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A Study on the Purchase Intention of Filipinos in their Consumption of Counterfeit Apparel Products

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Abstract

*Counterfeiting has been an enticing option for many individuals with the exclusivity and high price points that come with branded goods. This study aims to analyze the purchase intention of Filipinos in terms of **counterfeit** apparel products by using an extended **Theory of Planned Behavior (TPB)** and incorporating **extrinsic** and **intrinsic** variables as additional variables. Variables utilized in this study are personal gratification, self-esteem, self-directed pleasure, social recognition, appealing appearance, social influence, attitudes, and purchase intention. This study's respondents compose 152 Filipino consumers (59.2% female, 28.8% male, 2% prefer not to say) aged between 18-33 years old (majority--students 84.9% and employed 10.5%). Cronbach's values ranged from .790 to .950. Results showed that personal gratification and self-esteem insignificantly affect attitudes and intentions towards counterfeit apparel items, while self-directed pleasure, appealing appearance, social recognition, and social influence significantly affect attitudes and intentions towards counterfeit apparel items.*

Moreover, the study concluded that a positive attitude towards counterfeit apparel items strongly influences their purchasing intentions. Future studies are recommended to consider increasing its reach through the inclusion of generations y and x. Thus, data validation is recommended through one-on-one interviews and to consider testing other intrinsic and extrinsic motivations as future variables.

***Keywords**: **Counterfeit**, **TPB**, **Intrinsic, Extrinsic**, Personal gratification, Self-esteem, Self-directed pleasure, Social recognition, Appealing appearance, Social Influence, Attitude, and Intention, Purchase intention,*

Introduction

According to the United Nations Office on Drugs and Crime (UNODC, 2010), the Chinese industry's rapid growth has been a critical driver of the global economy in the twenty-first century. A significant portion of this growth is due to the outsourcing done by international firms, benefiting from China's high productivity and low costs. Chinese production companies keep a small portion only because of the intellectual property rights that foreign companies leverage (UNODC, 2010). However, with the exclusivity and high price points of the products, counterfeiting has been an enticing option for some individuals. According to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) (2020), counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization a trademark identical to the trademark validly registered. UNODC (2010) found that the price a counterfeit product offers becomes more affordable due to reduced costs on transportation, manufacturing, distribution, and low-quality materials used, and no additional costs on design, tax, marketing, and research.

Counterfeit items remain prevalent in the Philippines, along with local marketplaces (i.e., Greenhills Shopping Center and Divisoria). Due to the e-commerce industry's growth, Shopee, Zalora, and Lazada are the top online platforms bridging Filipino consumers and Chinese manufacturers. Concerning this, counterfeit products have become a more significant challenge to overcome by the Philippines' International Property Office (IPOPHL). The lack of consumer protection has given manufacturers the liberty to sell counterfeit goods while remaining anonymous (Posio, 2021). In a study by (Palicte 2019), He found that IPOPHL Deputy Director-General Teodoro Pascua claims that the government is losing billions of dollars in sales because most internet sellers are not under the Department of Trade and Industry, simply non-taxpayers.

In a 2014 raid, the BOC (Official Gazette, 2014) intercepted two shipments of counterfeit goods worth a total of 556 million pesos with approximately 15,960 undeclared pieces; half were imitations or "Class A" luxury bag models along with other counterfeit logo apparel (e.g., Nike, Adidas, US Polo, Lee, Aeropostale, and H&M). This paper aims to focus on counterfeit apparel products. These items involve any garment worn for aesthetics or anything worn on a body, given that these are rampant and more accessible for Filipinos. In 2020, the BOC (2021) confiscated a total of 10.629 billion pesos worth of counterfeit items where 575 importers and 148 customs brokers had their licenses revoked due to violating BOC and other associated regulations compared to 2019's BOC report of 9.44 billion pesos worth of seized counterfeit items with 345 importers and 75 customs brokers. There are two pending bills aimed at strengthening intellectual property rights protection: House Bill 9148, or the New Intellectual Property Act, and Senate Bill No. 497, or the Philippine Online Infringement Act (Lalu, 2020) as counterfeit and trademark infringement are the most common complaints by firms (IPOPHL, 2020). Despite several government agencies' efforts to reduce illegal goods smuggled in the Philippines, consumer behavior remains the most crucial factor that consumers must change to eradicate this illicit act.

There is a lack of research and studies examining consumers' purchase intention and attitudes towards purchasing and consuming counterfeit apparel in the Philippines. However, many studies have been conducted outside the Philippines tackling the purchase intention of counterfeit products or their effects. One example of this is the United States congressional hearing on counterfeits and their impact on consumer health and safety (Grassly & Leahy, 2016). Another

study conducted by students at Indiana University in the US studied the factors influencing consumer's intention to buy counterfeit products (Basu et al., 2015). Within the ASEAN region, a study conducted by a student of IEU Business School in Indonesia analyzed the purchase intentions of counterfeit bags in Indonesia (Budiman, 2012).

Framework

Theories

The theories were segmented into four for consumer behavior, with (1) Theory of Reasoned Action being the study's foundation for its framework. This theory believes people behave in a particular matter that will result in their desired outcomes (Phau et al., 2009). Next is (2) Theory of Planned Behavior which entrenches the correlation of perceived behavioral control influencing the consumers' intention of purchasing (Phau et al., 2009). It is then followed by the (3) Theory of Conspicuous Consumption, an extrinsic variable that focuses on consumers purchasing counterfeit products to represent wealth and status (Truong & McColl, 2011). Lastly, (4) Self-determination theory, an intrinsic variable, addresses the development and functioning of personality within a social context (Truong & McColl, 2011).

Theory of Reasoned Action. According to Phau et al. (2009) Theory of Reasoned Action (TRA) was developed by Martin Fishbein that introduces a framework supporting that people behave in ways that will result in their desired outcomes and meet the expectations of others. The theory also suggests that decisions to behave a certain way may be predicted by the individual's intentions, attitudes, and norms and the decision based on the expected outcome of the individual. An observed flaw of the theory is how personal and social factors influencing an individual are hard to be distinguished from one another (p. 6).

Theory of Planned Behavior. Theory of Planned Behavior (TPB) was developed by Ajzen et al. and is an "improved" version of the TRA as it establishes the connection of perceived behavioral control influencing the intentions and behavior of an individual. As defined by Phau et al. (2009), "perceived behavioral control is defined as the personal ease or difficulty of performing a behavior" (p. 6). This suggests that TBP can be used in the study of an individual's purchase intention of counterfeit products as it considers the personal and social factors influencing their consumption decision.

Theory of Conspicuous Consumption (Extrinsic Variables). Purchase motivations of purchasing counterfeit products have been classified between intrinsic and extrinsic, which the latter falls under the Theory of Conspicuous Consumption. The theory states the individuals are driven to purchase luxury goods as it symbolizes their wealth and status (Veblen, 1899 as cited in Truong & McColl, 2011). This was further elaborated by Kasser & Ryan (1993, 1996) that individuals pursue life goals, widely acknowledged as intrinsic and extrinsic goals. Extrinsic goals are derived from others' perceptions of them and the expected praise and external reward that comes with them (p. 556).

Self-determination theory (Instrict Variables). Understanding intrinsic motivations were derived from the self-determination theory by Ryan and Deci (2002). According to Sheldon et al.

(2004, as cited in Truong & McColl, 2011), the self-determination theory "addresses the development and functioning of personality within social contexts and asserts that humans are active organisms with a natural tendency toward psychological growth and development." The topic of intrinsic goals was also discussed by Kasser & Ryan (1993, 1996), which derived from an individual's reasons, and revolved around personal satisfaction, enjoyment, and meaning (p.556).

The theoretical framework to be adopted by the researchers is the theoretical framework by Phau et al. (2009), who discussed the attitudes of Singaporean consumers to counterfeit luxury brands. The framework adopted the TBP and incorporated the study by Ang et al. (as cited in Phau et al. 2009) on the attitudes of individuals towards the behavior of purchasing counterfeit products, which are brand consciousness, personal gratification, value-consciousness, price-quality inference, social influence, and brand prestige as observed in Figure 1 (p. 6). With the given attitudes as the independent variables of their study, six hypotheses were derived concerning how these influence the attitudes towards counterfeits. To summarize the hypotheses derived in the theoretical framework, they observe that brand consciousness, personal gratification, price over quality, and brand prestige negatively affect the attitudes towards counterfeit luxury brands. At the same time, the variables value consciousness and social influence have positive effects (p. 8). Following this is the variable on the attitudes towards counterfeit luxury brands, which infers that the consumers with positive attitudes towards counterfeits of luxury brands have a higher intention to purchase counterfeits of luxury brands.

The independent variables presented in Figure 1 are personal gratification, self-esteem, self-directed pleasure, social recognition, appealing appearance, and social influence from the developed conceptual framework. The dependent variables are the attitudes of consumers towards counterfeit apparel and their purchase intention for these products. These variables will be explained separately:

Hypotheses

Personal Gratification. Phau et al. (2009) mentioned that personal gratification is associated with the need for a sense of accomplishment, social recognition, and to attain the finer things in life (p. 7). This is also present in the study of Kang and Park (2016) that states consumers who purchase luxury items aim to improve their self-value and express their identities. Consumption of luxury items tends for its consumers to be perceived as a luxurious persona (p. 3813). Both studies show that personal gratification is attained when consuming luxury items; however, as Bloch et al. (as cited in Phau et al., 2009) discovered, consumers of counterfeit items have lower confidence and perceived status. Thus, consumers aiming for higher gratification will have negative attitudes towards counterfeit luxury items.

H1: Personal gratification has a negative influence on attitudes towards counterfeit apparel products

Self-Esteem. In the study of Truong and McColl (2011), they have referred to self-esteem as the "global feelings of self-liking, self-worth, self-respect, and self-acceptance or simply an overall evaluation of one's self-concept" (Brown, 1993; Rosenberg, 1965; Leonard et al., 1995). Through the study they have conducted, it was found that purchasing luxury items allows for one's

self-esteem to be satisfied. Considering counterfeit apparel products as the focus of the study, it may be inferred that consumers aiming for higher self-esteem may have negative attitudes towards counterfeit luxury items.

H2: Self-esteem has a negative influence on attitudes towards counterfeit apparel products.

Self-directed pleasure. According to Csikszentmihalyi (1990), self-directed pleasure is an intense and essential element individuals perceive in their own hedonic experiences. It was put simply by Tsai (2005) as a feeling of bliss, contentment, and ecstasy for the self (as cited in Abalkhail, 2015). In the same study by Tsai (2005), it was found that consumers seek self-directed pleasure when consuming luxury products and give little attention to fit and please peers (as cited in Kim et al., 2011). Given that the present study considers counterfeit apparel products, consumers who aim to attain a high level of self-directed pleasure may have negative attitudes towards counterfeit luxury items.

H3: Self-directed pleasure has a negative influence on attitudes towards counterfeit apparel products.

Social Recognition. According to Wilcox et al. (2009, as cited in Wang et al., 2020), consumers consume counterfeit luxury items to satisfy social motives. It represents their status and economic strength in social situations. Social recognition is associated with the social-adjustive function, which identifies one's wealth and social status in social interactions through luxury brands (p. 51). In the same study of Wang et al. (2020), the study of Schwarz et al. (2017) was cited that discovered counterfeit products can generate public attention similar to the originals (p. 52). The presented studies show that social recognition will be attained through counterfeit items; thus, consumers who aim to increase their social recognition may have positive attitudes towards counterfeit luxury items.

H4: Self-recognition has a positive influence on attitudes towards counterfeit apparel products.

Appealing Appearance. According to Merriam Webster (n.d), appealing means something pleasing. Common synonyms of the word are alluring, attractive, or charismatic. In the study of Abraham et al. (2018), it was mentioned that consumers who purchase counterfeit products aim for their peers to perceive them as someone with positive attributes such as being more intelligent, wealthier, fashionable, and many more (Crockhett, 2012). Graham et al. (2009, as cited in Abraham et al., 2018) also argued that consumers of counterfeit products aim to enhance their self-image (p. 519). With the presented studies, it can be inferred that consumers aim to increase their appeal through counterfeit products; thus, consumers who aim to increase their appealing appearance may have positive attitudes towards counterfeit luxury items.

H5: Appealing appearance has a positive influence on attitudes towards counterfeit apparel products.

Social Influence. The demand from referent groups will cause consumerism depending on their social group norm. Moreover, pressure from the referent groups may influence a consumer's decision to use original or imitation luxury goods, depending on the social group's standards

(Barden et al., 1989). Given this, the study shows that the consumption behavior reflects a consumer's social class status, preferring to identify with their present social class status or aim for even higher (Martineau, 1968; Phau et al., 2008; Mellot, 1983). As a result, consumers are more likely to purchase branded goods, conveying affluence, prestige, and social class status. It is more critical than income in determining consumers' purchasing habits (Martineau, 1968). However, customers who value brand status cannot financially purchase the authentic item; they may resort to counterfeit products or other labels that essentially imitate the original (Phau et al., 2008). In a more recent study by Forbes (2013), social media is said to have become a platform in which consumers may suggest, recommend, and rate to other potential consumers. This powerful method has strengthened the way consumers are influenced now.

H6: Social influence has a positive influence on attitudes toward counterfeit apparel products.

Attitude and intention towards counterfeit apparel products. An individual's attitude and intention towards purchasing counterfeit items are interconnected to one another. According to Phau et al. (2008), purchase behavior is determined by intention, which is determined by attitudes (p. 8). One's reaction or response toward an item decides whether one is willing to buy it. That being said, it is also decided by their perspective on it.

Additionally, for the actual purchase to occur, the accessibility to the counterfeit items sparks the actual performance of purchase intention. There is a need for these items to be physically present, enabling the individuals to take action. Although the following variables, such as personal gratification, self-esteem, self-directed pleasure, social recognition, appealing appearance, and social influence, are more vital since these are the most evident factors strongly influencing counterfeit apparel products. These may or may not affect the attitude and intention towards counterfeit items.

H7: Attitudes towards counterfeit apparel products has a positive influence on purchase intention for counterfeit apparel products (accept the hypothesis)

Methodology

Respondents

The pre-testing survey acquired 17 respondents--64.71% are female, and 35.29% are male. The survey acquired 152 respondents—59.2% are female, 28.8% are male, and 2% prefer not to say. The respondents are 18-33 years old, wherein 96.1% belong to the 18-24 age range, and 3.9% belong to the 26-33 age range. The majority of the respondents are students and workers (employed), with 84.9% and 10.5%, respectively. Ten respondents were selected for the focused group discussion--50% are female, and 50% are male.

Instruments

The respondents used the five-point Likert scale to rate their answers (1 = strongly to 5 = strongly agree). Figure 2 presents the sample items per variable.

Data Analysis

Jamovi software was used to test pre-testing results to get its reliability and validity. Questions that failed the Cronbach's alpha cut-off of .7 were omitted. SmartPLS software was used to analyze the relationship between the framework and survey questionnaire results. The p-value closest to 0 indicates that the variable tested has a significant effect. On the other hand, the p-value most relative to 1 pertains to the variable tested has an insignificant effect. Moreover, the original sample determines the strength of the path and influence of a variable on another.

Discussion of Results

The study aims to study the purchase intention of Filipino consumers towards counterfeit apparel items. The conceptual framework formulated by the researchers is lifted from the theoretical framework of Phau et al. that used the Theory of Planned Behavior that has been extended through adding intrinsic and extrinsic variables.

Given the gathered data by the researchers as observed in Figure 3, the column obtaining the values for the original sample and p-values were highly considered in the analysis relationships between variables. The table shows that the extrinsic variable, attitudes and intentions, have the most decisive influence on the purchase intention, while the intrinsic variable, self-esteem, has the weakest influence on attitudes and intentions. The former explains how the variables that have influenced attitudes and intentions also influence the purchase intention of the respondents. The latter explains that the respondents see self-esteem as weak as it has little to no influence on their attitudes and intentions towards purchasing counterfeit apparel products.

The column obtaining the values for the p-value was also highly considered in analyzing the relationship between variables. The table shows that the extrinsic variable, attitudes and intentions, and intrinsic variable, self-directed pleasure, obtained a value of 0.000 which is considered significant, followed by the extrinsic variable, social influence, with a value of 0.001. The variable with the greatest p-value at 0.791 is social recognition, thus suggesting that the researchers deem the mentioned variable insignificant. Each finding per variable will be discussed in the following paragraphs.

Based on the results, intrinsic variables personal gratification and self-esteem insignificantly affect attitudes towards counterfeit apparel products, thus accepting H1 and H2. Furthermore, extrinsic variables, social recognition, and appealing appearance are also found to affect attitudes towards counterfeit apparel products insignificantly, thus rejecting H4 and H5. The remaining variables and corresponding hypotheses H3 and H6 have significantly affected attitudes towards counterfeit apparel products, thus accepting and rejecting the hypotheses, respectively. Lastly, H7 has also resulted in affecting the purchase intention of consumers towards counterfeit apparel products significantly.

Personal gratification has been determined to be insignificant as data shows that respondents do not feel gratification in their self-value and sense of accomplishment. This was further supported during the focused group discussions wherein respondents elaborated how original or counterfeit apparel does not influence their sense of fulfillment and define their

personality. Thus, H1: Personal gratification has a negative influence on attitudes towards counterfeit apparel products is accepted.

Self-esteem has resulted as insignificant as data shows respondents see the importance of self-esteem but have been not satisfied when they purchase counterfeit apparel items. This is also followed by respondents not feeling rich whenever they wear counterfeit apparel products. These results further supported the insights of the respondents of the focused group discussion that their confidence level is not measured or is associated with what they wear. It was also observed how respondents are not proud of owning or purchasing such items. Thus, H2: Self-esteem has a negative influence on attitudes towards counterfeit apparel products is accepted.

The self-directed pleasure was determined to be significant as data shows respondents consume counterfeit apparel items for themselves; however, the respondents are neutral when obtaining the feeling of bliss when purchasing counterfeit products. The respondents support this from the focused group discussion as their insights have resulted in feeling contentment as they could find good quality products at a lower price. Thus, H3: Self-directed pleasure has a negative influence on attitudes towards counterfeit apparel products is rejected.

Social recognition was insignificant as data shows that respondents do not feel more acknowledged when they wear a well-known product. Respondents do not feel as if they belong to the upper class when they wear counterfeit products. Additionally, the conducted focus group discussion confirms that people who have purchased counterfeit items do not see it influencing their social interactions and perceptions of other people. Thus, H4: Self-recognition has a positive influence on attitudes towards counterfeit apparel products is rejected.

The appealing appearance was determined to be insignificant as data shows a large proportion of respondents disagreed with the statement, feeling that others do not see the respondents as smarter, wealthier, or more fashionable when wearing counterfeit and that most disagreed with the statement, saying counterfeit apparel does not enhance their self-image. As for the focus group discussion, some noted that the counterfeit item does not change their self-image but instead wants the item to do what it is supposed to do. Although some of the respondents' self-image negatively changes when wearing counterfeit items, potentially leading others to judge the respondent in a negative light should be taken into account. Thus, H5: Appealing appearance has a positive influence on attitudes towards counterfeit apparel products is rejected.

Social influence was determined to be significant as data showed when respondents were asked the question if they would purchase counterfeit products noting that online platforms give the product good reviews, and how well the respondents resonate with the statement, "I take into account the current trends when purchasing counterfeit products," majority agree to these statements. The focus group discussions also support these claims since respondents are relatively influenced by society's interests (trends) and judgment (relevant opinions) but are not pressured to buy counterfeit products. Thus, H6: Social influence has a positive influence on attitudes toward counterfeit apparel goods is accepted.

Attitude and intention towards purchase intention were determined to be significant. Data shows that respondents purchase counterfeit products because they are cheaper than branded goods

and provide better accessibility of counterfeit items affecting their purchasing intention. Moreover, it should be noted that respondents also consider it an ethical problem as to why a few do not buy counterfeit products. Thus, the attitude and intention of the respondents significantly affect the purchasing intention with regards to counterfeit products, H7: Attitudes towards counterfeit apparel products have a positive influence on purchase intention for counterfeit apparel goods is accepted.

Overall, the thought or idea delivered of these variables leads to a strong impact upon purchase intention towards counterfeit products—making it a significant factor.

Conclusions

This research analyzed Filipino consumers' purchase intention concerning the consumption of counterfeit apparel products. By deriving studies from Phau et al. (2009) and Truong and McColl (2011), the researchers considered three intrinsic and three extrinsic motivations to analyze purchasing intentions further. Through this, the study results have shown that self-directed pleasure, social influence, and attitude and intention significantly affect a consumer's purchase intention towards counterfeit apparel. Furthermore, this insight could potentially help apparel brands, luxury brands, e-commerce platforms, Philippine government agencies, and the retail industry to understand consumer purchase intentions.

The quality of fake products is lower than products they imitate, and consumers may think that these are worse and lead to lower product efficacy (Ang et al., 2001). As counterfeit products remain prevalent, apparel companies' brand image and quality are both at risk. In an article by Hieke (2010), she found that counterfeits of luxury brands make it more accessible for anyone to purchase these products, compromising the brands' strict codes. Companies of the luxury brand industry are also put at risk with counterfeit products affecting and challenging the prestige these products convey. Apparel items are a big part of the retail industry; thus, a fight to curb counterfeit products must be worthwhile for original brands to flourish.

Accessibility regarding the purchase of counterfeit products has now evolved with physical stores and online platforms such as Shopee, Zalora, and Lazada, now providing new online marketplaces. Counterfeit products, along with the emergence of e-commerce platforms, now have a wider reach. The accessibility of counterfeit products creates challenging hurdles for the industry and even more for the Philippine government agencies to abolish this criminal act. Overall, this study would aid in the fight against counterfeit goods by analyzing the most critical factor contributing to its growth, namely, its consumers.

Limitations and Recommendations for Future Research

Further improvements will enhance the scope of the research, which may be through gathering a gender-balanced number of respondents to produce gender-neutral results. Moreover, the scope of the research, it is recommended for future studies to extend the reach of respondents to other age groups beyond Generation Z. Increase of Millennial participants and inclusion of Generation X would significantly contribute more insights which may allow comparison of data across generations and further understand factors considered in their purchases of counterfeit

items. Additionally, validation of survey data is recommended to be done through one-on-one interviews with respondents. This will generate more authentic insights since the insights of others cannot influence those of the participants. It is also recommended that other intrinsic and extrinsic motivations be considered as future variables, such as the price, for further studies to enhance the discussion of how intrinsic and extrinsic motivation influence attitudes and intentions of consumers on counterfeit products. Another apparel category other researchers may touch on is *ukay-ukay* or thrift clothes.

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Appendixes

Appendix A

Figure 1
Framework of the Study
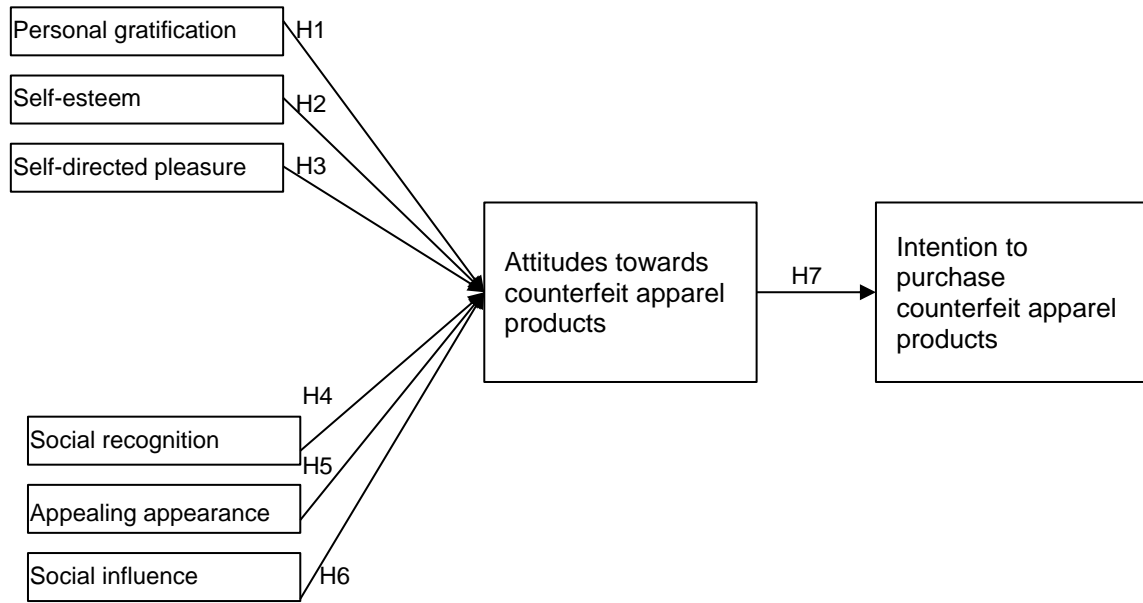
Appendix B

Figure 2
Sample Item per Variable

Variable	Sample Item
Purchase intention	*I am highly likely to purchase a counterfeit apparel product in the future*
Personal gratification	*I feel accomplished whenever I purchase counterfeit apparel products*
Self-esteem	*My self-esteem is satisfied when I have counterfeit apparel products*
Self-directed pleasure	*I buy counterfeit apparel items only because it pleases me and not to please others*
Social recognition	*I feel bliss whenever I purchase counterfeit apparel products*
Appealing appearance	*I see counterfeit products as attractive and pleasing*
Social influence	*I take into account the current trends when purchasing counterfeit products*

Appendix C

Figure 3
Analysis of the Results

Legend	
PI	Purchase Intention
E-A&I	Extrinsic - Attitude & Intention
E-SI	Extrinsic - Social Influence
E-AA	Extrinsic - Appealing Appearance
E-SR	Extrinsic - Social Recognition
I-PG	Intrinsic - Personal Gratification
I-SE	Intrinsic - Self-Esteem
I-SDP	Intrinsic - Self-Directed Pleasure

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
E-A&I -> PI	0.686	0.687	0.040	17.316	**0.000**
E-AA -> E-A&I	0.227	0.217	0.130	1.746	**0.081**
E-SI -> E-A&I	0.334	0.343	0.101	3.307	**0.001**
E-SR -> E-A&I	0.026	0.027	0.098	0.264	**0.791**
I-PG -> E-A&I	0.042	0.047	0.114	0.368	**0.713**
I-SDP -> E-A&I	0.337	0.338	0.073	4.632	**0.000**
I-SE -> E-A&I	-0.043	-0.048	0.107	0.405	**0.685**

Note: Number of total respondents = 152