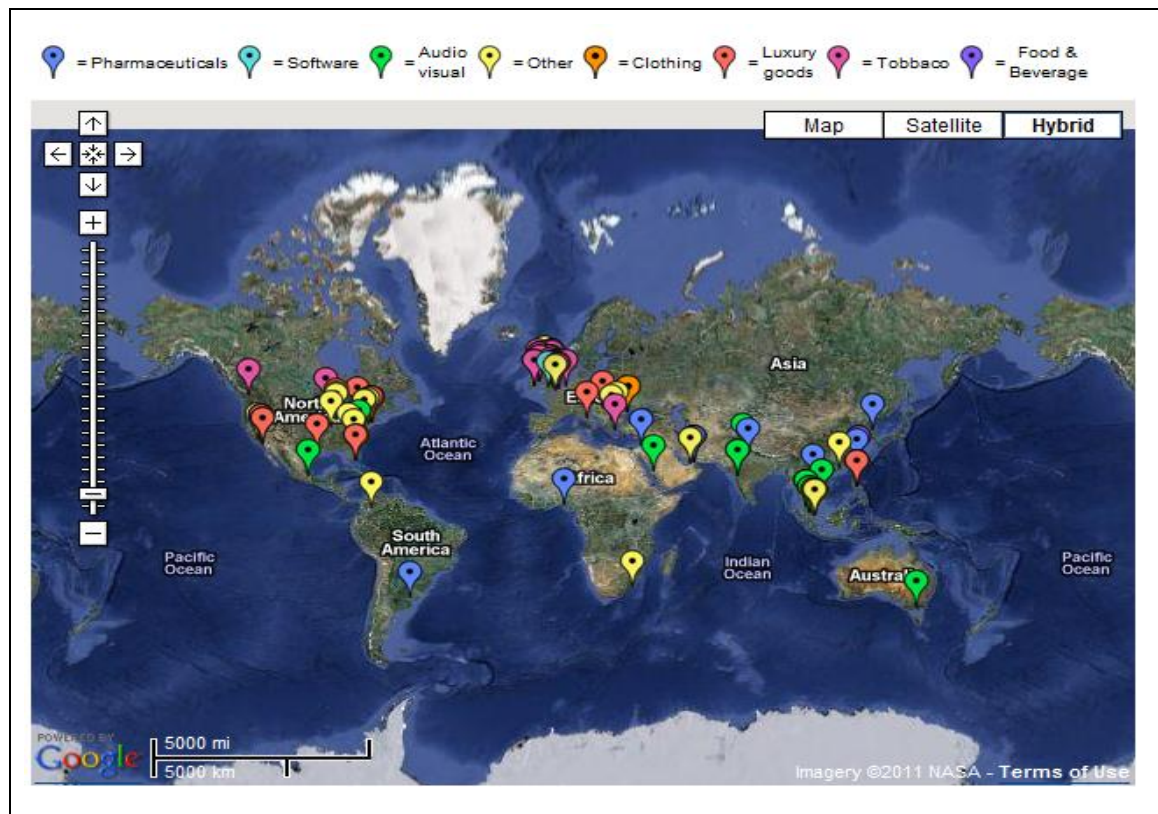
With such a vast array of distribution methods available to illicit traders, it becomes apparent why counterfeit products are being sold at such a high frequency and why the industry is growing so substantially. The following section will now address where products are mostly destined to end up.

## **2.6 COUNTERFEIT PRODUCT DESTINATIONS**

Having discussed the distribution methods currently employed by counterfeiters, it is thus deemed fit to discuss where such merchandise is destined for and the current trends with regard to counterfeit destinations.

## 2.6.1 Counterfeiting: A global perspective

Within the background sketch of the counterfeit industry, it can be seen that the problems that arise from counterfeiting are of international/global significance (Ergin, 2010:2181; Heike, 2010:159; Penz & Ströttinger, 2005:568; Ha & Lennon, 2006:297). This global problem can best be illustrated by figure 2.2 below, which shows the number of live seizures that occurred in 2010.



**Figure 2.2:** Counterfeiting Intelligence Bureau (CIB) live counterfeiting seizure map 2010  
**Source:** ICC Commercial Crime Services (2011)

The above map shows the number of product seizures and the product categories that were seized worldwide in 2010. It can therefore be deduced that the counterfeit industry is incredibly widespread and what is most concerning about such a trade is that the estimated figures are not a complete representation of the actual size of the market. What has been estimated thus far has been in relation to seizures that authorities have actually made (Chaudhry & Zimmerman, 2009:11–12).

The OECD report of 2008 provides a table of how the counterfeit market fared for 2003–2008 (see table 2.3 below), and what appears to be occurring in different areas of the world.

**Table 2.3:** Range of counterfeit and pirated products seized from 2003–2008

<b>Expanding rapidly</b>	<b>Expanding steadily</b>	<b>Unchanged</b>	<b>More limited</b>
Cyprus	Argentina	Andorra	Angola
EC	Canada	Australia	Panama
Ghana	Croatia	Bermuda	Slovak Republic
Hungary	Fiji	Bulgaria	Zimbabwe
Japan	Gabon	Chile	
Korea	Germany	China	
Latvia	Israel	Estonia	
Luxembourg	Mali	Hong Kong, China	
Malta	Norway	Indonesia	
Romania	Poland	Moldova	
Thailand	Russia	Mongolia	
United States	Senegal	Namibia	
	Serbia	Portugal	
	Slovenia	Spain	
	South Africa	Sudan	
	Switzerland	Chinese Taipei	
		Turkey	

**Source:** Adapted from: OECD (2008:70).

Table 2.3 above provides further evidence of the increasing size of the counterfeit market and is further indicative that the industry is far from slowing down; if anything it is increasing at a rapid rate. One of the latest trends in terms of destinations of counterfeited merchandise, says Meissner (2010), is Africa, which is being increasingly targeted by counterfeiting nations and being used as a “transit route”. This poses a threat to American and European markets, but more so, it increases the infiltration of counterfeit merchandise in Africa.

### **2.6.2 The attraction of Africa for counterfeiters**

The African continent is a great attraction to counterfeiters due to economies being considered developing in nature. One of the most prevalent attractions in the destination of counterfeit goods to the African market is that products are being rerouted to Africa in an attempt to disguise the counterfeiter’s country of origin (Haman, 2010:345; Meiring, 2008:15), and thereby making Africa a “dumping ground” for counterfeit merchandise (Meissner, 2010).

Further attractions to the African market (Meissner, 2010) are:

- The increasing trade links between Africa and China.
- The continent’s porous borders.
- The fact that African governments do not share information regarding fake goods.

- The fact that many Africans do not consider the trafficking of counterfeits to be a serious crime.

According to the South African Institute of Intellectual Property Law (SAIPL, [n.d.]), South Africa in particular has been targeted as a dumping ground for counterfeit merchandise. SAIPL [n.d.] indicates that since 1997 counterfeit seizures occurring within the South African market have amounted to R600 million.

## **2.7 COUNTERFEITS: THE SOUTH AFRICAN MARKET**

South Africa is considered to be one of the economic leaders amongst developing countries (Loots, 2000:7). The attraction to counterfeiters in entering the South African market may be attributed to South Africa becoming a part of the “global village” at a slower pace, as the country initially did not get all the brands that other key countries were being exposed to. The reason for this was that pre-1994 the country was under autocratic rule, which other countries opposed. During this period many European and other developed countries imposed sanctions against South Africa, prohibiting any exports to the country. International sanctions also did not allow the citizens of South Africa the opportunity to invest abroad (Loots, 2000:15). It was only post-1994 that the country became more exposed to internationally branded products. Once South Africa had been accepted back into the “community of nations” in 1994, many challenges arose as well as many opportunities (Du Plessis & Rousseau, 2003:166).

Prior to 1994 only the wealthy brought back luxury or international merchandise from overseas. However, after 1994, the counterfeiting of luxury brands hit South Africa hard. A vast array of products was made available to the citizens of South Africa and brand names and trademarked clothing became available to citizens virtually overnight (No to Fakes, 2011).

The continued counterfeiting in South Africa can be linked to the high unemployment rate the country faces. This is what makes the country an ideal and lucrative dumping ground for counterfeit merchandise. The hawkers form the

final link in this illicit industry, as these are individuals that try to make a living from selling the counterfeit products (No to Fakes, 2011).

Haman (2009:345) suggests that counterfeiters could also be interested in the South African market due to South Africa having a variety of ports. This facilitates penetration into the African market as a number of African countries are landlocked (see appendix A, page 175).

SAIPL [n.d.] asserts that counterfeits can be seen mainly in product categories such as eyewear, watches, shoes and clothing; however, counterfeit activities have become more sophisticated and have extended to various other product categories as well. Fadela Slamdien, a reporter for the *West Cape News* (2010), reports that experts are becoming increasingly concerned with the number of counterfeit clothing imports that are entering the market. Slamdien (2010) further states that the market for counterfeit branded clothing designer products has increased dramatically and large volumes of such merchandise are being imported from countries such as China, Bangladesh and Vietnam.

Naidu (2005) points out that counterfeit goods in South Africa are found mostly in the provinces of Gauteng, KwaZulu-Natal and the Western Cape, and the Southern African Federation Against Copyright Theft (SAFACT) maintains that O.R. Tambo Airport in Johannesburg lends itself to being a major gateway for inbound counterfeit goods (SAFACT, 2009). Itumeleng Mogaki (2004), an ITWeb junior journalist, reported that South Africa was rated sixth out of the top seven countries with the most counterfeit activity, with seizures and losses of R8 954 348 in the September of 2004. South Africa was then rated 16th out of the top 20 countries in 2008 in terms of IP violations with losses of up to \$21 million (Spoor & Fisher, 2008). It is clear that South Africa is a key target in the eyes of the criminals that manufacture and sell counterfeit merchandise, with fashion being one of the top counterfeited goods.

For supplier efforts however to be successful there has to be a demand for products within the marketplace.

### 2.7.1 Demand for counterfeit merchandise

In any industry there will always be consumers that desire specific products and those that do not. Therefore it is imperative to consider the target market to establish demand for counterfeit products. Consumers can be segmented into market groups, distinguishing between consumers that actively look for counterfeits and those that do not.

Figure 2.1 (page 17) shows the position of counterfeiting within the illicit trade industry. What has yet to be explained is that the diagram also illustrates the various forms that counterfeiting may assume and segments the counterfeited *physical goods* into two forms, namely deceptive and non-deceptive goods. According to the OECD (2008:43–44), deceptive and non-deceptive counterfeit merchandise can be discussed from the viewpoint of two separate markets, namely primary and secondary markets.

**Primary market** – This market is composed of individuals that preliminarily want original non-infringing merchandise from producers. The only possible way for product infringers to enter this market is to deceive prospective customers into believing that merchandise sold to them is genuine. The market is therefore divided into two groups, those with counterfeit merchandise that are unaware of the deception and those with authentic merchandise (OECD, 2008:43).

**Secondary market** – The secondary market is composed of individuals that knowingly purchase products known to be illicit in nature (OECD, 2008:44). The secondary market is the focus of this study, namely individuals who are aware that the products they are purchasing are of a counterfeit/non-deceptive nature and are still willing to purchase the product. Bian and Moutinho (2011:193) maintain that it is only through the choice of non-deceptive counterfeit products that consumers' perceptions of fake, counterfeit merchandise reflect the demand for such produce, which in essence is the core reason for the research study.

Even though governments and industries all over the world fight to combat the growth of the illicit counterfeit industry, counterfeits are still present in today's society because consumers have a demand for such merchandise (Kim & Karpova, 2010:80). Moreover, the demand for counterfeit goods is on the rise as consumers are increasingly chasing the pursuit of status and the desire to be in



tune with fashion and the latest trends (Phau & Teah, 2009:15). Counterfeits have an additional property in that they “...signal an aspiration to be something one is not” (Gino, Norton & Ariely, 2010:712).

### 2.7.2 Driving forces behind the demand for counterfeit merchandise

Once again the OECD provides a comprehensive table (table 2.4 below) of the possible driving forces that can be expected by consumers demanding counterfeit merchandise.

**Table 2.4:** Drivers of demand for non-deceptive infringements

Driving factor	Condition favouring counterfeiting and piracy	Industry factors affected
<b>Market characteristics</b>		
Price	Low price; big difference in price compared with genuine item	Product
Quality and nature of the product	High quality; small difference in quality compared with genuine item	
Ability to conceal status	Easy to conceal infringing nature of the product	
<b>Consumer characteristics</b>		
Health concerns	No or low health impact	Consumer
Safety concerns	No or low potential safety impact	
Personal income	High budget concerns by consumers	
Personal values	Low regard for IPR and related laws	
<b>Institutional characteristics</b>		
Risk of discovery	Low risk of discovery	Institutions
Risk of prosecution	Low risk of prosecution	
Penalties	Weak sanctions	
Availability and ease of acquisition	Easy access and availability of products	
Socio-economic factors	Lack of concern for IPR, etc	

**Source:** Adapted from OECD (2008:54).

Table 2.4 lists the possible reasons or driving factors that could cause consumers to want/demand illicit counterfeit merchandise but in order to understand the demand for such products within the industry, merchandise being sold should be identified.

### 2.7.3 Major counterfeit merchandise

The reason for the longevity of non-deceptive counterfeit products could be due to the customers' demand for such produce. The higher the demand for such merchandise the bigger the supply. Jacobs, Samli and Jedlik (2001:500) state that the most vulnerable products to counterfeit are products that are:

- Highly visible, high volume, low-tech products with well-known brand names, for example a Nike or Adidas T-shirt.
- High-priced, high-tech products, for example the Apple iPhone 5.
- Exclusive, prestige products, such as Louis Vuitton, Gucci and Prada handbags as well as perfumes.
- Intensive research and development high-tech products, for example pharmaceutical and chemical/pesticide products.

The types of products that are most likely to be counterfeited and the sectors in which these products are segmented can be seen in table 2.5 below.

**Table 2.5:** Industrial sectors subject to IP infringement

<b>Examples of industry sectors subject to IP infringements</b>	<b>Industry sector</b>
	Apparel, footwear and designer clothing
	Audio-visual, literary and related copyright work
	Chemicals/pesticides
	Consumer electronics
	Electrical components
	Food and drink
	Personal accessories
	Pharmaceuticals
	Tobacco
	Toiletry and other household products
	Other

**Source:** Adapted from OECD (2008:68).

Table 2.5 above indicates the main industries which counterfeiters are targeting. What is apparent from various reports however is that it is the apparel, footwear and designer clothing section that is being the hardest hit by infringers. Moreover it is luxury designer/fashion branded products that are seen to be the most vulnerable to counterfeiting due to the popularity of the merchandise amongst customers (Teah & Phau, 2001).

The ICC Counterfeiting Intelligence Bureau (2009) reveals that US mid-year estimates for 2008 were that footwear accounted for 36% of total counterfeit seizures, followed by 14% in wearing apparel and 9% in handbags/wallets and backpacks. Therefore 59% of the total value of counterfeit seizures in the US related to fashionable merchandise. Furthermore, the European Union counterfeit industry sector was also led by clothing and accessories with over 25 000 seized cases reported in 2007.

The most popularly counterfeited market, according to Ergin (2010:2181–2182), is “clothing, followed by shoes, handbags, watches, accessories and jewelry”. Phau *et al.* (2009a:262) emphasise that the counterfeiting of *luxury fashion brands* is particularly widespread in categories such as handbags, clothes, watches, wallets and pens, to name a few. Fashion is said to be a highly targeted industry for the counterfeit market, as such products affect one’s social standing and the counterfeit product steps in to cater to the less wealthy. Phau *et al.* (2009a:263) further state that the growth of such an illegal industry can be attributed to consumer demand, as consumers actively seek prestigious accessories or clothing at reduced prices, thereby fuelling their need for “status laden products”. Ergin (2010:2182) concurs and further states that “Luxury counterfeit brands, in particular, satisfy a desire for symbolic meanings such as social and financial status, recognition and superiority”. Therefore for the purpose of the study, luxury fashion branded products and corresponding counterfeits were investigated.

However, in order to understand why individuals in society have such a need for luxury fashion branded products, the perceived value behind the concept of branding needs to be determined. This is therefore discussed in the following chapter. The following section now deals with the impact that counterfeiting has on society.

#### **2.7.4 The impact of counterfeiting on society**

Having an indication of where counterfeits fit into the illicit trade structure and a glance into the supply and demand side of the counterfeit industry, it becomes apparent that this form of industry has several impacts on society.

The OECD (2008:134) provides a comprehensive explanation of the impact of the supply of and demand for counterfeited merchandise. Table 2.6 below illustrates these areas of impact.

**Table 2.6:** Summary of principal potential effects of counterfeiting and piracy

<b>Impact area</b>	<b>Principal potential effects</b>
<b>General socio-economic effects</b>	
Innovation and growth	Reduction in incentive to innovate Possible negative effects on medium and long-term growth rates
Criminal activities	Increase in flow of financial resources to criminal networks, thereby increasing their influence in economies
Environment	Substandard infringing products can have negative environmental effects Disposing of counterfeit and pirated products has environmental consequences
Employment	Shift of employment from rights holders to infringing firms, where working conditions are often poorer
Foreign direct investment	Small, negative effects on levels of foreign direct investment flows; possible effect on structure of foreign direct investment
Trade	Negative effects on trade in products where health and safety concerns are high
<b>Effects on rights holders</b>	
Sales volume and prices	Reduction of rights holders' sales volumes Downward pressures on prices
Brand value and firm reputation	Erosion of brand and firm value
Royalties	Diminished flow of royalties owed to rights holders.
Firm-level investment	Adverse implications for research and development and other creative activities Reduced firm-level investment
Costs of combating counterfeiting and piracy	Costs are incurred for: (1) investigatory work; (2) public awareness initiatives; (3) technical assistance to governments; (4) litigation to fight infringements; and (5) modifications to product packaging to deter counterfeiting and piracy
Scope of operations	Downsizing of rights holders operations Increased risk of going out of business
<b>Effects on consumers</b>	
Health and safety risks	Substandard products carry health and safety risks ranging from mild inconveniences to life-threatening situations
Community utility	Consumers who unknowingly buy counterfeit/pirated products are generally worse off Consumers who knowingly purchase counterfeit/pirated goods are generally not in a position to properly evaluate the quality of the product; there is a substantial risk that utility will fall short of expectations
<b>Effects on government</b>	
Tax revenues	Lower tax and related payments (such as social changes) by rights holders Weak collection of taxes and related charges from counterfeiters/pirates.
Cost of anti-counterfeiting activities	Cost are incurred for enforcement and public awareness initiatives, and for development and maintenance of legal frameworks
Corruption	Bribery and extortion of government officials to facilitate counterfeiting and piracy operations weaken the effectiveness of public institutions charged with law enforcement and related government activities

**Source:** Adapted from OECD (2008:134).

Ha and Lennon (2006:298) emphasise that the effects of counterfeiting are detrimental to the economy and society. This is due to counterfeiters not paying taxes or “other legal business costs”, thus causing governments to lose legitimate revenue owed. The authors go on to state that public safety and security could well be affected due to counterfeiting being associated with terrorist activities. Counterfeit products also affect brand prestige, brand equity and intellectual property. This has a direct effect on the consumers of genuine merchandise, as such illicit activities drive up the prices of genuine merchandise since producers have to spend additional funds in order to better protect brands (Ha & Lennon, 2006:298).

With the intense detrimental knock-on effect that counterfeiting has, one would think that the industry has to stop somewhere. However, the ICC (2011) estimates that by 2015, the impact caused by counterfeited and pirated merchandise will exceed \$1.7 trillion, with a possibility of more than 2.5 million jobs being at risk (ICC, 2011).

Projections of the industry will never fully be able to account for the full size of the illicit counterfeit industry as “...precise figures are difficult to obtain, not least because of the clandestine nature of counterfeiting” (Jolly & Philpott, 2004:214). The OECD (2008:66,71) agrees that counterfeit products are becoming “increasingly difficult to detect” and that there are no methodologies that could calculate acceptable estimates. Chaudhry and Zimmerman (2009:13) assert that to determine an accurate size for the counterfeit market is virtually impossible.

## **2.8 SUMMARY**

This chapter provided a comprehensive explanation of the counterfeit concept by firstly considering the origins of the counterfeit industry in today’s society. The counterfeit industry was then broken down into three dimensions: the supply side of the illicit trade, the demand aspect of counterfeiting and lastly the impact that counterfeiting has on society today. Through the analysis of the industry it became apparent that the majority of counterfeited merchandise comes from the Asian community with particular reference to China as the world’s largest producing nation. Fashion branded merchandise was identified as being the majority of products being counterfeited and in particular luxury fashion branded

merchandise. The impact of counterfeiting was then explored and reasons for their detrimental impact provided. Consumer intention to purchase counterfeit merchandise or the corresponding genuine merchandise is further investigated through the perceived value that branded merchandise has to the customer. The following chapter therefore explains the need for branded merchandise and the demand for it.

# CHAPTER 3

## BRANDS AND BRANDING

*“Products are created in the factory; brands are created in the mind.”*  
(Wheeler, 2006:8)

### 3.1 INTRODUCTION

Branding is a concept that is hundreds if not thousands of years old but it has only been over the last 50 years that it has become very prominent in marketing and business strategy development (Okonkwo, 2007:9; Blythe, 2009:163; Enslin & Klopper, 2011:3; Laforet, 2010:2; Blackett, 2009:13).

The concept of branding was originally used to indicate to the customer the origin of the product, provide a guarantee of the production methods used and that the organisations owning the brand stood firmly behind what they made (De Mooij, 2010:23). Branding today still fulfils all the above functions, but the branding of products today helps people to define themselves and the world around them and assists individuals in finding their place in the world (Batey, 2008:xiii) by providing intangible value and emotional benefits (De Mooij, 2010:23). This suggests that customers are in search of more than assurance of quality; they are actively searching for meaning in the goods they purchase (Neal & Strauss, 2008:12). Brands and branding therefore provide not only physical products to customers but a holistic experience that stretches beyond the physical and into the psychology of consumers (Smith & Zook, 2011:37). It is for these reasons that brands are considered to be major role players in today's society (Kapferer, 2004:9) and are considered to be one of the most valuable assets a business can own as well as a key source in creating and sustaining competitive advantage in the market environment (Neal & Strauss, 2008:ix).

The aim of this chapter is to provide a background to the concept of brands and branding, by providing a brief overview of the origin of branding, differentiating a commodity product from a branded product, defining the concept of branding and discussing the elements constituting a brand. After the foundations of the concept of brands and branding have been laid, the role and importance of brands and

branding for manufacturers and consumers are then explained with particular emphasis on the consumer.

Through understanding that branding of products creates a value to the manufacturer and consumer, the components that lead to brand value will be explored, after which it will become evident how the need for, and opportunity of, counterfeit branded products has arisen over the years. The following section now discusses the origin of branding.

### **3.2 ORIGIN OF BRANDING**

The ideology behind branding is not new to the world; it is a concept that has been around for centuries (Davis, 2010:4). The first signs of branding can be traced back to ancient Egypt, where brick makers would put symbols onto products to be able to identify them (Batey, 2008:2). Branding was also found in Greek and Roman times, where signs or pictures carved in stone were placed along footpaths and above stores so that consumers would know where shops were and how to gain access to them (Reizebos, Kist & Kootstra, 2003:1; Okonkwo, 2007:13). Shop owners created such signs because of the level of illiteracy at the time (De Chernatony, McDonald & Wallace, 2011:39) therefore and the signage indicated what items were being sold inside. Branding was also used by farmers, who would brand cattle to differentiate theirs from that of other farmers, but also to indicate the difference in quality of stock, which would then assist potential buyers in making a purchasing decision (Blackett, 2009:13–14; Okonkwo, 2007:14). The concept of branding, however, has grown considerably since then.

The idea behind the branding of familiar everyday household products and branding as we know it today originated from a small group of manufacturers towards the end of the 19th century, who believed that by providing a product with a unique name would give it a competitive advantage over unnamed items (Danesi, 2006:1). Blackett (2009:13–15) agrees, stating that it was only really in the late 19th and early 20th century that the branding we know today truly began, and by the 1920s vast numbers of producers had begun to use the concept of branding, as brands were being perceived as something with “personal and lifestyle meanings” (Danesi, 2006:1).



The concept of branding strengthened further in the 20th century as technological innovation started to greatly increase the dissemination of information about branded products. In addition, accessibility to brands became easier due to the increased usage of electronic media (satellite television, the internet and more). True to the prediction made by communications theorist Marshall McLuhan, the usage of electronic media has allowed manufacturers to expand offerings to larger markets, transforming a fragmented world into an “electronic global village”. This shows that the key to branded success in today’s modern society lies behind the concept of *globalisation* (Danesi, 2006:117). Davis (2010:5–6) defines globalisation as the changes that occur in the global environment that allow businesses to compete across borders more easily and more frequently. Hence the concept of branding plays a pivotal role in organisational success.

Having gained an understanding as to the origin and evolution of branding products, the following section now addresses the difference between a commodity product and that of a branded product.

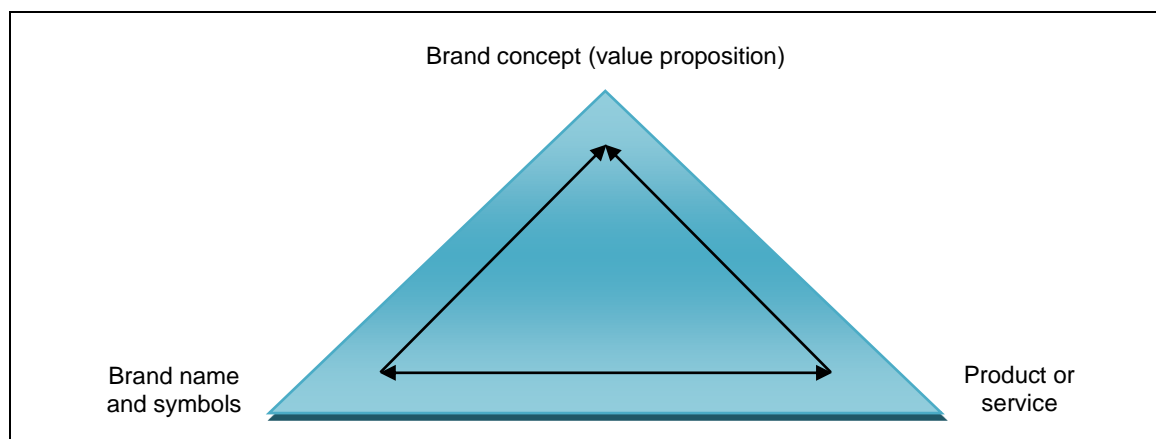
### **3.3 THE DIFFERENCE BETWEEN A COMMODITY PRODUCT AND A BRANDED PRODUCT**

Individuals are often confused between the concepts of a commodity product and a branded product (Verma, 2006:47). Laforet (2010:13) distinguishes between the two: a commodity product will include characteristics that are descriptive of the physical product, its uses and its features. It can be seen as anything that can be offered to the target market to satisfy individuals’ needs and wants (Verma, 2006:47), thereby acting as a problem solver (De Chernatony *et al.*, 2011:14). A branded product, on the other hand, according to Laforet (2010:13), will consider all these aspects, as well as characteristics such as user imagery, emotional, symbolic and self-expressive concepts, organisational associations, brand-customer relationships, brand personality and the source of the product. This means that a branded product will create a more agreeable view of the commodity product as opposed to others already in the market.

Batey (2008:3) identifies four core differences between a commodity product and a branded product:

- Individuals buy products for what they do, but choose brands for what they signify.
- Products are physical items that sit on retailers' shelves, whereas brands exist in the mind of the consumer.
- Products can quickly be seen as redundant, whereas brands are everlasting.
- Products can be imitated by a competitor, whereas a brand is exclusive.

Therefore to summarise, a commodity product is a tangible item that exists in the real world and that only fulfils a need or want, whereas a branded product is not merely a tangible item (commodity product), but a perceptual entity that forms a relationship in the mind of the consumer (De Chernatony *et al.*, 2011:16; Verma, 2006:67). Figure 3.1 below is illustrative as to the system to which a branded product is created.



**Figure 3.1:** The brand system

**Source:** Adapted from Kapferer (2004:12).

From figure 3.1 above it can be seen that when a commodity product receives a brand name or symbol, the branded product is born and a value proposition (relationship) is attached to the product by the consumers in the marketplace.

The following section now addresses how the term *branding* came about and what is understood by the concept in modern-day society.

### 3.4 THE CONCEPT OF BRANDING

As previously stated, the branding of commodity products has grown exponentially in the last few years. Branded products are literally everywhere (Kapferer, 2004:9), and the reason for this growth is that organisations have begun to realise the

power behind naming commodity products. Despite the growth in branding of products, the concept is still highly misunderstood and abused amongst business professionals (Okonkwo, 2007:102). One of the prime points of disagreement is in defining the concept (Kapferer, 2004:9).

### **3.4.1 Branding defined**

The term *brand* is a concept that is said to have been derived from the Old Norse “*brandr*” which means to burn, and therefore indicating “stamped ownership” of an item (Blackett, 2009:13). The term has, however, evolved to mean a great deal more than the initial conceptualisation.

Kotler and Armstrong (2012:255) define a brand as any “...name, term, symbol, design, or a combination of these, that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors”. Calkins (Tybout & Calkins, 2005:1) specifies that a brand occurs when people link a brand to other things, and a branded product is much like a reputation that allows people to form an association with an item or business. Branding also gives products a “symbolic value” (personality and image) and identity, which then serves to enhance the organisation’s brand equity. This in essence is the positioning of a product or service in the mind of the target market (Jooste, Strydom, Berndt & Du Plessis, 2009:217).

Kapferer (2004:5) maintains that a brand is not just a product, but it is what gives a product its meaning and further defines its identity. Keller (2008:5) states that brands can be seen as more than just a product as they have dimensions that differentiate them in comparison with those of commodity products that are intended to satisfy the same need.

There are multiple facets to what a brand actually means; however, for the purpose of this study a brand is defined to be (De Chernatony *et al.*, 2011:31):

*“...a cluster of functional and emotional values that enables organizations to make a promise about a unique and welcomed experience”.*

Having defined the concept of branding, the elements constituting a brand are now explained.

### 3.4.2 Brand elements

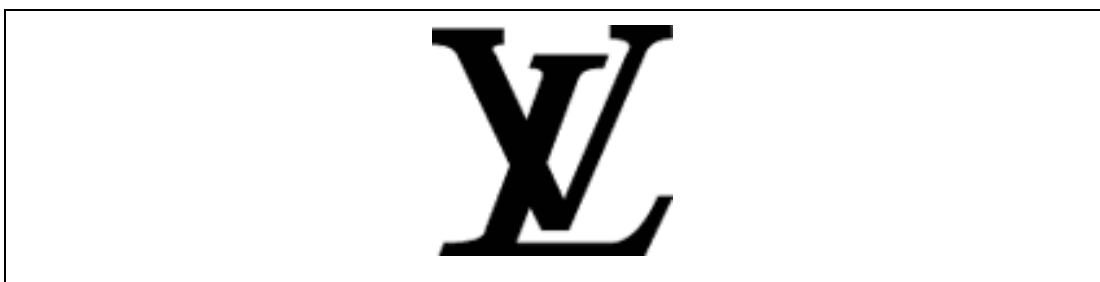
Brand elements are *trademarkable* devices that are used to identify and differentiate a branded product or service from other commodity products or services (Keller, 2008:140). Brand elements are composed of brand names, logos and symbols, slogans, characters, Uniform Resource Locators (URLs), jingles and packaging, and it is the combination of these that essentially make up a brand (Enslin & Klopper, 2011:4).

- *Brand name:* This is an element that captures central themes and product associations and closely ties back to what the product means to the consumer (Keller, 2008:145, 155). Shimp (2010:71) states that brand names have been described as the ‘...Cerebral switches’ that activate images in target audiences’ collective minds”. Figure 3.2 below is an example of a brand name.



**Figure 3.2:** Ray Ban’s brand name  
**Source:** StyleFavs (2012)

- *Brand logos and symbols:* Logos are elements such as symbols, emblems, names or photos, which act as a visual aid and which are used in an effort to communicate an organisation’s product offerings in a more memorable way to the target market (Davis, 2010:8). They are also “...a shorthand way of identifying a brand” (Shimp, 2010:79). Figure 3.3 below is an example of a brand logo.



**Figure 3.3:** Louis Vuitton’s brand logo  
**Source:** goodlogo!com (2012)

- *Slogans:* Slogans are often described as simple messages that describe the brand concept and help to position the product within the market and make it more memorable (Batey, 2008:162–163; Davis, 2010:7). Figure 3.4 below is an example of a slogan.



**Figure 3.4:** Nike's slogan "Just do it."

**Source:** Topdesignmag (2011)

- *Brand characters:* Brand characters are unique types of brand symbols often introduced through packaging designs or advertising campaigns which often take on human characteristics (Keller, 2008:157–158). These characters furthermore assist the consumer in linking the packages and advertisements to a brand (Pride & Ferrell, 2009:332). Figure 3.5 below is an example of a brand character.



**Figure 3.5:** McDonald's brand character: Ronald McDonald

**Source:** Clarke (2012)

- *Uniform Resource Locators (URLs):* URLs, commonly referred to as domain names, are specific locations of organisations' websites (Keller, 2008:154), for example [www.louisvuitton.com](http://www.louisvuitton.com).

- *Jingles:* A jingle, according to Bell (2008:45), is a tone, rhythm or melody that is often used to support a brand's slogan and is often designed to be easily remembered (Jackson & Fulberg, 2003:9), for example Coke's "ooh ooh ooooh..." (Open Happiness campaign).
- *Packaging:* Packaging of a brand is when an organisation designs a container that protects the product; it can also act as a strategic move to help the organisation sell the product to the target market (Shimp, 2010:81). Figure 3.6 below is an example of packaging.

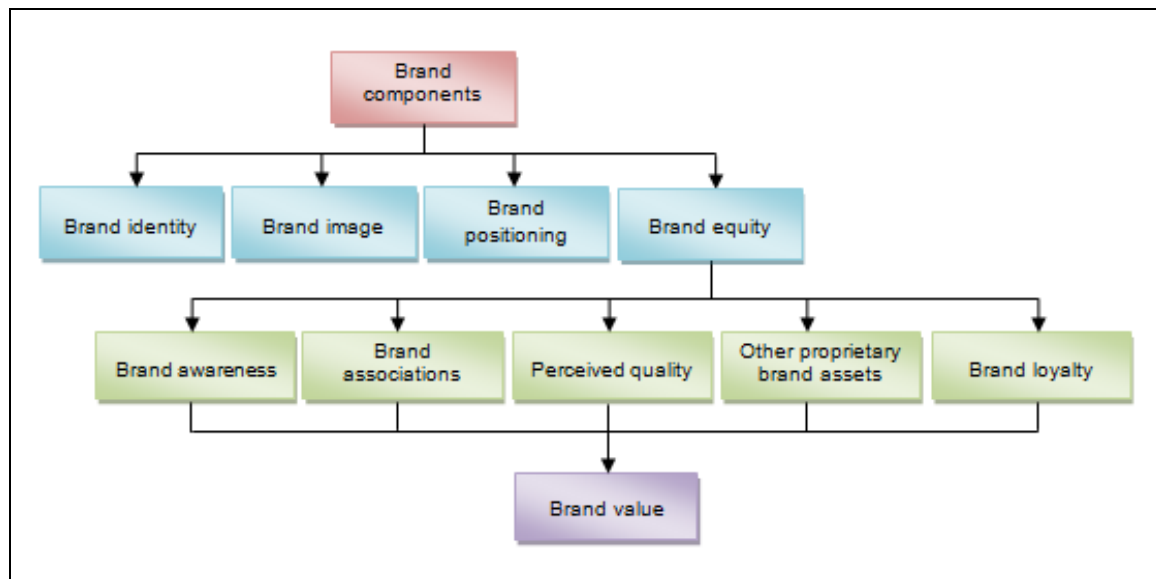


**Figure 3.6:** Gucci packaging materials  
**Source:** GreenBiz.com (2010)

Having gained an understanding as to the elements a branded product comprises of, the components of a brand will now be discussed.

### 3.5 COMPONENTS OF BRANDING

In this section the components which make up a brand are highlighted in order to give a holistic view of branding ideology. Laforet (2010:19) says that branding consists of four components, namely brand identity, brand image, brand position and brand equity. The component of brand equity will be expanded upon in more detail, as it is brand equity that leads to brand value in the luxury fashion branding process (Okonkwo, 2007:128), and this is one of the key reasons why companies utilise the ideology. Figure 3.7 below illustrates the four branding components and how brand value is achieved.



**Figure 3.7:** Brand components

**Source:** Adapted from Laforet (2010:38, 111), Keller (2008:670) and Okonkwo (2007:128).

The first component that will now be discussed is brand identity.

### 3.5.1 Brand identity

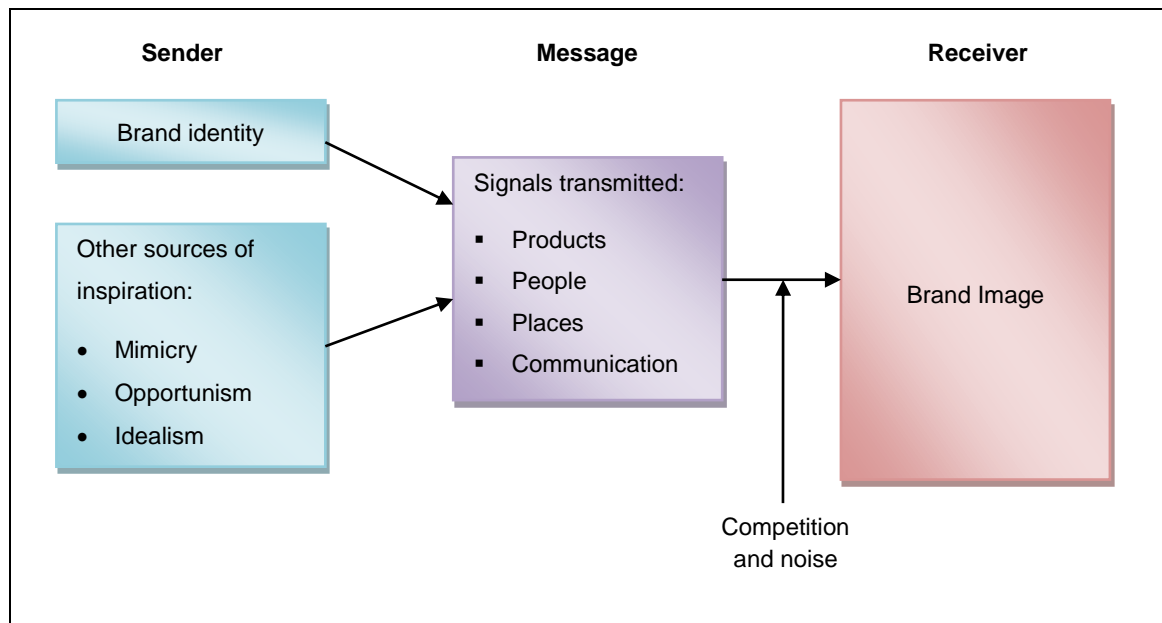
Brand identity is a key component of branding; it is the strategic goal and is essentially what one's brand should aspire to be in the mind of the consumer (Laforet, 2010:19, 111). Brand identity is made up of a unique set of mental and functional associations and it is these associations that imply what the brand stands for in the mind of the consumer.

Brand identity can further be divided into six facets (Laforet, 2010:112–113):

- *Brand physique* – This indicates the physical tangibility.
- *Brand personality* – This is made up of clusters of emotional and functional values that the consumer holds in relation to the branded product; it is when a product can be related to the personality traits with which a consumer can identify (Kitchen & Proctor, 2001:34–35).
- *Brand culture* – This is the part of the brand from which inspiration is drawn.
- *Brand relationship* – This is the brand's ability to connect with an individual.
- *Brand reflection* – This refers to the types of people that are seen to use the branded product.
- *Self-image* – This is where a consumer's identity and image are reflected by the brand.

According to Okonkwo (2007:110), brand identity essentially means what the brand actually is from the manufacturer's point of view, in other words the brand's meaning, what it wants to achieve, what the company seeks the brand to portray and how it should then be perceived or interpreted by the target market (Kapferer, 2004:99).

Figure 3.8 illustrates the concept of brand identity as discussed above, and introduces how the consumer will actually perceive and interpret the brand, which is thus termed brand image.



**Figure 3.8:** Brand identity and brand image  
**Source:** Adapted from Kapferer (2004:98).

As illustrated in figure 3.8 above, once an organisation has created an identity for the product on the market, the consumer will be able to identify the promise the branded product is making and thus becomes aware of what the organisations offers.

The second component of a brand as per figure 3.7 (page 41) is brand image.

### 3.5.2 Brand image

From figure 3.8 above it can be seen that once brand identity has been projected into the marketplace and consumers have received all communication on its promotion, the consumer will be able to match an image to the brand.



Brand image can be defined as the consumer's subjective mental image of the offering, which goes further than mere awareness; it deals with the thoughts and feelings of the brand in the consumer. In other words, it includes symbolic meanings consumers associate with a product (Cretu & Brodie, 2009:276; McDowell, 2006:234; Salver, 2005:92). The next component of branding is brand positioning.

### **3.5.3 Brand positioning**

Brand positioning is somewhat of a new concept in marketing but one which is key to the management of a brand (Beri, 2008:469; Kapferer, 2008:178). It is all about perception – how a brand is seen or perceived by customers (Smith & Zook, 2011:39), but more specifically it deals with the perceptions buyers have about alternative offerings (Beri, 2008:469). Positioning of a brand is at the core of the marketing strategy (Keller, 2008:98), as it is the designing of the organisation's "offer and image" and is what will therefore reside in a distinctive and valuable place in the mind of the targeted consumer.

When a product is positioned at the forefront of the consumers' mind they will most likely purchase that particular brand when another opportunity arises to purchase a product in the same category. Due to past experience and current positioning within the consumers' mind, the consumer will become loyal to the purchase of the particular brand.

The fourth component of branding is brand equity, which forms a critical component to the structure of this chapter.

### **3.5.4 Brand equity**

Brand equity is a concept that was developed in the 1980s (Keller, 2008:37). It is a term that has been misused on multiple occasions and has provoked many questions and debates.

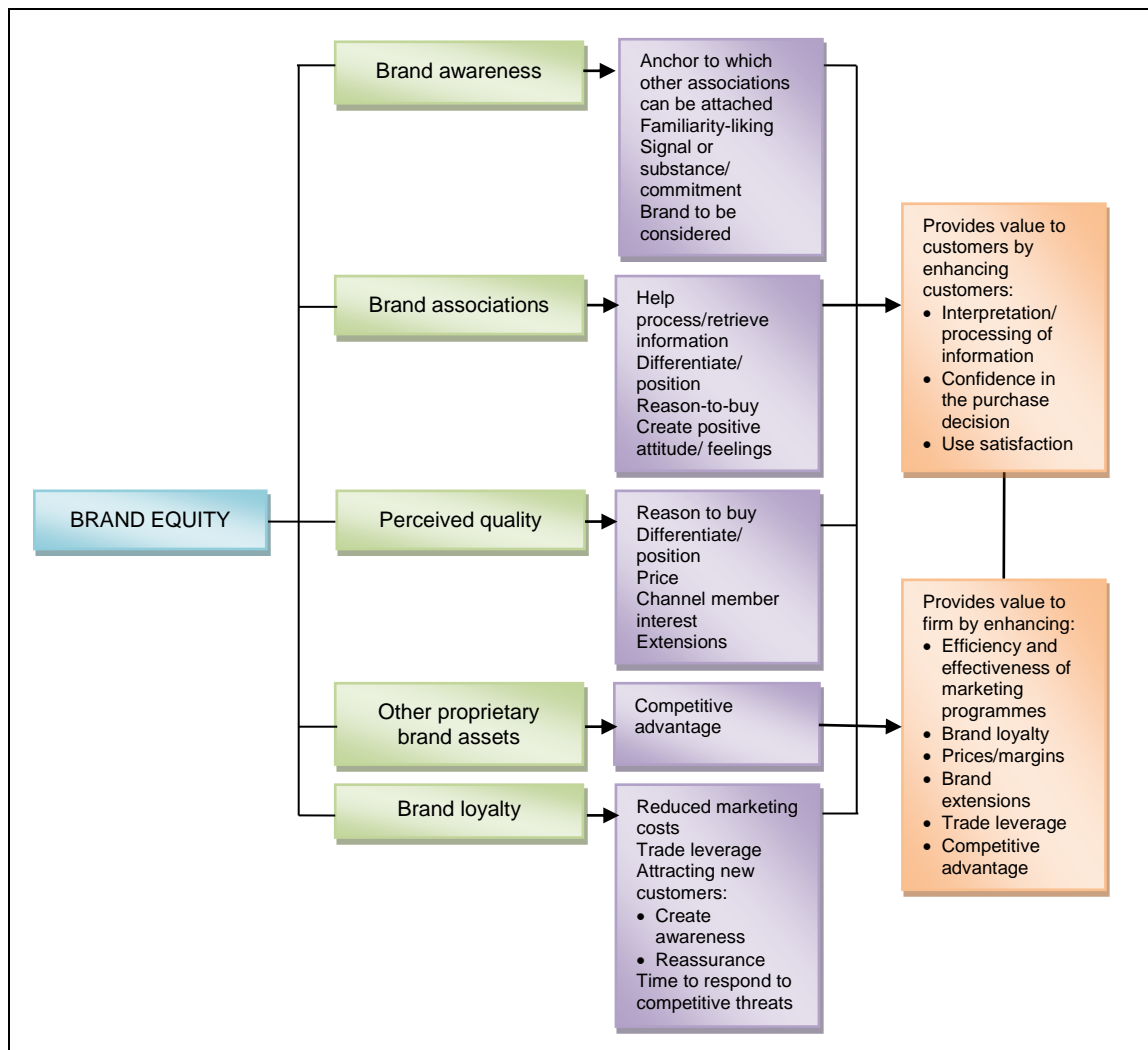
Crane (2010:131) states that there are multiple definitions of brand equity, one of the most simplistic being that brand equity is the added value a brand brings to the product. Other definitions highlight that brand equity is the result of positivity of brand awareness and brand meaning from the consumer's point of view. Other

definitions state that it is the added value a brand name brings to a product over and above its functional benefits. Pride and Ferrell (2009:215) define brand equity as the financial and marketing value linked to a brand's strength in the market environment.

To provide a more understandable definition as to the concept brand equity, the study utilises a definition provided by Okonkwo (2007:120–121), which states that brand equity is the "...the sum of all distinctive qualities of a brand that result in the continuous demand and commitment to the brand". Okonkwo further goes on to state that brand equity is a set of qualities, parts and problems associated to a brand that can either promote value to it or detract value from it in the mind of the company or the consumer. In essence it is brand equity that draws customers to prefer certain brands to that of others (Okonkwo, 2007:120–121). Positive brand equity, according to Bick (Klopper & North, 2011:34), can therefore create:

- Intangible assets, which increase the financial value of an organisation.
- Consumer value that accrues to the individual.

Aaker (Keller, 2008:670) developed a model which depicts the elements that should be present to derive brand equity – see figure 3.9 on the following page.



**Figure 3.9:** Aaker's brand equity framework  
**Source:** Adapted from Keller (2008:670).

As seen in figure 3.9, brand equity consists of value not only to the manufacturer, but also to the consumer. However, in order to fully understand how this value is created, the components of brand equity need to be examined. Figure 3.9 illustrates that brand equity can be divided into five different components, namely, brand awareness, brand associations, perceived quality, other proprietary brand assets and finally brand loyalty (Laforet, 2010:42).

### 3.5.4.1 Brand awareness

Brand awareness, as the term depicts, is associated with the strength of a brand in a consumer's memory and is reflected by the consumer's ability to recognise various brand elements under different conditions (Grover & Vriens, 2006:551). In other words, the consumer has become conscious of the availability of the product in the market. This means that the product or service lies in the

subconscious of the consumer and is easily recalled when there are similar products on the market (Okonkwo, 2007:113).

#### **3.5.4.2 Brand associations**

According to Bick (Klopper & North, 2011:36) and Keller (2008:319), brand associations describe the link an individual will have with a brand and its core attributes. Brand associations are indicative as to whether or not customer needs have been satisfied. Verma (2006:227–228) states that brand associations from an equity point of view can create value in various ways. They create information chunks which can be easily received, processed and stored; they furthermore help in interpretation and influence recall of information. Other ways in which associations of a brand create value are that they can become the basis of differentiation and can stimulate positive feelings.

#### **3.5.4.3 Perceived quality**

Perceived quality is customer based (Verma, 2006:226). It is the perceived value in the mind of the consumer of the overall quality and superiority that the brand holds in comparison with other competing brands (Keller, 2008:195). Perceived quality is a dimension of brand equity that is becoming increasingly difficult to manage as product quality can vary greatly from product to product. However, it is an important aspect to consider for individuals contemplating purchasing merchandise with an associated premium price such as luxury goods. Therefore perceived quality acts as the “reason to buy” for many customers (Bick, In: Klopper & North, 2011:36). Verma (2006:226) identifies numerous ways in which perceived quality can generate value:

- It gives the consumer a powerful reason to consider purchasing the product.
- Perceived quality differentiates or positions a brand.
- The higher the perceived quality, the higher the premium price can be expected to be.
- Value perceptions are enhanced by selling quality brands at competitive prices.
- Trade partners have greater acceptance for products with high perceived value.
- Brands with high perceived quality have a greater chance of being extended and therefore have an enhanced probability of success.

#### **3.5.4.4 Other proprietary brand assets**

Other proprietary brand assets as depicted in figure 3.9 refer to the means of building a competitive advantage by channelling the relationship between a consumer and a brand. They are also considered to be any other source that may strengthen the brand, for example loyalty from customers and the perception customers have about the superior quality of the product (Bick, In: Klopper & North, 2011:36; Laforet, 2010:51).

#### **3.5.4.5 Brand loyalty**

Brand loyalty can be described as an individual's insistence on a particular branded product and a customer's willingness to repurchase a product (Okonkwo, 2007:118; Bick, In: Klopper & North, 2011:36). When individuals are loyal to specific brands the rationale of purchase goes beyond the functional benefits of the product to its symbolic associations (Okonkwo, 2007:118).

Symbolic associations are essential in generating customer brand loyalty, and it is therefore customer brand loyalty that plays a key role in the construction of brand value. Loyal customers through repeat purchases generate sales and profits which add to the growth and sustainability of the organisation within the marketplace (Bick, In: Klopper & North, 2011:37).

From the above discussion, it can be seen that the accumulation of brand equity is what builds brand value. This is the ultimate goal of why manufacturers brand goods and services.

#### **3.5.5 Brand value**

Brand value can be defined as the potential profits a brand can make, in other words the economic value that is associated with the brand. It is also the beliefs customers hold in their minds in relation to the organisation's brand. Brand value is in essence the ultimate goal of the ideology of branding. It is why businesses are in existence today, to create profits and have a sustainable place within the consumers' mind space (Laforet, 2010:52).

For brand value to be created a brand needs to have strong brand equity, which comprises the five aspects previously discussed in sections 3.5.4.1 – 3.5.4.5.

Brand value is illustrated in figure 3.9, which shows that through satisfying brand equity aspects; value is created for firstly the customer and then the organisation.

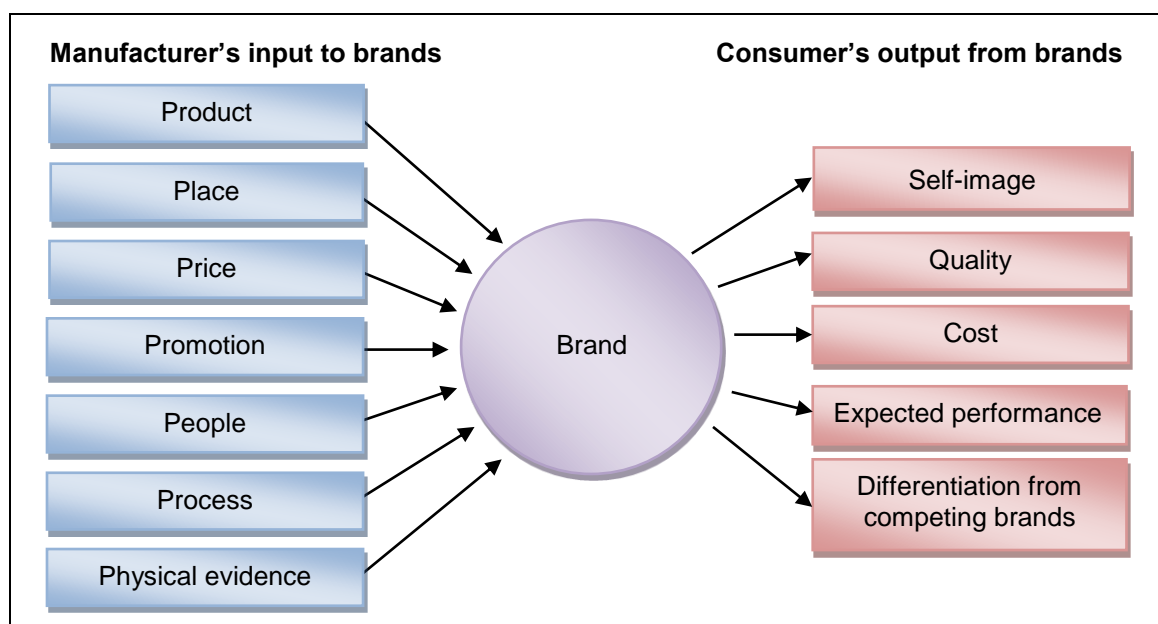
### 3.6 THE IMPORTANCE OF BRANDING

The utilisation of a brand can mean many different things to different people: *“For providers, brands are a way to choose among offerings. For employees brands provide identity, community, and opportunity. For investors, brands shape expectations for future returns. For channel partners, brands can create a shared bond of cooperation and understanding. For top management, brands act as a leadership and motivational tool.”* (Neal & Strauss, 2008:47).

With a multitude of meanings a brand has for different parties within the market environment, it becomes essential to place its importance into perspective. For the purpose of this study the focus is on the importance of branding for the manufacturer as well as the consumer, so that the perceived value/importance of branding can be evaluated.

#### 3.6.1 Branding as a point of contact

Branding can be seen as a point of contact between the organisation and the consumer and has benefits for both parties (Blythe, 2009:163–164). This point of contact can be seen in figure 3.10 below.



**Figure 3.10:** Brands as a point of contact

**Source:** Adapted from Blythe (2009:164).

From figure 3.10, it can be seen that a manufacturer will make use of the concept of branding to focus all the elements of the marketing mix so that the consumer receives all necessary information about a product's price, quality, expected performance and lastly a product's position in relation to competing products. All information is then used by the consumer in deciding on whether to buy the product or not. Therefore the brand acts as a point of contact between the manufacturer of the merchandise and the purchaser (consumer). However, branding has much greater functionality for both parties, and this will now be discussed further in the following section (Blythe, 2009:163).

### 3.6.2 The role of branding for the manufacturer

The manufacturer ultimately creates a brand and is responsible for the upkeep of the brand name to ensure profits, but it is for the customer that the branding concept was created. Table 3.1 below is indicative as to the different roles that branding a product will have for the manufacturer.

**Table 3.1:** The role of branding for the manufacturer

<b>Role of branding for the manufacturer</b>
• Means of identifying products
• Means of legally protecting product characteristics
• Assurance of quality
• Means of giving products unique product features
• Tool for creating competitive advantage
• Source of organisational income
• Simplifying decision making (choice)
• Societal and ethical responsibility
• Customer relationship building
• Customisation of choice

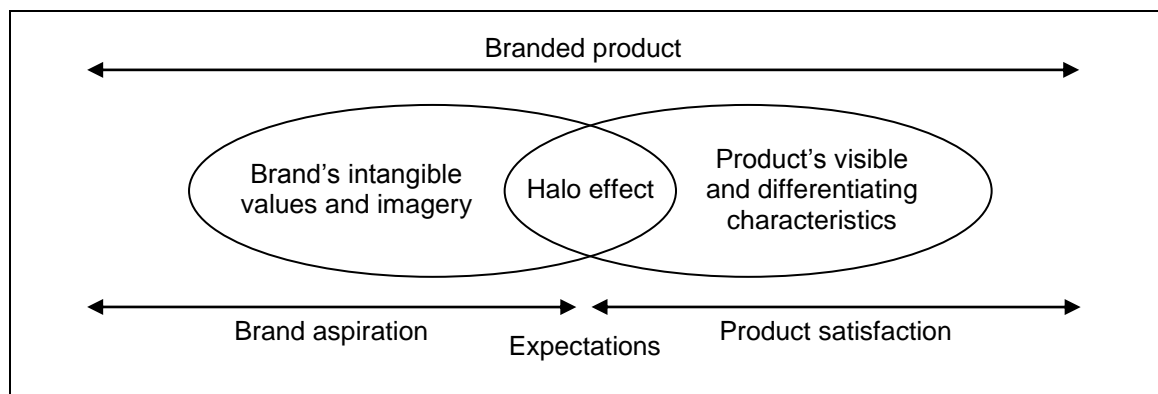
**Source:** Adapted from Keller (2008:7) and Kapferer (2004:24).

Having identified the roles branding holds for the manufacturer, the study now places emphasis on the roles branding holds for the consumer, as it is the consumer that is the focus of the study.

### 3.6.3 The role of branding for the customer

To consumers buying is a form of problem solving and it is branding that makes this process significantly easier, as people first search for information, evaluate this information and then only decide to make a purchase decision (De Chernatony *et al.*, 2011:61).

According to Laforet (2010:2), individuals today are undoubtedly a generation that consumes brands, from the clothes they wear, to the food they eat and even to the toothpaste they use. A brand is formed today not only as an outcome of marketing activities but also, vitally, because of the consumer's reaction to and interpretation of those activities (Batey, 2008:4). Ind (2007:15) asserts that the key function of brands and branding is to reduce or even eliminate the anxiety that comes along when individuals are subjected to choice. The more individuals think they know about products they want to purchase, the less anxious they feel. Kapferer (2004:43) illustrates this evaluation consumers make by summarising the product-brand relationship – see figure 3.11 below.



**Figure 3.11:** The product and the brand relationship

**Source:** Kapferer (2004:43).

Figure 3.11 shows that for a product to meet customers' expectations, consumers will need to consider not only the visible cue advantages that the product presents, but also the invisible cue advantages.

Branding a product does not only allow a consumer to differentiate between merchandise on offer; it also provides the consumer with a multitude of benefits (roles of a brand for the consumer). Table 3.2 below shows the role the ideology of branding has for the consumer.

**Table 3.2:** The role of branding for the consumer

Role	Consumer benefit
Identification	Identify and differentiate between offerings.
Practicality	Ease of decision making through loyalty and repurchase of items.
Guarantee	Consistent service offering
Optimisation	Assurance of best product performance.
Badge	Reinforcement of self-image within society.
Continuity	Relationship due to the satisfaction with the brand over the years.
Hedonistic	Consumer attraction to the brand due to experiential rewards.
Ethical	Satisfaction due to the branded organisations role in society.

**Source:** Adapted from Kapferer (2004:23).



From table 3.2, it becomes apparent that brands can create value to consumers in two different ways: functionally as well as psychologically. This enhances the trust consumers have in the brand, thus forming an all-important relationship with the consumer.

#### **3.6.4 Functional value of brands to the consumer**

The value of a brand comes into play when the organisation forms a valuable relationship with the consumer. This relationship can be formed through the following functional values that a brand provides:

- *Information efficiency* – Branded products are information carriers as they assist consumers in identifying with merchandise, thus acting as a marker on a map. Branded products assist consumers by providing clear and unambiguous information which helps them recognise merchandise they wish to purchase from specific manufacturers (Reisenbeck & Perrey, 2007:9; Chitale & Gupta, 2011:199).
- *Risk reduction* – Brands create trust between the consumer and the producer; they act as a promise of consistent quality and furthermore aid the consumer against making the wrong purchasing decisions. Various risks that a branded product can reduce are (Keller, 2008:8; De Chernatony *et al.*, 2011:112):
  - *Functional risk* – Merchandise does not meet expectations.
  - *Physical risk* – The merchandise poses a threat to the individuals' health and well-being.
  - *Performance risk* – The risk that something might go wrong with an unfamiliar product.
  - *Financial risk* – Individuals pay more for merchandise than what it is actually worth.
  - *Social risk* – Reduces social embarrassment.
  - *Psychological risk* – Upsetting the consumers' psychological well-being.
  - *Time risk* – The time wasted after not being satisfied by the purchased product and the search for a satisfactory product.

The functional values that a branded product provides to the consumer are therefore essential as this is the basis on which a consumer will make a decision.

However, over the last few years research has shifted from a focus on the functional values provided to customers towards the psychological value.

### **3.6.5 Symbolic and psychological value of brands for the consumer**

Today more than ever before consumers are becoming more attached to the actual symbolism that surrounds the branded product rather than the actual utility of the product. Brands project strong images and individuals do not only select branded products because of their high quality, but because of the image that the product projects. “Symbolic interactionism” is the term that has been coined to explain the type of behaviour where consumers indicate more interest in brands because of what the brands say about the individual rather than for what they do (De Chernatony *et al.*, 2011:125, 127).

Laforet (2010:2) is of the opinion that brands allow individuals to differentiate themselves from others and to feel more distinctive in their own minds. Alternatively, Reisenbeck and Perrey (2007:9) state that branding of products allows individuals to associate themselves with a particular social group, as well as contributes to positive or negative self-esteem. Branded products also assist individuals in expressing self-actualisation and are indicative of success. It must, however, also be noted that consumers perceive brands in their own personal ways (De Chernatony *et al.*, 2011:127–129).

The branding of products will therefore only truly achieve success if the products are marketed effectively and if they appeal to the psychology of the consumer. One brand category that truly embodies such factors is that of luxury brands, which are marketed fiercely, enjoy a specific position in the mind of the global consumer and are deeply rooted in their conscious (Okonkwo, 2008:10–11). Therefore for the purpose of this study luxury branded products were selected.

A product’s brand name is said to be the single most used cue, after price, in determining consumers’ product selection and assessment (Zaichkowsky, 2006:80). According to Holt [n.d.], it is a brand’s symbolism that delivers value to the consumer by providing culturally significant stories and imagery that consumers use to support their identity. This symbolic value of a branded product is best described with the assistance of certain product fields such as clothing or perfumes

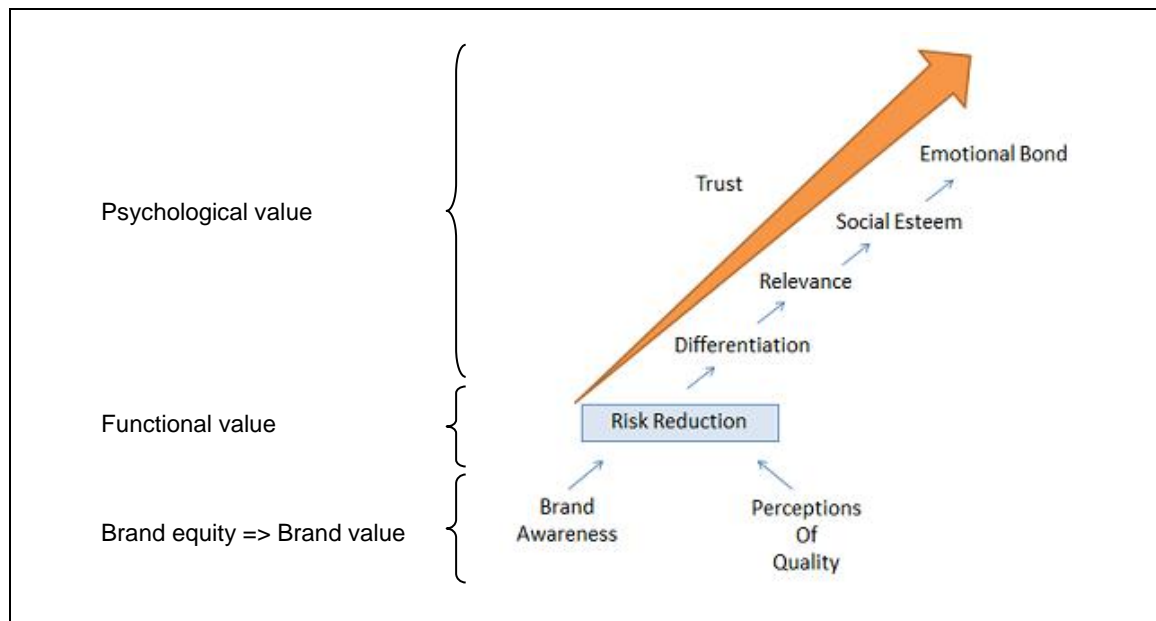
that have the power of giving the buyer of the product a certain “badge value”. This “badge value” allows the purchaser of the product to communicate something about themselves, such as status, or for emotional purposes (De Chernatony *et al.*, 2011:50). Therefore for the purpose of this study, the product category of luxury fashion brands was chosen in order to investigate the value consumers place on branded merchandise.

The following section deals with how a brand seeks to occupy consumer mind space and how trust needs to be earned at the various stages in order to create a relationship with consumers.

### **3.7 THE RELATIONSHIP BETWEEN A BRAND AND THE CONSUMER**

Organisations have come to realise that it is not enough to merely differentiate product offerings from those of competitors, as consumers do not form relationships with offerings but form emotional connections with brands. This relationship is formed through an individual’s perception of value that a product or service offers (Laforet, 2010:15).

For consumers to gain a positive perception of a branded product, trust needs to be earned in the mind of the consumer. Trust by consumers is vital in the development and sustainability of brands as this is essentially what will promote and enhance the brand equity. This will essentially lead to enhanced customer value and in essence generate economic value to the organisation (Neal & Strauss, 2008:127). The process of gaining such mind space can be seen in figure 3.12 below.



**Figure 3.12:** Building a brand in consumers mind space

**Source:** Adapted from Rosenbaum-Elliot, Percy and Pervan (2011:177).

Figure 3.12 illustrates that with continuous satisfaction provided by products and several purchase decisions, trust in the branded product is gained.

It becomes evident that the perceived value that is placed on merchandise both functionally and psychologically by the consumer, an illicit industry was bound to have arisen. In chapter 2 (page 13–32) it was highlighted that the counterfeit industry is an illicit trade which attempts to replicate original brand owners' merchandise and reduces organisations' brand equity, and is furthermore one of the fastest growing industries of modern-day society. Therefore it becomes imperative to explore the effect such an industry has on the brand value of authentic branded products and the reasons for purchasing such products.

### **3.8 THE IMPACT OF COUNTERFEITING ON AUTHENTIC BRAND VALUE**

Staake and Fleisch (2008:133) state that the counterfeit industry has the ability to greatly damage the relationship between legal manufacturers and consumers and is an industry that undermines the entire concept of branding. The greatest threat that the counterfeiting industry has is on brand equity which will in essence affect a brand's value.

The reality is that in modern-day society, whenever there is an opportunity for money to be made, individuals will be attracted to this profit scheme, irrespective of

the ethical implications, or the legal bedrocks of society (Zaichkowsky, 2006:ix). According to Hopkins *et al.* (2003:37), if brand values are high, an organisation will most undoubtedly be susceptible to counterfeiting.

At the heart of the counterfeiting issue is the fact that it is an organisation's brand value that is in jeopardy, which will then have a direct effect on the organisation's brand equity. Brand equity to a large degree is the promise an organisation makes to the consumer with regard to quality, utility and customer support of the product, and when counterfeiting steps in, all of these aspects are seen to be lacking (Hopkins *et al.*, 2003:1). Therefore essentially counterfeiting affects the relationship an individual will have or could have had with the authentic branded product (De Chernatony *et al.*, 2011:397).

It was noted in the previous section of this chapter that brand value forms from a multitude of elements within branding. However, it is brand equity which initiates the formation of the brand's value.

The equity of strong brands is stolen mostly due to short-term gains that infringers can make; cheaply and effectively. Luxury brands are most often targeted by infringers due to the brand being highly visible, very expensive and also highly desirable to the population and it is these aspects that act as motivators to manufacturers, sellers as well as buyers to take part in and back the practice of stealing brand identity (Zaichkowsky, 2006:1).

The question, however, remains: What is the impact that counterfeit merchandise has on the value of authentic brands?

An aspect that is reduced when counterfeits enter the market and that is pivotal to a brand is brand equity. It is the brand's image that is indicative of the strong relationship consumers will have with the brand due to the perceived quality of the brand, and it is this perceived quality which forms the basis of brand equity. When a counterfeit or an imitation product is made and sold to the population, such products are generally poorer in quality compared with the authentic product. Therefore the brand equity is reduced in terms of the consumer relationship with the product due to the perceived poorer quality. To better understand the link that brand image plays in the formation of brand equity, it

must be understood that brand image is a complex concept and that it is composed of the brand associations that are placed on the brand. These include "...attitudes toward the brand, both functional and experiential; benefits derived from the use of the brand; and perceived product attributes, which are product and nonproduct related" (Zaichkowsky, 2006:11).

Satisfaction with imitation or counterfeit products is an additional reason for the reduction in brand equity. Individuals that purchase brand counterfeits might be satisfied with the product, and this in essence will devalue the authentic brand because the counterfeit is a far cheaper substitute than the authentic product. This satisfaction with the counterfeited merchandise will devalue the authentic brand's equity as it takes away the uniqueness of the brand and the quality perception is therefore further reduced (Zaichkowsky, 2006:10).

The erosion of brand equity is very significant to the manufacturers of luxury branded merchandise, as the low price of the counterfeited product not only reduces the uniqueness of the brand, but it also opens the door for individuals that once could not afford the merchandise. This reduces the exclusivity of the brand, thereby reducing the brand equity of the company selling the authentic product (Zaichkowsky, 2006:10).

What makes the act of counterfeiting so fascinating is that an authentic branded product asks a premium price for merchandise. Therefore the higher the power of the brand to demand such a premium, the more attracted infringers are to moving into the field. The actual act of counterfeiting is an indication of the influence and the desirability of a brand in the market (Chevalier & Mazzalovo, 2008:115).

Luxury branded merchandise is one such industry that counterfeiting infringers have hit hard. Zaichkowsky (2006:14) states that consumers that are unable or unwilling to pay for such merchandise are now able to have the status or prestige of consuming certain high-end products, even if they are counterfeits. Counterfeited merchandise further allows lower income groups to have the prestige of the authentic product and individuals can display the merchandise which essentially allows them to feel better about themselves. In essence luxury branded products are not only highly targeted by counterfeit infringers, but are

also knowingly purchased by individuals to express how they wish to be viewed (De Chernatony *et al.*, 2011:397).

Commuri (2009:87) asserts that in most cases the counterfeiting of merchandise occurs because authentic merchandise provides a signal that is important to customers, such as exclusivity, prestige and privilege. The author states further that in terms of authentic merchandise, only a few individuals have access, and that if every individual had access to these products, then the signalling of importance would have no value to the holder and exclusivity would be undermined.

From the viewpoint of the marketer, keeping a premium price plays an important role in maintaining the exclusivity of the brand, because mass purchasing the product is not possible, therefore the holders of this merchandise are in an exclusive group of their own (Commuri, 2009:87). This is where counterfeiting comes into play: it allows the less wealthy to have that feeling of exclusivity at a much lower cost and quality. This allows individuals to feel exclusive by wearing or using a product that costs less but in many cases portrays the same level of prestige and exclusivity. Consumers also purchase counterfeited merchandise because it fulfils their “social goals”, in other words the purchasers’ aspiration to be part of a particular group of individuals (Wilcox, Kim & Sen, 2009).

With the impact that such merchandise has on the purchaser, the benefit to counterfeiters is the authentic product’s brand equity, without having to pay the costs of initially building it or ensuring that the product is of the same quality as the authentic branded good (Hopkins *et al.*, 2003:9). However, this act reduces the equity of the branded merchandise, as stated.

From the above explanation of the impact counterfeit merchandise has on the authentic product’s brand value and consumers’ desire to buy such merchandise to achieve a particular status or social level, it becomes apparent that the choice between the purchase of an authentic product and a counterfeit product can be explained through the usage of consumer behaviour methodologies. These will be discussed in the following chapter.

### **3.9 SUMMARY**

This chapter aimed to provide an understanding of the concept of branding by firstly painting a picture of the origin of the concept, its definition, discussing the different elements as well as identifying the different components that lead to brand value. The importance of branding was then discussed from a manufacturer's as well as a consumer's point of view. By understanding that branding of products creates a value to the manufacturer and consumer, it became evident how the need and opportunity for counterfeit branded products has arisen.

Luxury fashion branded products were then selected as the brand category to be used in the study due to the high marketing activities that are needed to position the product in the mind of the consumer and also due to the fact that luxury products are a highly targeted industry for counterfeiting.



# CHAPTER 4

## CONSUMER BEHAVIOUR

*“Without the consumer there is no market”  
(Cant, van Heerden & Ngambi, 2010a:50)*

### 4.1 INTRODUCTION

Everyday individuals exchange money for goods and services; this is done because they believe that by acquiring such goods and services, a need or want will be satisfied. The decisions individuals make to purchase products could satisfy day-to-day needs or affect them for years to come, but what is important to note is that all decisions and exchanges consumers make affect families, friends, businesses, employees of a business, the environment and more (Blythe, 2008:5). Therefore it should come as no surprise that marketing professionals spend a vast amount of money and effort in finding out what their customers need and want (Masterson & Pickton, 2010:84), as without the customer there would be no market (Cant *et al.*, 2010a:50).

The aim of this chapter is to provide a background as to what consumer behaviour is, by firstly defining what a consumer is, the types of consumers and their role within the marketplace. After the foundations of consumer behaviour have been laid, the concept is then defined and explained through the various activities and responses that are needed by the consumer. Internal and external factors that influence an individual's purchase decision are then discussed. Thereafter the focus is on the consumer decision-making process. The chapter concludes with a brief discussion of the various aspects of consumer behaviour investigated in this study with regard to consumers' intention to purchase either authentic luxury fashion brands or counterfeit products.

### 4.2 CONSUMER BEHAVIOUR

Everyone is a consumer, as we all eat, buy clothes, utilise transportation, gain an education and more, and in so doing we play a vital role in affecting the state of economies worldwide. By purchasing products and services consumers not only

satisfy personal needs, but also affect the demand for raw materials, production, transportation, deployment of resources and whether companies succeed or fail, amongst other things (Schiffman, Kanuk & Wisenblit, 2010:23). Therefore for companies to succeed in the ever-changing market environment, marketers need to study consumer behaviour in order to understand why consumers make the purchase decisions they do, and thus to better understand the target market of the organisation.

#### **4.2.1 What is a consumer?**

A consumer can be seen as the focal point of any business as they are the individuals or organisational units that normally provide payment to an organisation in return for the delivery of goods and services (Parumasur & Roberts-Lombard, 2012:3; Palmer, 2012:15; Sheth & Mittal, 2004:14).

#### **4.2.2 Types of consumers**

Two types of consumers can be identified (Schiffman *et al.*, 2010:23):

- *Organisational consumers* – This kind of customer refers to institutions, governments, agencies, for-profit and non-profit organisations that buy goods and services for their businesses to function (Schiffman *et al.*, 2010:23). Parumasur and Roberts-Lombard (2012:3) and Kardes, Cline and Cronley (2011:9) identify three reasons why organisational customers purchase products:
  - To produce other products and services.
  - To resell to other organisations or customers.
  - To run their organisation's operations.
- *Individual/personal consumers* – These types of consumers are individuals who purchase products or services for their own personal use and satisfaction or to give to others; in essence this is when the product is bought for final use (Schiffman *et al.*, 2010:23; Kardes *et al.*, 2011:8). Hence, for the purpose of this study the individual consumer is the focus, as it is the individual that is the final consumer of either authentic or counterfeit luxury fashion branded products.

Having discussed what a consumer is and the various types of consumers, it is essential to discuss the roles that the customer plays in the marketplace when attempting to purchase a product or service.

#### **4.2.3 The roles consumers play in the market place**

According to Sheth and Mittal (2004:14) and Parumasur and Roberts-Lombard (2012:4), there are three roles generally played by consumers in a transaction within the marketplace:

- *User* – The user is the person who actually makes use of the product or benefits from the service being offered.
- *Payer* – This is the individual that makes payment for the product or service.
- *Selector/buyer* – This is the person that plays a part in getting the product from the organisation in the marketplace offering the product or service.

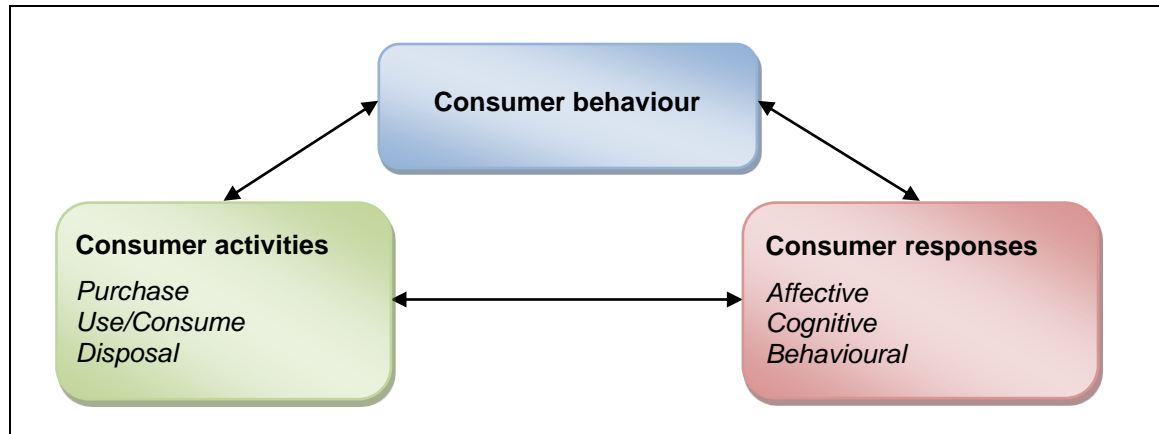
#### **4.2.4 Defining consumer behaviour**

Customer behaviour is a term that has been widely defined by multiple authors, such as Noel (2009:13) who states that consumer behaviour “...examines how individuals acquire, use and dispose of company offerings”. Schiffman *et al.* (2010:23) define consumer behaviour as “...the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs”. Hawkins and Mothersbaugh (2010:6) define consumer behaviour as “...the study of individuals, groups, or organisations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society”. Sheth and Mittal (2004:12) define consumer behaviour as “...the mental and physical activities undertaken by household and business customers that result in decisions and actions to pay for, purchase, and use products and services”. Therefore through the evaluation of the above definitions it becomes apparent that for consumer behaviour to occur, the consumer will need to take action. Kardes *et al.* (2011:8) provide the most succinct definition, and is therefore the preferred definition for the study:

*“Consumer behaviour entails all consumer activities associated with the purchase, use, and disposal of goods and services, including the consumer’s*

*emotional, mental, and behavioral responses that precede, determine, or follow these activities.”*

The above definition is depicted in figure 4.1 below.

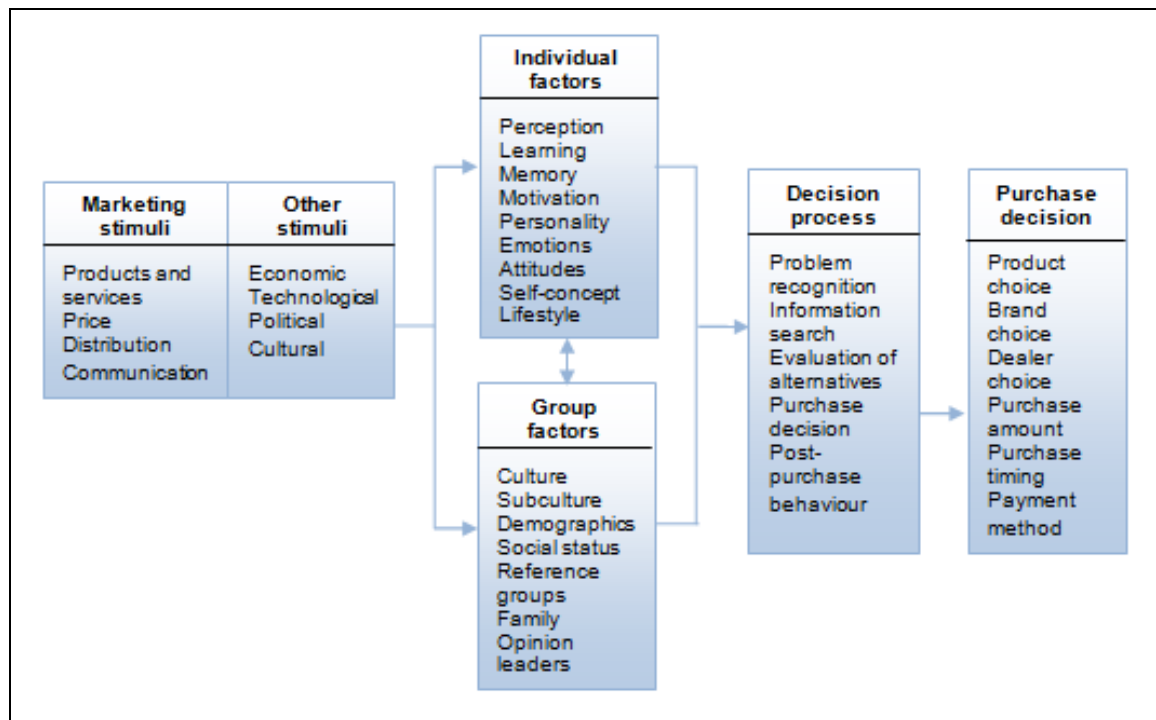


**Figure 4.1:** Consumer behaviour explained

**Source:** Adapted from Kardes *et al.* (2011:8).

The *activities* that consumers thus perform, as seen in figure 4.1 above, imply the way consumers acquire goods and services, where and when they utilise the product and how they will discard products. The *responses* that consumers generate are firstly the *affective response*, which implies the emotional feelings and moods that consumers have, and secondly the *cognitive response*, which would be a consumer’s thought processes, attitudes, opinions, intentions and beliefs with regard to a product or service. Finally a *behavioural response* is a consumer’s response during the purchase, use and disposal of the product or service (Kardes *et al.*, 2011:9–11).

All the above activities and responses within consumer behaviour are influenced by various other internal and external factors which in essence will affect a consumer’s decision to purchase (intention to purchase). These factors are discussed in the following section. Figure 4.2 shows the generally accepted consumer behaviour model.



**Figure 4.2:** Model of consumer behaviour

**Source:** Adapted from Cant *et al* (2010a:51), Kotler and Keller (2009:92) and Hawkins and Mothersbaugh (2010:27).

The model in figure 4.2 represents the consumer behaviour model that is used in this study to explain the various influences that affect consumer behaviour and acts as a guide for the rest of the chapter.

### 4.3 FACTORS INFLUENCING CONSUMER BEHAVIOUR

All consumer behaviour begins with dissatisfaction, according to Blythe (2008:29). If there were no dissatisfaction, there would be no need. Therefore where an individual is now and where they desire to be is what will motivate them to make changes in their lives.

According to Parumasur and Roberts-Lombard (2012:5), it is wants, needs, desires and drives that lead a consumer to purchase a specific product or service. Therefore it can be accepted that consumer needs and wants are the means for survival, growth, profitability and sustainability of a company, but moreover needs and wants are key underlying assumptions of the marketing concept (Cant *et al.*, 2010a:51; Schiffman *et al.*, 2010:26).

Marketers must not only identify consumer needs, but must also understand why these needs and preferences exist. Only then will the marketer best be able to

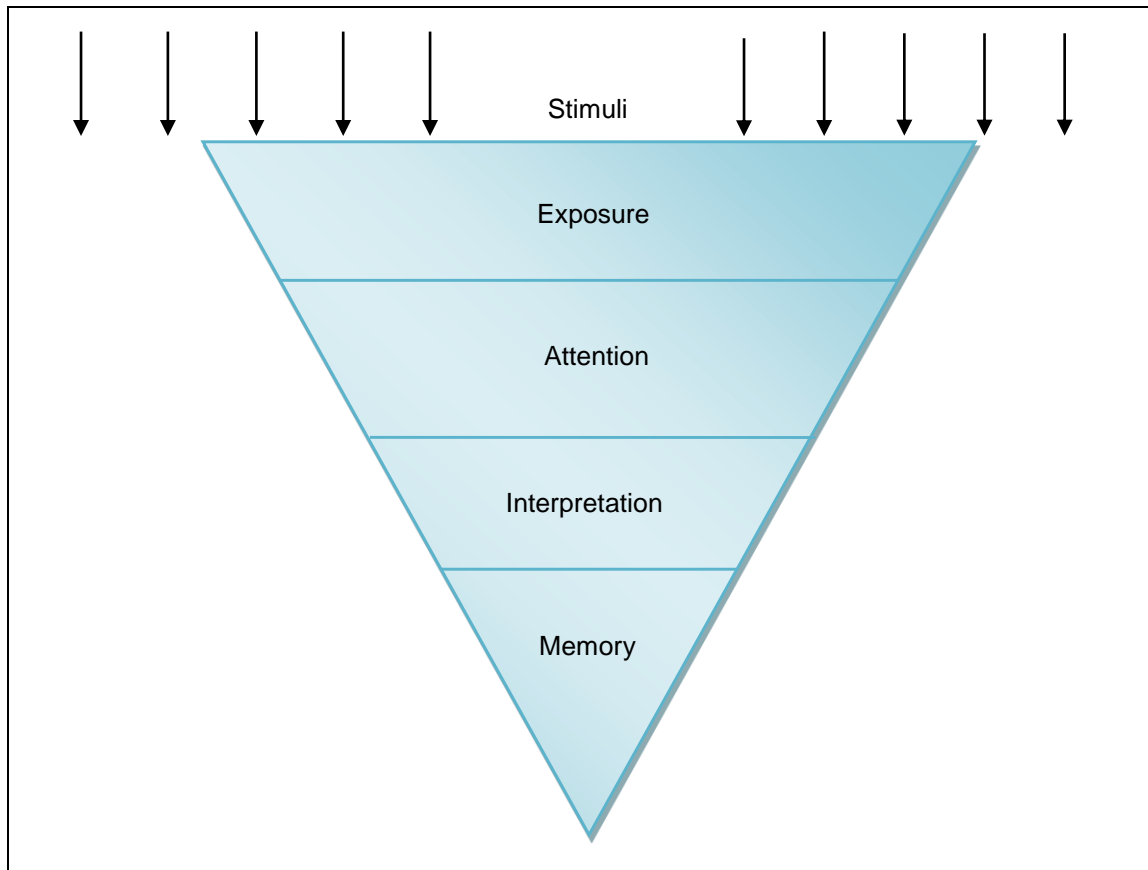
cater for such a need (Cant, 2010b:39). Consumers, however, do not live in an isolated bubble where purchase decisions are made, and besides consumer motivation (needs, wants, drives and desires) other factors and influences come into play before, during and after a consumer makes a purchase decision (Kurtz & Boone, 2012:137; Cant, 2010b:39). These factors and influences are known as individual/internal factors as well as group/external factors.

### **4.3.1 Internal/individual influences**

Individual factors, also referred to as internal influences or basic determinants, are psychological factors that are inherent to all human beings (Noel, 2009:17). The internal psychological factors that affect consumer behaviour and consumer decision making are perception, learning ability, memory, motivation, emotions, attitudes, self-concept and lifestyles, as can be seen in figure 4.2 (page 63).

#### **4.3.1.1 Perception**

The way in which consumers view the world around them is of great interest to marketers as, for organisational brands to be successful, products need to match perceptions to form part of the consumers' world view (Blythe, 2008:91). In essence, perception is a process by which consumers will receive, select, organise and interpret stimuli (sensory input) in order to create a coherent and meaningful view of the world around them (Schiffman *et al.*, 2010:175; Kardes *et al.*, 2008:141). The process of forming perceptions and views is illustrated in figure 4.3 below.



**Figure 4.3:** Perceptual process: Information selection

**Source:** Adapted from Cant (2010c:108).

From figure 4.3 it can be seen that the perceptual process is made up of four elements:

- *Exposure* – When a consumer senses (sees, hears, touches, tastes and smells) or comes into contact with a stimulus (Cant *et al.*, 2010a:55), for example when a consumer first sees or hears that counterfeits of well-known and expensive products exist on the market.
- *Attention* – The amount of energy that is used in processing the stimuli that have been received. The amount of attention paid to a particular stimulus is dependent on the individual, stimulus and situation (Joubert, 2010:58). For example, it is the amount of time a consumer will spend debating the purchase of an authentic product versus that of a counterfeit, when faced with the counterfeit product as the stimulus.
- *Interpretation* – What consumers interpret to be the meaning of the stimulus (Cant, 2010b:45), for example how the consumer views a counterfeit in comparison with the authentic product; the consumer could weigh up variables such as quality and pricing.

- *Memory* – The final stage of the perceptual process, when stimuli are either forgotten or remembered. Therefore at this stage marketers need to make sure that marketing communications are memorable. For example, will the consumer remember the quality of the authentic product when faced with a counterfeit product?

#### 4.3.1.2 Learning ability

The second factor that forms part of the internal influences is learning. All attitudes, needs, preferences, perceptions, motives, tastes and feelings are all directly and indirectly acquired by an individual's ability to learn. This suggests that consumer behaviour is a learnt behaviour, which therefore makes consumer learning an important aspect in the consumption process (Hawkins & Mothersbaugh, 2010:318; Du Toit, 2011:45; Joubert, 2010:60). Learning, according to Kardes *et al.* (2011:198), is a process by which consumers acquire new information about products and services and then make use of this information for future consuming behaviour. In short, learning can be seen to be the change in current information held within an individual's long-term memory (Sheth & Mittal, 2004:138). Joubert (2010:60) points out that consumer learning can greatly be influenced by group factors such as culture, friends, family, social class, reference groups and opinion leaders, as consumers learn from these encounters and experiences. This suggests that external determinants will in essence determine the motives for why people purchase certain goods, as well as their reasons for preference. This therefore indicates that a consumer's purchase decision is directly related to their past learnt experiences. The basic elements of all learning experiences, according to Du Toit (2011:45) and Cant (2010b:45–46), are:

*Stimulus* → *Response* → *Reinforcement* → *Repetition*

Consumers first need to be stimulated for motivation to occur, and once they are motivated, learning begins to occur. A response (action) to the stimulus therefore takes place after exposure to the stimulus. This response or action might only occur after the consumer has been exposed to the stimulus several times. Once a response has taken place, reinforcement of the response of the stimulus or cues will increase the likelihood of that particular response being repeated in the



future. Learning is then enhanced by repeating the same actions or responses over and over again.

#### **4.3.1.3 Memory**

Hawkins and Mothersbaugh (2010:319) and Kardes *et al.* (2011:198) emphasise that memory is critical to learning and can be described as the summation of all prior learning and experiences. An individual's memory is what will help consumers to make current and future purchase decisions and to learn further in the future. This suggests that a consumer's memory plays a vital role in the consumption process.

#### **4.3.1.4 Motivation**

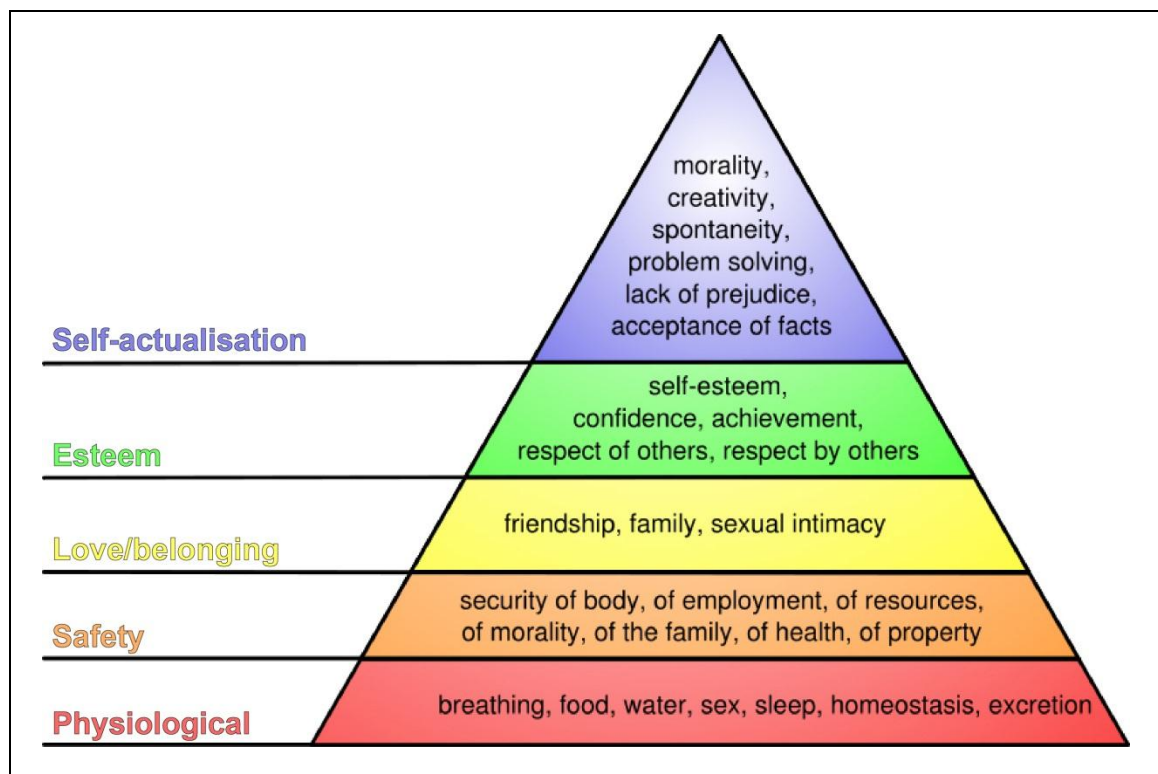
Motivation is a term that is used to describe the inner state of arousal (reason for) and the processes that lead individuals to behave the way they do (Hawkins & Mothersbaugh, 2010:360; Parumasur & Roberts-Lombard, 2012:165; Noel, 2009:89). According to Cant (2010c:104), behaviour begins with needs and wants; a need occurs when consumers have a gap between their current state and preferred state (Kardes *et al.*, 2011:181). Basically a *need* is the most elementary force that drives consumers to take action and a *want* is composed of needs that consumers have learnt over time. Through the development of a need or want, a *motive* is thus born. When a need or possibly a want has been sufficiently stimulated, that will then compel an individual to seek satisfaction (Cant, 2010c:104; Du Toit, 2011:41). In principle motives are *why* consumers do the things they do (Hawkins & Mothersbaugh, 2010:360).

Needs and motivation are often terms that are used interchangeably because when a need is recognised and experienced as a drive state, it is referred to as motivation, as this is what will in essence close the gap between current and preferred state of mind (Hawkins & Mothersbaugh, 2010:360).

Everyone has needs; some are innate, which refers to physiological or primary needs (Schiffman *et al.*, 2010:106) as they are needed to sustain life, such as shelter, water, food and clothing. Some needs are acquired which refers to psychological or secondary needs and which address the need for self-esteem, power, learning etc. These are needs that are learnt from a person's surroundings (Parumasur & Roberts-Lombard, 2012:166).

Basic or primary needs are essentially needs that must be satisfied for a person to survive. However, the way in which consumers go about satisfying needs can differ. Individuals might seek to satisfy needs in a *utilitarian* way (Joubert, 2010:67), when they seek some practical or functional benefit from the product, or in a *hedonistic* way, when they seek pleasure from satisfying a need. A prime example of the latter is the need for luxury fashion branded products; should individuals not be able to satisfy this need through the purchase of the authentic product, the counterfeit product steps in to partially satisfy individual need states for hedonistic satisfaction.

All consumers have different motives for satisfying needs or states of tension, but Maslow's hierarchy of needs is the overall theory that encapsulates human behaviour most generally (Parumasur & Roberts-Lombard, 2012:169). It is the theory that is used in this study to classify human motives. Figure 4.4 below shows the various levels within Maslow's hierarchy of needs.



**Figure 4.4:** Maslow's Hierarchy of needs  
**Source:** Adapted from Kardes *et al.* (2011:183).

Maslow's hierarchy of needs examines the needs that all individuals in society aspire to and furthermore determines the motivation behind purchase decisions. The pyramidal structure commences with basic needs, referred to as psychological

needs, such as hunger and thirst; after this need has been fulfilled the need for safety (security, protection) follows. The next stage in the pyramid is social needs, which govern the feeling of belonging and feeling loved. Then esteem needs or egoistic needs are the need for recognition and status, and finally self-actualisation needs which are individuals' needs to feel they have accomplished something profound in life (Lamb, Hair, McDaniel, Boshoff & Terblanche, 2008:78–79). Sheth and Mittal (2004:164) emphasise that it is important to note that the higher-level needs will remain dormant until lower-level needs are satisfied.

The purchasing of luxury branded products is usually found at the esteem need stage of the pyramidal structure, where consumers desire “status, superiority, self-respect and prestige” (Cant *et al.*, 2010a:53). However, not everyone in society will reach this level and thus the industry of counterfeit goods was born to mimic the effect achieving the level of esteem. These products (counterfeits) are far less expensive and more readily available to the customer and also satisfy the need to belong.

#### **4.3.1.5 Personality**

Hawkins and Mothersbaugh (2010:373) define motivation as the force that drives consumer behaviour to be meaningful. Consumer personality, on the other hand, is the force that guides an individual's selected behaviour to achieve the desired response in related situations. Blythe (2008:73) says that personality is what makes an individual unique and is what assists individuals in controlling the relationship between their internal responses and the external environmental factors. Consumer personality is made up of the following (Sheth & Mittal, 2004:56):

$$\text{Personality} = \text{Genetics} \times \text{Environment}$$

The importance of consumer personality to the marketer is that personalities reflect individual differences and are mostly consistent and lasting but also have the ability to change (Schiffman *et al.*, 2010:136–137). Through psychographic elements, such as personality, marketers will be able to measure the motivation behind consumer behaviour and be able to understand why some consumers accept or reject messages (Parumasur & Roberts-Lombard, 2012:203).

#### **4.3.1.6 Emotions**

Perception, needs, motivation and personality are all strongly linked to consumer emotion (Hawkins & Mothersbaugh, 2010:378; Sheth & Mittal, 2004:170), as all these elements are capable of arousing an individual to satisfy a goal. However, what is important to note is that emotions are what guide everyday individual actions (Sheth & Mittal, 2004:170). Emotion, for example, can be seen when an individual is in a good or positive mood: that consumer will be more willing to try new products as opposed to a consumer in a bad mood. Therefore positive emotions assist consumers in making positive purchase decisions.

#### **4.3.1.7 Attitude**

Marketing professionals may on occasion request that consumers voice an opinion about the product or service the organisation has on offer, and the reason for this request is so that marketers can gain an idea of the attitude towards the product or service. An attitude is a learned predisposition that a consumer has to behave in consistently favourable or unfavourable way towards a situation, event or object being offered on the market (Du Toit, 2011:46; Schiffman *et al.*, 2010:246; Sheth & Mittal, 2004:200). An attitude is made up of three components (Cant *et al.*, 2010a:58):

- *Cognitive component* – Refers to the perceptions consumers have gained and knowledge they have of the product, which has been acquired by direct contact or through other sources of information (Du Toit, 2011:46).
- *Affective component* – Refers to the consumers' feelings or beliefs about attributes or overall object in the marketplace (Joubert, 2010:81).
- *Behavioural component* – The resultant behaviour that will prevail from the two preceding components; it refers to the action the consumer will need to make; "to buy or not to buy" (Cant, 2010b:47).

#### **4.3.1.8 Self-concept**

Every human being has a self-image of who they are and this is termed their self-concept (Sheth & Mittal, 2004:177). Parumasur and Roberts-Lombard (2012:211) state that the majority of consumers know how they vary from their surroundings; this understanding or knowing can be referred to as an individual's "sense of self" in the environment which they inhabit.

Hawkins and Mothersbaugh (2010:428) define self-concept as “...the totality of the individual’s thoughts and feelings having reference to himself or herself as an object”. In more simplistic terms, an individual’s self-concept is made up of the perceptions or views individuals hold about themselves (Hult, Pride & Ferrell, 2012:171). Furthermore a person’s self-concept is indicative of an individual’s current state and the state that they would like to find themselves in; these two concepts are termed an individual’s actual self and an individual’s ideal self, respectively (Sheth & Mittal, 2004:177).

It is important that an organisation understand how self-concept affects an individual’s consumer behaviour, as people tend to buy products that contribute towards their self-concept (Blythe, 2008:81). Therefore an understanding of this nature will only stand to benefit an organisation. According to Schiffman *et al.* (2010:164), purchase intention is strongest when there is a link between brand communication and self-concept (self-image). Table 4.1 represents the various forms of self-concept of consumers and their relevance to marketers.

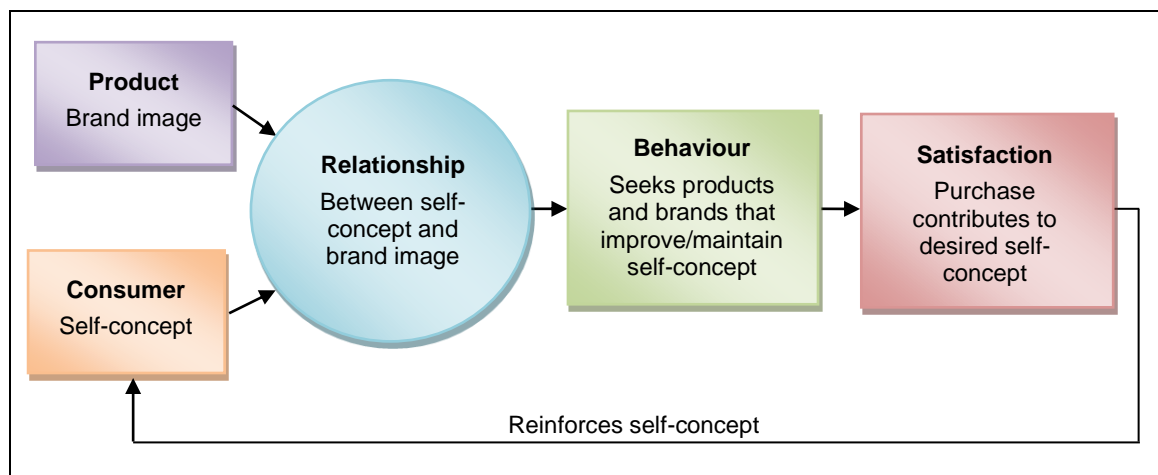
**Table 4.1:** Forms of self-concept

<b>Component</b>	<b>Explanation</b>	<b>Relevance to marketers</b>
Real self or actual self	This is the actual, objective self, as others see us. However, the whole story is never fully known. Therefore the real self may be something other than the face shown to the world.	As the face that is shown to the world, this is the one that people most wish to influence.
Self-image	This is the subjective self, as we see ourselves. Self-image is likely to differ radically from the real self, but to an extent this is modified over time because of feedback from others. We modify our self-image in view of reactions from others.	Useful in two ways: firstly, the negative aspects of self-image influence the ideal self, and secondly, the positive aspects influence purchases to reinforce the self-image.
Ideal self	How we wish we were; this connects to the self-actualisation need that Maslow identified. This self is often the one that provokes the most extravagant spending, as the individual tries to make up the gap between self-image and ideal self.	The aspect that leads to the greatest purchase of self-improvement products.
Looking-glass self	The social self, or the way we think other people see us. This does not always coincide with the way people actually see us, since we are not able to read minds. Feedback from others will be constrained by politeness or by a desire to project a self-image on the part of the respondent, so we are not always aware of what other people really think we are like.	The way we think others see us; this influences us in making changes to those views, or reinforcing views that are perceived as positive.
Possible selves	These are the selves we might become, or the selves we could become.	The selves we might become, or the selves we wish to become, are not necessarily the same. We may fear what we might become.

**Source:** Blythe (2008:83–84)

An individual's self-concept is something that will develop over time, it is learnt and not innate, it has the purpose of increasing and shielding an individual's ego, it is unique and it includes the totality of self-related knowledge and beliefs that are stored in the memory of that person, it is stable and consistent, purposeful and is unique to the individual, which therefore promotes individualism (Parumasur & Roberts-Lombard, 2012:211; Blythe, 2008:83).

Individuals have multiple images of themselves and it is these self-images that link to an individual's personality and what leads them to purchase goods and services whose personalities or images relate to their own. Essentially individuals select brands that enhance their perceived self-image (Schiffman *et al.*, 2010:163). Figure 4.5 depicts this relationship between brand image and self-concept.



**Figure 4.5:** The relationship between self-concept and brand image influence  
**Source:** Adapted from Hawkins and Mothersbaugh (2010:432).

Figure 4.5 shows that an individual's selection of branded product closely relates to fulfilling their self-concept. Kotler and Keller (2009:89) state that consumers will often select and use brands that have brand personality that is in line with their actual self-concept; however, this could actually be based on the ideal self-concept. For example, Thomas might purchase a real Breitling watch in order to meet his ideal-self needs, but if Thomas does not have R30,000 to spend on a watch, he might purchase the counterfeit product to artificially satisfy his ideal self needs.

### 4.3.1.9 Lifestyle

According to Kotler and Keller (2009:90) and Hult *et al.* (2012:171), lifestyle can be defined as "...a person's pattern of living as expressed in activities, interests, and opinions". Basically, it is the way in which one lives (Hawkins & Mothersbaugh, 2010:435). Lifestyle can be determined by (Sheth & Mittal, 2004:179):

- An individual's personal characteristics (personality, genetics, race, age and gender).
- An individual's personal context (reference groups, culture, personal worth and institutions).
- An individual's emotions and needs.

Hawkins and Mothersbaugh (2010:435) assert that an individual's lifestyle is formed through social interactions and shaped by individual characteristics. Therefore one's lifestyle will play an influential role in all acts of consumption behaviour. Table 4.2 indicates common types of lifestyles that consumers might live by:

**Table 4.2:** Types of lifestyles

Types of lifestyles		Characteristics
Sustenance-driven groups, motivated by the need for security	Belonger	People who believe in the establishment, traditional family values and patriotism. Averse to change.
	Survivor	People who are fighting a "holding action"; accept authority, hard-working, quiet, traditional. Strong class consciousness.
	Aimless	Two main categories; young unemployed whose main motivation is short-term 'kicks', and the very old, whose motivation is simple day-to-day existence.
Outer-directed group	Conspicuous consumer	Interested in material possessions, taking cues from reference groups (friends, family). Followers of fashion.
Inner-directed group	Social resister	Caring group, motivated by ideals of fairness and a good quality of life at the societal level. Altruistic, concerned with social issues like the ecology and nuclear disarmament.
Motivated by self-actualisation	Experimentalist	Materialistic and pro-technology, individualistic and interested in novelty.
	Self-explorer	Motivated by self-expression and self-realisation. Tolerant, able to think big and look for global, holistic solutions.

**Source:** Adapted from Blythe (2008:80).

The importance for marketers in identifying individual lifestyles is that they will be able to segment and target specific markets and seek to identify relationships between products and lifestyle groups (Kotler & Keller, 2009:90). Therefore for

the purpose of this study, lifestyle aspects are a key interest in determining South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

From the above discussions, it can be seen that multiple internal or individual factors can have an effect on a consumer's decision to purchase. However, these are not the only factors that affect purchase decisions; the external environment also plays a critical role in the decision to purchase and it is these influences that will now be discussed.

### **4.3.2 External/group influences**

Almost every consumer interacts with other individuals on a daily basis, be it with their family, culture, reference groups, opinion leaders or social class (Du Toit, 2011:49). Consumers as human beings need to interact with such groups to satisfy their social needs (Cant, 2010c:112), but what is observable from these interactions is that these groups are what shape or influence individual purchase decisions. The various external factors that therefore impact upon consumer decision making can be viewed in figure 4.2 (page 63).

#### **4.3.2.1 Culture**

Culture can be defined as the social environment in which individuals live (Blythe, 2008:185) and is considered to be the personality of society (Parumasur & Robert-Lombard, 2012:75). According to Cant *et al.* (2010a:62), culture can be defined as the patterns of behaviour that are common to individuals in the society in which they live. These patterns of behaviour are learnt and passed down from generation to generation, and are amended to adapt to changing circumstances. The importance that culture will have on purchase decisions and consumer behaviour is that it will determine an individual's overall priorities (Cant *et al.*, 2010a:62). Culture governs behaviour through setting *norms*, which are rules of behaviour that specify the do's and don'ts in society. Hawkins and Mothersbaugh (2010:43) divide norms into two distinct parts, namely *cultural value* which confirms what is desirable, and *sanctions* which indicate societal disapproval of action.



#### **4.3.2.2 Subculture**

Parumasur and Roberts-Lombard (2012:78) define subculture as "...a distinct cultural group that exists as an identifiable segment within a larger, more complex society". More simplistically, Kurtz and Boone (2012:139) define subculture as "groups with their own distinct modes of behaviour". Examples of subculture are ethnicity, religion, geographic regions, nationalities, racial groups and language groups (Hawkins & Mothersbaugh, 2010:156–157; Parumasur & Roberts-Lombard, 2012:78). The importance of subculture to a marketer is that subculture patterns of behaviour are based on the history of that specific group or even a group's current situation; therefore with an understanding of various subcultures marketers will be able to structure marketing efforts towards these various groupings (Hawkins & Mothersbaugh, 2010:156).

#### **4.3.2.3 Demographics**

Demographic factors are described as objective characteristics of an individual, for example an individual's occupation, education, income, age and the size of the population in which they fall (Du Toit, 2011:33; Hawkins & Mothersbaugh, 2010:116).

Demographics are another element within the external environment that can directly affect individual purchase decisions (Hawkins & Mothersbaugh, 2010:116). Such factors are important for marketers to take note of as they will allow marketers to identify which media and promotional strategies will best suit the target market they hope to serve. It is for this reason that demographic factors are a key focal point in determining demand for authentic or counterfeit luxury fashion branded products amongst South African consumers.

#### **4.3.2.4 Social class**

Social class is when individuals belonging to a specific society are segmented into a hierarchy of groupings that are considered to have equal status in the environment. Members of each class have more or less the same status, they interact formally and informally and share similar values, interests and behaviour patterns (Schiffman *et al.*, 2010:338; Cant *et al.*, 2010a:62; Joubert, 2010:27). Social class classifications are important to marketers as they are strong indicators of what consumers will be interested in purchasing (Cant *et al.*, 2010a:62). For

example, consumers belonging to an upper social class are less likely to purchase counterfeit products because they may have sufficient funds to purchase authentic merchandise. However, consumers belonging to a lower social class are more likely to purchase counterfeits as they do not have the funds to purchase authentic merchandise, but more than likely would like to simulate or aspire to be in an upper social class and hence purchase a counterfeit product. Therefore social class is another aspect that is investigated in this study.

#### 4.3.2.5 Reference groups

Reference groups are individuals or groups of individuals a consumer will use as a basis for comparison before a response or purchase of a market offering is made (Du Toit, 2011:52). In offering a better understanding of this concept, Kurtz and Boone (2012:143) explain that reference groups are either individuals or institutions that look for guidance in their purchasing behaviour; the opinions of such individuals or organisations are valued. Table 4.3 below identifies the various reference groups consumers could base comparisons on.

**Table 4.3:** Types of reference groups

<b>Formal reference group</b>	<b>Informal reference group</b>
A group that has clearly defined structure and formal rules	A group with no formal rules and less rigid structures
<b>Primary reference group</b>	<b>Secondary reference group</b>
Interact with informally and fairly continuously, e.g. family, friends, co-workers	Less continuous interaction and formal interaction, e.g. professional and religious groups
<b>Membership reference group</b>	<b>Non-membership reference group</b>
Membership is a requirement, has a direct influence on a person	Individuals are not a member but adhere to the requirements of membership
<b>Aspirational reference group</b>	<b>Dissociative reference group</b>
A group to which an individual aspires to belong	A group individuals try to avoid and reject

**Source:** Adapted from Parumasur and Roberts-Lombard (2012:96) and Kotler and Keller (2009:88).

Reference groups of customers are an important aspect for marketers to identify as they provide valuable insight into the effect that the groups have on consumption patterns of individuals (Schiffman *et al.*, 2010:281). According to Cant (2010c:115), reference groups can affect the product and even the brand an individual will purchase.

#### 4.3.2.6 Family

A consumer's family are the individuals that will exert the most influence on an individual. This will have an impact not only on current purchase behaviour, but decision making for many years to come (Blythe, 2008:21). Marketers evaluate how the roles, behaviours and influence of members of a family affect the purchase decision of individuals for a variety of market offerings (Keller & Kotler, 2009:88).

Du Toit (2011:49) divides family into two levels, viz, *nuclear family*, which comprises a husband, wife and children, and *extended family*, which comprises the nuclear family, with the addition of grandparents and other relatives that live under that same roof of the nuclear family. Cant *et al.* (2010a:61) indicate that family members can play different roles in a consumer's decision to purchase.

- *The initiator* is the person that is the collector of information and is often the individual within the family that makes the suggestion that the product or service be purchased.
- *The influencer* is the individual within the family that influences the final decision through their suggestions and wishes.
- *The decision maker* is the family member that has the last say between choices of alternatives and makes the final decision whether or not to purchase the product.
- *The purchaser* is tasked to buy the product that the decision maker has chosen.
- *The user* is the individual within the family that makes use of the purchased item.

#### 4.3.2.7 Opinion leaders

Opinion leaders can be seen to be the go-between who offers individuals informal advice on products and services, for example what brand is the best currently in the market; in essence they are sources that an individual will consult before making a decision to purchase (Kotler & Keller, 2009:88; Cant, 2010c:115). According to Cant (2010c:115), the importance of the opinion leader in the marketplace is that these individuals are the ones that will evaluate and interpret information from the marketplace and communicate their acceptance or

disapproval to the larger target market. The opinion leader is often targeted by marketers for high-risk products as it is these consumers that will take the initial risk that everyday consumers wish to avoid. Upon acceptance of the product through opinion leaders, the rest of the target market is likely to follow in making that purchase decision.

The following section deals with what consumer decision making is and the process that consumers follow before the final decision to purchase is made.

#### **4.4 CONSUMER DECISION MAKING**

As discussed throughout this chapter so far, consumers are influenced by individual/internal and environmental/external factors. It is therefore these factors that interact constantly and furthermore that play an important role in a consumer's final decision to purchase (Cant, Brink & Brijball, 2006d:194).

Consumers make numerous decisions/choices daily concerning their everyday lives and Schiffman *et al.* (2010:478) describe a decision as the choice between two or more different options. Hence, for an individual to make a decision, options must be available. Decisions include whether to purchase, what product or service to purchase, when and where to purchase and what payment method the decider will utilise (Sheth & Mittal, 2004:277).

There are two reasons why an individual will make a decision (Parumasur & Roberts-Lombard, 2012:250):

- They have needs and desires that need to be satisfied.
- They have various options that could possibly satisfy their needs.

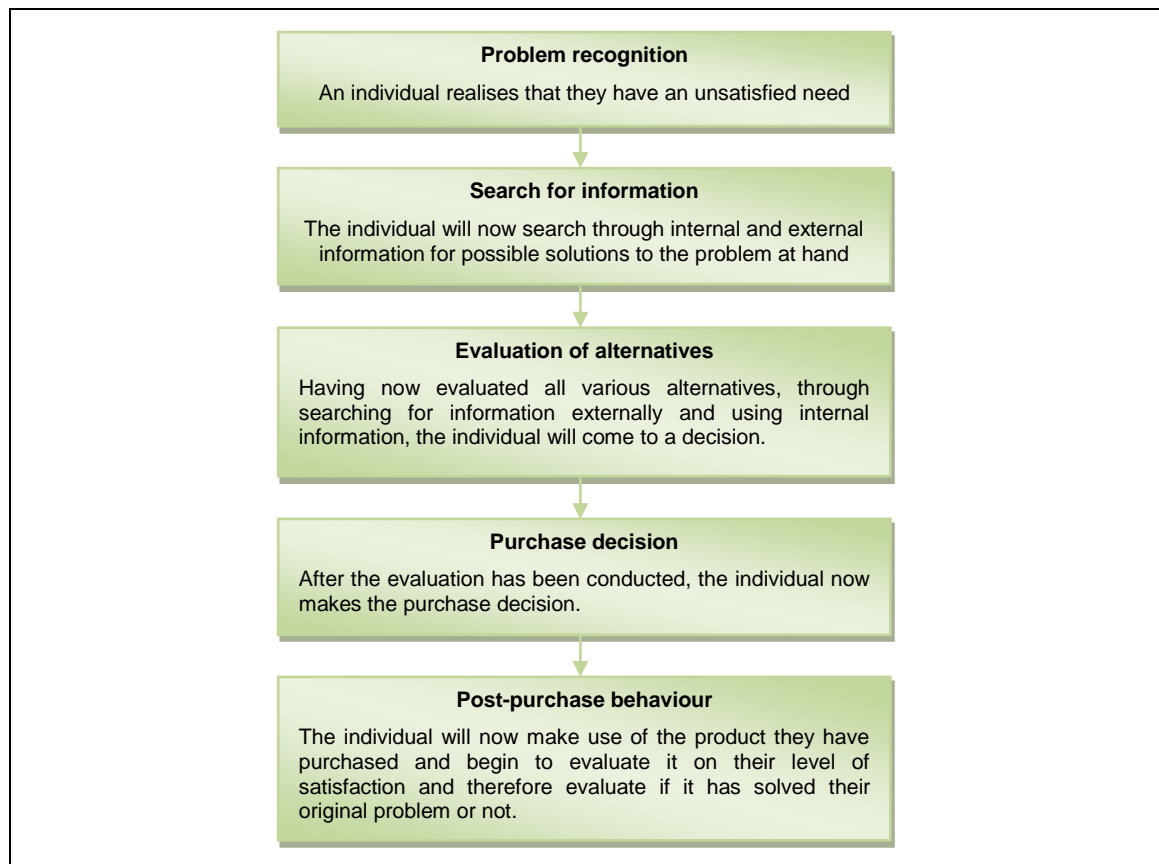
The concept of consumer decision making is when an individual will evaluate products and services or brands to identify which has the desired needed attributes to satisfy needs most often at the lowest cost. Many decisions consumers make are not based on attributes that the product/brand or service offers, but rather the individual's feelings or emotions associated with having a brand. In many cases branded products are not selected because of the attributes they offer but because they have the ability to make an individual feel good about themselves or because the consumer's friends might be approving of

these products (Hawkins & Mothersbaugh, 2010:496). Wilcox *et al.* (2008:4) emphasise that this is a pertinent reason why individuals purchase counterfeit and authentic luxury brands.

The following section now address the process by which consumers can be seen to follow in deciding on which product or service to purchase.

### 4.3.3 Consumer decision-making process

When consumers discover that they have a need or desire and are in a state of tension, they follow a five-step process to alleviate this state of discomfort or tension. This process is known as the consumer decision-making process. Figure 4.6 shows the steps an individual will need to take in order to satisfy their needs.



**Figure 4.6:** The stages in the consumer decision-making process

**Source:** Adapted from Cant *et al* (2006d:195), Kotler and Keller (2009:96) and Lamb, Hair and McDaniel (2011:190).

From figure 4.6 above it can be observed that consumers do not just go into a store and purchase a product. Kotler and Keller (2009:96) maintain that the decision to purchase starts long before the actual purchase itself and has consequences long after.

#### 4.4.1.1 Stage 1: Problem recognition

The first stage in the consumer decision-making process is that an individual will recognise they have a problem or that there is a need or desire that is causing a state of tension. For example, they may have a need or want to own a certain luxury fashion branded product.

According to Sheth and Mittal (2004:279), a problem can be realised by internal stimuli, whereby a consumer's state of tension could be due to physical or psychological discomfort, for example the physical discomfort of being hungry or thirsty. The second form of discomfort can be realised through discomfort or tension states caused by external stimuli; things that occur in the marketplace that create a sense of need or desire. In essence problem recognition, according to Hawkins and Mothersbaugh (2010:500), is when there is a discrepancy between an individual's actual state (how an individual perceives their situation at the current state of time) and their desired state (how an individual would like to feel or have their situation be currently). This discrepancy is illustrated in figure 4.7 below.



**Figure 4.7:** The want-got gap

**Source:** Adapted from Kardes *et al.* (2011:71).

Once the individual has recognised that there is a gap or discrepancy between their actual state and their desired state, they will then begin to search for information so that they might address this problem they have just recognised.

#### 4.4.1.2 Stage 2: Search for information

In this stage, as the stage suggests, consumers actively look for information. Parumasur and Roberts-Lombard (2012:254) and Hawkins and Mothersbaugh (2010:518) explain that consumers can either search for information internally by scanning through long-term memory, seeking a solution to the problem, or externally by involving various sources. Kotler and Keller (2009:97) identify four main groups of individuals' main external sources of information:

- *Personal sources*, such as friends, family and neighbours.
- *Commercial sources*, such as displays, packaging, advertising and websites.
- *Public sources*, such as mass media.
- *Experiential sources*, such as when a consumer personally handles and examines a product in order to gain more information on what it can and cannot do.

To distinguish what type of information the consumer is looking for, the various types of decisions consumers make need to be understood.

### **Types of consumer decisions**

The type of consumer decision that is made is based primarily on the level of purchase involvement a consumer faces. Hawkins and Mothersbaugh (2010:497) define purchase involvement as "...the level of concern for, or interest in, the purchase process triggered by the need to consider a particular purchase". Although consumers make various types of purchase decisions, Parumasur and Roberts-Lombard (2012:257) identify three distinct types of consumer decisions:

- *Nominal or habitual decision making* – Occurs when consumers are brand loyal, in other words when a consumer will make the same purchase decision (repeat purchase) automatically without really having to think about the decision they are making (Strydom, 2005:56, 308).
- *Limited decision making* – Involves a limited search for information internally and externally, in other words little pre-purchase evaluation of alternatives is made by the consumer (Hawkins & Mothersbaugh, 2010:498).
- *Extended decision making* – Involves an extensive search of internal and external information, and many alternatives are weighed up against one another (Parumasur & Roberts-Lombard, 2012:258).

Once an individual has gained sufficient information on the product/brand or service they are considering purchasing and before the final decision to purchase is made, they look to the marketplace to identify other alternatives.

#### **4.4.1.3 Stage 3: Evaluation of alternatives**

Parumasur and Roberts-Lombard (2012:258) state that consumer evaluation is the identification of alternatives in the marketplace. Du Toit (2011:53) indicates that when consumers evaluate alternatives within the marketplace, they are basically searching for the best benefits and attributes among a set of selected products. In other words, consumers weigh the identified products against one another in order to assess the merits and demerits of each product and come to a decision.

The way in which a consumer will evaluate alternatives is by firstly compiling a list of brands which they are considering selecting (Schiffman *et al.*, 2010:488). Products within the marketplace are divided into three groups so that consumers can evaluate which they would like to purchase:

- *An evoked set* – This is a set of brands from which a consumer is considering purchasing from.
- *An inept set* – This is a set of brands a consumer does not even consider as these brands are considered to be unacceptable.
- *An inert set* – This is a set of brands which the consumer does not even consider as they believe there are no benefits or advantages in purchasing them.

Once these sets have been compiled, criteria are then set to assess product attributes. This eventually leads the consumer to purchase the product. Attributes that could be assessed could be price, quality, durability and so forth (Parumasur & Roberts-Lombard, 2012:258).

#### **4.4.1.4 Stage 4: Purchase decision**

Once product evaluation is complete, the consumer will then make the final selection and purchase the product (Blythe, 2008:260). According to Kotler and Keller (2009:99), there are two factors that could stop an individual's intention to purchase a product:

- Attitudes of others towards the selected product; this could prevent a consumer from making the final decision as consumers might be sensitive to others' opinions with regard to their purchases.



- Unanticipated situational factors, which could stop the consumer from making a purchase decision, for example loss of income and inability to get the correct size.

If, however, the consumer does not fall victim to factors that prevent the purchase decision from being made, the brand is then purchased as it is considered to satisfy the need state.

#### **4.4.1.5 Stage 5: Post-purchase evaluation**

The last stage within the consumer decision-making process is the post-purchase evaluation. Post-purchase evaluation occurs after a purchase decision has been made and is the stage in which a consumer will evaluate whether or not the product they purchased satisfied their need state. Kotler and Keller (2009:99) explain that when consumers evaluate their purchase decisions, they might experience a form of *cognitive dissonance*. This is when the consumer notices that others perhaps favour other products within the market; therefore the consumer will be actively alert for information that reinforces that they made the correct decision. The importance of post-purchase evaluations is that consumers can utilise the experience of having bought and used the product when considering future purchase decisions regarding that particular product/brand or service (Sheth & Mittal, 2004:301).

The chapter now concludes with consumers' intention to purchase authentic and counterfeit luxury fashion branded products.

## **4.5 INTENTION OF SOUTH AFRICAN CONSUMERS TO PURCHASE AUTHENTIC LUXURY FASHION BRANDS VERSUS COUNTERFEIT PRODUCTS**

In today's rapidly changing, dynamic and competitive market environment it is imperative that organisations gain an understanding of the customers they are catering to in order to survive and succeed. Marketers need to know anything and everything about their customers, for example what they think, want and how they spend their money (Schiffman *et al.*, 2010:23; Du Plessis & Rousseau, 2007:6). By understanding their customers' behaviour, organisations can gain a competitive advantage as they can predict future needs and wants of consumers

and thus create tailored products or services to meet future needs, which consumers have yet to realise (Parumasur & Roberts-Lombard, 2012:7).

However, in the context of this study, it is vital to understand the importance of consumer behaviour as the luxury fashion branded market is an industry that is under constant threat by counterfeit merchandise. This is because counterfeited luxury fashion brands are easily sold and can be manufactured at a low cost. Furthermore the increase in technological advances and the demand for these products due to the need of people to be in fashion and the pursuit of social status have fuelled such an industry (Phau & Teah, 2009:15).

Consequently in order for luxury fashion branded organisations to survive and/or remain successful, a comprehensive understanding of an individual's intention to purchase authentic or counterfeit products is needed to formulate more effective marketing strategies (Bian & Moutinho, 2011:193).

This study therefore aimed to describe the South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

## **4.6 SUMMARY**

The aim of this chapter was to provide a background of what consumer behaviour is, define what a consumer is and identify types of consumers and their role in the marketplace. After the foundations of consumer behaviour were laid, internal and external factors that influence purchase decisions were discussed, with particular emphasis on motivation, attitudes, demographics, social status and an individual's self-concept. The consumer decision-making process was then discussed. The chapter then concluded with a brief section as to the need for the current research study to be conducted.

# **CHAPTER 5**

## **RESEARCH METHODOLOGY**

*“Marketing research is an excellent tool for discovering opportunities in the market place.” (McDaniel & Gates, 2010a:4)*

### **5.1 INTRODUCTION**

Over the last number of years managers have come to realise that a better understanding of customer, employee, stakeholder and other constituent behaviour is necessary in order to achieve desired organisational goals efficiently (Cooper & Schindler, 2008:5; Aaker *et al.*, 2007:6). In order to gain such an understanding, marketing research needs to be conducted. This is an activity that investigates and answers questions a marketer might have about human behaviour (Phillips, 2007:37) linking the customer to the marketer through information. Information that is received through conducting research will help a marketer thereafter to identify opportunities and/or problems. It further allows the researcher to gain a better understanding of the environment in which products will be competing (McDaniel & Gates, 2010a:5) and in turn has the ability to maximise organisational performance (Cooper & Schindler, 2008:4).

The emphasis in this chapter is on the central concepts of marketing research, and an in-depth discussion of the research methods, designs and sampling techniques that were utilised in the study. The chapter concludes with a brief discussion of the data analysis techniques employed and the development of the research report.

### **5.2 THE RESEARCH PROCESS**

Kapoor and Kulshrestha (2010:10) state that businesses in the 21st century that are preparing to compete are forever and now on a more frequent basis being challenged with creating new and innovative strategies in order to respond to and meet the constant and rapid market changes. Not only are vast changes constantly occurring, but information needs in both developed and developing countries are changing too. This is due to industrialised countries now becoming

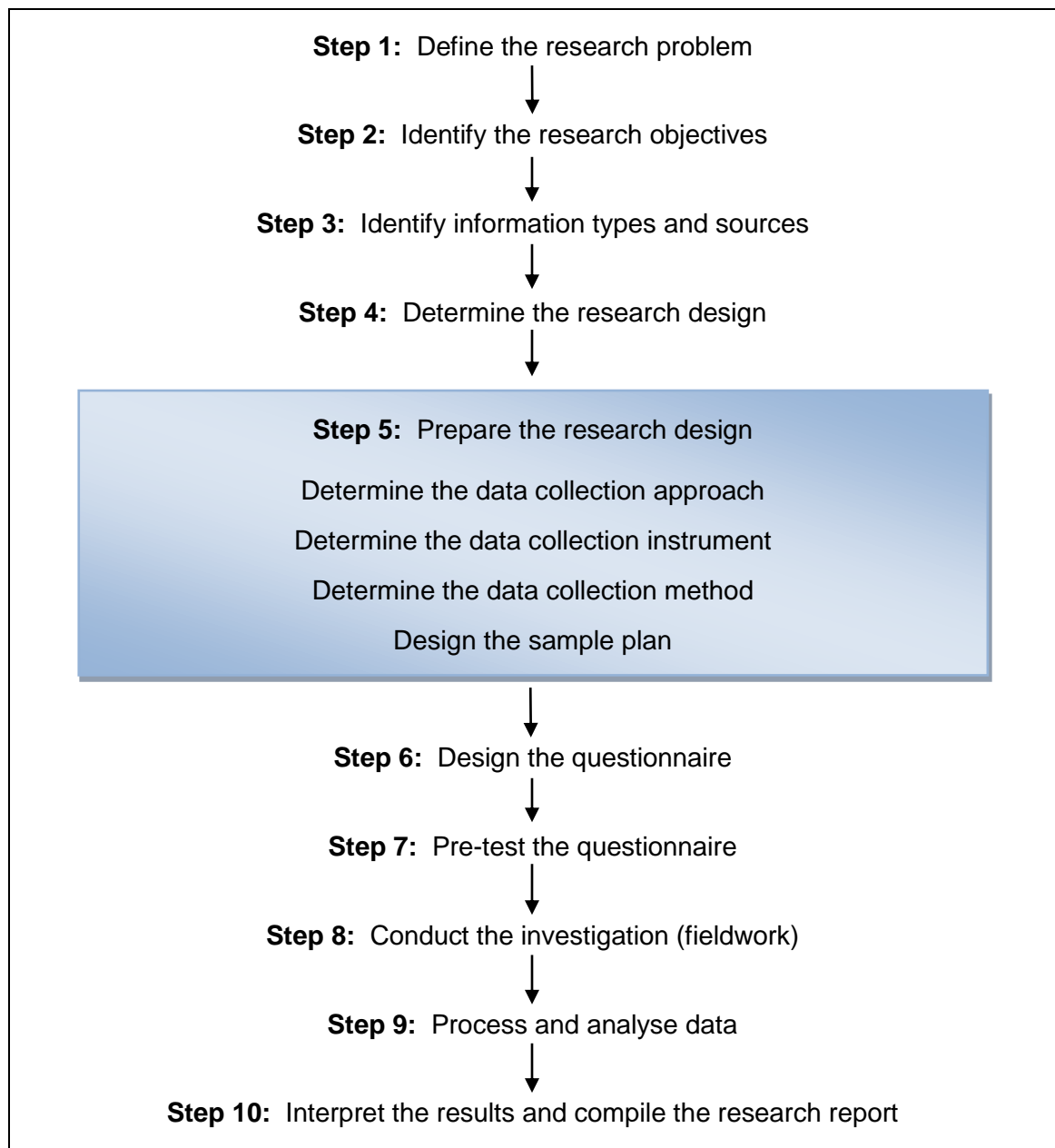
more geographically integrated whereby direct links and the flow of information to suppliers, retailers and customers are being established. As a result of this integration there is a greater need for market research to be conducted across a variety of country borders to discover potential market opportunities and to better coordinate strategies across various borders. Therefore the current study fits in well with the explanation of Kapoor and Kulshrestha (2010:10) for the need for research. The study conducted by Yoo and Lee (2009) on buying counterfeit or luxury fashion branded products was done in Korea. A partial to full replication of such research in South Africa would therefore prove to be beneficial in terms of understanding different market segments. (For the purpose of this research study, past purchase behaviour and purchase intention variables were replicated to describe South African consumers' authentic and counterfeit purchase behaviour.)

Zikmund and Babin (2010:5) define marketing research as a scientific method that is utilised in searching for the truth about a marketing phenomenon. The result is discovering marketing opportunities as well as problems, being able to monitor organisational performance; generating and evaluating marketing ideologies as well as gaining a general understanding of the marketing process as a whole. In order to better understand what marketing research is, McDaniel and Gates (2010a:6) define marketing research in a more simplistic manner to be:

*"...the planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management"*.

For marketing research to be conducted, however, a researcher needs to establish a process or "blueprint" so that research objectives can be achieved. Aaker *et al.* (2007:48) explain that the research process provides a researcher with a systematic, planned procedure for the research project and makes sure that all parts of the research project are consistent. According to Zikmund and Babin (2010:57), however, marketing research does not always follow a generic set of stages; some stages can overlap continuously over the course of the investigation into the subject matter, but what is observed is that there is some sort of general pattern that marketing research needs to follow in order to fully conduct an investigation. For the purpose of this study, the steps in the marketing

research process selected can be viewed in figure 5.1 below, and is what will therefore form the structure as to the chapter's discussion.



**Figure 5.1:** Steps in the marketing research process

**Source:** Adapted from Wiid and Diggines (2009:32), Tustin, Ligthelm, Martins and van Wyk (2005:76) and Cant (2010b:64).

Having identified the ten steps constituting the research process, each step is now discussed individually by providing a theoretical basis followed by application to the research study.

### **5.2.1 Step 1: Define the research problem**

As can be seen in figure 5.1 (page 87) above, the first step in the marketing research process is defining the research problem, which was first introduced in chapter 1 of this study.

A research problem is the presentation of a problem statement to management, which represents the need for the research to be conducted (Cooper & Schindler, 2008:583). Furthermore, the research problem is what will specify the type of information that is needed to solve the problem at hand and how this information can be obtained efficiently and effectively (McDaniel & Gates, 2010a:46). Therefore a research problem that is clearly stated can be considered to be the core of the marketing research process (Wiid & Diggins, 2009:33).

The research problem for the current study was formulated after having determined that multiple studies had been conducted into counterfeiting; however, most of these studies were directed at the supply side of the illicit industry (Penz & Ströttinger, 2005:568; Heike, 2010:160). Where the literature falls short is on the demand side of counterfeiting (Penz & Ströttinger, 2005:568; Bian & Moutinho, 2011:192; Heike, 2010:160). Furthermore authentic and counterfeit purchase habits of developing countries appear to be a growing concern due to Africa and South Africa, in particular, being utilised as a “transit route” for counterfeit merchandise (Meissner, 2010). According to the SAIPL [n.d.], a new trend in counterfeiting is to utilise South Africa as a “dumping ground” for counterfeit merchandise.

Therefore through having identified the need for and importance of such a study, it was proposed that the following research question be asked:

*What is the intention of South African consumers to purchase authentic luxury fashion brands versus counterfeit products?*

### **5.2.2 Step 2: Identify the research objectives**

The resulting research problem as stated above is what the researcher wanted to ultimately resolve, but to do so, numerous research objectives had to be achieved.

Research objectives formulated for an investigation are the goals to be achieved and are in many cases referred to as deliverables of the research project. Such objectives are stated in terms of precise information needed for the researcher to address a research problem. If objectives are well formulated, they form the road map to the achievement or pursuit of the research problem (Zikmund & Babin, 2010:58; McDaniel & Gates, 2010a:48).

Research objectives can be broken down into two different categories, namely a primary objective, which is the main outcome that the researcher wishes to achieve, and secondly, secondary research objectives, which firstly link to the primary objective, but moreover reflect the detail of what the primary objective is made up of (Berndt & Petzer, 2011:29). The objectives that were identified for the current study were stated in chapter 1 (pages 5–6).

Once the research problem and objectives were set, the researcher then needed to determine whether or not the problem could be answered by means of secondary research. If not, then primary research would need to be conducted.

### **5.2.3 Step 3: Identify information types and sources**

There were two possible ways in which the desired information necessary to satisfy the research objectives of this study might have been obtained: either through primary or secondary research data.

Secondary data is most often the starting point in defining what kind of research needs to be conducted, and it is only if the availability of secondary data is not enough that a researcher will consider making use of primary data (Hair, Bush & Ortinau, 2009:117).

#### **5.2.3.1 Secondary data**

Secondary data, otherwise known as “desk research”, can be defined as data that already exists in the marketplace (Tustin *et al.*, 2005:120). In other words, it is data that has already been assembled and published by someone other than the current researcher, for a problem other than the one at hand (Hair *et al.*, 2009:114; Burns & Bush, 2010:174). Hence existing data can be used by another researcher in solving new problems.

Secondary data can be an extremely useful tool to a marketer as it can provide an historical background on which to base a current research study and it allows for a longitudinal trend analysis of the industry under investigation (Hair *et al.*, 2010:116). Further advantages in making use of secondary data in the attempt to solve a research problem are that it is more cost effective and a researcher can obtain information faster (Bradley, 2010:76). The drawback or main disadvantage of secondary data is that existing data is not always able to solve a current research problem fully. Table 5.1 below summarises the various advantages and disadvantages of using secondary data.

**Table 5.1:** Advantages and disadvantages of using secondary data

<b>Advantages</b>	<b>Disadvantages</b>
May help to refine the problem at hand	Lacks relevance to current study
Could possibly provide alternative primary research methods	In some cases lack of availability
Alerts researchers to potential problems and/or opportunities	Inaccuracy
Builds credibility for a research report and provides background information	In some cases, not sufficient to make a decision or solve a research problem
May provide a sample frame	Reporting units are sometimes incompatible with current research
Obtained quickly	Measurement units do not match current study purposes
Inexpensive compared to primary data	Different definitions are used to classify data
Available most of the time	Data could be out dated
Enhances primary data	Information needed for assessing credibility of data that has been reported is not always available
Might provide a solution for the research objective	

**Source:** Adapted from Burns and Bush (2010:180–183) and McDaniel and Gates (2010a:72–75).

Secondary data can be broken down into two main types: internal and external secondary data. Internal secondary data is data that can be collected from inside a company, for example previous sales reports and company invoices. External secondary data is data that is collected from outside sources (Burns & Bush, 2010:176–178), for example the internet, academic sources and industry sources (Bradley, 2010:79).

Both internal and external secondary research was utilised for the current study. The internal data was the statistical information on the demographics of students at UNISA from 2011, which was provided by Higher Education Data Analyzer (HEDA), the institutional information and analysis portal of UNISA. The external secondary research data came from, for example, various academic textbooks, articles as well as the internet.



To achieve the research objectives, the researcher used secondary data to comprehend what results and thought patterns have been formulated in the field of marketing and furthermore to develop the constructs that would be applicable to the study. Therefore through the usage of secondary data a literature review was formulated (as can be seen in chapters 1–4). A literature review, according to Hair *et al.* (2009:118), is when a comprehensive investigation into available information is made, by looking to sources that relate to the topic of interest and that are used to clarify and define research problems.

Once the constructs for the study had been determined, primary research was necessary to validate the formulated research objectives.

### **5.3.2.2 Primary data**

When secondary data does not answer the research question, information needs to be gathered directly from individuals. This form of data is known as primary data (Masterson & Pickton, 2010:175). Primary data can best be described as data that is specifically collected in order to solve a marketing problem or opportunity that faces management. It is data that is collected from scratch, and is therefore new, freshly collected data. There are two types of primary data collection techniques: observation and communication (Kapoor & Kulshrestha, 2010:53; Wiid & Diggines, 2009:71), which are discussed later in the chapter.

The next step in the research process deals with how the researcher selected a research design to conduct primary research.

### **5.2.4 Step 4: Determine the research design**

A research design that a study will follow is said to be the blueprint for fulfilling stated research objectives and also provides a solution for how the research problem is resolved (Cooper & Schindler, 2008:89; McDaniel & Gates, 2010a:49). Other authors have gone so far as to say that it is the 'glue' that holds all the elements of the research project together (Kapoor & Kulshrestha, 2010:30). There is no single definition or explanation of what a research design actually means, but through various definitions from various authors, Cooper and Schindler (2008:140) have come up with what essentially constitutes a research design and this description was therefore the preferred explanation for the current study:

- It is an activity- and time-based plan.
- It is a plan always based on a research question.
- It is a guide for selecting sources and types of information.
- It is a framework for specifying the relationships among the study's variables.
- It is the procedural outline for every research activity.

The first step in the research design process was to select the research approach. There are two research approaches that the researcher could have followed, namely either qualitative or quantitative research methods.

#### 5.2.4.1 Qualitative and quantitative research data methods

An important consideration to keep in mind when planning the research design is deciding whether to use a qualitative or quantitative research approach. The main difference between the two approaches is that *qualitative research* addresses research objectives through methods that will allow the researcher to make interpretations about marketing phenomena. Hence, such data focuses on discovering true feelings and new insights without the use of statistical evidence (Zikmund & Babin, 2010:131). *Quantitative research* is concerned with numbers and statistics and therefore one of the main reasons for using this method is to develop meaningful segmentation and give an account of usage and attitudes (Bradley, 2010:264). The two approaches do, however, differ in other respects, as can be seen in the comparative table below.

**Table 5.2:** Qualitative versus quantitative research

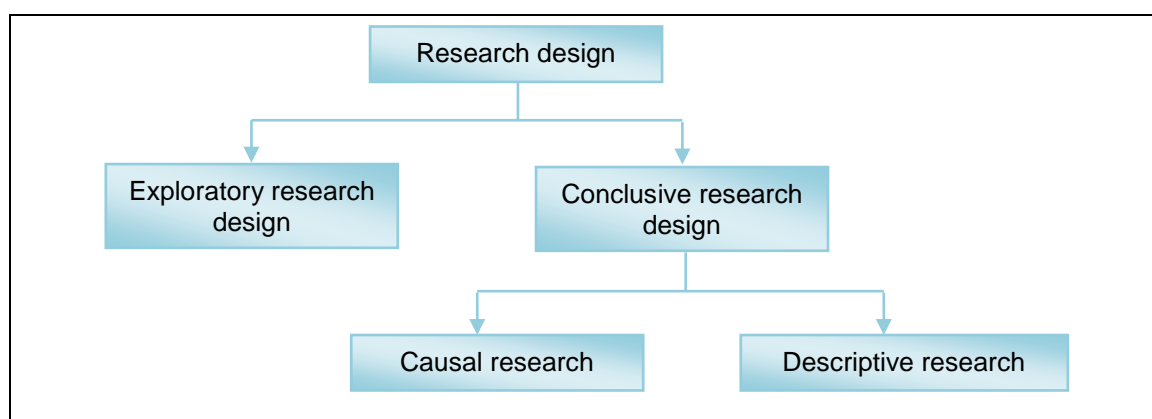
Research aspect	Qualitative research	Quantitative research
Goals and objectives	Identification of new ideas, thoughts, feelings; attempt to understand relationships, objects and ideas, for example.	Validation of relationships, facts, estimates, etc.
Types of questions	Probing, open-ended, unstructured	Limited probing, mostly structured
Sample size	Small	Large
Amount of information from each respondent	Substantial	Varies
Requirements of administration	Interviewer with special skills	Interviewer with fewer special skills or no interviewer
Types of analysis	Subjective and interpretive	Statistical and summation
Hardware	Tapes, recorders, projection devices, video recorders, pictures, discussion guides	Questionnaires, computers, printouts
Degree of replicability	Low	High
Types of research	Exploratory	Descriptive and casual
Time frame	Relatively short	Significantly longer
Generalisability	Limited	Generally quite good

**Source:** Adapted from McDaniel and Gates (2010a:92) and Hair *et al.* (2010:153).

The research methodology that the current study followed was a mixed method approach, which is when a researcher makes use of both qualitative and quantitative data in order to answer a particular research question (Hesse-Biber, 2010:3). This approach to the collection of data for the current study was deemed the most appropriate, as the researcher first needed to determine which past purchased authentic and counterfeit luxury fashion brands were to be utilised in the main study (see preliminary survey, appendix B, page 177). Once this had been determined through a qualitative research approach, a quantitative research approach was then applied (see main research instrument, appendix C, page 183). This is when a researcher uses mathematical analysis, but moreover this method was selected for the study as quantitative research often measures consumer behaviour, and can find statistically significant differences between heavy and light users, which was in line with the objectives of the study (McDaniel & Gates, 2010a:91; Cooper & Schindler, 2008:164).

#### 5.2.4.2 Types of research design

According to Kapoor and Kulshrestha (2010:31), there are two categories of research designs. These categories can be seen in figure 5.2 below, after which a short description for each follows.



**Figure 5.2:** Types of research design

**Source:** Adapted from Kapoor and Kulshrestha (2010:31).

The first category of research design is exploratory research, which, as the term suggests, explores new opportunities. *Exploratory research* is utilised in order to clarify ambiguous situations and unveil ideas that could potentially create business opportunities (Zikmund & Babin, 2007:42). This form of research design is considered to be introductory research that will help researchers to understand the problem or opportunity at hand. Exploratory research is typically qualitative in nature; therefore this form of research helps researchers to better understand a

problem, as well as allow them to uncover underlying motivations and ideas that participants might have (Berndt & Petzer, 2011:32). The preliminary survey (appendix B, page 177) of the current study can be seen to be exploratory in nature.

The second type of research design is conclusive research, which, as the term suggests, is research that will provide information or data that is useful in reaching conclusions or making decisions (Kapoor & Kulshrestha, 2010:31). This research category is usually quantitative in nature and can be further broken down into two categories:

- *Causal research* is research which investigates whether one variable determines or is the cause of the value of another variable. This is tested to assess if there is a correlation or link between the two different variables (McDaniel & Gates, 2010a:50).
- *Descriptive research* attempts to address the who, what, when, where, why and how questions. Put simply, this type of research often helps to describe various market segments by painting a picture of various objects, organisations, people and environments, for example (Zikmund & Babin, 2010:51). Therefore for the purpose of this study, the main research instrument followed a descriptive research design (see main research instrument, appendix C, page 183).

The reason why descriptive research was selected for the study was that identifying the potential factors leading to the intention of South African consumers to purchase authentic luxury fashion brands versus counterfeit products could give producers of the selected authentic luxury fashion brand categories a better understanding of what local consumers desire from products. Lastly, this research approach was selected as the results obtained could potentially provide organisations with information on the frequency with which something occurs but, more importantly, the relationship between two different variables (Iacobucci & Churchill, 2010:59). According to Burns and Bush (2010:150), there are two classifications of descriptive research studies that a researcher could choose to employ: cross-sectional studies, which measure units of a population at a specific point in time, and longitudinal studies, which measure units of a population over a period of time. For the purpose of this study, cross-sectional descriptive research

was employed using sample surveys that were representative of the target population.

## 5.2.5 Step 5: Prepare the research design

The following section covers how the research design was prepared for the current study.

### 5.2.5.1 Determine the data collection approach

Having selected a research design the next step was to determine how the data that was needed to achieve research objectives would be collected. McDaniel and Gates (2010a:51) describe three ways in which a researcher can collect the necessary data:

- *Observation research* – According to Cant (2010b:70), observation research is when a researcher monitors a respondent’s actions without direct or face-to-face interaction with the individual.
- *Experimental research* – A data collection technique used in causal research, in which a researcher will want to prove that one variable causes another variable to occur (Cant, 2010b:71).
- *Survey research* – According to Berndt and Petzer (2011:132), this is when information is collected from individuals in order to achieve study objectives. Cooper and Schindler (2008:215) describe a survey as a measurement process that collects information in a highly structured way, where the goal is to derive comparative data across different subsets of the selected sample.

For the purpose of this study, survey research was selected to be the appropriate data collection method in order to achieve the stated objectives.

Burns and Bush (2010:267) list several advantages of using surveys as a data collection method.

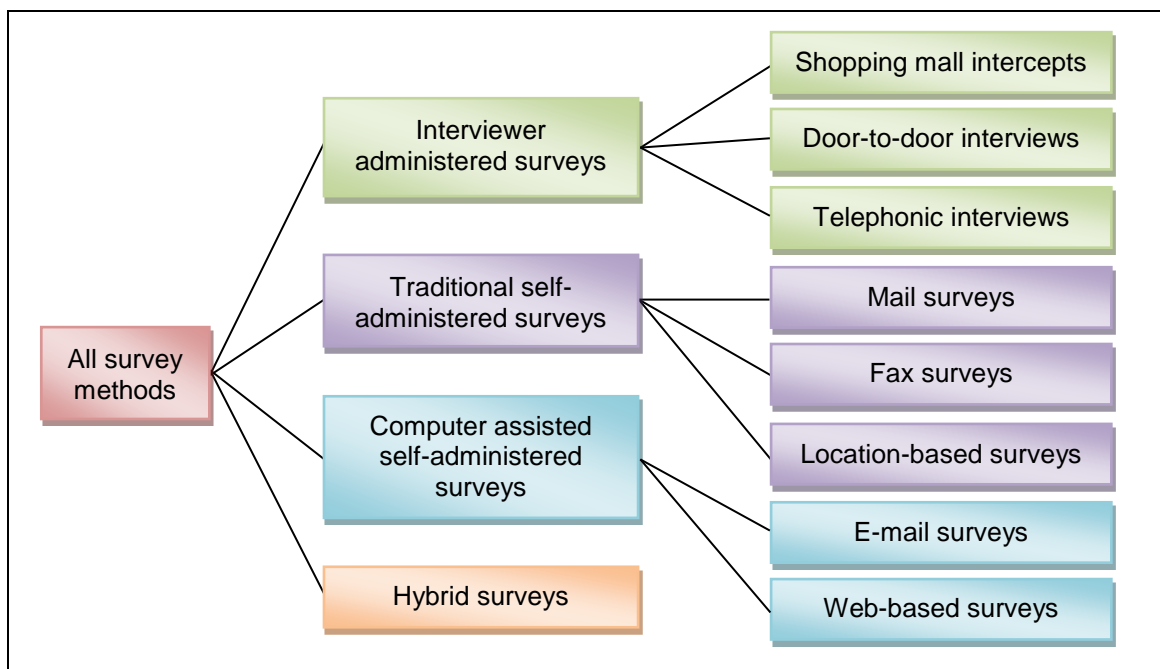
**Table 5.3:** Advantages of using surveys

<b>Advantage</b>	<b>Description</b>
Standardisation	All questions in a survey are worded the same and presented in the same sequence; therefore options presented to respondents are the same.
Ease of administration	Researchers could ask respondents the questions and document responses immediately. Respondents can also be asked to administer questionnaires themselves.
Gets “beneath the	Surveys can ask respondents about deliberations, intentions and more.

Advantage	Description
surface <sup>7</sup>	
Easy to analyse	Due to standardised questions being asked, analysis with the assistance of computer programs can easily be done.
Reveals subgroup differences	Participants of a study can be divided into different segments in a study such as age and income, for example, in search of meaningful differences.

**Source:** Burns and Bush (2010:267)

The researcher had to then determine which form of survey would be the best and most efficient method for data collection. Figure 5.3 below is representative of the various survey methods the researcher could have chosen.



**Figure 5.3:** Types of survey methods

**Source:** Adapted from Berndt and Petzer (2011:135).

The survey method that was used for the current study was an online survey (computer-assisted self-administered survey). This is a self-administered survey that collects information from individuals using the Web as a platform (Tuten, 2010:179).

### 5.2.5.2 Determine the data collection instrument

Due to the data collection approach being a survey, a questionnaire was deemed most appropriate as the instrument of collection. Cant (2010b:71) maintains that a questionnaire is the most commonly used instrument for the collection of data for survey purposes. A few key terms with regard to questionnaires will now be explored:

- *A self-administered questionnaire* is best described as a survey in which the selected respondent takes on the responsibility of reading and completing the questionnaire on their own (Zikmund & Babin, 2010:223).
- *A computer-assisted self-administered questionnaire* is when an organisation makes use of the internet to send respondents e-mails to participate in a survey. This in essence makes the respondents take on the responsibility of completing the survey by themselves (Cooper & Schindler, 2008:224).

### 5.2.5.3 Determine the data collection method

The survey method used in this study to collect data was a web-based survey or web-based questionnaire. In essence a web-based survey is an instrument that is both delivered and collected via the internet (Cooper & Schindler, 2008:228). This form of data collection is often confused with an e-mail survey method, which is a technique in which respondents are e-mailed a questionnaire which is to be sent back to the researcher after completion. A web survey is a survey that is hosted on the Web and an e-mail is sent to participants with a link attached inviting them to complete the survey (Poynter, 2010:5; Bryman & Bell, 2011:662).

Web-based surveys/questionnaires have gained huge popularity in the last few years due to a multitude of advantages that researchers can benefit from; however, as with any research method, disadvantages exist as well. Table 5.4 below indicates the main advantages and disadvantages of using a web-based survey/questionnaire.

**Table 5.4:** Web-based questionnaire: Advantages and disadvantages

<b>Advantages</b>
High quality
Fast
Inexpensive
Eliminates interviewer error and bias
Can have built-in logic tests which reduce the need for data cleaning and editing
Visual appeal and interactivity
Respondent can be unknown or anonymous
Software can assure that there is a zero item non-response rate
Global flexibility
<b>Disadvantages</b>
Low-response rates
Needs continuous monitoring
Possibility of respondent misunderstanding is high
Security concerns
Have to ensure that a respondent can only complete the questionnaire once
No guarantee that the respondent is who they say they are

**Source:** Adapted from Aaker *et al.* (2007:261), Zikmund and Babin (2007:154) and Kelly (Van Hamersveld & De Bont, 2007:70–71).

Although web-based surveys do have numerous advantages, this method of data collection might not be a viable means for all research problems. Tuten (2010:180) identifies four possible errors that web surveys might incur:

- *Coverage error* – Not all members of the population have a chance of being selected into the target population because they do not have access to the internet. This error was a concern because not all UNISA students have a high degree of access to the internet.
- *Sampling error* – The internet does not have a viable list of actual Web users. IP addresses are linked to a computer and not a person, and individuals may have numerous e-mail accounts that they use. Even if all information with regard to e-mail accounts can be listed, it is not certain that these e-mail accounts are even in use. This therefore posed a potential limitation to the current research study.
- *Non-response error* – This error was of key concern in this study as it means that information is not being obtained from respondents. This could lead to non-response bias, which is when non-responding individuals differ substantially from responding individuals.
- *Measurement error* – Respondents do not represent their true value on the measure. Due to the questionnaire asking sensitive information about counterfeit purchases, this error could have posed a potential limitation to the study.

To sum up steps 3 and 4, the study took on a primary research approach using the mixed method approach of both qualitative and quantitative research. The type of research design for this study was both exploratory (preliminary survey) and descriptive (main research instrument). A communicative technique of a computer-assisted survey method was selected, which used a web-based survey.

The final phase in the preparation of a research design is designing the sample plan.

#### **5.2.5.4 Design the sample plan**

The reason for selecting the specific units of analysis for the current study and the various methods used in selecting a sample are now described.



Sampling is a process of obtaining information from a subset of a population and making estimates or predictions of the characteristics for a larger group (population). The ideology behind only taking a sample of a population is so that estimates can be made quickly and more cost effectively. The most important aspect in making accurate estimates or predictions, however, is that samples need to be selected scientifically, to ensure representativeness of the population at large (McDaniel & Gates, 2010a:326). Kapoor and Kulshrestha (2010:135) and Zikmund and Babin (2010:415) identify seven steps in the selection of a sample for a research project:

1. Define the population (target population).
2. Identify the sample frame.
3. Specify the sampling unit.
4. Select the sampling method (probability or non-probability method to be utilised).
5. Determine the sampling size.
6. Specify the sampling frame.
7. Select the sample.

### **Step 1: Target population and units of analysis**

A target population of interest can be defined as an entire group of people a researcher will need to obtain information from in order to research the problem. In laymen's terms, a population is the larger group that a subgroup will represent (McDaniel & Gates, 2010a:326; Zikmund & Babin, 2010:415).

The target population of interest for the current study was the student population registered at the University of South Africa (UNISA) within the provinces of Gauteng, KwaZulu-Natal and the Western Cape. UNISA was selected as it is considered a leading distance learning institution in South Africa and on the African continent (UNISA, 2011a). The university is also considered to be one of the world's mega universities (UNISA, 2012) with one of the largest student populations of nearly 300 000 students (UNISA, 2011b). A further reason for selecting UNISA students as the target population of interest was that the student profiles are very diverse and dynamic in terms of race, gender, age as well as occupational status and nationality, and are increasingly reflective of the demographics of South Africa (UNISA, 2009). This was an important aspect in

the selection of the target population as the researcher wished to investigate South African consumers in particular. Lastly, the target population was selected as access was made easily available with the help of the Bureau of Market Research (BMR) and ICT department of UNISA after having been approved by an ethical clearance committee.

### **Step 2: Sampling frame**

A sampling frame can be defined as a list of individuals in the population that will be selected to participate in a sample (Aaker *et al.*, 2007:382).

The sampling frame for the current study was the UNISA students registered in the regions of Gauteng, KwaZulu-Natal and the Western Cape (as can be seen in figure 5.6 on page 104). These three regions were selected, as they are where the most counterfeits are found in South Africa (Naidu, 2005) but also because these three regions are where the majority of UNISA students reside (UNISA, 2009).

### **Step 3: Specify the sampling unit/unit of analysis**

Zikmund and Babin (2010:418) state that a sampling unit, sometimes referred to as a unit of analysis is a single element that is fit for selection by means of the stated sampling process. The units of analysis for the current study were students who were registered for 2012 at UNISA, enrolled in either undergraduate or postgraduate studies and lastly who resided in one of the three regions of Gauteng, KwaZulu-Natal and the Western Cape.

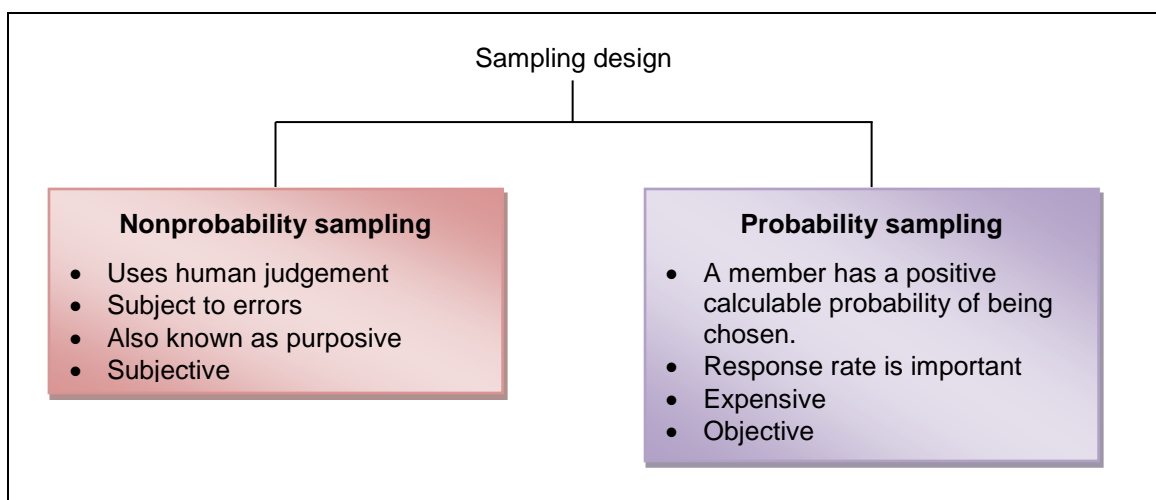
### **Step 4: Sampling method**

The sampling methodology for selection is very dependent on the objectives of a stated research project as well as other project-related restrictions (McDaniel & Gates, 2010a:332). A sampling method can be divided into two different categories:

- *Non-probability samples* are samples where individuals in a population do not have a known chance of being selected to participate in the study. These samples cannot be generalised to populations outside of the sample and the degree of sample errors to be expected is difficult to determine (Cooper & Schindler, 2008:379; Kapoor & Kulshrestha, 2010:142; McDaniel & Gates, 2010a:52).

- *Probability samples* are samples where individuals in a population are selected in terms of random selection and all individuals are given a known chance of selection. A probability sample is sometimes referred to as a sampling ratio and is calculated by taking the number of sample items and dividing it by the total number in the population. Lastly, in probability samples, researchers are able to estimate or predict errors that can be expected (Cooper & Schindler, 2008:380; Kapoor & Kulshrestha, 2010:137; McDaniel & Gates, 2010a:52).

Figure 5.4 below is representative of the main differences between non-probability and probability sampling methodologies.



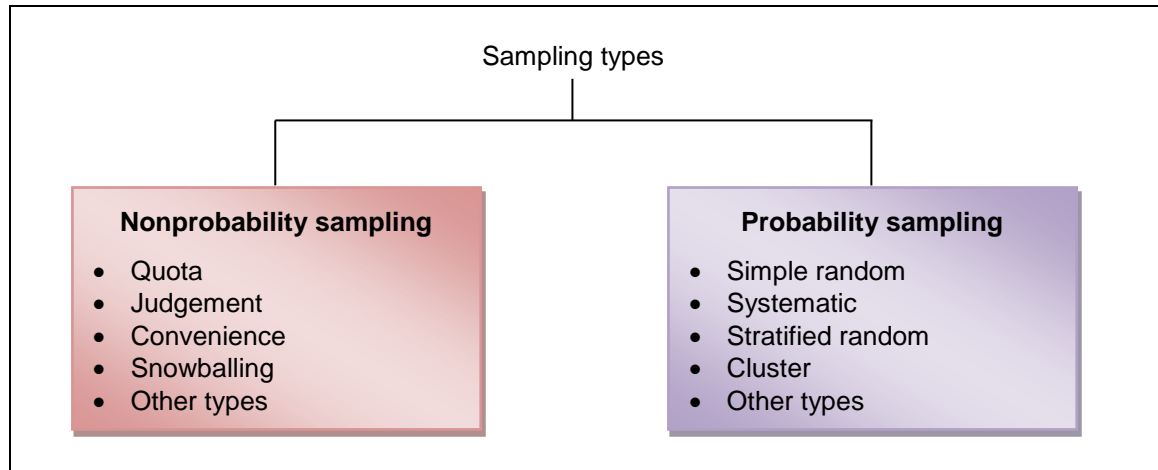
**Figure 5.4:** The distinction between probability and nonprobability sampling

**Source:** Adapted from Bradley (2010:160).

The sampling methodology used in the current research was probability sampling. The benefits or advantages of such a sampling method are that it gives the researcher the opportunity to generalise findings to the selected target population (Cooper & Schindler, 2008:380), biases known to occur in non-probability sampling are eliminated because the selection is random (Zikmund & Babin, 2007:275) and lastly it allows the researcher to demonstrate representativeness of the sample (Aaker *et al.*, 2007:386).

Although various benefits arise from the use of probability sampling, the methodology does have several disadvantages which should be kept in mind. Some of these are that the cost is far higher to reach the target population and the development of a sample frame is much more time consuming than non-probability sampling (Aaker *et al.*, 2007:393).

Non-probability and probability sampling can then be further divided into various sampling methods. Figure 5.5 below provides the various types of sampling techniques within both sampling methods.



**Figure 5.5:** Types of probability and nonprobability sampling

**Source:** Adapted from Bradley (2010:161).

The probability sampling method that was utilised for the purpose of this study was a stratified sample. The sample was drawn by using a list which was representative of the selected population of interest (Aaker *et al.*, 2007:388) and which was based on existing information (Zikmund & Babin, 2007:277). The reason for using stratified sampling was that random sampling error is reduced due to each group being homogeneous. Moreover, a smaller standard error would result due to groups being adequately represented when the population is combined. Therefore accurate representation of the selected target population was ensured (Zikmund & Babin, 2007:277).

The sampling method divided each selected province into gender-specific strata to ensure representativeness of the sample required. Table 5.5 below provides the strata obtained for the selected provinces by gender.

**Table 5.5:** Gender strata per province with e-mail addresses

Province of residence	Female individuals per region	Male individuals per region	Total population per region	Percentage per gender per region (female/male) rounded up	
Gauteng	45 802	29 453	75 255	60.90%	39.10%
Kwazulu-Natal	29 546	11 062	40 608	72.80%	27.20%
Western Cape	10 292	6 581	16 873	61.00%	39.00%
<b>Grand total</b>	<b>85 640</b>	<b>47 096</b>	<b>132 736</b>		

After stratifying the provincial samples into gender, the final step was to draw a systematic sample of each group (gender), where the (nth) number of individuals per subgroup was divided by the required sample size. This produced the skip interval for the selection of respondents. This sampling selection technique is represented by the equation below (McDaniel & Gates, 2010a:338):

$$\text{Skip interval} = \frac{\text{Population size}}{\text{Sample size}}$$

Table 5.6 and 5.7 show the skip intervals of the gender samples per province that were utilised in the selection of sample respondents.

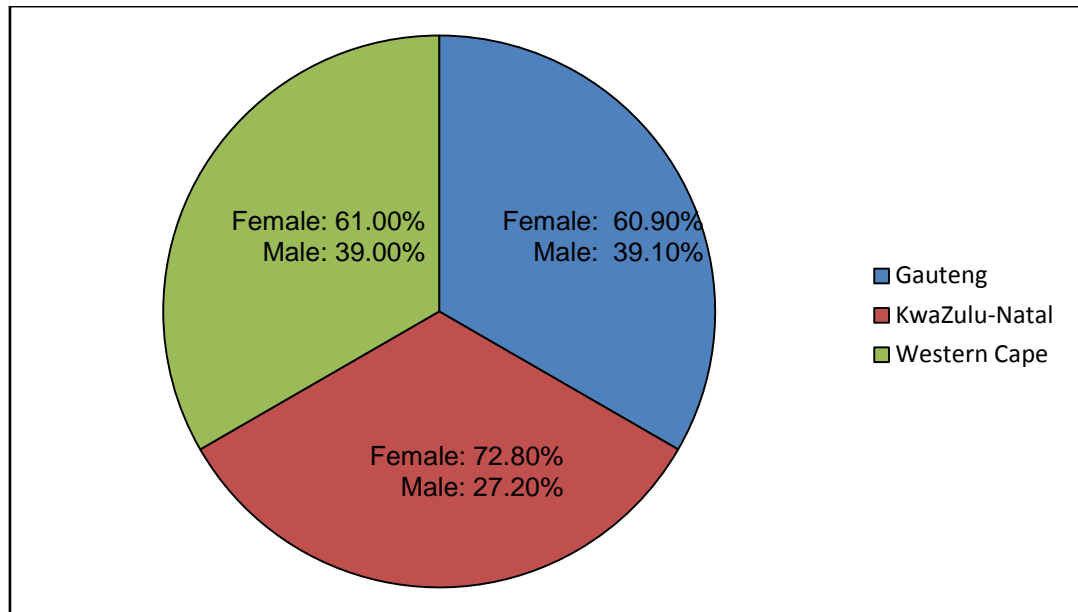
**Table 5.6:** Skip intervals for preliminary survey

Province in South Africa	Skip interval (Sample size 500 per gender per province)	
	Female	Male
Gauteng	91.604	58.906
KwaZulu-Natal	59.092	22.124
Western Cape	20.584	13.162

**Table 5.7:** Skip intervals for the main research instrument

Province in South Africa	Skip interval (Sample size 1000 per gender per province)	
	Female	Male
Gauteng	45.302	28.953
KwaZulu-Natal	29.046	10.562
Western Cape	9.792	6.081

The motive behind the two-stage sampling methodology for the study was that objectives were best achieved and representativeness of the target population was assured. Further reasoning behind the selection of the stated methodology was that access to student lists was easily obtainable to the researcher with the assistance of the BMR and ICT department at UNISA. Figure 5.6 below is an indication of how the strata were divided into the relevant subgroups.



**Figure 5.6:** Strata utilised: UNISA students selected representing the most popular counterfeit areas in South Africa

### Step 5: Sample size

Malhotra (2010:374) explains that a sample size is the number of individuals or elements to be included in a study. Kumar (2005:181) states that determining a sample size will basically depend on what a researcher wants to do with the findings as well as the types of relationships to be determined. However, as a basic rule of thumb, caution McDaniel and Gates (2010a:355), the larger the sample, the smaller the sampling error would be, and the larger the sample size, the more costly the research will become.

For the current study the sample size of UNISA students selected was 3 000 for the preliminary survey (qualitative technique) and 6 000 for the main research instrument; in other words, a sample of 1 000 and 2 000 students were selected from each respective region. The decision to select 3 000 and 6 000 students was discussed and agreed upon with the BMR at UNISA. This figure would accommodate non-responses that are commonly known to occur in web-based surveys. It would also yield a minimum of 300–324 responses, which is in line with what the study conducted by Yoo and Lee (2009) was able to achieve.

In the study conducted by Yoo and Lee (2009), a sample size of 400 students were asked to fill in a self-administered questionnaire in a specific class, which produced a response rate of 324 usable questionnaires. However, this current

study applied a different data collection technique, namely a web-based survey. Web-based surveys are sometimes known to yield low response rates; therefore the addition of 5 600 students acted as a buffer to a low response in the distribution of the survey.

The research study furthermore did not segment students into specific classes due to UNISA being an open distance learning (ODL) institution. Not selecting a specific class increased the representation of the greater population.

#### **Step 6: Specify the sampling frame**

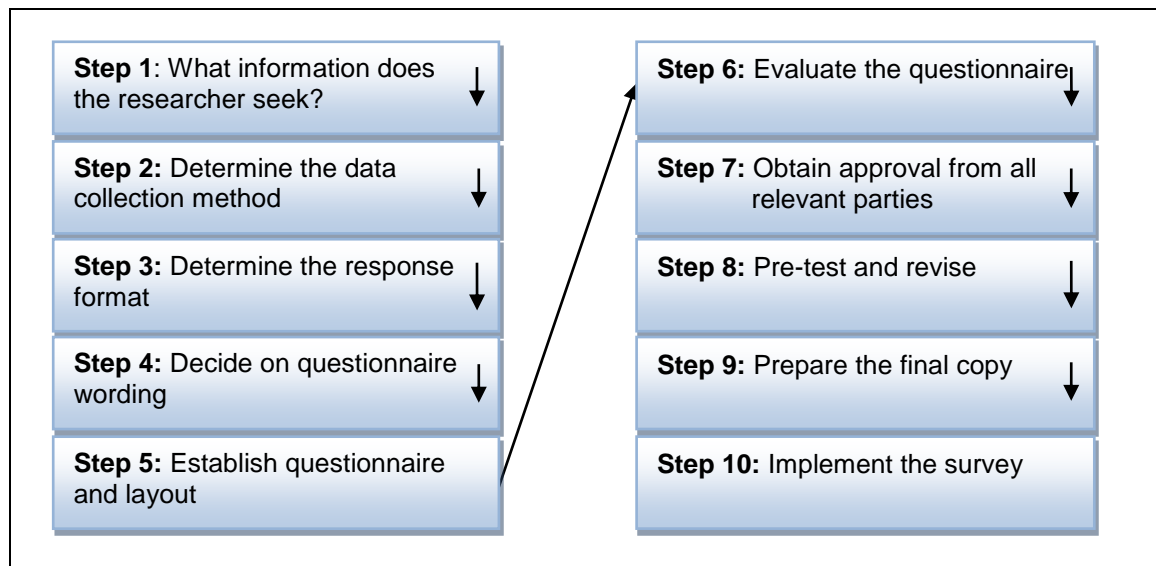
A sampling frame is a master list from which the sample of a population is selected (Burns & Bush, 2010:366). The sampling frame for the selection of participants in the current study were the students that resided within the provinces of Gauteng, KwaZulu-Natal and the Western Cape and that were studying a formal degree. The master list for these students was obtained from the Department of Institutional Statistics and Analysis (DISA) through the assistance of ICT, after having submitted the research questionnaire to the ethical clearance committee for approval.

#### **Step 7: Select the sample**

The sample for the current study was then selected with the assistance of the BMR.

#### **5.2.6 Step 6: Design the questionnaire**

Due to the current study being a partial replication of the work done by Yoo and Lee (2009), all questions asked followed a similar format that those authors presented in their study. However, in order to understand how the questionnaire was formulated, one must understand the process of developing a questionnaire, which can be seen in figure 5.7 below.



**Figure 5.7:** Procedure for developing a questionnaire  
**Source:** Adapted from McDaniel and Gates (2010a:292).

Figure 5.7 above illustrates the typical questionnaire development process that a researcher needs to follow in order to have a successful valid and reliable questionnaire. However, because the research being undertaken was partially replicated in nature, it was assumed that the past study conducted by Yoo and Lee (2009) underwent the necessary steps in order to arrive at the desired variables.

A questionnaire, according to McDaniel and Gates (2010a:287), is a group of questions that have been designed to collect the necessary data in order to answer the research problem. Questionnaires standardise wording, the sequence in which questions are asked and lastly ensures that all respondents follow the pattern laid out, i.e. all respondents will answer the questionnaire uniformly.

A questionnaire can thus be divided into two different categories, that of structured questions and unstructured questions:

- *Structured questions* are asked when a researcher provides a respondent with a set of response alternatives and further specifies the format that the question will have. These types of questions are dichotomous, multiple-choice or scale-type questions (Malhotra, 2010:344). The main research instrument as seen in appendix C (page 183) used structured questions.
- *Unstructured questions* are questions such as open-ended questions; in other words, respondents will answer questions using their own words. These



questions are far less biased than structured questions, as they allow respondents to express opinions as well as attitudes and help researchers in understanding responses to structured questions (Malhotra, 2010:343). The preliminary survey as can be seen in appendix B (page 177) used unstructured questions.

### 5.2.6.1 Preliminary survey instrument: Unstructured questionnaire

The preliminary survey as seen in appendix B (page 177) used an unstructured questionnaire, with 15 open-ended questions. The purpose of this survey was to find out what authentic and counterfeit luxury fashion brands consumers had purchased in five different product categories and thus to determine their past purchase experiences of either authentic or counterfeit luxury fashion branded goods within the five stated product categories. The preliminary survey therefore formed part of the qualitative research method employed. The open-ended questions were deemed fit for the purpose of the study as they allowed respondents to answer the question in their own way without leading them to provide a set of pre-selected brands. Open-ended questions have several advantages and disadvantages, which are listed in table 5.8 below.

**Table 5.8:** Open-ended questions: Advantages and disadvantages

<b>Advantages</b>
Respondents can answer in their own way.
Allows for unusual responses to be received.
Questions do not provide the respondent with specific answers.
Is useful for exploring new ideas or areas in which the researcher has limited knowledge or that there has been limited research on the research topic.
The questionnaire is useful for generating fixed-choice format answers.
<b>Disadvantages</b>
They are time consuming to administer.
The participants' responses need to be coded.
Questions require greater effort from respondents.
Variability between the respondents and the interviewer's recording of answers.

**Source:** Adapted from Bryman and Bell (2011:248–250).

### 5.2.6.2 Main research instrument: Structured questionnaire

Once the preliminary survey had been completed, the researcher needed to complete the formulation of the main research instrument, which formed the quantitative methodology of the study. The main research instrument was a structured questionnaire which applies three types of questions, namely

dichotomous, multiple-choice and scale-type questions. The main research instrument made use of all three types.

- *Dichotomous questions* require respondents to choose between two set response alternatives, for example yes or no. These are sometimes supplemented with a 'don't know' or 'none' option (McDaniel & Gates, 2010a:298, Malhotra, 2010:344).

An example of a dichotomous question from the questionnaire would be:

Do you know what counterfeits are?

Response	
Yes	1
No	2

- *Multiple-choice questions (single response)*: The study furthermore used multiple-choice questions that provided more than two fixed responses, an example from the questionnaire would be:

Please indicate the province in which you currently reside.

Region	
Gauteng	1
Kwazulu-Natal	2
Western Cape	3

- *Scale questions* are closed questions that can in essence be described as providing a respondent with a list of fixed responses. However, the main function of a scale-type question is to capture the intensity of a respondent's feeling towards a particular statement (McDaniel & Gates, 2010a:297–299).

According to McDaniel and Gates (2010a:257), a scale can be defined as a procedure that attempts to determine quantitative measures of various concepts.

Likert scales were utilised for this study. McDaniel and Gates (2010b:345) describe a Likert scale as a scale that avoids the development of dichotomous items. It consists of a series of statements expressing an agreeable or

disagreeable attitude towards a concept within a study. An example from the questionnaire would be:

How much would you like to purchase x counterfeit in the future?

Category/brand	Strongly no	No	Neither yes or no	Yes	Strongly yes
Watches: Brand X	1	2	3	4	5

There are four levels of measurement scales, i.e. nominal, ordinal, interval and lastly ratio scales (Kapoor & Kulshrestha, 2010:111).

- *Nominal scales* are scales that partition data into mutually exclusive groups; the numbers assigned to these groups have no quantitative information assigned to them (McDaniel & Gates, 2010b:307; Vogt, 2007:9). An example from the questionnaire would be:

Please indicate the province in which you currently reside.

Region	
Gauteng	1
Kwazulu-Natal	2
Western Cape	3

- *Ordinal scales* are scales that arrange things in a desired order (Kapoor & Kulshrestha, 2010:112). The current study did not make use of such a scale.
- *Interval scales* have equal spacing between any two adjoined numbers (Vogt, 2007:9). The current study did not make use of such a scale.
- *Ratio scales* have an equal interval just as interval scales, but the difference is that a ratio scale has a true zero point (Vogt, 2007:10). No ratio scales were used in the current study.

Table 5.9 indicates the question format used in the current study.

**Table 5.9:** Question format used within the current study

Type of question	Survey and question number
Structured questions with unstructured answers	Survey 1, questions 1, 3, 4, 6, 7, 9, 10, 12, 13, 15 Survey 2, question 8; if other is selected, questions 9 and 10
Structured questions with structured answers	Survey 1, questions 2, 5, 8, 11, 14 Survey 2, questions 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14
Dichotomous questions	Survey 1, questions 2, 5, 8, 11, 14 Survey 2, questions 1, 2, 3, 4, 12
Multiple-choice questions single response	Survey 2, question 4, 5, 6, 7, 11, 13, 14
Multiple-choice questions multiple response	Survey 2, question 8

### 5.2.7 Step 7: Pre-test the questionnaire

Before data could be collected, two pre-tests needed to be conducted. Burns and Bush (2010:354) define a pre-test as "...a dry run of a questionnaire to find and repair difficulties that respondents encounter while taking the survey".

The first pre-test that was conducted was on the preliminary survey (appendix B, page 177) to determine the various luxury fashion brands that were to be utilised within the primary study. The pre-test was distributed to ten respondents. The second pre-test that was conducted was done on the main research questionnaire. It was explained to respondents that brands would be included after the preliminary survey. Ten respondents were selected and completed the pre-test questionnaire. Both pre-tests were conducted to minimise errors that could potentially occur in the actual study and to improve questions that respondents could possibly misunderstand or find difficult to respond to.

#### 5.2.7.1 Validity

McDaniel and Gates (2010a:140) explain that the concept of validity is whether what the researcher was trying to measure was actually measured. For the purpose of this study, validity did not need to be tested, as the questionnaire was partially replicated from another published study; hence all constructs would have needed to have been tested in the prior research.

#### 5.2.7.2 Reliability

Reliability of the instrument did have to be tested, and Cronbach's alpha was used for this. The basic rule of thumb for Cronbach's alpha measurements is

between 0 and 1, where a standard accepted Cronbach's alpha is 0.8 (Bryman & Bell, 2011:158).

### **5.2.8 Step 8: Conduct the investigation (fieldwork)**

In order to measure the research objectives of the study, a self-administered questionnaire, as stated within the research design, was distributed firstly to 3 000 students in search of the top luxury fashion brands, after which 6 000 students were selected to fulfil the quantitative side to achieving the research problem. This was done via a web-based survey whereby 1 000 students were asked to fill out the preliminary survey and thereafter 2 000 students were asked to fill out the main research instrument from each respective region as indicated in figure 5.6 (page 104).

A link was sent via the myUnisa e-mail address of selected participants; this link redirected the respondents to a LimeSurvey® platform which captured responses. For the study to be measurable a minimum of 324 students had to respond, which is directly in line with the response rate obtained in the study conducted by Yoo and Lee (2009).

### **5.2.9 Step 9: Process and analyse data**

Data that was obtained from the web-based survey (LimeSurvey®) was analysed by descriptive and inferential statistics with the assistance of the software program SAS JMP Version 10.

### **5.2.10 Step 10: Interpret the results and compile the research report**

This is the final step in the marketing research process, and involves the interpretation of information that has been gathered and the reporting of such information to management for decision-making purposes (Cant, 2010b:81). The researcher firstly presented the research problem, after which secondary and primary data is analysed and interpreted and finally conclusions and recommendations are provided for future research endeavours.

### **5.3 SUMMARY**

This chapter discussed the types of research methodology that the study followed. The chapter commenced with a discussion as to why marketing research is important in the world we live in today, after which a discussion as to core research terms were discussed and the basic research approaches selected.

The following section of the chapter dealt with the research process, whereby a detailed description for each step within the process was provided. Once the core step of research design was completed, the researcher went on to explain how the survey was to be distributed to students (data collection). The chapter then concluded with how the collected data was to be analysed through a short description as to the process.

# **CHAPTER 6**

## **DATA ANALYSIS AND INTERPRETATION**

*“Analysis concerns the identification of meaningful patterns of data...”*  
(Bradley, 2007:346)

### **6.1 INTRODUCTION**

In chapter 5, the research methodology employed in the study was discussed. All raw data, i.e. data in which nothing had been done to extract meaning from it (Nykiel, 2007:102), was then cleaned, coded and edited so that data analysis and interpretation could commence (step 9 of the research process).

The aim of this chapter is to present the research findings and to interpret the results of the empirical study, with the intention of realising the primary and secondary research objectives and in so doing resolving the research problem. Firstly, an overview is provided of the research question, objectives and methodology employed in the study. This is followed by a descriptive analysis of the research results on a per survey per question basis. Each question is discussed in conjunction with appropriate tables and figures in order to assist with data interpretation. Once all descriptive analysis has been interpreted, the inferential statistical analysis is given.

The following section contains a brief overview of the research question, objectives and design employed in the study.

### **6.2 OVERVIEW: RESEARCH OBJECTIVES AND DESIGN**

Chapters 1 and 5 stated the research question, objectives and methodology of the study. These aspects are briefly reiterated below.

#### **6.2.1 Research question**

The research question formulated for the study seeks to describe the South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products; this question comes to light as per chapter 2 (pages 13–31).

Consumer demand towards counterfeit purchases is a field whereby few studies have been explored (Penz & Ströttinger, 2005:568). This therefore represents a gap within academic literature that the current study aims to research upon.

## **6.2.2 Research objectives**

### **6.2.2.1 Primary research objective**

The primary research objective of the study was to describe South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

### **6.2.2.2 Secondary research objectives**

The secondary research objectives for this study were:

- To identify most the frequently purchased authentic luxury fashion branded products within the product categories of watches, sunglasses, apparel/ clothing, leather and leather accessories, and shoes.
- To identify the most frequently purchased counterfeit luxury fashion branded products within the product categories of watches, sunglasses, apparel/ clothing, leather and leather accessories, and shoes.
- To determine the purchase intention of South African consumers' towards authentic and counterfeit luxury fashion branded products
- To examine where most South African consumers purchase counterfeit products.
- To determine the average amount spent on authentic luxury fashion brands versus counterfeit products.
- To determine if there is a relationship between age and consumer's intention to purchase authentic or counterfeit luxury fashion branded products.
- To examine if there is a relationship between race and consumers' intention to purchase authentic or counterfeit luxury fashion branded products.
- To determine if there is a difference between male and female consumers in their intention to purchase either authentic or counterfeit luxury fashion branded products.
- To investigate if geographic regions differ in their intention to purchase authentic or counterfeit luxury fashion branded products.



- To determine if current socio-economic status has an impact on consumers' intention to purchase authentic or counterfeit luxury fashion branded products.
- To identify areas of future research in the field of purchase intention of authentic and counterfeit luxury fashion brands.

In order to achieve the above stated research objectives sound research needed to be conducted. The following section provides a brief overview of the research design employed in the study.

### **6.2.3 Research design**

Two web-based self-administered surveys were used in this study. The purpose of the preliminary survey was to identify the most popular authentic and counterfeit luxury fashion brands as per the five selected product categories (watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes) that consumers had previously purchased. The five product categories chosen for the research were selected because the sample of individuals (both male and female) would know these products and individuals are familiar with the luxury brands within these product categories. A further rationale for the selection of these product categories was that they are highly counterfeited within industry (Yoo & Lee, 2012:1509).

Once these brands had been identified per product category, the brands with the highest frequency counts were then incorporated in the second survey, which formed the main research instrument. (In the case of two brands with equal high frequency, both brands were incorporated into the main research instrument. The remaining brands were not incorporated into the main study, but are reported on in appendix D (page 189). The sample of respondents to answer the two web-based self-administered surveys were identified utilising a multistage probability sample.

The first stage in the multistage probability sampling design was to stratify the UNISA student population according to the three most popular provinces where counterfeit merchandise is found in South Africa, namely Gauteng, KwaZulu-Natal and the Western Cape (Naidu, 2005). This sample was stratified according to a list provided by HEDA, the institutional information and analysis portal of UNISA

(data for 2011). Table 6.1 below shows the three selected populations of UNISA students registered for a formal undergraduate or postgraduate degree that had e-mail addresses.

**Table 6.1:** Populations per region that have e-mail addresses

Province of residence	Female individuals per region	Male individuals per region	Total population per region	Percentage per gender per region (female/male) rounded up	
Gauteng	45 802	29 453	75 255	60.90%	39.10%
KwaZulu-Natal	29 546	11 062	40 608	72.80%	27.20%
Western Cape	10 292	6 581	16 873	61.00%	39.00%
<b>Grand total</b>	<b>85 640</b>	<b>47 096</b>	<b>132 736</b>		

A total sample of 3 000 (preliminary survey) and 6 000 (main research instrument) students were invited to participate in the research survey. This sample size was deemed sufficient by the Bureau of Market Research (BMR), as it would propagate a sufficient response for analysis of the population through the selected medium of an online web-based survey. The chosen regions had a population size of 132 736 which is made up of 132 736/± 280 000 UNISA students. The provincial population (Gauteng, KwaZulu-Natal and the Western Cape) = 132 736. Therefore, according to the Bureau of Market Research at UNISA (BMR), a sample size of 384 students at a confidence level of 95% would be sufficient (Research advisors, 2006).

The achieved realisation rate for the preliminary survey was 45.6% ( $175/384 = 45.6\%$  of the required sample size; the response rate for the online web-based survey was therefore 5.83% of the total sample requested ( $175/3\ 000$ )). The preliminary survey was an exploratory study and therefore no inferences were to be made to the entire population, therefore the response realisation rate of 45.6% was sufficient. The main research instrument which was descriptive in nature achieved a realisation rate of 78.9% ( $303/384 = 78.9\%$  of the required sample size; the response rate for the online web-based survey was therefore 5.05% ( $303/6\ 000$ )) which represented a sufficient response rate for analysis purposes. The descriptive statistical analysis that was obtained for the preliminary and main research instrument respectively is discussed in the following section.

## **6.3 DESCRIPTIVE STATISTICAL ANALYSIS**

Descriptive statistics entail statistical procedures or actions used to organise, simplify, summarise and display data which describes important qualities of a set of measurements (Mendenhall, Beaver & Beaver, 2013:4; Asadoorian & Kantarelis, 2005:2; Gravetter & Wallnau, 2009:6).

Zikmund and Babin (2007:502) state that descriptive analysis is the most basic analysis of data but that it is quite powerful, as it describes the basic characteristics of the research problem, such as variability, distribution and central tendency. The descriptive statistics collected for the preliminary study are now discussed.

### **6.3.1 Past purchase of authentic and counterfeit luxury fashion branded products**

The purpose of the preliminary survey was to identify the top luxury and counterfeit fashion brands in the product categories of watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes that respondents had previously purchased. These identified brands were then incorporated into the main research instrument. Questions 1, 4, 7, 10 and 13 asked respondents about authentic purchases in the respective product categories, while questions 2, 5, 8, 11 and 14 were filter questions that asked respondents whether they had ever purchased a counterfeit luxury fashion brand in the particular product category. Zikmund and Babin (2013:296) describe a filter question as a question that is posed to respondents in order to screen whether or not they qualify to answer the next question. If respondents answered “Yes” to the filter questions, they were asked to specify the counterfeit brands that they had purchased in that particular product category (questions 3, 6, 9, 12, 15). If respondents answered “No”, they were asked to answer the next authentic product purchase question (see appendix B, page 177). The tables and figures below represent the data that was obtained from the 175 responses. The results for the five product categories (watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes) are discussed individually.

*\* Note that overall, 30 respondents discontinued the survey at various points and thus the nth number will differ from figure to figure. Furthermore, it is essential to keep in mind that only the highest frequencies have been reported on. Low*

scoring items have thus been grouped into the category “Other brands” and can be found in appendix D, page 189.

### 6.3.1.1 Watches

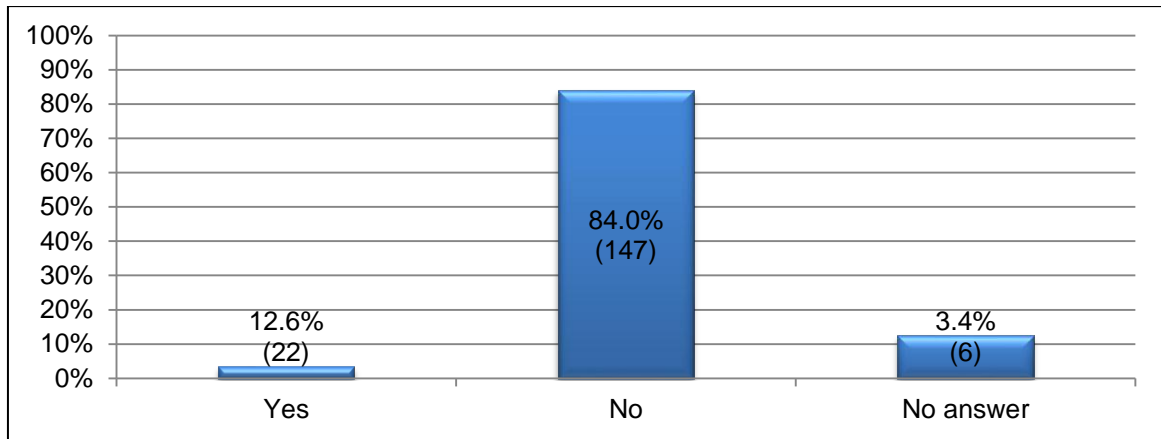
In order to identify authentic luxury fashion watch brands that consumers had previously purchased, respondents were asked to list the brand/s of luxury fashion watches that they had previously purchased. They could list a maximum of five different brands. The list of highest frequency brands is indicated in table 6.2 below.

**Table 6.2:** Authentic luxury fashion branded watches previously purchased by respondents

Brand	Frequency count
Fossil	35
Guess	28
Swatch	25
Seiko	13
Casio	12
Tomato	11
None (No luxury fashion branded watch had been purchased before)	17
Other brands (Scoring less than 10)	138

Table 6.2 above indicates the highest frequency counts of the watch brands that the sample population had previously purchased. From the results obtained in the preliminary survey, Fossil (35 respondents) proved to be the brand that had the highest frequency count (brand most mentioned to have been purchased by respondents). It was for this reason that the Fossil brand was selected to be included in the main research instrument.

Respondents were then asked if they had purchased counterfeit luxury fashion branded watches before. This was a compulsory filter question in order for respondents to continue with the survey. Figure 6.1 below indicates the results obtained for this question.



**Figure 6.1:** Past purchase behaviour of respondents towards counterfeit watch brands (n=175)

Figure 6.1 illustrates that only 12.6% (22) of the original 175 respondents that took part in the preliminary survey stated that they had purchased counterfeit luxury fashion branded watches in the past, 84% (147) stated that they had not and 3.4% (6) did not answer the question and thus discontinued answering the remainder of the questionnaire. Respondents who answered “Yes” to the question were then asked to specify the brand(s) of counterfeit watches that they had purchased. (Respondents could list a maximum of five brands.) Table 6.3 below indicates the results obtained.

**Table 6.3:** Counterfeit luxury fashion branded watches previously purchased by respondents

Brand	Frequency count
Gucci	4
Rolex	4
Guess	3
Adidas	2
Seiko	2
Tag Heuer	2
Other brands (Scoring less than 2)	14

From table 6.3 above it can be seen that the brands Gucci and Rolex both scored the highest in terms of frequency count (4 responses each). These brands therefore represent the most popular brands of counterfeit watches purchased previously, and it is for this reason that these two brands were included in the main research instrument.

### 6.3.1.2 Sunglasses

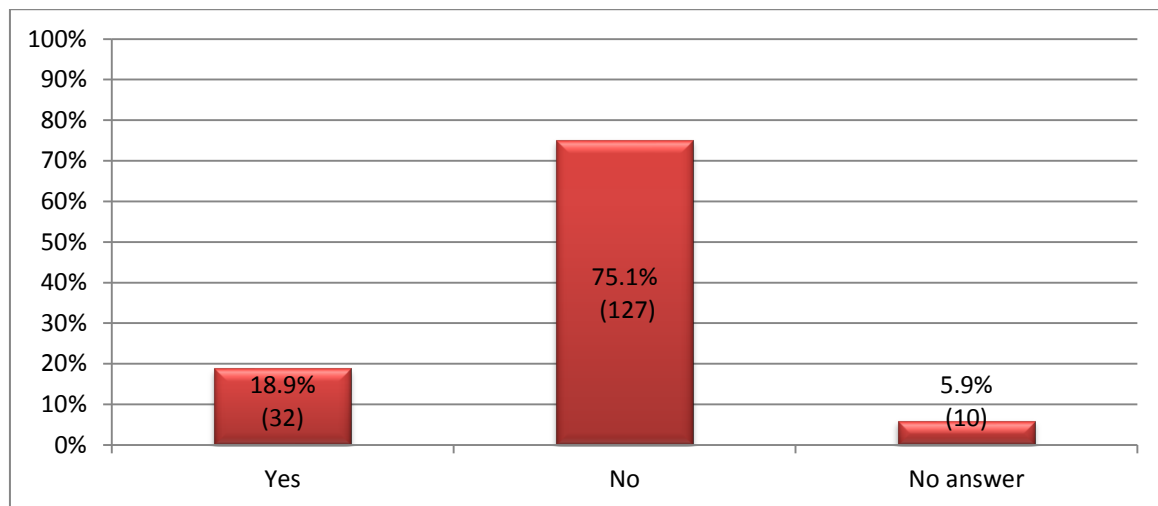
Respondents were then asked to name the brand(s) of luxury fashion branded sunglasses that they had previously purchased. The results obtained are indicated in table 6.4 below.

**Table 6.4:** Authentic luxury fashion branded sunglasses previously purchased by respondents

Brand	Frequency count
Ray Ban	48
Oakley	16
Police	11
Guess	10
None (Had never purchased)	20
Other brands (Scoring less than 10)	79

As can be observed in table 6.4 above, Ray Bans (48) were the most frequently purchased authentic sunglasses brand bought by respondents. This brand was therefore included in the main research instrument.

Once the authentic brand(s) had been identified, the remaining 169 respondents were then asked if they had purchased a pair of counterfeit sunglasses before. The responses are illustrated in figure 6.2 below.



**Figure 6.2:** Past purchase behaviour of respondents towards counterfeit sunglasses brands (n=169)

From the graph in figure 6.2, it can be seen that 18.9% (32) of the remaining 169 survey respondents indicated that they had purchased counterfeit luxury fashion branded sunglasses in the past, 75.1% (127) stated that they had not and 5.9% (10) did not answer the question nor did they continue with the survey. The respondents that answered “Yes” were then asked to specify the brand(s) of counterfeit sunglasses they had previously purchased (they could name up to five brands). Table 6.5 a represents the specific counterfeit luxury fashion branded sunglasses respondents had purchased.

**Table 6.5:** Counterfeit luxury fashion branded sunglasses previously purchased by respondents

<b>Brand</b>	<b>Frequency count</b>
Ray Ban	8
Police	7
Oakley	7
Armani	3
Puma	2
Louis Vuitton	2
Gucci	2
Other brands (Scoring less than 2)	9

It is clear from table 6.5 above that the highest frequency count of counterfeit sunglasses purchased was the Ray Ban brand (eight responses). Ray Bans were therefore the brand included in the main research instrument.

### **6.3.1.3 Apparel/clothing**

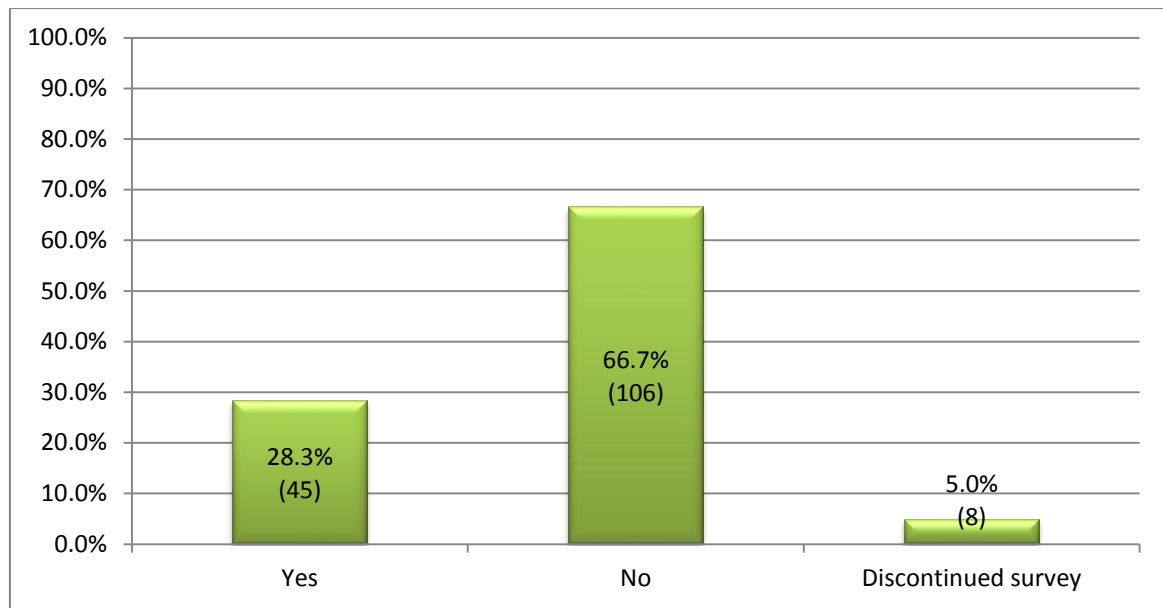
Respondents were asked to name the brand(s) of luxury fashion apparel/clothing they had previously purchased. The results obtained for this question are indicated in table 6.6 below (respondents could name a maximum of five brands each).

**Table 6.6:** Authentic luxury fashion branded apparel/clothing previously purchased by respondents

<b>Brand</b>	<b>Frequency count</b>
Levi	52
Nike	38
Guess	37
Adidas	30
Polo	16
Billabong	13
Diesel	14
DH	11
Other brands (Scoring less than 11)	176

Table 6.6 indicates that the most purchased luxury fashion branded apparel/clothing by respondents was Levi. The Levi brand dominated, with 58 individuals stating that they had purchased this brand. This brand was therefore selected to be included in the main research instrument.

Next, respondents indicated if they had previously purchased counterfeit luxury fashion branded apparel/clothing. The results obtained for this question are shown in figure 6.3 below.



**Figure 6.3:** Past purchase behaviour of respondents towards counterfeit apparel/clothing brands (n=159)

Figure 6.3 above illustrates that 28.3% (45) of the remaining 159 active respondents indicated that they had previously purchased counterfeit luxury fashion branded apparel/clothing and 66.7% (106) had not. The remaining 5.0% (8) did not answer the question and therefore discontinued answering the survey.

Respondents then had to specify the brand(s) of counterfeit apparel/clothing they had previously purchased (respondents could list up to five different brands). Table 6.7 below shows the frequency count of the answers received.

**Table 6.7:** Counterfeit luxury fashion branded apparel/clothing previously purchased by respondents

Brand	Frequency count
Nike	14
Adidas	11
Levi	8
Guess	7
Billabong	5
Diesel	4
Lacoste	4
Puma	4
Louis Vuitton	3
Other brands (Scoring less than 3)	34

It is clear from table 6.7 that the most purchased luxury fashion branded counterfeit apparel/clothing was Nike with a frequency count of 14 responses. Nike was then selected to be included in the main research instrument.



### 6.3.1.4 Leather and leather accessories

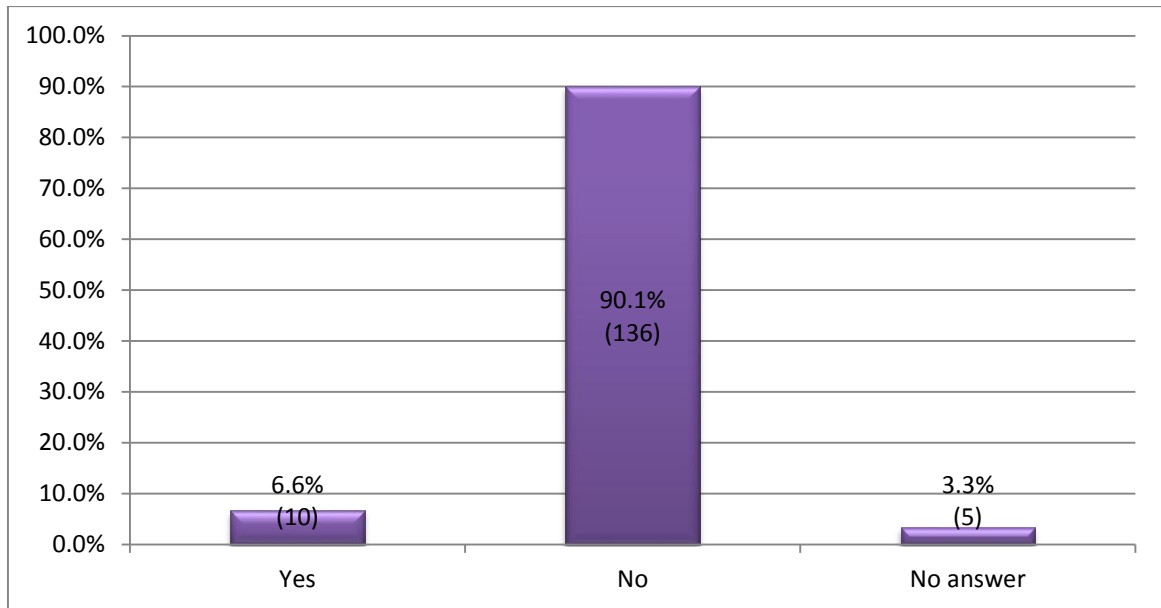
Respondents were next asked to name the brand(s) of luxury fashion leather and leather accessories they had previously purchased. The results obtained for this question are indicated in table 6.8 below.

**Table 6.8:** Authentic luxury fashion branded leather and leather accessories previously purchased by respondents

<b>Brands</b>	<b>Frequency count</b>
Guess	11
Pointer	6
Polo	5
Gucci	4
Busby	3
Diesel	3
Nine West	3
Burberry	2
Daniel Hechter	2
Jekyll & Hide	2
Louis Vuitton	2
Shoes	2
Woolworths	2
None	13
Other brands (Scoring less than 2)	45

It is evident from the above table that the highest frequency purchase experience consumers had had with luxury fashion branded leather and leather accessories was Guess. Guess was therefore the brand selected to be included in the main research survey.

Respondents were then requested to indicate if they had previously purchased a counterfeit luxury fashion branded leather and leather accessory. The results obtained for this question are shown in figure 6.4 below.



**Figure 6.4:** Past purchase behaviour of respondents towards counterfeit leather and leather accessory brands (n=151)

Figure 6.4 above illustrates that 6.6% (10) of the remaining 151 respondents indicated that they had previously purchased counterfeit luxury fashion branded leather and leather accessories and 90.1% (136) indicated that they had not. Lastly, 3.3% (5) provided no answer to the question, and did not continue with the survey beyond this point.

Respondents indicating that they had previously purchased counterfeit leather and leather accessories were then requested to specify the brand(s) of counterfeits they had purchased (respondents were limited to five brands). Table 6.9 below represents the frequency count of the answers received.

**Table 6.9:** Counterfeit luxury fashion branded leather and leather accessories previously purchased by respondents

Brand	Frequency count
Louis Vuitton	2
Prada	2

It is clear from table 6.9 above that the most frequently purchased luxury fashion branded counterfeit leather and leather accessories were Louis Vuitton and Prada (both scoring 2). The two brands were therefore both selected to be included in the main research instrument.

### 6.3.1.5 Shoes

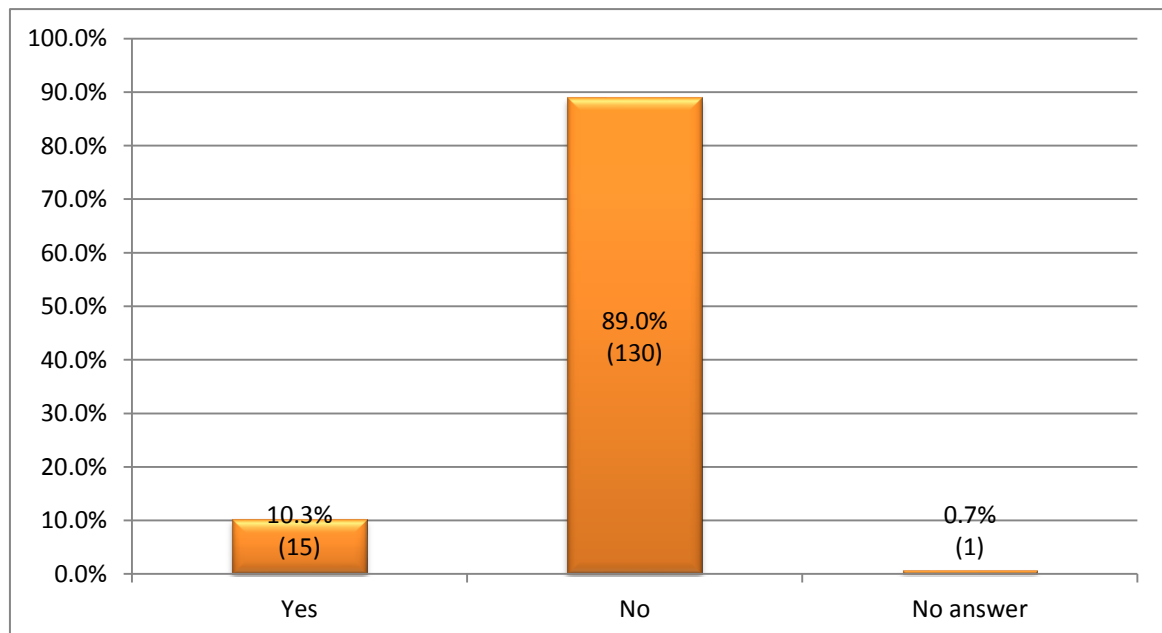
Respondents were asked to name the brand(s) of luxury fashion branded shoes they had previously purchased. The results obtained for this question are indicated in table 6.10 below.

**Table 6.10:** Authentic luxury fashion branded shoes previously purchased by respondents

Brand	Frequency count
Nike	39
Adidas	30
Puma	18
Bronx	12
Other brands (Scoring less than 12)	195

In table 6.10, it can be seen that the most popular luxury fashion branded shoes respondents had previously purchased was Nike (39). Therefore Nike was included in the main research instrument.

Following this question, respondents were then asked to indicate if they had purchased counterfeit luxury fashion branded shoes in the past; the results obtained for this question are shown in figure 6.5 below.



**Figure 6.5:** Past purchase behaviour of respondents towards counterfeit shoes brands (n=146)

Figure 6.5 above illustrates that 10.3% (15) of respondents indicated that they had previously purchased counterfeit luxury fashion branded shoes and 89.0% (130) indicated that they had never done so. Discontinuation of the survey now

amounted to 0.7% (1). The specific brands that these respondents had purchased were identified in the final question posed to respondents within the preliminary survey. Table 6.11 below represents the results obtained.

**Table 6.11:** Counterfeit luxury fashion branded shoes previously purchased by respondents

<b>Brand</b>	<b>Frequency</b>
Nike	5
Puma	2
Other brands (Scoring less than 2)	7

Table 6.11 above reveals that the most purchased luxury fashion branded counterfeit shoes purchased by respondents were Nike (5). Therefore Nike was the brand that was included in the main research instrument for this product category.

The data that was obtained in the main research instrument, inclusive of the brands identified in the preliminary survey, is now interpreted.

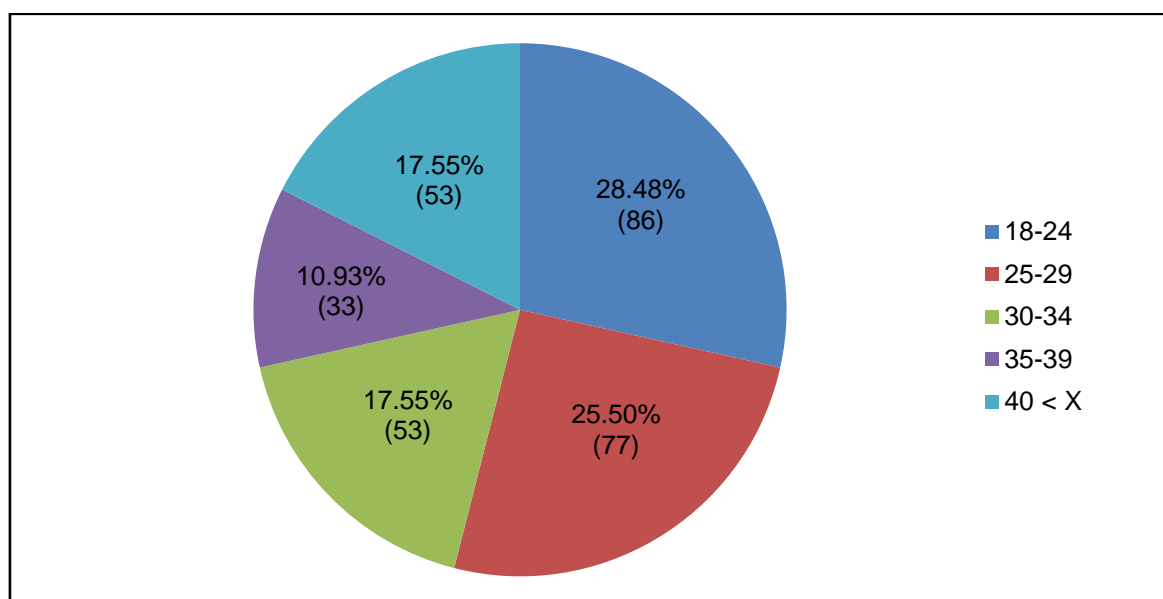
### **6.3.2 South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products**

Once the top authentic and counterfeit luxury fashion branded products for the respective product categories had been identified, the identified brands were then incorporated into the main research instrument. The main research instrument commenced by asking respondents a screening question, namely "Do you know what a counterfeit product is?". A screening question is used to weed out respondents and check if they are eligible to continue with the questionnaire (McNiel, 2005:114). Respondents that answered "No" were thanked for their participation and they discontinued answering the survey. Respondents that answered "Yes" were then asked to proceed with answering the survey. The number of respondents that then continued with the survey was 303. In the following section the demographic data that was obtained in the main research instrument of the 303 respondents is provided, to profile the sample of the respondents.

### 6.3.2.1 Demographic profile of respondents

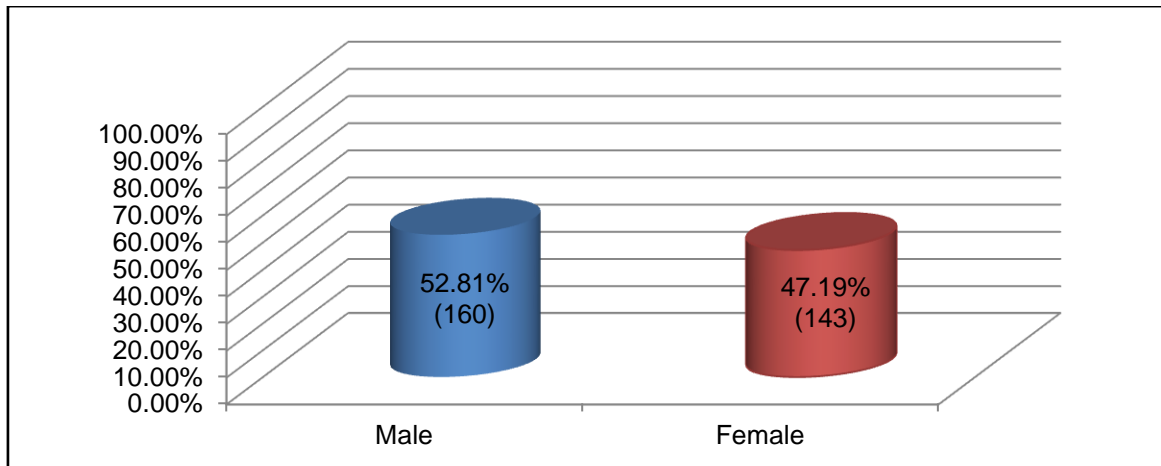
Iacobucci and Churchill (2010:178) state that demographic and socio-economic characteristics represent attributes of individuals. These attributes could, for example, be a participant's age, gender, income level and social class. Figures 6.6, 6.7, 6.8 and 6.9 represent the demographic make-up of the respondents who answered the main research instrument.

Figure 6.6 below indicates the different ages of the respondents who answered the main research instrument.



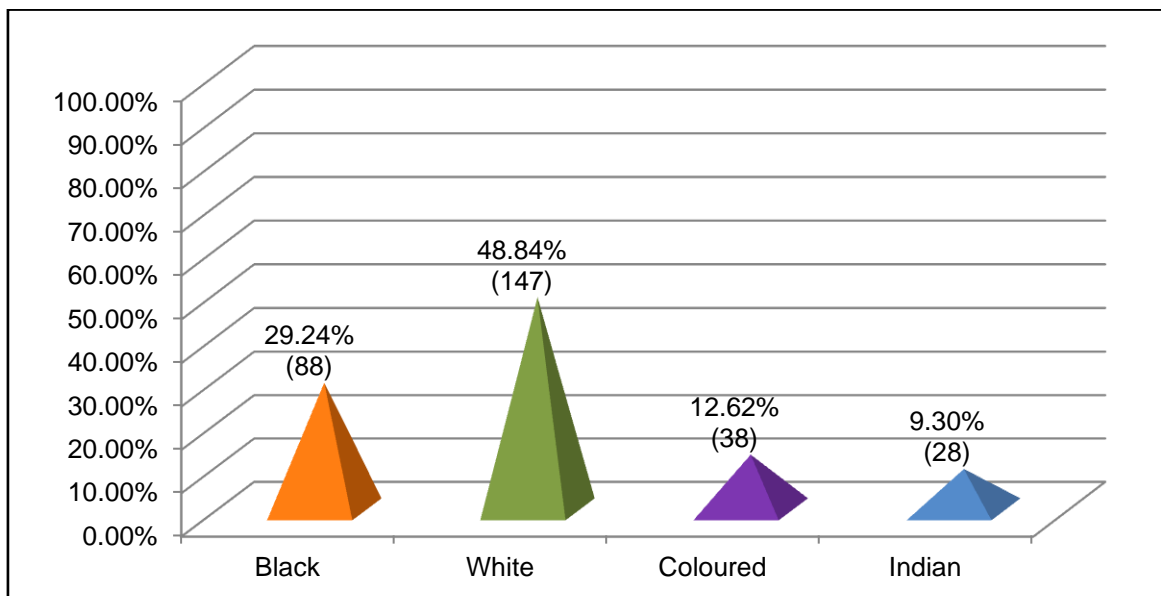
**Figure 6.6:** Age composition of respondents (n=303)

It is evident from figure 6.6 that the majority of respondents fell in the age group of 18–24 years (28.48%, 86 respondents), and the rest fell in the 35–39 group (10.93%, 33 respondents). Respondents were next asked to indicate their gender. Figure 6.7 below indicates the responses received.



**Figure 6.7:** Gender composition of respondents (n=303)

The results for gender indicate that about 53% (160) of respondents were male and about 47% (143) were female. This division can broadly be seen to be in line with set strata and relatively in line with national average figures for gender. Respondents were then asked to indicate their racial group. Figure 6.8 below indicates the results obtained.

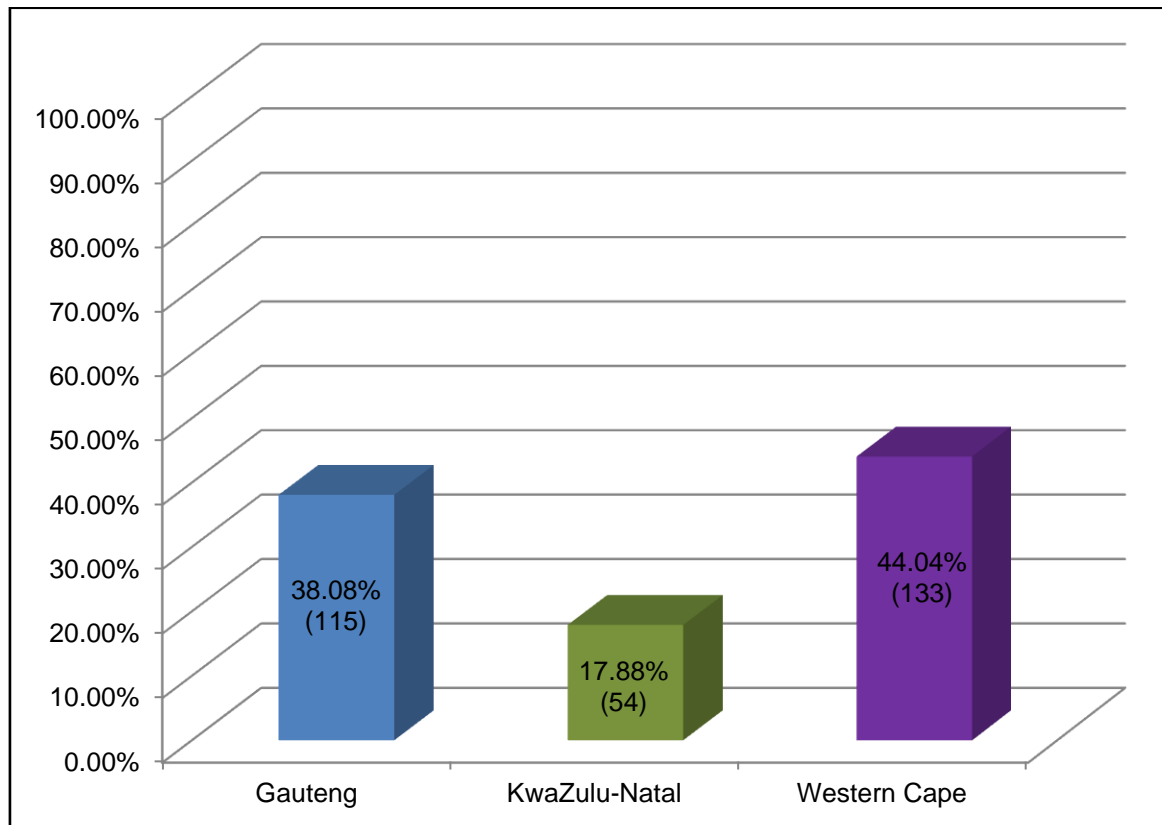


**Figure 6.8:** Racial composition of respondents (n=303)

The results obtained indicate that the majority of respondents were white (48.84%, 147 respondents), followed by black (29.24%, 88 respondents) and coloured individuals (12.62%, 38 respondents), and lastly Indian (9.30%, 28 respondents).

Respondents were then asked to state the province in which they currently resided from the three options provided, namely Gauteng, KwaZulu-Natal and the Western

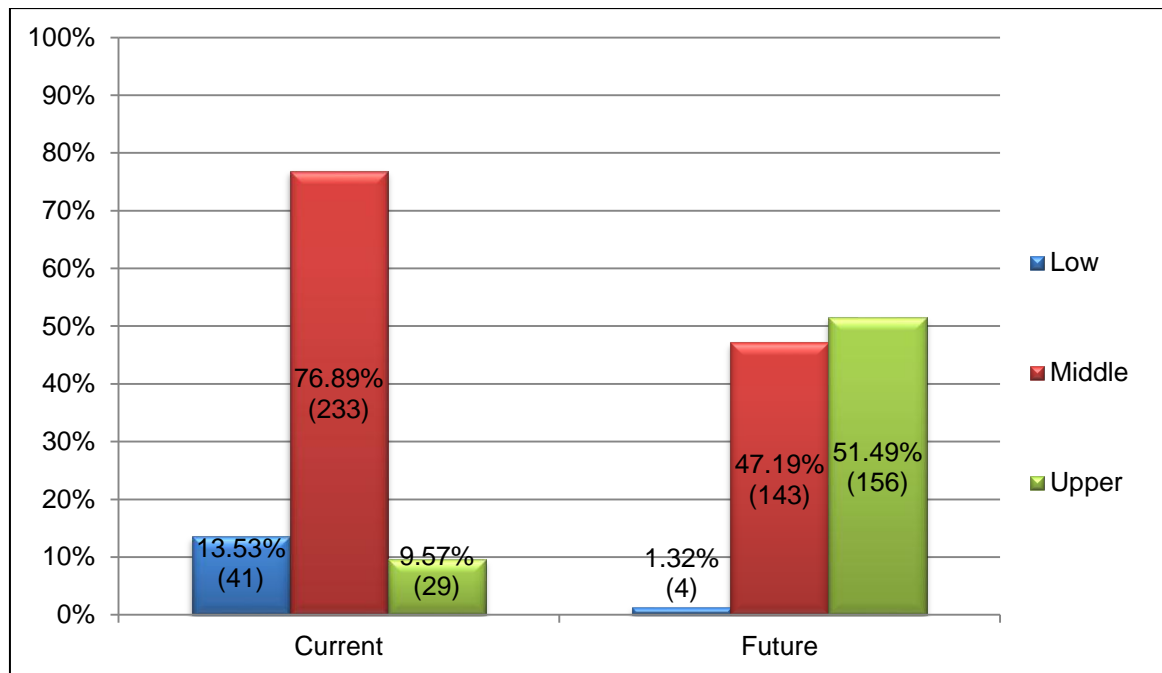
Cape. Only respondents within these areas formed part of the sample as most counterfeit merchandise is said to come from these three regions (Naidu, 2005). Figure 6.9 indicates the results obtained for the question.



**Figure 6.9:** Province composition of respondents (n=303)

It is clear from figure 6.9 that respondents came mostly from the Western Cape (44%, 133 respondents), followed by Gauteng (38%, 115 respondents). The minority of respondents came from KwaZulu-Natal (18%, 54 respondents).

Lastly, respondents were requested to indicate their current and future socio-economic class. Figure 6.10 presents the results that were obtained.



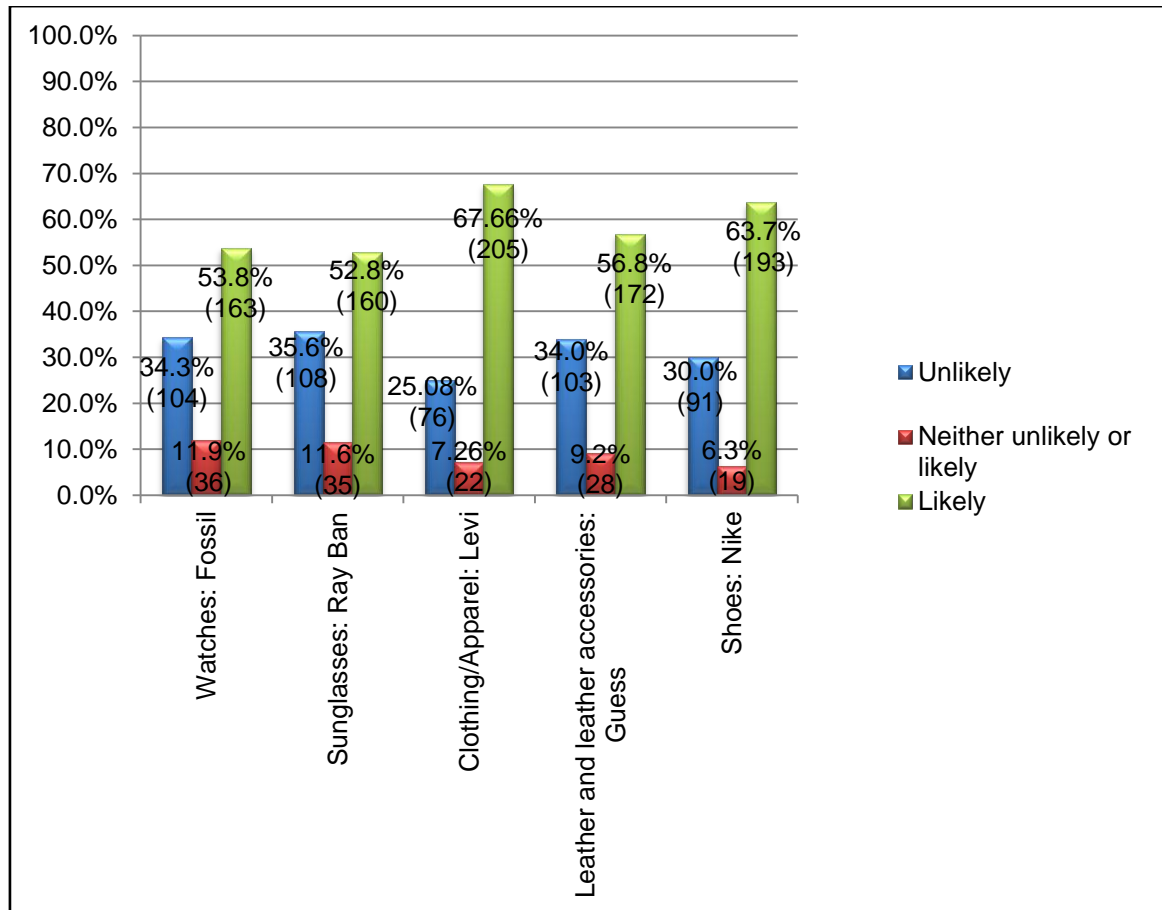
**Figure 6.10:** Respondents current and future socio-economic class (n=303)

It can be seen from figure 6.10 that the majority of respondents fell in the middle class (76.89%, 233 respondents), followed by the lower class (13.53%, 41 respondents) and then the upper class (9.57%, 29 respondents). This perception of socio-economic class greatly shifted, however, when respondents were asked to indicate their future socio-economic status. It is clear from figure 6.6 that most respondents indicated that in the future they could fall in the upper socio-economic class (51.49% or 156 respondents), 47.19% (143 respondents) within the middle class and lastly a small percentage in the lower class (1.32% or 4 respondents).

### **6.3.2.2 Purchase intention towards authentic and counterfeit luxury fashion branded products**

The main research instrument of the study commenced by requesting respondents to indicate how much they would like to purchase certain brands (the stated brands are the brands that were identified in the preliminary survey as being the most popularly purchased brand). The results obtained can be seen in figure 6.11 below.

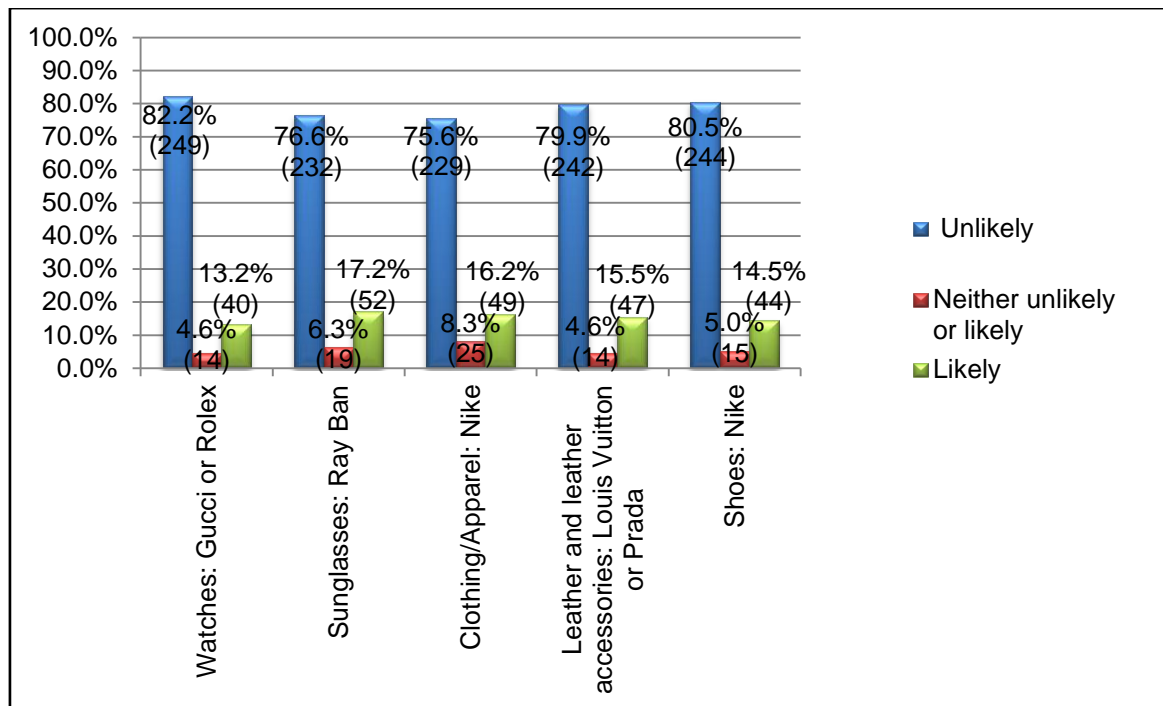




**Figure 6.11:** Purchase intention towards authentic luxury fashion branded products (n=303)

It is apparent from figure 6.11 above that most South African consumers surveyed had a positive intention to purchase authentic luxury fashion branded products. 52.8% (160) of respondents stated a positive intention towards the purchase of authentic Ray Ban sunglasses, 53.8% (163) towards Fossil watches, 56.8% (172) towards Guess leather and leather accessories, 63.7% (193) towards Nike shoes and 67.77% (205) towards Levi apparel/clothing. Even though the results do indicate that the majority of respondents had a positive intention to purchase authentic luxury fashion branded products, roughly 25%–30% indicated that they did not. This figure should be monitored as if brand managers are not careful, these figures could increase, thereby reducing existing market share and organisational profit.

Respondents then indicated their intention to purchase counterfeit luxury fashion branded products within the stated five product categories; the results obtained are discussed below.

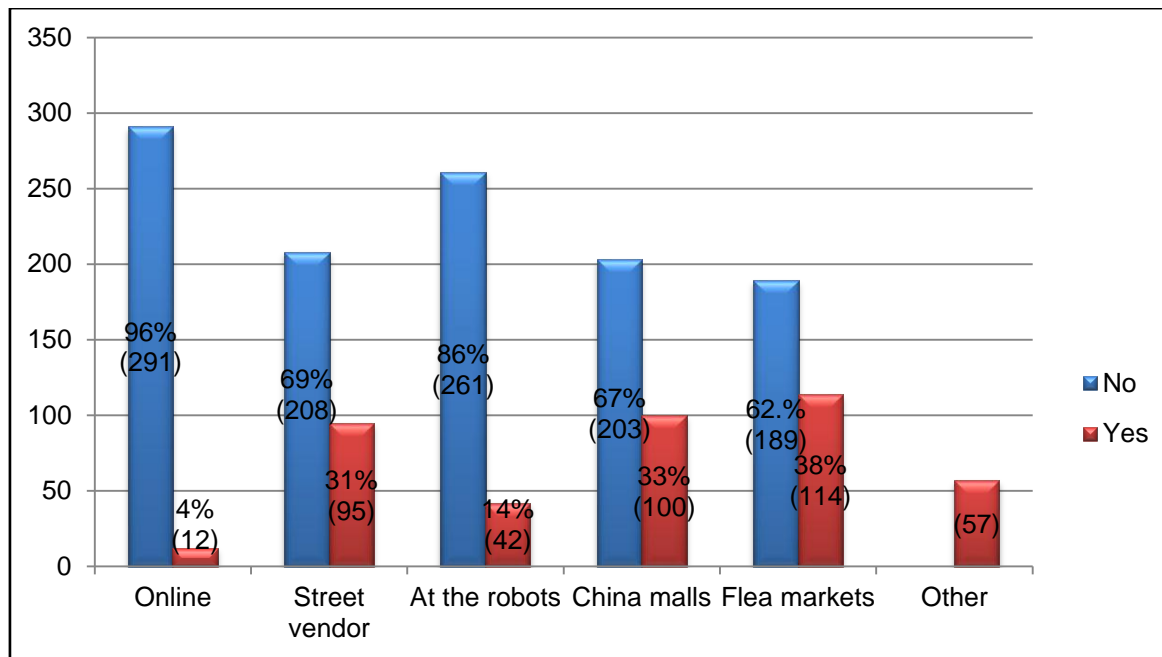


**Figure 6.12:** Purchase intention towards counterfeit luxury fashion branded products (n=303)

It is clear from figure 6.12 above that the majority of the South African consumers surveyed indicated a negative intention to purchase counterfeit luxury fashion branded products in all five product categories and specified brands (watches: Gucci or Rolex; sunglasses: Ray Ban; clothing/apparel: Nike; leather and leather accessories: Louis Vuitton or Prada; shoes: Nike). However, from figure 6.12 it can be observed that 13%-17.2% within the sample population indicated that they had an intention to purchase a counterfeit product within each respective product category and specified brand. This indicates that there is a degree of intention to purchase counterfeit luxury fashion branded products amongst South African consumers. This figure should be monitored to ensure that existing market share and profitability are maintained.

### 6.3.2.3 Place of counterfeit purchase

Once consumer intention to purchase counterfeit or authentic products had been established, respondents then indicated where they had previously purchased a counterfeit product. Figure 6.13 below illustrates the results obtained.



**Figure 6.13:** Location of counterfeit purchase

As indicated in figure 6.13 above, consumers surveyed could purchase counterfeit products from various places (note that individuals could provide multiple responses). From the graphic representation (figure 6.13) it can be deduced that the majority of counterfeit trade purchases were made at flea markets (38%, 114 responses), followed by China malls (33%, 100 responses) and street vendors (31%, 95 responses). The responses that were indicated as “Other” can be viewed in table 6.12 below.

**Table 6.12:** Other potential places of counterfeit purchase

Category	Frequency
None/never	40
Shops	4
Private	1
Perfume seller	1
Pavilion shopping mall	1
Overseas China shopping centre	1
Motor car spares shops	1
low cost stores	1
Counterfeit CDs	1
Did not know it was the original	1
I don't purchase counterfeits but I would if it was good enough	1
Vendor at events	1
Street movies	1
Thailand	1
Argentina	1
Total respondents stating other	57

Of the respondents that answered “Other”, 40 out of 57 of them indicated that they had either never purchased counterfeits or they stated “none” or “not applicable” to the question posed. Table 6.13 below indicates the responses per province received.

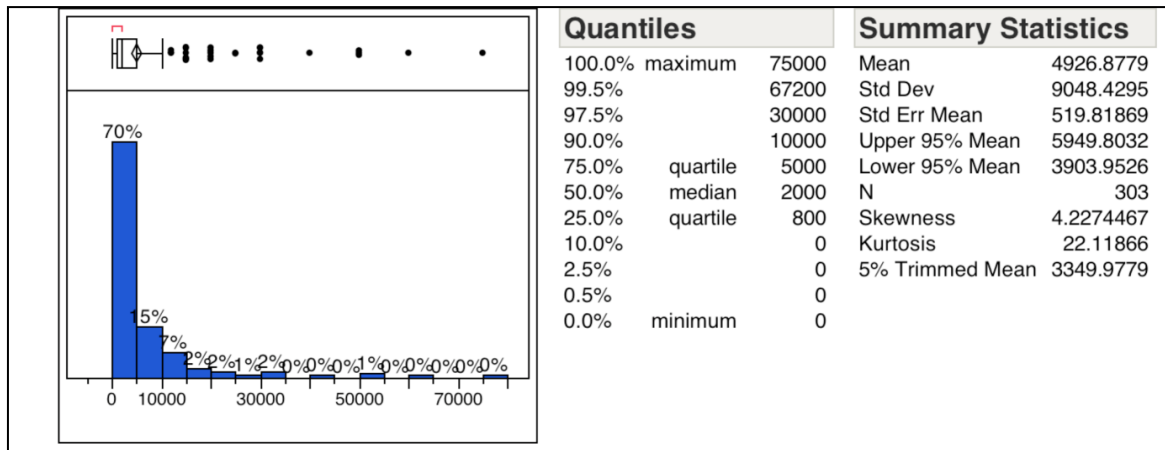
**Table 6.13:** Place of purchase per province

Province	Place of purchase	Response frequency
Gauteng	Online	3
	Street vendor	38
	At the robots	18
	China malls	35
	Flea markets	42
KwaZulu-Natal	Online	2
	Street vendor	15
	At the robots	4
	China malls	15
	Flea markets	24
Western Cape	Online	7
	Street vendor	42
	At the robots	20
	China malls	50
	Flea markets	48

From table 6.13 above it can be seen that the majority of respondents in Gauteng (42) and KwaZulu-Natal (24) indicated the place of purchase for counterfeit merchandise as flea markets, whereas the majority of individuals in the Western Cape stated China malls (50 respondents), with flea markets coming in close with 48 respondents.

#### **6.3.2.4 Respondent expenditure on authentic and counterfeit products**

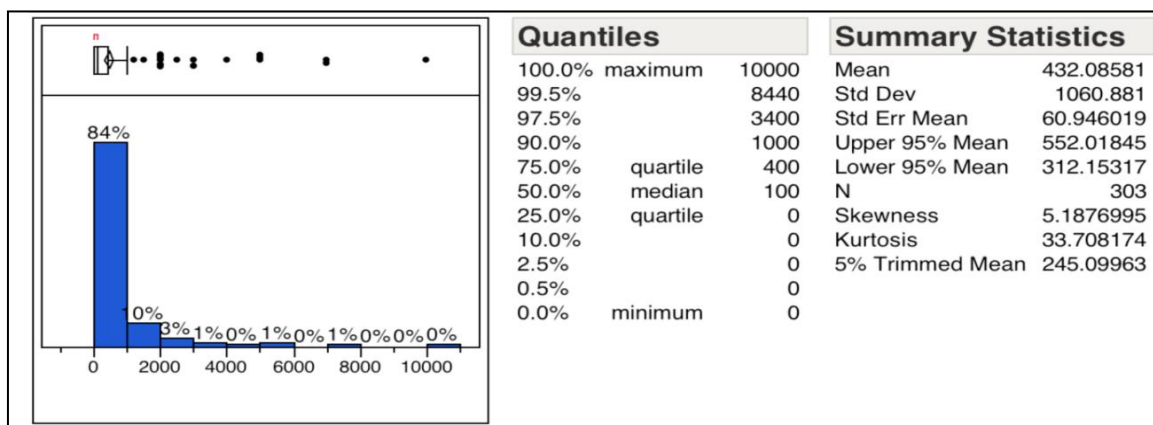
Respondents were requested to indicate how much they spent yearly on authentic and counterfeit luxury fashion branded products. The results obtained are presented in figures 6.14 and 6.15 below.



**Figure 6.14:** Annual spend on authentic luxury fashion branded products

Figure 6.14 above indicates that the average spend amongst respondents amounted to R4 926,88 yearly on authentic luxury fashion branded products. From the standard deviation, however (R9 048,43), it can be seen that there is a large difference in the spending patterns of lower and top-end spenders. Figure 6.14 indicates that there is a skewed distribution towards the lower end figures of R0–R10 000, where 90% of respondents purchased within this expenditure range. However, of all respondents 75% indicated that their expenditure was between R0 and R5 000. Therefore in order to counteract the skewed distribution and to establish average spend the median score of R2 000 was considered to be most accurate.

Respondents next indicated how much they spent yearly on counterfeit luxury fashion branded products; the results are indicated in figure 6.15 below.



**Figure 6.15:** Annual spend on counterfeit luxury fashion branded products (n=303)

It can be seen from figure 6.15 above that the average yearly spend on counterfeit luxury fashion branded products amongst the 303 respondents amounted to

R432,09. From the standard deviation, however (R1 060,88), it can be seen that there is a large difference in the spending patterns of lower and top-end spenders. Hence there is a skewed distribution towards the lower end figures of R0–R1 000, where 90% of respondents purchased within this expenditure range. However, of all the respondents, 75% indicated that their expenditure was between R0 and R400. In order to counteract this skewed distribution and to establish average spend the median score of R100 was considered to be most accurate.

In order to gain a better picture of expenditure patterns of the selected sample regarding authentic and counterfeit luxury fashion branded products, descriptive statistics were obtained to reveal average spend in various demographic groupings. Table 6.14 below presents the average spend of respondents per age group.

**Table 6.14:** Average spend per age group

		<b>Age group</b>				
		<b>18-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>	<b>40+</b>
Spend authentic	Mean	R3 346,90	R5 570,10	R6 587,70	R6 027,30	R4 302,80
	Std Dev	R5 153,80	R10 627,00	R9 349,60	R13 303,00	R7 843,40
Spend counterfeit	Mean	R502,34	R393,25	R620,96	R134,24	R332,08
	Std Dev	R1 227,90	R935,21	R1 355,20	R264,04	R847,80

It can be deduced from table 6.14 above that the age group of 30–34 years spent the most amount of money on authentic luxury fashion branded products (R6 587,70), followed by individuals in the age group of 35–39 (R6 027,30), 25–29 (R5 570,10), older than 40 years (R4 302,80) and 18–24 (R3 346,90). Table 6.14 further indicates the average value consumers spent on counterfeit products. The most came from the age group 30–34 (R620,96) followed by individuals between the ages of 18 and 24 (R502,34), 25 and 29 (R393,25), older than 40 years (R332,08) and 35 and 39 (R134,24).

Table 6.15 lists the total average expenditure on products per gender.

**Table 6.15:** Average spend per gender

		<b>Gender</b>	
		<b>Male</b>	<b>Female</b>
Spend authentic	Mean	R6 220,90	R3 479,00
	Std Dev	R10 453,00	R6 913,2
Spend counterfeit	Mean	R510,26	R344,62
	Std Dev	R1 284,60	R728,86

Table 6.15 above indicates that male respondents spent on average much more on authentic and counterfeit luxury fashion branded products than female respondents. Table 6.16 lists average spend per race.

**Table 6.16:** Average spend per racial group

		<b>Race group</b>			
		<b>Black</b>	<b>White</b>	<b>Coloured</b>	<b>Indian</b>
Spend authentic	Mean	R5 301,80	R4 532,00	R4 223,70	R5 342,30
	Std Dev	R8 936,50	R8 952,10	R5 191,70	R10 480,00
Spend counterfeit	Mean	R622,51	R307,97	R344,74	R598,93
	Std Dev	R1 313,00	R723,09	R504,41	R1 896,70

Table 6.16 shows that the highest average spend on authentic luxury fashion branded products was from the Indian group (R5 342,30) followed by blacks (R5 301,80), whites (R4 532,00) and coloureds (R4 223,70). The highest amount spent (average rand spent) on counterfeit luxury fashion branded products was by blacks (R622,51), followed by Indians (R598,93), coloureds (R344,74) and whites (R307,97).

The last comparison was between province and average amount spent on authentic or counterfeit luxury fashion branded products. The results obtained are shown in table 6.17 below.

**Table 6.17:** Average spend per province

		<b>Province</b>		
		<b>Gauteng</b>	<b>KwaZulu-Natal</b>	<b>Western Cape</b>
Spend authentic	Mean	R5 597,50	R3 061,10	R5 141,40
	Std Dev	R9 437,00	R4 594,80	R9 994,20
Spend counterfeit	Mean	R576,54	R199,81	R404,74
	Std Dev	R1 398,30	R315,42	R896,59

Table 6.17 above indicates that the highest average expenditure for authentic products was in Gauteng (R5 597,50), followed by the Western Cape (R5 141,40) and KwaZulu-Natal (R3 061,10). The highest average expenditure for counterfeit products was in Gauteng (R576,54), followed by the Western Cape (R404,74) and KwaZulu-Natal (R199,81).

## **6.4 INFERENCE STATISTICS ANALYSIS**

Inferential statistics include procedures that allow a researcher to use data obtained within the research to draw conclusions about population characteristics

and make generalisations about the selected sample population (Pagano, 2013:10; Gravetter & Wallnau, 2009:6; Mendenhall *et al.*, 2013:4). Inferential statistics can be both parametric as well as non-parametric. Parametric tests are conducted when the sample population is assumed to be normally distributed, whereas non-parametric tests do not assume normality of distribution (Sharma, 2007:5).

ANOVA is a statistical technique that investigates the effects of one independent variable on a dependent variable, testing for significance of the difference between sample means. Thus ANOVA measures the difference in the dependent variable's mean value compared with that of the independent variable (Neelankavil, 2007:308; Zikmund & Babin, 2013:396). For the purpose of this study however, one-way ANOVA was selected because it is a parametric hypothesis test which compares mean scores of two or more independent variables described by one factor to see if they are equal (Coussement, Demoulin & Charry, 2011:140).

Tests were conducted to determine if there was a relationship between age and consumer's intention to purchase authentic or counterfeit luxury fashion branded products.

#### **6.4.1 Age versus intention to purchase authentic luxury fashion branded products**

In order to determine if there was a relationship between age and a consumer's intention to purchase authentic luxury fashion branded products, a hypothesis test of one-way analysis of variance (ANOVA) was used. Table 6.18 shows the results obtained.

**Table 6.18:** Means for one-way ANOVA: Age vs intention to purchase authentic products

<b>Level</b>	<b>Number</b>	<b>Mean</b>	<b>Std error</b>	<b>Lower 95%</b>	<b>Upper 95%</b>
18-24	86	67.5748	2.8533	61.959	73.190
25-29	77	68.6827	3.0154	62.748	74.617
30-34	53	65.3908	3.6346	58.238	72.544
35-39	33	62.0779	4.6062	53.013	71.143
40+	53	55.8491	3.6346	48.696	63.002

From table 6.18 it can be clearly observed that the age group 40+ had a lower authentic score (M = 55.85%). However, due to the fact that the authentic score was not normally distributed, a non-parametric Kruskal-Wallis test was needed.



Tables 6.19 and 6.20 indicate the results obtained from the Kruskal-Wallis test that was conducted.

**Table 6.19:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
18-24	86	13712.0	13029.0	159.442	0.998
25-29	77	12529.5	11665.5	162.721	1.308
30-34	53	8269.5	8029.5	156.028	0.416
35-39	33	4536.5	4999.5	137.470	-0.979
40+	53	6705.5	8029.5	126.519	-2.297

**Table 6.20:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
7.3398	4	0.1190

From table 6.19 it can be seen that the mean scores of the age groups 35–39 and 40+ differ from those of the age groups 18–24, 25–29 and 30–34. The p-value in table 6.20 ( $X^2(4) = 7.3398$ ;  $p = 0.1190$ ) however indicates that there is no significant difference between the authentic rank scores of the age groups (at a 95% level of confidence).

#### 6.4.2 Age versus intention to purchase counterfeit luxury fashion branded products

In order to determine if the counterfeit scores of the age groups differed significantly, ANOVA was utilised.

**Table 6.21:** Means for one-way ANOVA: Age vs intention to purchase counterfeits

Level	Number	Mean	Std error	Lower 95%	Upper 95%
18-24	86	38.1395	2.2648	33.682	42.597
25-29	77	28.7941	2.3935	24.084	33.504
30-34	53	28.6253	2.8850	22.948	34.303
35-39	33	25.8874	3.6561	18.692	33.083
40+	53	26.3612	2.8850	20.684	32.039

It is clearly visible from table 6.21 above that the 18–24 years age group has a higher counterfeit score (M = 38.14%). However, once again, due to the fact that the counterfeit score was not normally distributed, a non-parametric Kruskal-Wallis test was used. Tables 6.22 and 6.23 indicate the results from the Kruskal-Wallis test that was conducted.

**Table 6.22:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
18-24	86	15961.0	13029.0	185.593	4.469
25-29	77	11010.0	11665.5	142.987	-1.034
30-34	53	7423.5	8029.5	140.066	-1.095
35-39	33	4440.5	4999.5	134.561	-1.232
40+	53	6918.0	8029.5	130.528	-2.009

**Table 6.23:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
20.7648	4	0.0004*

\* Significant difference

Table 6.23 shows that the p-value from the Kruskal-Wallis test is less than 0.05 ( $\chi^2(4) = 20.764$ ;  $p = 0.0004$ ), thereby indicating a significant difference between the counterfeit rank scores of the age groups. However, in order to determine where the specific differences between age groups lay, non-parametric multiple comparison tests were performed (Wilcoxon tests).

**Table 6.24:** Non-parametric comparisons for each pair using the Wilcoxon method

Level	- Level	Score mean difference	Std error difference	Z	p-value
35-39	30-34	-1.1801	5.150817	-0.22911	0.8188
40+	35-39	-1.2784	5.061029	-0.25261	0.8006
30-34	25-29	-1.3857	6.307023	-0.21971	0.8261
35-39	25-29	-3.0087	6.225919	-0.48325	0.6289
40+	30-34	-3.2642	5.486486	-0.59494	0.5519
40+	25-29	-5.4790	6.242028	-0.87777	0.3801
30-34	18-24	-20.5237	6.890671	-2.97848	0.0029*
35-39	18-24	-20.5671	6.949705	-2.95942	0.0031*
25-29	18-24	-23.1749	7.239262	-3.20129	0.0014*
40+	18-24	-25.1591	6.861836	-3.66652	0.0002*

\* p-values below 0.05 show pairs of means that are significantly different.

From table 6.24 it can be observed that the counterfeit scores for the 18–24 year age group differ significantly from the other age groups (the shaded p-values are all below 0.05).

Tests were then conducted to determine if there was a relationship between race and consumer's intention to purchase authentic or counterfeit luxury fashion branded products.

### 6.4.3 Race versus intention to purchase authentic luxury fashion branded products

In order to examine if there was a relationship (significant difference) between a consumer's race and their intention to purchase authentic luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.25 below presents the results obtained.

**Table 6.25:** Means for one-way ANOVA: Race vs authentic purchase intention

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Black	88	71.2662	2.8280	65.701	76.832
White	147	60.7580	2.1881	56.452	65.064
Coloured	38	64.4361	4.3035	55.967	72.905
Indian	28	67.5510	5.0135	57.685	77.417

*Std error uses a pooled estimate of error variance.*

Table 6.25 above indicates that the highest mean scores are in the black and Indian groups ( $M = 71.27$  and  $M = 67.55$ , respectively). The coloured group scored 64.44% and the lowest mean score was in the white group, scoring 60.76%. However, due to the authentic score not being normally distributed, the Kruskal-Wallis parametric test was conducted.

**Table 6.26:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Black	88	15202.5	13288.0	172.756	2.792
White	147	19997.0	22197.0	136.034	-2.919
Coloured	38	5777.5	5738.0	152.039	0.078
Indian	28	4474.0	4228.0	159.786	0.561

**Table 6.27:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
10.1708	3	0.0172*

\* Significant difference

From table 6.26 it can be seen that the mean score of the whites differs from that of the blacks, coloureds and Indians. The p-value in table 6.27 ( $\chi^2(3) = 10.1708$ ;  $p = 0.0172$ ) indicates that there is a significant difference between the authentic rank scores of the race groups (at a 95% level of confidence).

To assess where the specific difference existed, a non-parametric multiple comparison test was performed, the results of which can be seen in table 6.28 below.

**Table 6.28:** Non-parametric comparisons for each pair using Wilcoxon method

Level	- Level	Score mean difference	Std error dif	Z	p-value
Indian	White	12.9252	10.42958	1.23928	0.2152
Coloured	White	9.4057	9.72847	0.96682	0.3336
Indian	Coloured	2.2951	4.77022	0.48113	0.6304
Indian	Black	-4.4959	7.28048	-0.61753	0.5369
Coloured	Black	-7.7996	7.07049	-1.10313	0.2700
White	Black	-29.2569	9.14751	-3.19835	0.0014*

\* p-values below 0.05 show pairs of means that are significantly different.

From table 6.28 it can be observed that the authentic scores of the whites are significantly lower than those of the blacks (the shaded p-value is below 0.05).

#### 6.4.4 Race versus intention to purchase counterfeit luxury fashion branded products

In order to examine if there was a relationship (significant difference) between a consumer's race and their intention to purchase counterfeit luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.29 below presents the results obtained.

**Table 6.29:** Means for one-way ANOVA: Race vs counterfeit purchase intention

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Black	88	33.7338	2.3149	29.178	38.289
White	147	29.2517	1.7911	25.727	32.776
Coloured	38	29.7744	3.5227	22.842	36.707
Indian	28	32.9592	4.1038	24.883	41.035

Std error uses a pooled estimate of error variance.

From the mean scores and standard errors it can be seen that there was no real variance between the race groups. However, due to the fact that the counterfeit score was not normally distributed, a non-parametric Kruskal-Wallis test was used. The results obtained for this test are indicated in tables 6.30 and 6.31 below.

**Table 6.30:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Black	88	14102.5	13288.0	160.256	1.237
White	147	21181.0	22197.0	144.088	-1.404
Coloured	38	5868.0	5738.0	154.421	0.269
Indian	28	4299.5	4228.0	153.554	0.169

**Table 6.31:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
2.1832	3	0.5353

From table 6.30 it can be seen that the mean score of the whites differs from that of the blacks, coloureds and Indians. However, the p-value in table 6.31 ( $X^2(3) = 2.1832$ ;  $p = 0.5353$ ) indicates that there is no significant difference between the counterfeit rank scores of the race groups (at a 95% level of confidence).

Tests were then conducted to determine if there was a difference between the intention of males and females to purchase either authentic or counterfeit luxury fashion branded products.

#### 6.4.5 Gender versus intention to purchase authentic luxury fashion branded products

In order to determine if there was a significant difference between a consumer's gender and their intention to purchase authentic luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.32 indicates the results obtained.

**Table 6.32:** Means for one-way ANOVA: Gender vs intention to purchase authentic products

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Male	160	63.7679	2.1122	59.611	67.924
Female	143	66.2138	2.2343	61.817	70.611

*Std error uses a pooled estimate of error variance.*

From table 6.32 it can be seen that males and females do not differ much in their mean scores. However, due to lack of normal distribution, the researcher applied the Wilcoxon test. The results are indicated in tables 6.33 and 6.34 below.

**Table 6.33:** Wilcoxon tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Male	160	23600.5	24320.0	147.503	-0.946
Female	143	22455.5	21736.0	157.031	0.946

**Table 6.34:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
0.8962	1	0.3438

From table 6.33 it can be seen that the mean score of males differs from that of females. However, the p-value in table 6.34 ( $X^2(1) = 0.8962$ ;  $p = 0.3438$ ) indicates that there is no significant difference between the authentic rank scores of the gender groups (at a 95% level of confidence).

#### 6.4.6 Gender versus intention to purchase counterfeit luxury fashion branded products

In order to determine if there was a significant difference between a consumer's gender and their intention to purchase counterfeit luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.35 indicates the results obtained.

**Table 6.35:** Means for one-way ANOVA: Gender vs intention to purchase counterfeits

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Male	160	30.8571	1.7154	27.481	34.233
Female	143	30.9091	1.8145	27.338	34.480

*Std error uses a pooled estimate of error variance.*

From the mean scores presented above it can be observed that both males and females scored relatively the same (M = 30.86% and M = 30.91%, respectively). However, due to that fact that the counterfeit scores were not normally distributed, the non-parametric test of Wilcoxon was used. Table 6.36 shows the results.

**Table 6.36:** Wilcoxon tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Male	160	24533.5	24320.0	153.334	0.292
Female	143	21522.5	21736.0	150.507	-0.292

**Table 6.37:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
0.0857	1	0.7698

From table 6.36 it can be seen that the mean score of the females differs from that of the males. The p-value in table 6.37 ( $X^2(1) = 0.0857$ ;  $p = 0.7698$ ) indicates that there is no significant difference between the counterfeit rank scores of the gender groups (at a 95% level of confidence).

Tests were then conducted to investigate if geographic regions differed in intention to purchase authentic or counterfeit luxury fashion branded products.

#### 6.4.7 Province versus intention to purchase authentic luxury fashion branded products

In order to determine if there was a significant difference between a consumer's province and their intention to purchase authentic luxury fashion branded products,

one-way ANOVA was the parametric test utilised. Table 6.38 indicates the results obtained.

**Table 6.38:** Means for one-way ANOVA: Province vs intention to purchase authentic products

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Gauteng	115	68.1739	2.4620	63.329	73.019
KwaZulu-Natal	54	68.9947	3.5929	61.924	76.065
Western Cape	133	60.8378	2.2894	56.333	65.343

*Std error uses a pooled estimate of error variance.*

From the mean scores it can be observed that there is a higher authentic score for Gauteng (M = 68.17%) and KwaZulu-Natal (M = 68.99%) in relation to the Western Cape, which has a lower score (M = 60.84%). However, due to lack of normal distribution, the following non-parametric test was conducted:

**Table 6.39:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Gauteng	115	18781.0	17422.5	163.313	1.846
KwaZulu-Natal	54	8894.0	8181.0	164.704	1.227
Western Cape	133	18078.0	20149.5	135.925	-2.754

**Table 6.40:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
7.5958	2	0.0224*

\* Significant difference

From tables 6.39 and 6.40 it can be seen that the mean score of the Western Cape differs from that of Gauteng and KwaZulu-Natal. The p-value in table 6.40 ( $\chi^2(2) = 7.5958$ ;  $p = 0.0224$ ) indicates that there is a significant difference between the authentic rank scores of the provincial groups (at a 95% level of confidence). However, in order to determine where the specific differences lay between provinces, non-parametric multiple comparison tests were performed (Wilcoxon tests).

**Table 6.41:** Non-parametric comparisons for each pair using Wilcoxon method

Level	- Level	Score mean difference	Std error difference	Z	p-value
KwaZulu-Natal	Gauteng	0.7212	8.051999	0.08956	0.9286
Western Cape	KwaZulu-Natal	-17.8486	8.721851	-2.04642	0.0407*
Western Cape	Gauteng	-22.4570	9.119432	-2.46255	0.0138*

\* p-values below 0.05 show pairs of means that are significantly different.

Table 6.41 shows that the counterfeit scores for the Western Cape differ significantly from the other provinces (the shaded p-values are all below 0.05).

#### 6.4.8 Province versus intention to purchase counterfeit luxury fashion branded products

In order to determine if there was a significant difference between a consumer's province and their intention to purchase counterfeit luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.42 indicates the results obtained.

**Table 6.42:** Means for one-way ANOVA: Province vs intention to purchase counterfeits

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Gauteng	115	33.0435	2.0212	29.066	37.021
KwaZulu-Natal	54	31.0582	2.9496	25.254	36.863
Western Cape	133	29.0655	1.8794	25.367	32.764

*Std error uses a pooled estimate of error variance.*

From table 6.42 it can be seen that Gauteng (33.04%) is slightly higher in terms of its mean score in comparison with KwaZulu-Natal (31.06%) and the Western Cape (29.07%). However, due to lack of normal distribution, the non-parametric test of Kruskal-Wallis was conducted.

**Table 6.43:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Gauteng	115	17660.0	17422.5	153.565	0.335
KwaZulu-Natal	54	8313.0	8181.0	153.944	0.236
Western Cape	133	19780.0	20149.5	148.722	-0.511

**Table 6.44:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
0.2625	2	0.8770

From table 6.43 it can be seen that the mean score of the Western Cape differs from that of Gauteng and KwaZulu-Natal. The p-value in table 6.44 ( $\chi^2(2) = 0.2625$ ;  $p = 0.8770$ ), however, this therefore indicates that there is no significant difference between the counterfeit rank scores of the provinces (at a 95% level of confidence).

Next tests were conducted to determine if current socio-economic status had an impact on consumers' intention to purchase authentic or counterfeit luxury fashion branded products.



### 6.4.9 Socio-economic class versus intention to purchase authentic luxury fashion branded products

In order to determine if there was a significant difference between a consumer's socio-economic class and their intention to purchase authentic luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.45 indicates the results obtained.

**Table 6.45:** Means for one-way ANOVA: Socio-economic class vs intention to purchase counterfeits

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Middle-low and lower	13	50.7692	7.2788	36.445	65.094
Middle-middle	41	62.4390	4.0987	54.373	70.505
Middle-upper	93	59.6621	2.7214	54.306	65.018
Upper-low	53	65.9299	3.6049	58.835	73.024
Upper-middle	65	70.8132	3.2552	64.407	77.219
Upper-upper	38	73.8346	4.2574	65.456	82.213

*Std error uses a pooled estimate of error variance.*

Table 6.45 indicates that the middle-low and lower class was slightly lower in terms of its mean score (50.77%) in comparison with the other socio-economic classes. However, due to lack of normal distribution, the non-parametric test of Kruskal-Wallis was conducted.

**Table 6.46:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Middle-low and lower	13	1402.0	1976.0	107.846	-1.859
Middle-middle	41	5947.0	6232.0	145.049	-0.546
Middle-upper	93	12337.0	14136.0	132.656	-2.561
Upper-low	53	8269.5	8056.0	156.028	0.368
Upper-middle	65	11160.0	9880.0	171.692	2.047
Upper-upper	38	6940.5	5776.0	182.645	2.309

**Table 6.47:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
16.1936	5	0.0063*

\* Significant difference

The p-value in table 6.47 ( $\chi^2(5) = 16.1936$ ;  $p = 0.0063$ ) indicates that there is a significant difference between the authentic rank scores of the socio-economic class groups (at a 95% level of confidence).

Tests were conducted to assess where specific differences lay. A non-parametric multiple comparison test was performed, the results of which can be seen in table 6.48 below.

**Table 6.48:** Non-parametric comparisons for each pair using Wilcoxon method

Level	- Level	Score mean difference	Std error difference	Z	p-value
Upper-upper	Middle-upper	21.9816	7.287749	3.01624	0.0026*
Upper-middle	Middle-upper	20.7138	7.379097	2.80709	0.0050*
Upper-middle	Middle-low and lower	15.9692	6.869120	2.32479	0.0201*
Upper-upper	Middle-low and lower	11.8725	4.761976	2.49318	0.0127*
Upper-low	Middle-upper	11.4632	7.264651	1.57794	0.1146
Upper-low	Middle-low and lower	10.3933	5.929563	1.75280	0.0796
Middle-upper	Middle-low and lower	9.7320	9.080168	1.07179	0.2838
Upper-upper	Middle-middle	9.5074	5.156151	1.84389	0.0652
Upper-middle	Middle-middle	8.8698	6.120532	1.44919	0.1473
Upper-upper	Upper-low	8.1105	5.601995	1.44778	0.1477
Middle-middle	Middle-low and lower	6.4841	4.996895	1.29762	0.1944
Upper-middle	Upper-low	6.0627	6.318160	0.95957	0.3373
Upper-upper	Upper-middle	3.6279	6.083646	0.59634	0.5509
Upper-low	Middle-middle	3.2011	5.664527	0.56511	0.5720
Middle-upper	Middle-middle	-4.7794	7.266525	-0.65773	0.5107

\* p-values below 0.05 show pairs of means that are significantly different.

From table 6.48 it can be observed that the authentic scores for the upper-upper and middle-upper ( $p = 0.0026$ ), upper-middle and middle-upper ( $p = 0.0050$ ), upper-middle and middle-low and lower ( $p = 0.0201$ ), upper-upper and middle-low and lower ( $p = 0.0127$ ) and upper-low and middle-low and lower ( $p = 0.0796$ ) classes differed significantly from the other classes (the shaded p-values are all below 0.05).

#### 6.4.10 Socio-economic class versus intention to purchase counterfeit luxury fashion branded products

In order to determine if there was a significant difference between a consumer's socio-economic class and their intention to purchase counterfeit luxury fashion branded products, one-way ANOVA was the parametric test utilised. Table 6.49 indicates the results obtained.

**Table 6.49:** Means for one-way ANOVA: Socio-economic class vs intention to purchase counterfeits

Level	Number	Mean	Std error	Lower 95%	Upper 95%
Middle-low and lower	13	27.6923	6.0128	15.859	39.525
Middle-middle	41	31.0105	3.3858	24.347	37.674
Middle-upper	93	32.6575	2.2481	28.233	37.082
Upper-low	53	29.1644	2.9779	23.304	35.025
Upper-middle	65	27.5604	2.6890	22.269	32.852
Upper-upper	38	35.5639	3.5169	28.643	42.485

Std error uses a pooled estimate of error variance.

From the mean scores it can be observed that there is no real variation between mean scores. However, due to lack of normal distribution, the Kruskal-Wallis non-parametric test was conducted.

**Table 6.50:** Kruskal-Wallis tests (rank sums)

Level	Count	Score sum	Expected score	Score mean	(Mean-mean0)/Std0
Middle-low and lower	13	1914.5	1976.0	147.269	-0.206
Middle-middle	41	6376.5	6232.0	155.524	0.288
Middle-upper	93	15131.0	14136.0	162.699	1.476
Upper-low	53	7565.0	8056.0	142.736	-0.884
Upper-middle	65	9004.5	9880.0	138.531	-1.459
Upper-upper	38	6064.5	5776.0	159.592	0.595

**Table 6.51:** One-way test, chi-square approximation

Chi-square	DF	Prob>Chi-square
4.2535	5	0.5135

The p-value in table 6.51 ( $\chi^2(5) = 4.2535$ ;  $p = 0.5135$ ) indicates that there is no significant difference between the counterfeit rank scores of the socio-economic class groups (at a 95% level of confidence).

## 6.5 SUMMARY

This chapter presented the findings and the interpretation of the results obtained for the research study, and data collected for the survey was presented on a per survey per question basis. The preliminary survey's results identified the top authentic and counterfeit luxury fashion branded products that consumers had previously purchased. The data obtained was analysed by means of frequency count and was included in the main research instrument.

The main research instrument's results were then analysed by means of SAS JMP Version 10 and a demographic profile of the sample was presented, followed by consumer behaviour intentions towards purchasing authentic and counterfeit luxury fashion branded products within the selected five product categories. Respondents' place of purchase of authentic and counterfeit fashion branded products was then next identified and a tabulation per province was provided. Next the amount respondents spend on authentic and counterfeit luxury fashion brands was tabulated and compared with age, gender, race and province. Lastly, respondents' intention to purchase authentic or counterfeit luxury fashion branded products was compared among different demographic groups to determine if there were any differences. The following chapter will now present the research conclusions, limitations and recommendations for future research.

# CHAPTER 7

## CONCLUSIONS AND RECOMMENDATIONS

*“Conclusions must be logical inferences supported by the data analysis.”*

*(Kuiper, 2009:400)*

### 7.1 INTRODUCTION

The retail environment is complex and retailers constantly have to be on the lookout for new opportunities and guard against threats in order to retain existing competitive advantage. With new brands continuously being launched into the market, an organisation's brand value is what will ultimately retain competitive advantage within the marketplace. In modern society, however, everyone wants “a piece of the pie” and therefore a grey market has emerged within the retail environment, and attempts are made to steal brand value from authentic brand owners to make a profit. This industry is known as counterfeit trade.

Counterfeiting of merchandise is said to be as old as markets themselves, and is an industry that is predominant in the majority of trade sectors, but more so within the luxury fashion goods market due to consumer demand for such merchandise. The selling of counterfeit merchandise can have a detrimental effect on authentic brand owners as brand exclusivity will lose strength should luxury products become widely accessible. South Africa was the domain selected as the point of interest in this research owing to the fairly recent counterfeit trends of utilising Africa as a “transit route” (Meissner, 2010) and in particular utilising South Africa as a dumping ground for counterfeit merchandise (SAIPL, [n.d.]). This therefore heightened the need for research to be conducted within this geographical area.

Therefore the main objective of this research report was to describe South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

The conclusions that can be drawn from the research findings as discussed in chapter 6 are provided in this chapter, as well as recommendations arising from these conclusions. The contribution the study has made to the luxury fashion

branded industry is then discussed, followed by the limitations of the study. The chapter concludes with suggestions for future research undertakings.

## **7.2 CONCLUSIONS OF THE STUDY**

In order to attain a full understanding as to whether or not the objectives were realised, the research objectives stated in chapter 1 (page 5–6) will be reiterated below and conclusions will be drawn according to each respectively.

### **7.2.1 Primary research objective**

The primary research objective for the study was to describe South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products.

For the primary research objective to be achieved, various secondary research objectives were formulated.

### **7.2.2 Secondary research objectives**

Eleven secondary research objectives needed to be achieved for the primary objective to be validated. Each objective is stated below, followed by a conclusion supported by the data analysis in chapter 6.

1. The first secondary research objective as outlined in chapters 1 and 6 was to identify the most frequently purchased authentic luxury fashion brands consumers' have had a past purchase experience within the product categories of: watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes. Fossil was identified as the most prominently purchased authentic watch, Ray Ban the most prominently purchased brand of sunglasses, Levi for apparel/clothing, Guess for leather and leather accessories and Nike for shoes. However, because the preliminary survey was exploratory, these brands cannot be generalised to the entire population.
2. The second secondary research objective was to identify the most frequently purchased counterfeit luxury fashion brands consumers' have had a past purchase experience within the product categories of: watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes. The highest

scoring brands for watches were Gucci or Rolex, for sunglasses Ray Ban, for apparel/clothing Nike, for leather and leather accessories Louis Vuitton or Prada and for shoes Nike. However, because the preliminary survey was exploratory, these brands once again could not be generalised to the entire population.

3. The third secondary research objective was to determine the purchase intention of South African consumers towards authentic and counterfeit luxury fashion branded products. South African consumers have a high intention to purchase authentic luxury fashion branded products in the product categories of watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes. All these options achieved a score of over 50%, indicating their likelihood of purchase the authentic product. The results for the purchase intention of consumers towards counterfeit luxury fashion brands indicated that consumers have a low intention to purchase counterfeit products in the product categories of watches, sunglasses, apparel/clothing, leather and leather accessories, and shoes. This result could, however, be biased as respondents may have felt at risk by admitting their intention to purchase counterfeit merchandise despite their anonymity being assured (see figures 6.11 and 6.12, pages 131–132).
4. The fourth objective was to examine where most South African consumers purchase counterfeit products. This was evaluated through the use of descriptive statistics. From the results it can be seen that the most popular places to purchase counterfeit products are from flea markets, China malls and street vendors. The reasons for this result could be that these organisations are informal and unregistered; these businesses often operate outside of the regulations that are in place for registered organisations, for example accurate bookkeeping and taxation.
5. The fifth secondary research objective was to determine the average amount spent on authentic luxury fashion brands versus counterfeit products. The average amount of money spent by individuals on authentic products was R2 000, whereas that spent on counterfeit products was R100. A cross-tabulation of the results was done to identify the most money spent on authentic and counterfeit products according to age, gender, race and

province. For authentic purchases, the most money spent was by individuals aged 30–34 years old, male respondents, Indian individuals and respondents residing in Gauteng. The most amount of money spent on counterfeit products was by individuals aged 30–34 years old, male respondents, black respondents, and respondents residing in Gauteng.

6. The sixth secondary research objective was to determine if there is a relationship between age and consumers' intention to purchase authentic or counterfeit luxury fashion branded products. The research indicates that there was no significant difference between individuals and their age groups in relation to purchasing authentic merchandise, even though the age groups 35–39 and 40+ showed a relative difference to the other age group categories. Age therefore does not have a significant effect on the purchase intention towards authentic products. In contrast however, 18–24-year-old individuals are more likely to purchase counterfeit products than individuals aged 25–39 and over 40. The reason for this finding could be that individuals within this age group do not earn as much as the other age groups or they are more open to buying counterfeit products. Individuals within the 18–24 year age group could also be more fashion conscious than the other age groups and therefore have a need to possess such branded items.
7. The seventh secondary objective was to examine if there is a relationship between race and consumers' intention to purchase authentic or counterfeit luxury fashion branded products. When different racial groups were asked about their intention to purchase authentic products, results indicated that there was a significant difference between the groups at a 95% level of confidence. The specific difference lay between black and white respondents; with whites scoring lower than blacks (refer to chapter 6, section 6.4.4, page 142). The reasons for this result could be that black individuals have a greater preference for authentic luxury fashion branded products, whereas white individuals might not be so concerned with the purchase of authentic luxury fashion branded products and therefore might opt for purchasing regular house brands or no-name products. In contrast however white respondents showed a relative difference to black, coloured and Indian respondents when it came to counterfeit purchases. However, the score in

itself was not significant at a 95% level of confidence and it can therefore be concluded that there is no relationship between race and a consumer's intention to purchase counterfeit luxury fashion branded merchandise.

8. The eighth stated secondary objective was to determine if there is a difference between male and female consumers in their intention to purchase either authentic or counterfeit luxury fashion branded products. There was no significant difference between male and female respondents in their intention to purchase authentic or counterfeit luxury fashion branded products. From this result it can be seen that both genders are equal in their intentions to purchase either authentic or counterfeit luxury fashion branded products.
9. The ninth secondary objective was to investigate if geographic regions differ in their intention to purchase authentic or counterfeit luxury fashion branded products. From the analysis provided in chapter 6, it can be seen that there was a significant difference in the purchase of authentic luxury fashion branded products between the Western Cape and Gauteng as well as between the Western Cape and KwaZulu-Natal. This therefore indicates that consumers residing in the Western Cape have a greater intention to purchase authentic luxury fashion branded products as opposed to respondents residing in the areas of Gauteng and KwaZulu-Natal. There was no significant difference in respondents' intention to purchase counterfeit products from Gauteng, KwaZulu-Natal and/or the Western Cape.
10. The tenth objective was to determine if current socio-economic status has an impact on consumers' intention to purchase authentic or counterfeit luxury fashion branded products. Research indicates that there was a significant difference in socio-economic class and consumers' intention to purchase authentic luxury fashion branded products. The significant difference lay between the upper-upper and middle-upper, upper-middle and middle-upper, upper-middle and middle-low and lower, upper-upper and middle-low and lower and lastly the upper-low and middle-low and lower classes. The reason for these results being significant could be that respondents who classify themselves as upper class individuals will have a greater intention to purchase authentic luxury fashion branded products due to their financial



well-being as opposed to individuals that do not have enough money to purchase unnecessary luxuries. There was no significant difference between socio-economic class and consumers' intention to purchase counterfeit products.

11. The final secondary research objective was to identify areas of future research in the field of purchase intention regarding authentic and counterfeit luxury fashion brands. The research findings clearly show that a deeper understanding of South African consumers' purchase intentions towards authentic and counterfeit products is needed.

Having drawn conclusions regarding the various secondary research objectives, it can be seen that the primary research objective of describing the purchase intention of South African consumers in relation to authentic luxury fashion brands versus counterfeit products was achieved. Not only were the purchase intentions of South African consumers identified, inferential statistics were obtained to find significance among various demographic groupings in terms of the five luxury fashion brand categories.

### **7.3 RECOMMENDATIONS**

From the findings presented in chapter 6 and the conclusions presented above, several recommendations can be made for organisations that offer luxury fashion branded products:

- One of the key recommendations emanating from the research is that identified brands of frequently-purchased counterfeit products should take this research into consideration and heighten organisational awareness as to the degree of counterfeiting the brand is undergoing within the market environment. This will enable them to evaluate their current market strategy.
- It is highly recommended that organisations emphasise the importance of luxury brand exclusivity so as to maintain brand value. Organisations should emphasise to potential buying clients that when purchasing a product they are not purely purchasing a name, they are purchasing craftsmanship and an art form that has taken years to perfect and develop; something that is not evident in counterfeit merchandise.

- In order to retain organisational brand value and trusted relationships with clients, luxury brand owners should attempt to create offerings that are immensely difficult to copy. Should a product be duplicated, some aspect of it should be highlighted as being absent compared with the authentic product.
- Authentic brand owners should create advertising campaigns to combat the counterfeit trade. They should emphasise the damage caused by counterfeit products and point out how they not only cause individuals to lose jobs, but could potentially be funding terrorism in some countries.
- A further recommendation to organisations is to appeal to governmental trade departments to impose greater punitive action on flea markets, China malls as well as street vendors that sell counterfeit products.
- Luxury brand owners should utilise these research findings to identify the target markets that are most likely going to buy authentic luxury products. Through recognition of the target market, marketing strategy could be adapted to enhance overall profit margins.
- Finally, it is recommended that future research delves deeper into what causes South African consumers to purchase authentic luxury fashion branded products versus counterfeit products (factors); an identification of such factors could prove beneficial to the field.

#### **7.4 CONTRIBUTION OF THE STUDY TO THE SOUTH AFRICAN LUXURY FASHION BRAND INDUSTRY**

The research study contributes to the South African luxury fashion brand industry by firstly painting a picture of the problem of counterfeiting from a global perspective and showing the effect that this industry has on the South African luxury fashion brand market. Key luxury fashion branded authentic and counterfeit products are identified as having been purchased in the past, which could provide organisations with information on the market happenings of specific fashion product categories. The study furthermore helps to identify the scale of the counterfeit problem in South Africa through the identification of consumer purchase intention. It highlights key market segments that are most prone to purchase as well as key problem areas. Lastly, the study contributes to the luxury

fashion brand industry by providing recommendations for how the trade can be reduced or even avoided in some cases.

## **7.5 LIMITATIONS OF THE STUDY**

One of the limitations of the study was that the sample was made up of respondents residing in Gauteng, KwaZulu-Natal and the Western Cape since these were the areas where the most counterfeit merchandise is said to be found. However, in order to get an overall South African perspective, future researchers might wish to consider broadening the sample frame to include all provinces within South Africa.

A further limitation is that the sample size was taken from individuals that were studying formal degrees at UNISA (undergraduate and postgraduate students), which implies that respondents had at least a Grade 12 or were of a mature age. Therefore future researchers might wish to expand the sample size.

One last limitation of the study is that specific brands were utilised to determine purchase intention of respondents. This could have skewed results to some degree, since there may have been brands which some respondents did not favour.

## **7.6 FUTURE RESEARCH SUGGESTIONS**

From the research findings, conclusions and limitations discussed above, various suggestions for future research opportunities can be offered.

- Due to the current study having requested participation only from UNISA registered students, future research might wish to expand the sample population to include other individuals within South Africa, for example school students, other university students, working class adults as well as retired individuals.
- Future research might also wish to investigate other African countries and do a comparative analysis. Comparisons could be utilised to assess the African counterfeit issue on a broader scale.

- In terms of the instrument utilised and the research techniques employed, future research could benefit from adding more open-ended questions to gain a deeper understanding of consumers' purchase intentions (qualitative research techniques).
- Future researchers could further investigate why consumers tend to purchase a certain authentic product yet purchase a different counterfeit brand. For example, consumers tend to purchase authentic Fossil watches yet they purchase Gucci and Rolex counterfeits.
- Future research should also try to create a model (such as that of Yoo and Lee (2009)) to determine what factors affect South African consumers' intention to purchase authentic or counterfeit luxury fashion branded products. This could lead to deeper insight into the demand by South African consumers.

## **7.7 SUMMARY**

In this chapter the research conclusions were discussed in conjunction with the stated research objectives to show how all the objectives were achieved. Recommendations were made that the luxury fashion branded industry should keep in mind, and the contribution of the research study to the luxury fashion branded industry was highlighted. The limitations of the study were also identified and future research suggestions explored.

From the research it can be concluded that South African consumers have a high intention to purchase authentic luxury fashion branded products and do not have a high intention to purchase counterfeit merchandise, however, a degree of intention does exist. From this minimal degree of intention stated by respondents it can be seen that people in the 18–24-year age group have the highest degree of purchase intention towards counterfeit products, gender plays no role and there is no significance between races.

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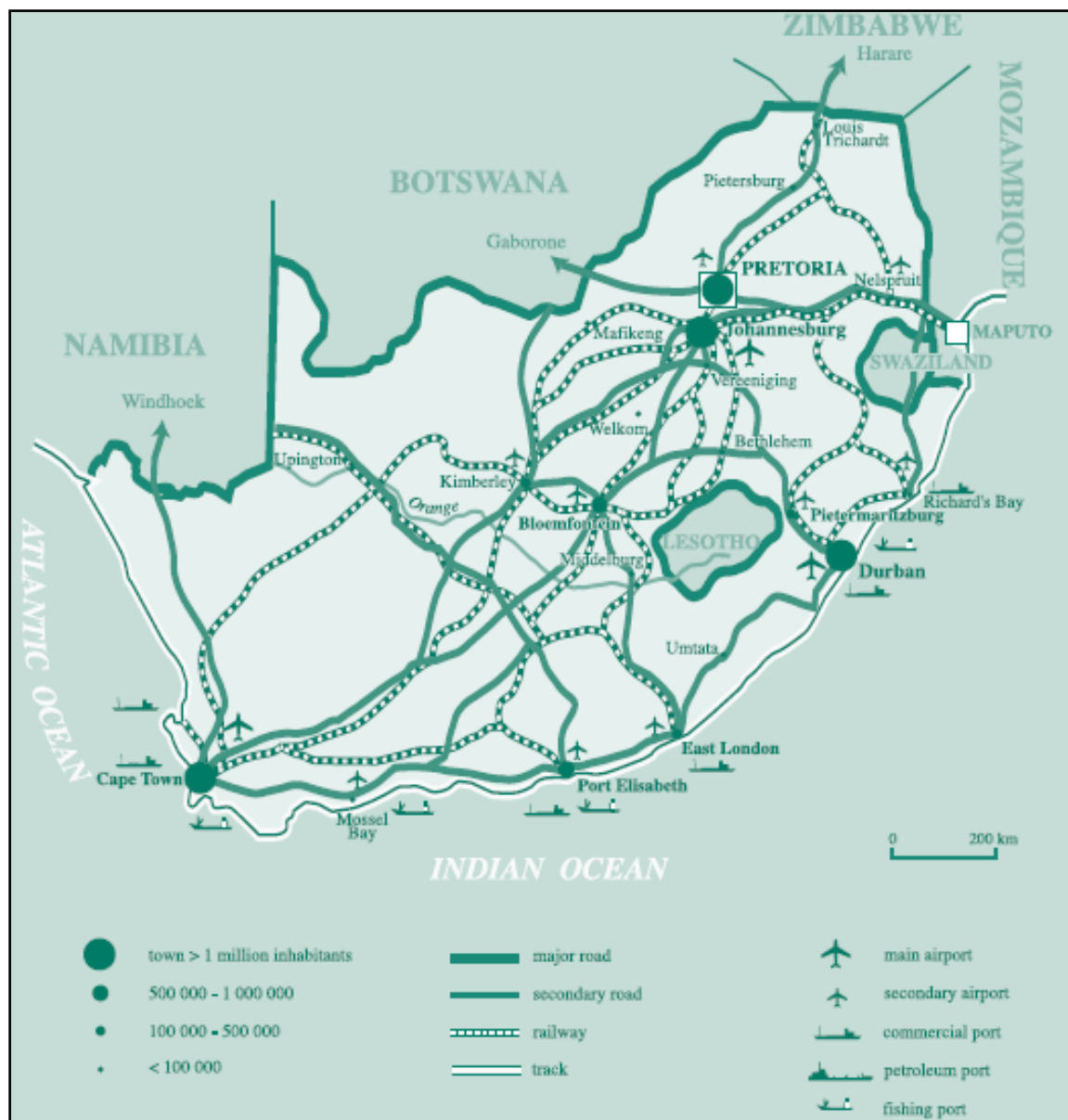
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## **APPENDIX A**

**– MAIN DISTRIBUTION CHANNELS IN SOUTH AFRICA –**

One of the key reasons as to the targeting of South Africa by counterfeiters may be due to the fact that majority of African countries are landlocked whereas South Africa contains numerous ports (Haman, 2010:345) as can be seen from figure 1 below:



**Figure 1:** South African main distribution channels  
**Source:** Adapted from African Economic Outlook (OECD, 2007:486).

**APPENDIX B**  
**- PRELIMINARY SURVEY -**

Respondent number: 

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**A survey investigating South African consumers' past purchase behaviour with authentic luxury fashion brands versus counterfeit products**

Dear respondent,

Thank you for your time and willingness to complete the following survey. This survey should not take more than **10 minutes** to complete. The answers you provide will be used merely for academic research purposes. Finally, this is an anonymous and confidential survey; therefore you will not be able to be identified.

This survey is part of a larger survey termed "Investigating South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products" which is in partial replication of the study conducted by Boonghee Yoo and Seung-Hee Lee "*Buy Genuine Luxury Fashion Products or Counterfeits?*". The purpose of this survey is to identify top luxury fashion brands in each of the five product categories that individuals have had a past experience with and furthermore to select top authentic and counterfeit luxury fashion brands were bought by the majority of those who had ever purchased luxury fashion brands in each product category.

There are 15 questions in this survey

## **WATCH BRANDS**

### **QUESTION 1**

Name the brand(s) of luxury fashion watch(es) you have purchased before?

.....  
.....  
.....  
.....  
.....

### **QUESTION 2**

Have you ever purchased a counterfeit luxury fashion branded watch before?

<b>Response</b>	
Yes	1
No	2

→ **Please continue to question 4**



**QUESTION 3**

If yes, please specify the brand(s) of counterfeit watch(es) you have purchased?

.....  
.....  
.....  
.....  
.....

**SUNGLASSES BRANDS**

**QUESTION 4**

Name the brand(s) of luxury fashion sunglasses you have purchased before?

.....  
.....  
.....  
.....  
.....

**QUESTION 5**

Have you ever purchased counterfeit luxury fashion branded sunglasses before?

Response	
Yes	1
No	2

→ Please continue to question 7

**QUESTION 6**

If yes, please specify the brand(s) of counterfeit sunglasses you have purchased?

.....  
.....  
.....  
.....  
.....

## APPAREL/CLOTHING

### QUESTION 7

Name the brand(s) of luxury fashion apparel/clothing you have purchased before?

.....  
.....  
.....  
.....  
.....

### QUESTION 8

Have you ever purchased counterfeit luxury fashion branded clothing before?

Response	
Yes	1
No	2

→ Please continue to question 10

### QUESTION 9

If yes, please specify the brand(s) of counterfeit clothes you have purchased?

.....  
.....  
.....  
.....  
.....

## LEATHER AND LEATHER ACCESSORIES

### QUESTION 10

Name the brand(s) of luxury fashion leather and leather accessories you have purchased before?

.....  
.....  
.....  
.....  
.....

**QUESTION 11**

Have you ever purchased counterfeit luxury fashion branded leather or leather accessories before?

Response	
Yes	1
No	2

→ Please continue to question 13

**QUESTION 12**

If yes, please specify the brand(s) of counterfeit leather or leather accessories you have purchased?

.....

.....

.....

.....

.....

**SHOES**

**QUESTION 13**

Name the brand(s) of luxury fashion shoes you have purchased before?

.....

.....

.....

.....

.....

**QUESTION 14**

Have you ever purchased counterfeit luxury fashion branded shoes before?

Response	
Yes	1
No	2

→ Please discontinue

**QUESTION 15**

If yes, please specify the brand(s) of counterfeit shoes you have purchased?

.....

.....

.....

.....

.....

**Thank you for your time and consideration.**

**Should you have any queries relating to the  
survey please contact the researcher:**

**Mrs L.L. Manley  
074 233 5332**

## **APPENDIX C**

**– MAIN RESEARCH INSTRUMENT –**

Respondent number: 

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**A survey investigating South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products**

Dear respondent,

Thank you for your time and willingness to complete the following survey. The purpose of this survey is to investigate South African consumers' intention to purchase authentic luxury fashion brands versus counterfeit products. This study is a partial replication of the study conducted by Boonghee Yoo and Seung-Hee Lee (2009) "*Buy Genuine Luxury Fashion Products or Counterfeits?*". This survey should not take more than **15 minutes** to complete. The answers you provide will be used merely for academic research purposes furthermore this is an anonymous and confidential survey; therefore you will not be able to be identified.

Please answer all the questions by placing a cross (X) in the appropriate block. There are no correct or incorrect answers. We are merely interested in what affects your intention to purchase authentic luxury fashion brands versus counterfeit products.

There are 14 questions in this survey.

**QUESTION 1**

Do you know what a counterfeit product is?

Response	
Yes	1
No	2

→ Please discontinue with the survey

**PAST PURCHASE OF AUTHENTIC PRODUCTS**

**QUESTION 2**

Have you ever purchased authentic products in the following five product categories?

Category and brand	Yes	No
2.1 Watch: Brand X	1	2
2.2 Sunglasses: Brand X	1	2
2.3 Leather and leather accessories: Brand X	1	2
2.4 Clothing/apparel: Brand X	1	2
2.5 Shoes: Brand X	1	2

## PAST PURCHASE OF COUNTERFEIT PRODUCTS

### QUESTION 3

Have you ever purchased counterfeit products in the following five product categories?

Category and brand	Yes	No
3.1 Watch: Brand X	1	2
3.2 Sunglasses: Brand X	1	2
3.3 Leather and leather accessories: Brand X	1	2
3.4 Clothing/apparel: Brand X	1	2
3.5 Shoes: Brand X	1	2

## PURCHASE INCLINATION TOWARDS AUTHENTIC PRODUCTS

### QUESTION 4

How much would you like to purchase x authentic products in the future?

Category/Brand	Strongly no	No	Neither yes or no	Yes	Strongly yes
4.1 Watches: Brand X	1	2	3	4	5
4.2 Sunglasses: Brand X	1	2	3	4	5
4.3 Leather and leather accessories: Brand X	1	2	3	4	5
4.4 Clothing/Apparel: Brand X	1	2	3	4	5
4.5 Shoes: Brand X	1	2	3	4	5

Where X = a group of selected brands for each of watches, sunglasses, apparel and leather and leather accessories

## PURCHASE INCLINATION TOWARDS COUNTERFEITS

### QUESTION 5

How much would you like to purchase x counterfeit in the future?

Category/Brand	Strongly no	No	Neither yes or no	Yes	Strongly yes
5.1 Watches: Brand X	1	2	3	4	5
5.2 Sunglasses: Brand X	1	2	3	4	5
5.3 Leather and leather accessories: Brand X	1	2	3	4	5
5.4 Clothing/Apparel: Brand X	1	2	3	4	5
5.5 Shoes: Brand X	1	2	3	4	5

Where X = a group of selected brands for each of watches, sunglasses, fashion/apparel and leather and leather accessories

## PERCEPTION OF CURRENT SOCIAL CLASS

### QUESTION 6

How would you rank your current socio-economic class?

Statement	Low-low <sup>1</sup>	Low-middle <sup>2</sup>	Low-upper <sup>3</sup>	Middle-low <sup>4</sup>	Middle-middle <sup>5</sup>	Middle-upper <sup>6</sup>	Upper-low <sup>7</sup>	Upper-middle <sup>8</sup>	Upper-upper <sup>9</sup>
Future social class									

## PERCEPTION OF FUTURE SOCIAL CLASS

### QUESTION 7

How would you rank your future socio-economic class?

Statement	Low-low <sup>1</sup>	Low-middle <sup>2</sup>	Low-upper <sup>3</sup>	Middle-low <sup>4</sup>	Middle-middle <sup>5</sup>	Middle-upper <sup>6</sup>	Upper-low <sup>7</sup>	Upper-middle <sup>8</sup>	Upper-upper <sup>9</sup>
Future social class									

## PLACE OF PURCHASE

### QUESTION 8

Where have you purchased a counterfeit product from?

Place	
Online	1
Street vendor	2
At the robots	3
China malls	4
Flea markets	5
Other	6

If **other** please name place where have bought counterfeits from:

.....

.....

.....

.....

.....



## RAND VALUE SPENT ON MERCHANDISE YEARLY

### QUESTION 9

How much money do you spend roughly on authentic luxury fashion brands yearly?

R.....

### QUESTION 10

How much money do you spend roughly on counterfeit luxury fashion brands yearly?

R.....

## DEMOGRAPHICS

### QUESTION 11

Please indicate your age group?

Age	
X<17	1
18-24	2
25-29	3
30-34	4
35-39	5
40<X	6

### QUESTION 12

Please indicate your gender group?

Gender	
Male	1
Female	2

### QUESTION 13

Please indicate your racial group?

Race	
Black	1
White	2
Coloured	3
Indian	4
Asian	5

**QUESTION 14**

Please indicate the province to which you currently reside?

<b>Region</b>	
Gauteng	1
KwaZulu-Natal	2
Western Cape	3

**Thank you for your time and consideration.**

**Should you have any queries relating to the survey please contact the researcher:**

**Mrs L.L. Manley  
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**APPENDIX D**  
**– PRELIMINARY SURVEY DATA –**

The following tables represent all brands provided by respondents (n=175) per question for the preliminary survey:

### QUESTION 1

Brand	Frequency count
Fossil	35
Guess	28
Swatch	25
None	17
Seiko	13
Casio	12
Tomato	11
Tempo	9
Gucci	8
Diesel	6
DKNY	6
Michel Herbelin	6
Quartz	6
Adidas	5
Citizen	5
Lanco	5
Rolex	5
Pulsar	4
Levi	3
Lorus	3
Nike	3
Puma	3
Tag Heuer	3
Armani	2
Hallmark	2
Honey	2
Jeep	2
Justin	2
Police	2
Polo	2
Tissot	2
Alef	1
Bad boy	1
Bad girl	1
Billabong	1
Breitling	1
Bulova	1
Burberry	1
Cadduci	1
Calvin Klein	1
Caterpillar	1
Chanel	1

<b>Brand</b>	<b>Frequency count</b>
Charles Jourdan	1
D&G time	1
Dolce Gabana	1
Ferrari	1
Festina	1
Flea market brands	1
Galaxy wrist leather watch	1
Georgio Armani	1
I don't wear a watch	1
La Montre	1
Lacoste	1
Louis Vuitton	1
Minx	1
Mont Blanc	1
Montreuil	1
N/a	1
Nine west	1
No-name	1
Omega	1
Polar	1
Poljot	1
Poseidon	1
Prada	1
Ralph Lorraine	1
Raymond Weil	1
Roxy	1
Sakyno	1
Sissy boy	1
Timex	1
Us polo	1
Zara	1

### **QUESTION 3**

<b>Brand</b>	<b>Frequency count</b>
Gucci	4
Rolex	4
Guess	3
Adidas	2
Seiko	2
Tag Heuer	2
Breitling	1
Burberry bag	1
Calvin Klein	1
Casio	1
Fossil	1

<b>Brand</b>	<b>Frequency count</b>
Honey	1
Ice	1
Michel Herblin	1
Montreuil	1
Omega	1
Prada bag	1
Pulsar	1
Rado	1
Swatch	1

#### **QUESTION 4**

<b>Brand</b>	<b>Frequency count</b>
Ray-ban	48
None	20
Oakley	16
Police	11
Guess	10
Bondi-blu	7
Armani	6
Prada	6
Dolce and Gabana	5
Gucci	5
Adidas	3
Chanel	3
Diesel	3
Levis	3
Polo	3
Dkny	2
Fossil	2
Soviet	2
Versace	2
Arnette	1
Bad boy	1
Bavino	1
Calvin klein	1
Carrera	1
D and g	1
Daniel hector	1
Dg	1
Dior	1
Don't know the names	1
Givenchy	1
Glider	1
I don't buy brand items	1
Jeep	1

<b>Brand</b>	<b>Frequency count</b>
Lacoste	1
Nike	1
No-name	1
Oliver peoples	1
Persol	1
Puma	1
Quest	1
Rocco Barocco	1
Spitfire	1
Stone cherry	1
Tempo	1
Vogue	1
YVL	1

### **QUESTION 6**

<b>Brand</b>	<b>Frequency count</b>
Ray-ban	8
Oakley	7
Police	7
Armani	3
Gucci	2
Louis Vuitton	2
Puma	2
Adidas	1
Bondi-blu	1
Carrera	1
DG	1
Flea market brands	1
Guess	1
Lacoste	1
Polar	1
Prada	1

### **QUESTION 7**

<b>Brand</b>	<b>Frequency count</b>
Levi	52
Nike	38
Guess	37
Adidas	30
Polo	16
Diesel	14
Billabong	13
Dh	11
La coste	9

Brand	Frequency count
Puma	9
Reebok	9
Sissy boy	8
Jeep	6
Ecko	5
Quicksilver	5
Roxy	5
Aca joe	4
Gucci	4
Prada	4
Asics	3
Calvin klein	3
Hang ten	3
Hugo boss	3
Lee	3
Louis vuitton	3
Nine west	3
None	3
Uzzi	3
Armani	2
Bad girl	2
Fila	2
Fox	2
Hilton weir	2
New balance	2
Old khaki	2
Pringle	2
Soviet	2
Urban	2
Vertigo	2
Zara	2
All sport including nike, addidas etc.	1
All star	1
Apple bottoms	1
Bad boy	1
Badboy	1
Banana republic	1
Bronx	1
Canterbury	1
Carvella	1
Cat	1
Chanel	1
Country road	1
D and G	1
Dc	1
Diadora	1



<b>Brand</b>	<b>Frequency count</b>
Dior	1
Dkny	1
Dow jones	1
Element	1
Es	1
Fubu	1
Gap	1
Ginger Mary	1
Giuseppe Zanotti	1
Hemisphere	1
House of Derion	1
Hurley	1
I buy what fit - don't know the brand - edgars/ mr price/ homemade	1
Jockey	1
K way	1
Kelso	1
Lizzard	1
LRG	1
Mango	1
Marie et Francois Girbaud	1
Paul Smith	1
Pierre Cardin	1
Pineapple	1
Pointer	1
Redbat	1
Ripcurl	1
S. Oliver	1
Sebago	1
Stussy	1
Timbaland	1
Tommy Hilfiger	1
Trenerly	1
Vans	1
Various	1
Von Dutch	1
Von zipper	1
Whitemountain	1
Wrangler	1
Yarra trail	1
YDE	1
Zoo York	1
Zoom	1

**QUESTION 9**

<b>Brand</b>	<b>Frequency count</b>
Nike	14
Adidas	11
Levis	8
Guess	7
Billabong	5
Diesel	4
La Coste	4
Puma	4
Louis Vuitton	3
Armani	2
Dh	2
Ed hardy	2
G-star	2
Quicksilver	2
All star	1
Apple bottoms	1
Calvin Klein	1
Channel	1
Chinese	1
City stretch, Contempo	1
Dc shoes	1
DKNY	1
Fila	1
Fox	1
Gucci	1
Hugo boss	1
Jeans	1
Jordan	1
Makros legend brand	1
Monster	1
Osiris	1
Paul smith	1
Polo	1
Prada	1
Pringle	1
Roxy	1
T-shirt	1
Von Dutch	1

**QUESTION 10**

<b>Brand</b>	<b>Frequency count</b>
None	13
Guess	11
Pointer	6
Polo	5
Gucci	4
Busby	3
Diesel	3
Nine west	3
Burberry	2
Daniel Hecter	2
Jeckal and Hide	2
Louis Vuitton	2
Shoes	2
Woolworths	2
Adoko	1
Armani	1
Barker	1
Billabong	1
Boots - Luella	1
Bronx	1
Can't remember the brands	1
Cape cobra	1
Chloe	1
Crocket & Jones	1
Dg belt	1
Don't buy leather	1
Fossil	1
Giuseppe Zanotti	1
Hush puppies	1
I got a leather jacket from the us-not sure about the brand	1
Jackets	1
Jay jays	1
Johaar	1
Kathy van Zealand	1
Kelso	1
Leather jacket	1
Levis	1
Lizard	1
Lizzy	1
Miu Miu	1
Mont Blanc	1
Mulberry	1
N/a	1
Newport	1
Nina Nucci	1

<b>Brand</b>	<b>Frequency count</b>
Not bought yet	1
O'neill	1
Other leather jacket is a Pierre Cardin	1
Prada	1
Prato	1
Roxy	1
The holmes bros	1
Timbaland	1
Todd	1
Tommy Hilfiger	1
Toughies	1
Truworths - leather bag	1
Truworths - leather jacket	1
Wallets	1

### QUESTION 12

<b>Brand</b>	<b>Frequency count</b>
Louis Vuitton	2
Prada	2
Burberry	1
Chloe	1
Dolce and Gabbana	1
Encee	1
Gucci	1
Guess	1
Miu Miu	1
Mulberry	1
Nike	1
Pointer	1
Polo	1

### QUESTION 13

<b>Brand</b>	<b>Frequency count</b>
Nike	39
Adidas	30
Puma	18
Bronx	12
Reebok	9
Aldo	8
Nine west	8
None	8
Sketchers	7
Green cross	6
Lacoste	6

<b>Brand</b>	<b>Frequency count</b>
Timberland	6
Caterpillar	5
Guess	5
Hush puppies	5
Sissy boy	5
Soviet	5
Diesel	4
Levi	4
Cat	3
Dc	3
Froggies	3
New balance	3
Pierre Cardin	3
Prato	3
Vans	3
Asics	2
Barker	2
Converse	2
Jordan	2
Le Coque Sportif	2
Louis Vuitton	2
Osiris	2
Prada	2
Pringle	2
Woolworths	2
Zoom	2
All sports makes, i.e. Nike, Adidas etc.	1
All star	1
Boss	1
Bruno Magli	1
Burberry	1
Carducci	1
Carval	1
Carvella	1
Cats	1
Cavella	1
Conte	1
Crocs	1
Dh	1
Due south	1
Ecco	1
Ellese	1
Es	1
Fallen	1
Fila	1
Florsheim	1

<b>Brand</b>	<b>Frequency count</b>
Footjoy	1
Franco Cecato	1
Ginger Mary	1
Gino Paoli	1
Gissel Bunchen	1
Giuseppe Zanotti	1
Grass hoppers	1
Gucci	1
High tech	1
Jimmy Choo	1
John drake	1
Kurt Geiger	1
Labourtins	1
Lakai limited footwear	1
Lionsgate	1
Luella	1
Marie Claire	1
Me too	1
New rock	1
No specific brand	1
Oakley	1
Oasics	1
Plum	1
Polo	1
Queue	1
Rage	1
Rockport	1
Sanucs	1
Sebaggo	1
Sebago	1
Solomons	1
Steve madden	1
Supegga	1
Supra	1
Todd's	1
Tomy	1
Toughies	1
Tsonga	1
Vino verde	1
Watson	1
Zando	1

**QUESTION 15:**

<b>Brand</b>	<b>Frequency count</b>
Nike	5
Puma	2
Addidas	1
Dc shoes	1
Ecco	1
Jordans	1
Lakai limited footwear	1
Rage	1
Reebok	1