

**AN INVESTIGATION INTO CONSUMER MOTIVES IN PURCHASING
COUNTERFEIT LUXURY BRANDED PRODUCTS AT THE CHINA TOWN
IN WINDHOEK NAMIBIA**

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ABSTRACT

Counterfeiting has become an economic problem and has led to a variety of countermeasures based on lawful, political, administrative, or business techniques. In order to develop appropriate countermeasures, an understanding of the general phenomenon of counterfeiting as well as the specific reasons why people purchase counterfeit products seems expedient. The main objective of the study was to explore consumers' motivations for purchasing counterfeited luxury branded products. This was a descriptive and quantitative study which consisted of customers who buy products at China Town and Customs and Excise officials in Windhoek. Using a questionnaire and web-based survey to collect the data, a thematic analysis was employed to analyse the data collected. The results showed that, counterfeit luxuries branded products do not infringe intellectual property of the designer of genuine products given the fact that counterfeit products are just as good as genuine designer products. The study also found that, trading in counterfeit of luxury branded products lowers the value of genuine products. Hence the study concluded that more awareness needs to be created on what counterfeits and intellectual property rights are by creating awareness of the ethics involved with the trade in counterfeits. Moreover, trading in counterfeit of luxury branded products have consequences on the Namibian market such that, it affects the willingness of able purchasers to buy genuine products, and in so doing affects the business and market share of businesses trading in genuine products. In conclusion the study therefore recommends that owners of luxury brands should use brand awareness/association as an effective weapon. Marketing activities that increase the exposure of genuine luxury brands and build connections between genuine luxury brands and consumers are likely to hamper counterfeit consumption. Furthermore, further research should consider various income level groups of consumers instead of only customers in general. Future research could examine the effects of counterfeit ownership on consumer loyalty to counterfeits by testing more attitudinal loyalty characteristics.

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LIST OF ABBREVIATIONS

CLBP -Counterfeit Luxury Branded Products

IPR- Intellectual Property Right

NamRA- Namibia Revenue Agency

SMS- Short Message Service

MTC- Mobile Telecommunications Limited

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DECLARATION

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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

This chapter provides an overview to the research study. Firstly, the background sketches of the counterfeit problem anti-counterfeiting/brand protection global 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 is discussed, followed by the statement of the problem. The purpose of the study is discussed, followed by the research objectives, hypothesis and the significance of the study. Furthermore, the study limitations and delimitations are discussed and the chapter then concludes with chapter outlines of the study.

1.2 Background of the study

Counterfeiting is a term describing "...the reproduction or replicated version of the genuine article" (Teah & Phau, 2001) 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). 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 to 7 percent of total world trade (Kim & Karpova, 2010).

As luxury brands expand to grow their geographical reach and their products are introduced to new populations, it should be little surprise that the market for counterfeits continues to grow. An increase in sales of counterfeit goods is due to seven key factors: globalisation, lower trade barriers, low cost, technology that results in low

investment and high profits, consumer complicity, expansion of channels and markets, powerful worldwide banks, weak enforcement and high tariffs and taxes. Globalisation has been a key objective for luxury brand industries. To have global luxury brands that are recognised all over the world is what most luxury brand owners wish to attain (Chaudhry & Zimmerman, 2009; Frerichs, 2008).

The startling growth has an unwelcome downside which is the growing threat of counterfeits. Although dealing with counterfeit products is nothing new for luxury brands, the scale of the problem is a continual challenge as they fight to maintain the levels of revenue with loss of sales, loss of goodwill, damage to corporate brands, trademark dilution and cost of enforcing IP rights. Counterfeits make no exceptions for company size; small luxury brands are just as likely to fall victim too and this can be devastating (Nash, Vetere & Young, 2014).

The act of counterfeiting products, the production and sale of products that appear to be the same as the authentic product (Penz & Ströttinger, 2005), is a well-known problem and a problem that has been and will be around for many years (Chaudhry & Zimmerman, 2009; Frerichs, 2008). Bate (2008) stated 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).

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). It is an industry that poses considerable economic and societal problems to both less- and well-developed countries (Ergin, 2010; Kim & Karpova, 2010; Ha & Lennon, 2006).

Counterfeiting is a real inhibitor to luxury industry volume growth. It distorts brand loyalty and destroys brand equity (Wilke & Zaichkowsky 1999). According to Eisend & Schuchert-Guler (2006) “Counterfeiting has become an economic problem and has led to a variety of countermeasures based on lawful, political, administrative, or business techniques. In order to develop appropriate countermeasures, an understanding of the general phenomenon of counterfeiting as well as the specific reasons why people purchase counterfeit products seems expedient”. Odada and Kakujaha-Matundu (2008), posits that poor quality, counterfeiting and safety of Chinese goods remain a cause for concern in Namibia. The above sentiment is supported by NAMPA (2015) statement that counterfeit goods worth N\$ 20 million confiscated from Chinese shops. Therefore, it is important to study the motives of consumers for purchasing counterfeit products.

1.3 Statement of the problem

Over the past years, there has been an increase in counterfeit trading especially in developing countries and Namibia is no exception to this problem.

Berns & Moore, (2012) argue that consumers’ responses at times do not reflect their actual thoughts and feelings. They are likely to be subject to self-deception and social desirability biases when they are making decisions, especially those with moral consequences, such as purchasing counterfeit luxury products. Plassmann, Venkatraman, Huettel & Yoon (2015) contend that consumers are unable to articulate

why he/she exhibits a specific behaviour. Yoon, Gutchess, Feinberg, Polk, (2006), suggested that brain responses could be eventually translated into more indexes, which would help marketing professionals better understand the motives underlying consumer behaviours. Thus, it is of great significance to investigate the neural processes of purchasing luxury brands. This can provide a window into the consumers' implicit motivations and serve as a complement to or explanation of self-reported results (Ahlert, Kenning, Plassmann, 2006).

Odada and Kakujaha-Matundu (2008), posits that poor quality, counterfeiting and safety of Chinese goods remain a cause for concern in Namibia. The above sentiment is supported by NAMPA (2015) statement that counterfeit goods worth N\$ 20 million were confiscated from Chinese shops. Hence it is imperative to investigate the motives of consumers for purchasing counterfeit products in Namibia. As far as we know there is few studies have been undertaken study on the motives of consumers for purchasing counterfeit luxury branded products in Namibia.

1.4 Objectives of the study

The main objective of the study was to explore consumers' implicit motivations for purchasing counterfeited luxury branded products. The specific objectives are:

- To determine consumers' attitude towards counterfeited luxury branded products;
- To assess whether price consciousness leads to consumers purchasing counterfeit luxury branded products over original branded products;

- To analyse the importance of knowledge of counterfeits and awareness with regard to differentiating original branded products from counterfeited products;
- To evaluate the impact this kind of trade in counterfeit luxury branded products has on the Namibian market.

1.5 Significance of the study

The main aim of this research is to explore consumers' implicit motivations for purchasing counterfeited luxury branded products. This should help to identify the driving force behind consumers' intentions to purchase counterfeited luxury goods, to find out if there is anything that can be done to help reduce the number of counterfeit goods confiscations. This study is significant because it helps raise awareness in order to educate the (general public) sellers and consumers of counterfeit trade on the consequences with regards to Namibian laws and regulations. This increase in this type of trade shows there is a need for this type of research. The research can also help the Customs and Excise department under the Namibia Revenue Agency (NamRA) falling under Ministry of Finance to spread out information on counterfeiting, creating the awareness needed to help combat the problem and prevent further loss of revenue.

1.6 Limitations of the study

The study has faced limitations from the targeted participants' unwillingness take time to answer the questionnaires and hesitation to disclose full truth on some questions in the questionnaires. This prompted the researcher having to come up with a web-based questionnaire which respondents could access in the comfort of their space.

The researcher advised the respondents that their identities would be kept anonymous. Distribution of the questionnaire happened ahead of time in anticipation of receiving responses late from targeted respondents and also the researcher constantly reminded the respondents of the crucial need for their participation in the study.

The research further faced limitations to with regard to accessing data of some important variables for the study on the web due to the cost involved in extracting data on the web that requires vending services.

1.7 Delimitation of the study

The study was limited to only one town in Namibia; namely, Windhoek and the study mainly targeted China Town as the area of study due to the proliferation of Chinese traders, generally associated with the importation and sale of counterfeit luxury brands. Secondly, the study only focused on counterfeits of luxury brands rather than non-luxury brands. Therefore, the results from this study may not be generalised to non-luxury counterfeit instances.

1.8 Outline of the chapters

Chapter 1 provided an introduction and background, statement of the problem, objectives, significance, limitation and delimitation of the study. Chapter 2 introduces the concepts of counterfeit products and consumer motives in purchasing counterfeited and also provides the theoretical background to the study. Chapter 3 presents a description of the research process and the stages of the research process. Chapter 4 presents the findings of the study in detail while Chapter 5 provides an integration of the findings with the theoretical framework and literature reviewed. Chapter 5 also concludes the study by presenting a summary of the overall research, stating the limitations of the research and providing recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter 2 focused on building the theoretical foundations of this investigation. Initially, the literature review addresses the importance of branding, luxury brands and the concept of Counterfeited luxury branded products. This chapter proceeds with a discussion of Counterfeit Luxury-Branded Products consumption. It examines multiple perspectives from the literature.

2.2 Branding

2.2.1 Importance of Branding

There are various definitions of branding (Stern, 2006). Based on Mallik (2009) branding today refers to the set of ideas, products, services, logos, advertising, and overall marketing efforts that are used to communicate and position an entity's offering. Additionally, a brand is defined as a distinguishing name and/or symbol that differentiates one's goods or services from those of competitors (Ghodeswar, 2008). The history of branding practices can be traced back thousands of years (Eckhardt and Bengtsson, 2010).

Brands are usually regarded as the most valuable intangible assets of business, and are therefore carefully developed and nurtured over time (Green and Smith, 2002). According to Czinkota *et al.* (2011) the distinctive characteristic of a brand is a key strength that helps an organisation to stand out from the crowd. A successful brand also enjoys considerable trust among consumers (Berry, 2000; Green and Smith, 2002) which greatly reduces or eliminates a buyer's perceived risk and increases the likelihood of being selected by consumers (Swait and Erdem, 2007). The power of a brand to reduce perceived risk becomes increasingly important for corporations during

times of recession or crisis (Pennings *et al.*, 2002). Overall, brands provide the foundations for building trust-based relationships with customers.

The growth in fake goods/ counterfeits has followed the overall growth of the economy and outsourcing. As production moves further away from companies that originally designed the luxury branded products, there is more opportunity for corruption and fraud to find its way into the manufacturing process, as countries such as India and China build more sophisticated factories, the type of products that can be counterfeited rise as well (Hargreaves, 2012).

In addition to being important for business, brands are important for consumers (Mudambi, 2002). Consumers also benefit from being able to readily distinguish between brands (Czinkota *et al.*, 2011) and from the reduced risk in purchase decisions (Berry, 2000; Pennings *et al.*, 2002). However, brands also offer intangible benefits for consumers, such as symbolic meaning, gender meaning and authenticity which aid in establishing personality or identity (McCracken, 1988). As revealed by Fennis and Pruyn (2007) the personality traits of a brand can be transferred to consumers via a process of impression formation. Therefore, brands are important in assisting consumers to form and express their personalities (Aaker, 1991).

2.2.2 Luxury-Branded Products

Luxury-branded products are goods for which the mere use or display of the product brings the owner prestige (Grossman and Shapiro, 1988b). These prestigious products are typically high quality with a high selling price. Luxury brands enable consumers to satisfy psychological and functional needs (Vigneron and Johnson, 1999). However, the psychological benefits are the main factor distinguishing luxury from non-luxury products (Nia and Zaichkowsky, 2000). Competition for luxury brands is based on

their ability to evoke exclusivity, brand identity, and brand equity from the consumer perspective (Phau and Prendergast, 2000). Despite the recent economic recession, the demand for luxury-branded products worldwide is still relatively strong compared to non-luxury branded products as consumers are willing to pay more to receive the benefits associated with luxury-branded products (Jung and Shen, 2011).

While quality is the primary concern for some consumers, others purchase luxury-branded products for the symbolic meaning. For such consumers, the luxury brands and their images are more important than the intrinsic functions of the products (Dubois and Paternault, 1995; Vigneron and Johnson, 2004). From an interpersonal perspective, consumers may see the ownership of luxury-branded products as a way of gaining social approval and acceptance within certain groups (Bushman, 1993; Huang, 2009).

Consumers may also use luxury-branded products as a form of expression through which they convey the uniqueness of the brand while demanding the recognition and admiration that accompanies the brand (Nia and Zaichkowsky, 2000; Tsai, 2005).

2.3 Intention to Purchase Genuine Luxury Brands

Yoo & Lee (2011) researched the effect of past experiences with counterfeits and genuine luxury brands on the purchase intention of each. They found out that the counterfeits have no relation with the purchase intention of luxury brands because the genuine luxury brands have a separate market which is not affected by what people perceive about the counterfeits. Whether the perception is positive or negative, it doesn't affect the purchase intention of people towards the genuine ones. Those who only want to purchase counterfeits will not show a negative or positive concern for the genuine luxury brands. Though, on one hand counterfeits are considered a threat to the

original brand, on the other hand, counterfeits, in many ways, can also be beneficial to the luxury brands.

In a study on counterfeits, Koklic (2011) took perfumes as the object of study and found that people were more willing to purchase those perfumes that have their pirated versions present in the market and this was because of the more awareness about genuine products through the counterfeits. Similarly, Hilton *et al.* (2004) researched the fashion industry sorting out the relation between counterfeits and genuine brands. He put forth the point that the fashion brands which have their counterfeits available in the luxury market are more known to people as they are accessible to a massive class and more knowledge leads to high purchase intention. In a research, Penz & Ströttinger (2005) found two types of behaviours shown by consumers of luxury brands when they come to know that the brand, they are using has a cheaper copy in the market. A particular type of consumer may go for “Flight” in which the consumers deviate from the purchase of a particular luxury brand because they think that the uniqueness and the image of the luxury brand is no more there, so they shift towards another brand. Other types of consumers go for “Reclamation” as they keep on using the particular luxury brand being copied because they are so much brand loyal that they don’t bother whether their brand is expensive or cheap or it is being counterfeited or not.

2.4 Attitude towards counterfeit

Bagozzi *et al.* (2002) defines attitude as an evaluation of an entity particularly with some degree of favour. Consumers have favourable attitudes towards counterfeit especially when they perceive that genuine producers rip them off (Ramayah *et al.*, 2002). Consumers justify their purchasing counterfeits by paying less with the feeling

of not being ripped off. In such a situation, consumers tend to legitimise their counterfeit purchase by considering that illegal producers have lower margins than genuine producers (Penz and Ströttinger, 2005).

Attitude refers to the inclination of an individual to behave in a likely or unlikely manner regarding their buying behaviour. Attitude is a persistent way that a person responds in a particular situation in a favourable or unfavourable way (Huang *et al.*, 2004). Attitude is a psychological position that people use to perceive the environment. According to Wu *et al.* (2011) Purchase intention refers to the consumer's likelihood to purchase certain products or services in the future. Therefore, the attitude of people towards counterfeiting products is significant.

Integrity has a strong effect on purchase intention (Ang *et al.*, 2001; Matos *et al.*, 2007; Phau & Teah, 2009). Integrity is determined by personal ethical standards and obedience towards law. If consumers view integrity as crucial, the chances of them viewing counterfeits of luxurious brands in a positive light would be much smaller (Ang *et al.*, 2001). Consumers, who disregard lawfulness or legality when using counterfeit goods, will have more intention to purchase counterfeits. In other words, integrity showed to be a significant predictor of consumers; their willingness to pay more for the purchase of genuine goods (Nordin, 2009). Ang *et al.* (2001) found a negative effect of integrity to favourable attitudes toward counterfeits. Matos *et al.* (2007) also found the reverse impact of integrity to favourable attitudes toward counterfeits of consumers in Brazil. Consumers had integrity as high as they had favourable attitudes towards counterfeits (Phau & Teah, 2009).

Nordin (2009) considered variables such as price consciousness, normative susceptibility, perceived risk, and novelty seeking as determinants of consumer

behaviour to buy counterfeits. Based on results, Nordin concluded that consumers, most favourably have the intention to buy counterfeited goods. Attitude has a direct relation to the consumer's behaviour. Therefore, there is a high chance that people will purchase counterfeit goods, if, they have a favourable attitude towards counterfeiting products. Although people think that counterfeits do not have similar benefits when compared to genuine products, consumers find it advantageous when buying counterfeit fashion products (Krishnan *et al.*, 2017).

Pakistani consumers purchase counterfeit products and do not put much attention to the quality aspects of counterfeits (Hussain *et al.*, 2017). Past buying experience strongly affects the consumer's purchase intention of counterfeited luxury goods. It further states that people who buy counterfeits of luxury goods have an intention to buy original goods and people who buy original products of luxurious companies does not have an intention to buy counterfeits of it. This indicates that consumers purchasing counterfeits will most probably switch to buying originals over time and would not return to counterfeits again (Yoo and Lee, 2009).

2.5 Counterfeit Luxury-Branded Products

2.5.1 Overview of the Counterfeit Market

As a result of the increase in world trade, technology advancements, and the number of famous luxury brands, the market for counterfeits is growing rapidly (Alcock *et al.*, 2003; Bloch *et al.*, 1993). Counterfeit or pirated products “are those bearing a trademark that is identical to, or indistinguishable from, a trademark registered to another party and infringe the rights of the holder of the trademark” (Bian and Moutinho, 2011b, p.379). Counterfeiting has grown significantly from the 1970s, when a large quantity of counterfeit jeans bearing the trademark logo and label of

Levi's were produced in South East Asia and distributed throughout Western Europe (Phau *et al.*, 2009). Since then, counterfeits have flooded the world market and have increased at a high rate in the past few decades (Phau and Teah, 2009). The value of counterfeits in the global market was estimated to have grown by 1,100 percent between 1984 and 1994, and accounted for seven percent of world trade in 2004 (Bian and Moutinho, 2011b). The value of the global counterfeit market reached 1 trillion US dollars in 2010 (Sahin and Atilgan, 2011). Furthermore, counterfeiting is argued to be responsible for 200 billion US dollars in lost jobs, unpaid taxes and lost sales yearly in the United States (Furnham and Valgeirsson, 2007).

The counterfeiting phenomenon is flourishing in developing countries, especially Asian countries such as the People's Republic of China, Indonesia, and the Philippines (Sahin and Atilgan, 2011). Counterfeiting in China has reached such high levels that 20 percent of goods sold in the Chinese market are counterfeits (Phau and Teah, 2009). Korea produces the highest volume of Louis Vuitton counterfeits in the world (Rames, 1996). The counterfeiting trade in Turkey has reached 3 billion US dollars, making it the second largest counterfeit market (Sahin and Atilgan, 2011). Additionally, counterfeiting has become a global phenomenon, spreading to Eastern Europe, North America, and Australia (Chemcham and Mutterperl, 2008; Penz *et al.*, 2009).

Looking more closely at supply, various factors drive the growth in manufacturing CLBP. For instance, many luxury-branded products are easily imitated because of their strong brand name and high visibility (Radón, 2012). Counterfeit manufacturers can gain access to sophisticated but affordable technology that facilitates counterfeiting (Alcock *et al.*, 2003; Gentry *et al.*, 2006; Shultz and Saporito, 1996).

Manufacturers have much potential to generate high profits without needing to invest in building or maintaining the brands (Sahin and Atilgan, 2011). Furthermore, online distribution channels can stimulate and enable counterfeiting (Hieke, 2010). Overall, growth in the supply of CLBP emanates from the ease and low cost of manufacturing, combined with high demand and profit margins (Bloch *et al.*, 1993; Nill and Shultz, 1996).

On the demand side, a key driver of growth in the CLBP market is consumer desire for genuine luxury brands (Lai and Zaichkowsky, 1999; Penz and Ströttinger, 2005; Wilcox *et al.*, 2009). Essentially, the attractiveness of genuine luxury brands to consumers (Penz and Ströttinger, 2012) combined with the relative price advantage of CLBP over genuine products (Phau *et al.*, 2009) makes counterfeits an attractive option for consumers. The allure of counterfeits can also be heightened by the difficulty that many consumers have distinguishing a CLBP from the genuine item (Grossman and Shapiro, 1988b).

2.5.2 Effects of Counterfeits on Genuine Luxury Brands

The impact of CLBP on genuine luxury brands is not conclusive (Bian and Moutinho, 2011b). Many researchers contend that CLBP diminishes the revenue, value, reputation, and satisfaction associated with genuine luxury brands (Bush *et al.*, 1989; Phau *et al.*, 2009; Staake *et al.*, 2009). For instance, the presence of inferior imitations, some of which consumers may not necessarily distinguish from the genuine products, can lessen the perceived quality and exclusiveness of the genuine brands (McDonald and Roberts, 1994; Wilke and Zaichkowsky, 1999). Researchers similarly indicate that CLBP can harm genuine luxury brands in terms of consumer confidence (Bloch *et al.*, 1993; Commuri, 2009; Gentry *et al.*, 2006) symbolic meaning of (Zhou and Hui, 2003) and long-term brand equity (Cademan *et al.*, 2012; Wilcox *et al.*, 2009). Counterfeiting

may also reduce the attractiveness of, and profit from, investing in genuine brands (Phau and Teah, 2009).

While one stream of literature indicates that CLBP are harmful to genuine luxury brands, further research suggests that this is not necessarily the case. For instance, research suggests that exposure to CLBP may not decrease consumer perceptions of, or attitudes towards, the genuine luxury brands (Bian and Moutinho, 2011b; Hieke, 2010). Others similarly identified that CLBP ownership is not associated with diminished perceptions of genuine brand value or status, and that demand for the genuine product may not be affected (Nia and Zaichkowsky, 2000). Furthermore, past purchase experiences of counterfeits have been found to have no relationship with purchase intention of genuine luxury products (Yoo and Lee, 2012). A further argument suggests that CLBP may actually increase awareness and demand for genuine products through the 'bandwagon effect' whereby widespread consumption of counterfeits can increase the status of the genuine product (Barnett, 2005). This argument is also supported by Romani *et al.* (2012) who state that the presence of luxury counterfeits can increase consumers' willingness to purchase well-known genuine brands.

A study conducted by Gabrielli *et al.* (2012) makes an important contribution towards understanding the effects of CLBP on the CBBE of genuine luxury brands. Gabrielli *et al.* (2012) introduced Keller (1993)'s CBBE pyramid in the study and attempted to shed some light on the effects of counterfeit awareness on the CBBE of genuine luxury brands. The findings of the research illustrate that consumer awareness of the existence and availability of CLBP has no negative effect on the CBBE of genuine luxury brands, but rather, it can strengthen consumer evaluation of genuine luxury brands.

2.6 Motives for Consumption of Counterfeits

The review of literature suggests that further investigation of motives for consuming CLBP is required. In particular, higher levels of CBBE should be associated with lower levels of CLBP consumption. For instance, consumers who are loyal to genuine luxury brands may view counterfeits as unethical or harmful to the genuine brand and, therefore, be less likely to buy counterfeits (Chance and French, 1972; Sahin and Atilgan, 2011). Also, the high perceived quality of genuine products could lead consumers to judge the quality of counterfeits more negatively which could, in turn, decrease consumer willingness to purchase CLBP (Jenner and Artun, 2005). Furthermore, consumers often purchase genuine brands to enhance their association or relationship with the familiar and liked brand (Baker *et al.*, 1986; Nedungadi, 1990).

2.6.1 Price Consciousness

Price consciousness refers to the level of consumers having information about prices of the products they will purchase and the prices of substitution products and focusing on the best price for the products they will buy (Şeniz Özhan, 2020). Various studies show that higher price consciousness is associated with positive attitudes toward counterfeits and higher purchase intentions (e.g., Ang *et al.*, 2001).

Buyers of genuine luxury brands are often seeking prestige and image related benefits from the brand. However, many consumers are unwilling or unable to pay the high prices for genuine brands (Bloch *et al.*, 1993; Phau and Teah, 2009). In this regard, counterfeits have a distinct price advantage over the genuine products: the price difference between CLBPs and genuine luxury-branded products can be substantial.

Price Conscious consumers who wish to obtain the prestige and image benefits of genuine brands but without the expensive price tag might see counterfeits as a suitable

substitute. For such consumers the perceived value of counterfeits is still high (Ang *et al.*, 2001).

2.7 Summary

Chapter 2 built the theoretical foundations of this study. Specifically, Section 2.2 addressed the importance of branding, luxury brands and the concept of CBBE. Then, Section 2.3 introduced the counterfeiting phenomenon in order to discuss its nature, market volume, and impacts on business as well as on consumers. Section 2.4 discussed consumption of CLBP from a range of aspects.

The next chapter, Chapter 3, provides the description of the overall research design. Particularly, justification is firstly made to clarify the appropriate research approach and research method. Next, the research participants, research instruments, and data collection process are assessed. The chapter then discusses the data analysis techniques. Lastly, the ethical considerations associated with the research method adopted are addressed.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The previous chapter presented a review of the existing literature with more focus on consumers' motivations for purchasing counterfeited luxury branded products. This chapter presents the research methodology employed in the study. The chapter provides brief support of the research methodology employed in the study. The research methodology is justified by its appropriateness and practicality to achieve the research's objectives. The chapter focuses on the research methods that are used in the process of collecting data for the study. It describes the type of research design, population, sample size, research instruments, and data analysis and research ethical considerations.

3.2 Research method

The study adopted quantitative research approach. The quantitative method presents the empirical material in terms of numbers and statistics with the aim to present data in order to draw general conclusions. This type of method is formalized, structured and controlled with aim to investigate few variables but on a large amount of respondents (Bryman & Bell, 2005; Christen et. al., 2010). Therefore, the quantitative approach was chosen since it was generating valuable data from a large sample in order to draw general conclusions.

3.3 Research design

Descriptive survey research design is employed to collect the data on consumers' motivations for purchasing counterfeited luxury branded products. As noted by

Creswell (2012) descriptive survey design is suitable for use when the researcher wants to determine individuals' opinions on matters or to identify important information about a particular subject. Kitonga (2008) also notes that the descriptive research design involves gathering data that describes events and then organizes, tabulates and describes the collected data and often uses aids such as graphs and charts to help the reader in understanding the distribution of the information.

Furthermore, descriptive research designs show a clear and accurate picture of the market environment which gives the reader relevant information about the topic. The descriptive approach often fits quantitative studies due to its nature and hypotheses that are often used in descriptive research (Aaker et. al., 2010). Descriptive research can be divided into two different forms, Cross-sectional and Longitudinal design. The Cross-sectional design shows a snapshot of the population in a specific movement and based upon the fact that their conclusion. The basic value in a Cross-sectional design is that the single moments are measured but if the same sample becomes measured and compared over a time the study becomes Longitudinal which rather focusing in investigate changes (Bryman & Bell, 2005).

Therefore, the most suitable research design was descriptive since the problem and theoretical part of the selected area is widely researched and stated. Since conclusions were draw from one sample at one time and not comparing the results over time the descriptive research design for this thesis will be cross-sectional instead of longitudinal.

3.4 Population

Population is a group of people or persons with characteristics that the researchers have an interest in for research purposes (Johnson & Christensen, 2012). In this study,

the sample is from 2 different populations. 1st population is from the customers who buy products at China town shopping mall in Windhoek and the 2nd population is the customs officials from the Ministry of Finance, based in Windhoek. The number of customers at China Town is not known, hence the population is unknown and there are 65 customs officials in the department.

3.5 Sampling and sample size

One way of doing the survey is to ask all people in the population, called census survey, but collecting answers from the whole population can be hard due to the size of the population or unwillingness for individuals to participate (Bryman & Bell, 2005). Therefore, a group can be chosen as a representatives for the whole population, this group is called the sample (Bryman & Bell, 2005; Malhotra, 2010; Arvid, 2012).

Based on Taherdoost (2016) methods of sampling are divided into probability sampling and non-probability sampling. According to Etikan *et al.* (2015) the sampling method that is used in the research is non-probability sampling, and more precisely it is the convenience-sampling method. The researcher chose convenience sampling because the sample was observed from a group of people that were easy to reach or contact and convenience sampling is also one of the most cost and time effective sampling methods available. In general, a convenience sample is composed of members of the target population that meets certain practical criteria, such as: easy accessibility and geographical proximity, available at a given time, or the willingness to participate for purposes of the study.

The advantage of convenience sampling is in that it is simple, easy, convenient, inexpensive, and there is no need for a complete member list. On the other hand, the disadvantage of convenience sampling is in that it comes out with a sample that is

generally less representative than random samples, therefore the results should be interpreted with caution.

According to Saunders, Lewis and Thornhill (2009) a sample is a subset of the population that the researcher intends to study in order to generalise about the population. Regarding the sample size of customs officials, the decision to select a sample of 75 customers is based on the notion that by the time the researcher gives questionnaires to the 75th customer, there would already be consistency in the nature of responses received. In other words, information obtained from 75 participants will already give an indication of saturation. Moreover, the sample size of customs officials was derived using Yamane (1967) formula. According to Saunders, Lewis and Thornhill (2012) this formula provides a simplified formula to calculate sample sizes, and it also gives a sample size with known confidence and risk levels. The formula used is shown below:

$$n = \frac{N}{1+Ne^2} =$$

n = Sample Size, N= the size of the population, e = the probability error of 10%

$$n = \frac{65}{1+65(0.1)^2} = 40 \text{ respondents}$$

3.6 Research Instruments

Descriptive research design uses instruments such as questionnaires and interview guides to gather information from different of individuals (Ary, Jacobs, Sorensen, & Walker, 2014). Research instruments are measurement tools (for example, questionnaires or scales) that are designed to obtain data on a topic of interest from research subjects (Kok Eng, 2013). The study collected primary data. The advantage of collecting primary data are that it contributes to the research and is relevant for meeting the purpose of the study (christesen et. al., 2010). These methods were used separately according to the suitability of the respondents.

3.6.1 Questionnaire

This is a set of questions on a topic or group of topics designed to be answered by the respondent (Roopa & Rani, 2017). A questionnaire was chosen because it allows respondents to express their views freely and it reduces costs. A questionnaire handed out personally has the advantage that the respondents connect it with an individual or organisation and this can improve the response rate (Murphy-Black, 2006). A structured questionnaire was developed to collect primary data from respondents.

Advantages with a self-administered questionnaires are that they are not time-consuming and interviews as well as they are a much cheaper option than interviews (Bryman & Bell, 2005; Christensen et. al., 2001). Respondents answering a questionnaire are also more anonymous compared to the respondents in an interview situation, which contributes also to honest answers compared to a situation where the respondents wants to fit into the social desired frame (Bryman & Bell, 2005).

Questionnaires consisted of both structured and non-structured questions, and the sections were divided as follows:

Section A: Background information

Section B: Attitude toward counterfeits

Section C: Consumption of counterfeit luxury branded products

Section D: Price consciousness

3.6.2 Web-based survey

The study used a web-based survey consisting of questions to collect the primary data from respondents. Fielding, Lee and Blank (2017) states that, research indicates that web-based surveys collect useful data that can be compared in quality and type with

the data collected by paper-based surveys. A huge amount of data can be collected from the respondents within a judicious amount of time and at the convenience of the respondent (Fricker, 2012). Hence, a web-based survey was chosen for this study because it was suitable to reach the targeted respondents at Hosea Kutako Airport.

3.7 Procedures

The researcher used three steps to do the research:

- 1) ***Finding related theories*** - In this stage, the researcher found the related review through literature review. The researcher gained information about consumer motives in purchasing counterfeited luxury branded products.
- 2) ***Collecting the data*** - The next step was to collect the data. For customers, before visiting the study area, the researcher obtained consent from the university to collect data. After the permission was granted to the researcher from The Namibia Business School, the researcher then made arrangements and sought for consent from 75 respondents who were conveniently selected. When the participants agreed to take part in the study, the researcher handed over the questionnaire and sat at a spot where respondents were supposed to drop back the questionnaires on the same day. The data collection for customers was done in 5 days (06th, 08th, 11th, 14th, 15th September 2021). In addition, the researcher set up an online questionnaire and sent the link to the customs officials at Hosea Kutako Airport through their work emails.
- 3) ***Analysing the data*** - The last step was the analysis of the data. The data was transcribed to identify themes and narratives which emerged from the written data.

3.8 Data analysis

Data analysis is a method in which data is collected and organised so that one can derive helpful information from it (Brianna, 2003). Following tools in SPSS was used in order to analyse the collected data; descriptive data. The study used descriptive statistics. Descriptive statistics gives the reader a summary of the measured sample. To give the reader a clearer overview the descriptive statistics is often presented in different figures such as bar charts or histograms (Miller et. al., 2002). Frequency tables provide a distribution of the responses obtained from categorised variables. Examining frequency tables provides a way of establishing the general direction of respondents' agreement or perception being either positive or negative. With questions where respondents rated items using a 5-point Likert scale, agreed and strongly agreed were combined as one (agreed) while disagreed and strongly disagreed were all combined as disagreed.

3.9 Validity and reliability

3.9.1 Validity

Muijh (2004) stated that validity is probably the single most important aspect of the design of any measurement of the instrument in educational research. It can be concluded that validity is the process that refers to how well the research instrument measures what it is purported to measure. Similarly, Creswell (2011) and Kumar (2011) discuss two ways of determining validity as:

- Face and content validity – the judgement of the research instruments was measured to ensure that it measures what it is supposed to measure.

- Predictive validity – this is judged by the degree to which an instrument can forecast an outcome. In this study, predictive validity was achieved by setting structured and non-structured questions in the questionnaire

3.9.2 Reliability

In this study, the value of the research findings is ensured by addressing the issues of both reliability and validity in the following manner:

- Triangulation was applied by using different sources of data as well as different methods of data collection. The findings from various sources of data were compared. The objective was to boost confidence in the research findings.
- The questions were constructed in a concise manner in order to avoid ambiguity. In addition, an explanation of the research aims was provided to the respondents to give them some information about the study.
- The respondents were not asked for their names, so that they could freely respond to the questions without any fear of being identified. This was done to ensure that they did not hold back some information.

3.10 Trustworthiness of the research findings and analysis

In conventional positivist research, quality is assessed by using validity, reliability and objectivity as criteria (Zhang & Wildemuth, 2009). Gasson (2004) points out that trustworthiness in quantitative research revolves around Lincoln and Guba's ideas concerning dependability, conformability, transferability and credibility. The

trustworthiness of this study is discussed with reference to its dependability, transferability and credibility.

3.10.1 Dependability

Gasson (2004) proposes that clear and repeatable procedures concerning the manner in which we conduct the research are required to ensure the dependability of findings. This study made explicit the process through which findings are derived as a useful way of ensuring their dependability. Zhang and Wildermuth (2009) supported that to establish dependability, the consistency of the study processes needs to be demonstrated.

3.10.2 Transferability

Transferability involves the degree to which the researcher's working hypothesis is applied to another context (Zhang & Wildermuth 2009). Gasson (2004) indicates that the constant comparison method of data analysis can go some way towards establishing transferability and credibility. Findings were constantly compared to one another during the analysis stage of the study in order to establish categories and themes. Background information on which the study was based was also provided in order to improve transferability to other contexts.

3.10.3 Credibility

Credibility of the study or the confidence in the truth of the study and therefore the findings is the most important criterion (Polit & Beck, 2014). In this study, data triangulation was used.

To encourage honest responses from participants the following techniques were employed:

- All participants were encouraged to be frank and forthright during the completion of the questionnaires.
- All participants were given the opportunity to refuse to participate at any time during the study.
- All participants were given the opportunity to withdraw from the study at any time during the study without any repercussions to themselves and without giving reasons for doing so.

3.11 Ethical considerations

Given the importance of ethics in conducting research and the challenges around conducting research, universities go to great lengths to protect the dignity and safety of research participants (Silverman, 2009). Several ethical considerations were considered to ensure that the study was conducted in an appropriate manner.

3.11.1 Protecting confidentiality and anonymity

Confidentiality of information supplied by research participants and the anonymity of respondents must be respected (Parveen, 2017). The study sought ethical approval from the Ministry of Finance, Head of department of Customs and Excise before interviewing the officials. This ensured that all the questions were entirely anonymous and untraceable back to the respondents. Respondents were further assured that their information would remain confidential and that the specific content of individual interviews would only be discussed with the Namibia Business School.

3.11.2 Obtain informed consent

Free and informed consent needs to incorporate an introduction to the study and its purpose as well as an explanation of the selection of the research subjects and the procedures that will be followed. Informed consent seeks to incorporate the rights of

autonomous individuals through self-determination (Ram, 2010). It also seeks to prevent assault on the integrity of the patient and protect personal liberty and veracity. To comply with ethical considerations in conducting research, all participants were required to provide verbal consent to be interviewed and to participate in the research (Johnstone, 2009). A written informed consent form was also attached (Appendix A and B) on each questionnaire and respondents were required to sign in agreement.

3.11.3 Voluntary participation

The purpose of the research was explained to the participants and the participants were informed that should they wish to withdraw at any point during the interview, they were free to do so at any time without negatively impacting on their involvement in future services or their relationships with any of the researchers (Marshall, 2014).

3.11.4 Providing the right to withdraw

Participants had the right to withdraw at any stage in the research process. When a participant chooses to withdraw from the research process, the participant should not be pressured or coerced in any way to try and stop them from withdrawing.

3.11.5 Minimising the risk of harm

In this study, participants were not harmed. A fundamental principle in moral philosophy is non-maleficence, which identifies ethical duties to avoid causing harm to others. In order to minimise the risk of harm, the following was done: In this study, anonymity was ensured by not disclosing the respondent's name on the questionnaire and research reports and detaching the written consent from the questionnaire. Confidentiality was maintained by keeping the data confidential and the researcher did not reveal the subjects' identities when reporting or publishing the study. The researcher explained that participation was voluntary; that they could refuse to

participate, and that they have the right to withdraw from the study at any time should they so wish.

3.12 Summary

This chapter focused on the methodology that was used in this study. An explanation of the quantitative research method for data collection and analysis was given. Measures followed during the data collection were discussed in this chapter and the information regarding the sample was provided.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents and analyses information gathered from the questionnaires. It is divided into the following sections: Introduction, Response rate, findings from customers followed by the findings from customs officials.

4.2 Response rate

The findings relate to the research objectives that guided the study. Data were analysed to consumer motives in purchasing counterfeited luxury branded products in Windhoek. The questionnaires were distributed to 75 respondents (customers) and 40 respondents (customs officials) separately, of which only 67 customers (n=67) and 40 customs officials (n=40) completed, accounting to 89 percent and 100 percent response rate respectively. The response rate of a study is a measure of how many people approached, (i.e., 'sampled') actually completed the survey (expressed as a percentage from 0 percent to 100 percent). It is usually assumed that the higher the response rate, the more likely the results are representative of the population. The response rate was generally good and conforms to Mugenda and Mugenda (1999) stipulation, that a response rate of 50 percent is adequate for analysis and reporting; a rate of 100 percent is good. The response rate of the study was a good representative of the target population capable of producing useful results.

4.3 RESPONSES FROM CUSTOMERS

4.3.1 Demographic information for customers

4.3.1.1 Gender

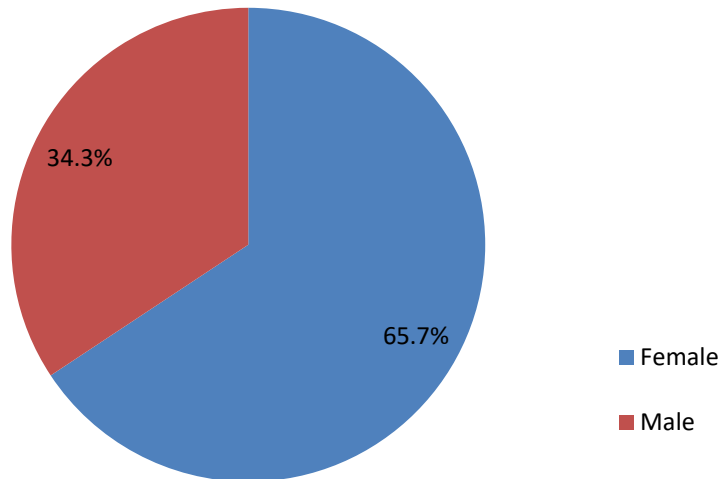


Figure 4.1: Respondents distribution by Gender

Figure 4.1 Shows the gender of respondents who responded to the questionnaires. Out of the 67 respondents, 44 representing 65.7 percent were female and 23 or 34.3 percent were males. This analysis implies that the majority of female under the study responded to the questionnaire than male.

4.3.1.2 Age

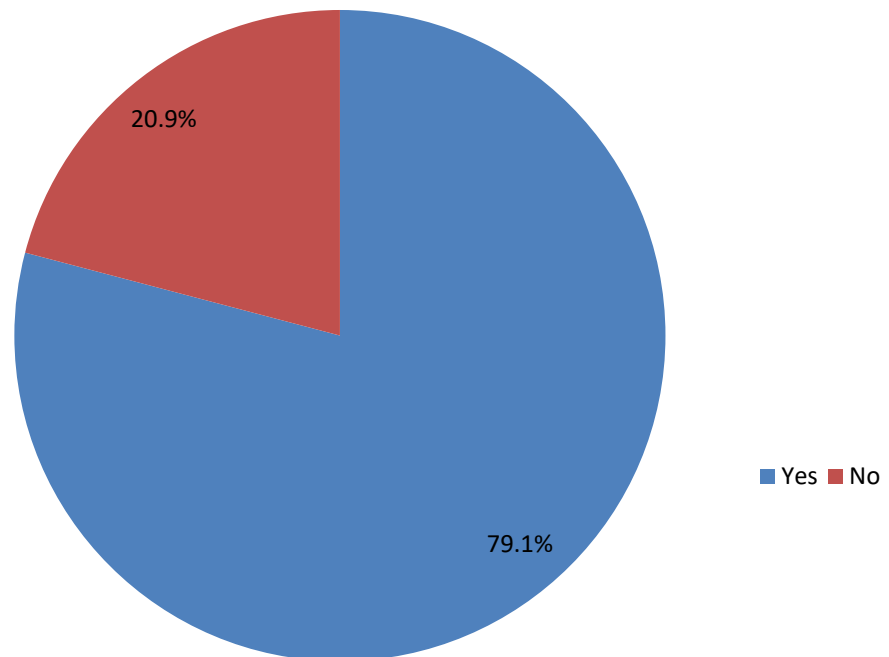
Table 4.1: Distribution of respondents by Age

Category	Frequency	Percent
Below 20 Years	2	3.0%
21 – 30 Years	34	50.7%
31 – 40 Years	30	44.8%
41 – 50 Years	1	1.50%
50 years and above	0	0%
Total	67	100%

Table 4.1 Shows the age distribution of the respondents. It was revealed from the age distribution that 34 respondents, indicating 50.7 percent were within the age of 21- 30 years, 30 respondents with a proportion of 44.8 percent of the total respondents fell within the age of 31-40 years and 2 respondents or 3.0 percent of the total population were within the age of 0 - 20. In addition, 1 (1.5 percent) were between the age group 41-50 years. It is however revealed that a largest proportion of the respondents fell within the age of 21 and 40 years.

4.3.2 Ever bought or received a counterfeit luxury branded product

Figure 4.2: Bought or received counterfeit luxury branded product



The study sought to find out if respondents have ever bought or received a counterfeit luxury branded product. Out of the 67 respondents, about 79 percent of the respondents indicated that they have bought or received counterfeit luxury branded

products. However, only 20.9 percent have never bought or received counterfeit luxury branded products.

4.3.3 Acquiring counterfeit luxury branded products

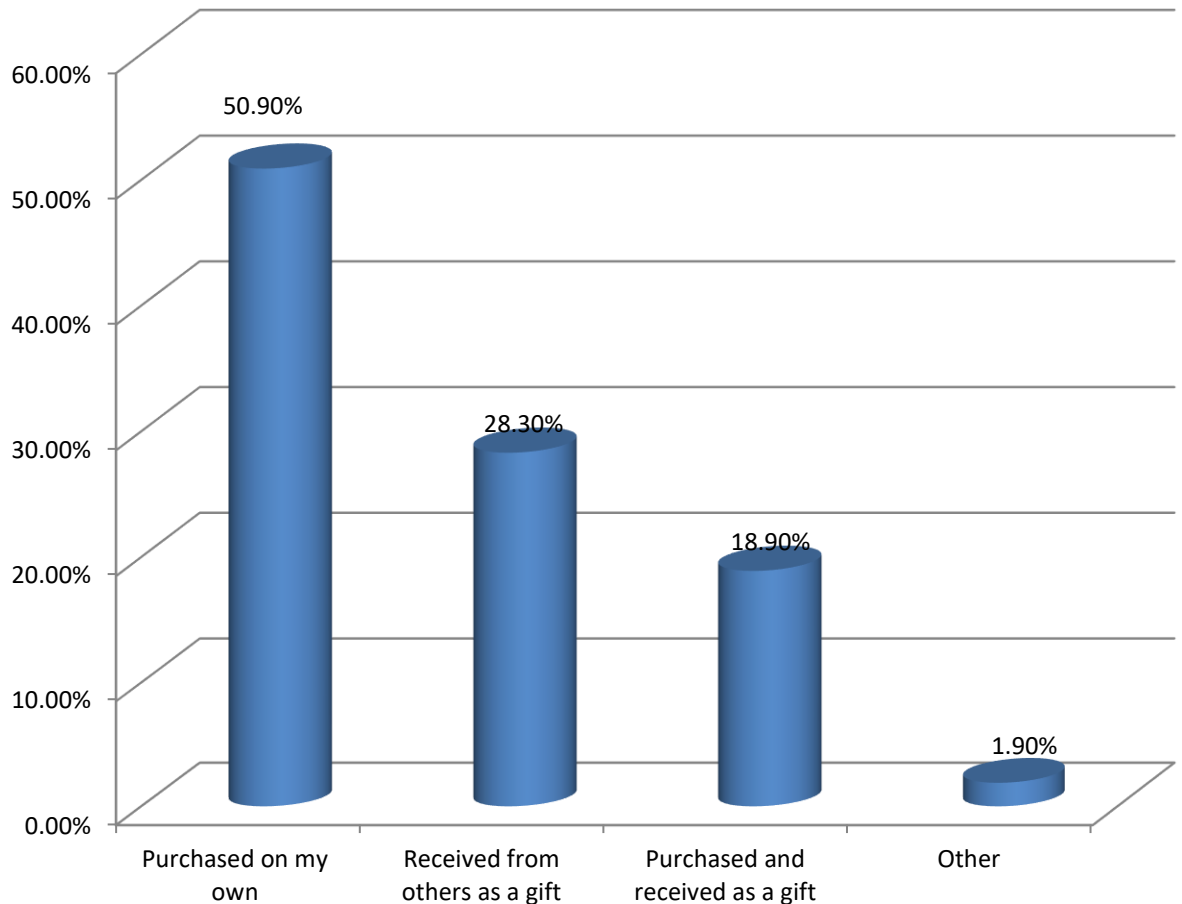


Figure 4.3: How counterfeit product was acquired

Out of 53 respondents who responded yes to whether they ever bought or received a counterfeit luxury branded product they were further required to answer how they got the counterfeit luxury branded products. Majority (50.9 percent) indicated that they purchased when counterfeit products on their own, while 28.3 percent of the respondents stated receiving counterfeit goods from others as a gift. Furthermore, 18.9

percent of the respondents have purchased and also received counterfeit goods as a gift.

4.3.4 Type of counterfeit product

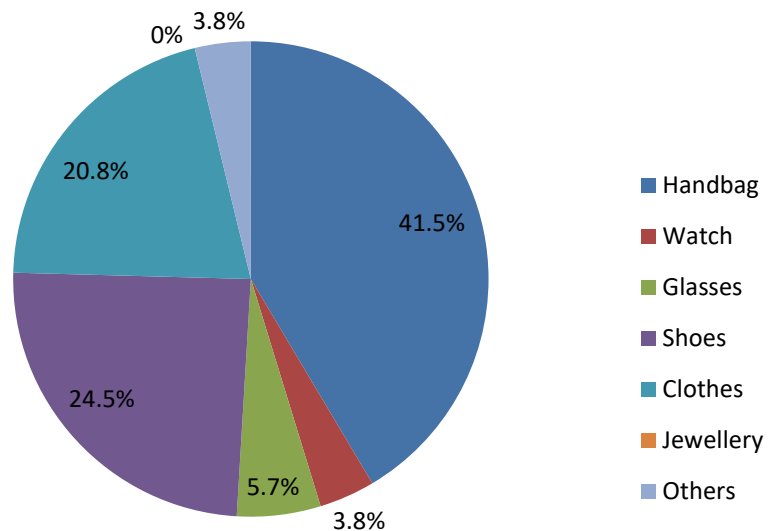


Figure 4.4: Type counterfeit product bought or received

The study also sought to find out from the respondents who bought or received counterfeit good, the type they have received as counterfeit. Majority (41.5 percent) of the respondents have bought or received handbags followed by 24.5 percent of the respondents who have bought or received shoes. In addition, 20.8 percent of the respondents bought or received counterfeit clothes. Respondents who received and bought counterfeit glasses and watches constituted 5.7 percent and 3.8 percent respectively.

4.3.5 Main reasons you have bought counterfeit goods or accepted counterfeit as a gift

Respondents were asked why they bought counterfeit goods or accepted counterfeit as a gift. Out of the 67 respondents, only 51 respondents answered this question. Of those who bought counterfeit good, 46 percent indicated that they bought them because they were cheaper, affordable and could not afford to buy the original good. Furthermore, 4 percent of the respondents noted that they bought counterfeit just because they were supporting friends and family members' businesses. However, 13 percent of the respondents indicated that they did not know that the good were counterfeit because they looked original on the first day and they loved it. In addition, 10 percent of the respondents stated that they had a desire to own something with that brand name. about 27 percent of the respondents who received counterfeit good as a gift, indicated that they have accepted because it is not good to reject a present.

4.3.6 Attitude towards counterfeits

1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, and 5 = strongly disagree

Table 4.2: Attitude towards counterfeits

Attitude towards counterfeit goods	1	2	3	4	5
a) Counterfeit luxuries branded products do infringe intellectual property of the designer of genuine products.	26{38.80%}	16{23.88%}	4{5.97%}	12{17.91%}	9{13.43%}
b) Counterfeit products are just as	9{13.43%}	37{55.22%}	2{2.98%}	16{23.88%}	3{4.47%}

good as genuine designer products.					
c) Counterfeit luxury branded products do not damage luxury brand industry	18{26.85% }	9{13.4% }	3{4.47% }	23{34.33% }	14{20.98% }
d) I buy counterfeit products because the prices of genuine designer products are unfair and expensive	40{59.70% }	7{10.45% }	7{10.45% }	10{14.92% }	3{4.47% }
e) Purchasing counterfeit luxury branded products is legal	6{8.95% }	13{19.40% }	4{5.97% }	2{2.98% }	42{62.68% }
f) Purchasing counterfeit luxury branded products is ethical	6{8.95% }	12{17.91% }	8{11.94% }	37{55.22% }	4{5.97% }

The study sought to find respondents attitudes towards counterfeit goods. Respondents were asked views on; counterfeit luxuries branded products do infringe intellectual property of the designer of genuine products. Majority (38.8 percent) of the respondents strongly agreed while an additional 23.8 percent agreed. About 18 percent disagreed and 13.4 percent strongly disagreed that, counterfeit luxuries branded products do infringe intellectual property of the designer of genuine products.

Majority (55.2 percent) of the respondents and a further 13.4 percent agreed and strongly agreed respectively that counterfeit products are just as good as genuine designer products, while 23.8 percent disagreed. Only 2.9 percent were neutral on the notion that counterfeit products are just as good as genuine designer products.

About (34.3 percent) of the respondents disagreed that the counterfeit luxury branded products do not damage luxury brand industry while 26.8 percent strongly agreed.

However, 20.9 percent strongly disagreed and only 4.4 percent were neutral with the statement.

A large number representing 59.7 percent of respondents strongly agreed that they buy counterfeit products because the prices of genuine designer products are unfair and expensive while 14.9 percent disagreed, that prices was not a determining factor. Also, 10.45 percent agreed while other 10.45 percent were neutral that they bought counterfeit products because the prices of genuine designer products are unfair and expensive. About 4.4 percent of the respondents however disagreed suggesting that the prices of genuine product were neither unfair nor expensive.

Majority or 55.2 percent and 5.9 percent of the respondents disagreed and strongly disagreed respectively, that purchasing counterfeit luxury branded products was ethical. About 11.9 percent were neutral while 17.9 percent and 8.9 percent of the respondents agreed and strongly agreed respectively that purchasing counterfeit luxury branded products is ethical.

4.3.7 Consumption of counterfeit luxury branded products

1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, and 5 = strongly disagree

Table 4.3: Consumption of counterfeit luxury branded products

Consumption of counterfeit luxury branded products	1	2	3	4	5
a) I would recommend counterfeit	27{40.29%}	30{44.77%}	2{2.98%}	5{7.46%}	3{4.47%}

luxury branded products to a friend / family					
b) I will consider purchasing counterfeit luxury branded products for a friend / family	25{37.31% }	20{29.85% }	3{4.47% }	12{17.91% }	7{10.44% }
c) I will buy counterfeit luxury branded products purchase for myself again	32{47.76% }	24{35.82% }	0{0% }	5{7.46% }	6{8.95% }

Regarding the consumption of counterfeit luxury branded products, the study sought to find out if the respondents would recommend counterfeit luxury branded products to a friend / family. Majority (44.7 percent) of the respondents agreed that they would recommend friends and family members to buy counterfeit luxury branded products, and other 40.2 percent of the respondents strongly agreed. Moreover, 7.4 percent of the respondents disagreed that they would recommend counterfeit luxury branded products to friends or family, while 4.4 percent of the respondents strongly disagreed. Only 2.9 percent of the total respondents were neutral.

On whether, respondents would consider purchasing counterfeit luxury branded products for friends and family, majority (37.3 percent) of the respondents strongly agreed and an additional 29.8 percent agreed. Very few 4.47 percent were neutral. About 10.4 percent of the respondents that strongly disagreed while 17.91 percent of the respondents disagreed.

Despite buying for friend and family, the study also sought to know whether the respondents would buy counterfeit luxury branded products purchase for themselves again. Almost half (47.7 percent) of the respondents strongly agreed with an additional 35.8 percent who agreed that they would still buy themselves counterfeit luxury branded products. About 9 percent strongly disagreed and whilst 7.4 percent disagreed that they would buy themselves counterfeit luxury branded products.

4.3.8 Price consciousness

This question relates to the price of Counterfeit luxury-branded products compared to the price of the genuine branded product

4.3.8.1 As a percentage of the price of the genuine product, approximately what price do you expect to pay for a reasonable quality counterfeit luxury branded product?

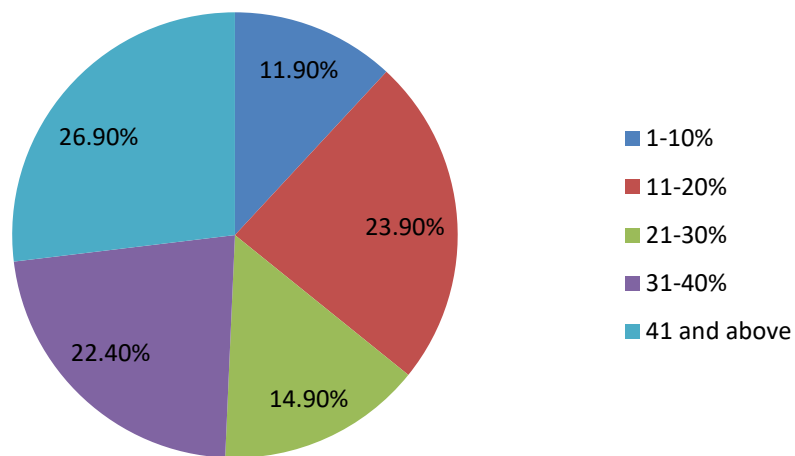


Figure 4.5: Price consciousness

Interestingly, the study also aimed to determine how much respondents would expect to pay for a reasonable quality counterfeit luxury branded product. About 27 percent of the respondents indicated a price difference of 41 percent and above. About 23.9 of the respondents indicated willing to pay a price variance of 11 to 20 percent. In

addition, 22.4 percent noted that they were willing to pay a price difference of 31 to 40 percent between a genuine and counterfeit product. The lesser (11.9 percent of respondents would expect to pay for a reasonable quality counterfeit luxury branded product of between 1 to 10 percent as price mark up between a genuine and counterfeit product respectively.

4.4 RESPONSES FROM CUSTOMS OFFICIALS

4.4.1 Demographic information for customs officials

4.4.1.1 Gender

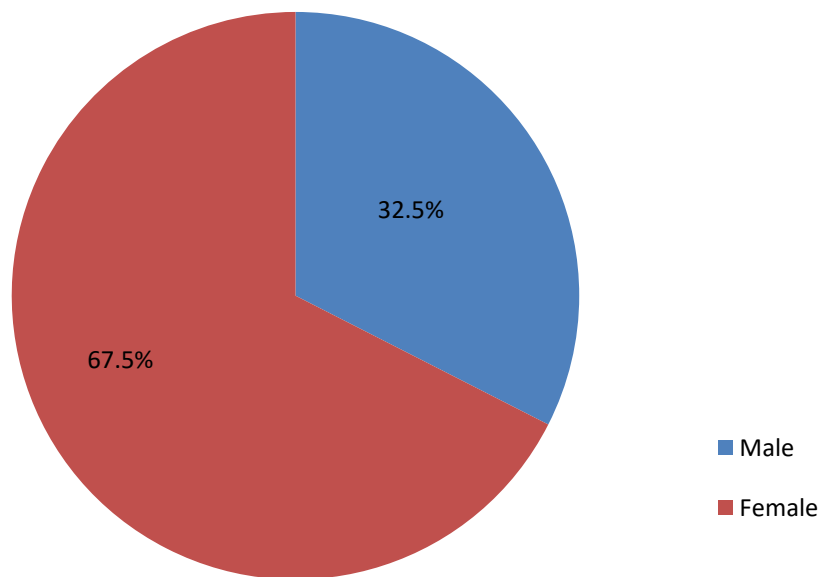


Figure 4.6: Gender distribution of respondents

Figure 4.6 Shows the gender of respondents who responded to the questionnaires. Out of the 40 respondents (customs officials), 27 (65.7 percent) were female and 13 (34.3

percent) males. This analysis implies that the majority of female under the study responded to the questionnaire than male.

4.4.1.2 Age

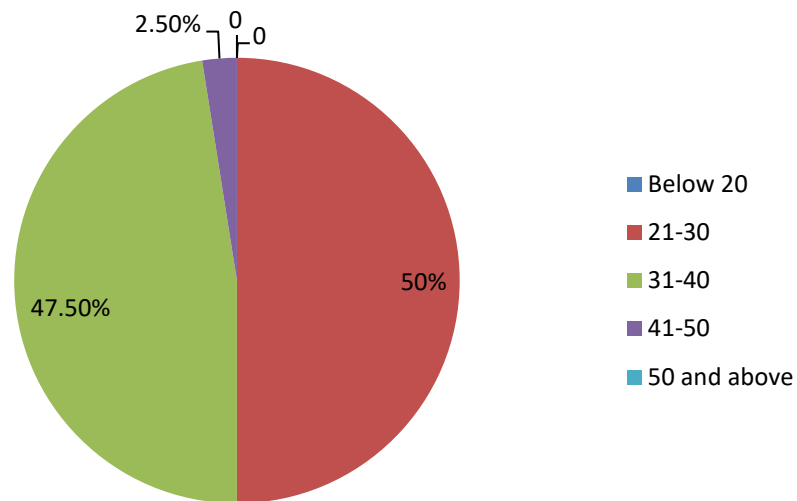


Figure 4.7: Age distribution of respondents

Figure 4.7 shows the age distribution of the respondents. It was revealed from the age distribution that 50.0 percent were within the age of 21- 30 years, while 47.5 percent of respondents fell within the age of 31-40 years. Only 2.5 percent of the respondents were within the age group of 41 and 50 years. This implies that most of the customs officials are younger people between the ages of 21 to 40.

4.4.2 Impact and awareness of counterfeit products

4.4.2.1 Consequences of trading in counterfeit of luxury branded products have on the Namibian market

The study sought to find out the consequences that trading in counterfeit of luxury branded products have on the Namibian market. 59 percent of the respondents indicated that, trading in counterfeit of luxury branded products lowers the value of

genuine products and in most cases, the supply of low-quality products affecting the value of genuine products. According to 18 percent of the respondents, in most cases, countries where the original products are from, setting up sanctions on the country and this affects brand investors in investing their brands in the country, in other words, it hinders growth of legitimate branded products, increase costs for consumers, as sometimes counterfeit products are of low-quality end consumer has to replace items sooner than expected or because of defects. It was also noted that, currently there are few companies that sell luxury brands and most customers are price sensitive that's why they opt for counterfeit products.

Another consequence indicated by 12 percent of the respondents is that, trading in counterfeit of luxury branded products hinders genuine luxury branded products distributors, resellers or retailers from establishing a market for themselves and making profit. Often, the brand owner loses money and therefore fails to pay tax leading to leakage in government revenue. Lastly, respondents also noted that, trading in counterfeit of luxury branded products have consequences on the Namibian market such that, it affects the willingness of able purchasers to buy genuine products, and in so doing affects the business and market share of businesses trading genuine products.

4.4.2.2 The strategies in fighting counterfeit luxury goods

The study tried to find out the strategies that respondents think can be used in fighting counterfeit luxury goods. Respondents had different views, as 26 percent thought that imposing of fines to people who trade in counterfeit products will help curb the buying and selling of counterfeit products, and dropping the original prices if these products. About 15 percent of the respondents indicated that, the department of customs should amend strong laws and regulations and start confiscating goods imported. While 20 percent are of the views that the more awareness needs to be created on what

counterfeits are and intellectual property rights, create awareness of the ethics involved with the trade in counterfeits and the damage they might have on the country as well as Train officials in knowing counterfeit products and equip them with the necessary skills in fighting counterfeit.

Another strategy suggested is by reducing the price of genuine products and make them more affordable as well as to promote the buying and selling of genuine products on reasonable prices. Implementation of high tax rate on counterfeit luxury goods suppliers and importers was also one of the strategies suggested. About 39 percent of the respondents suggested the intervention of the law to stop allowing the importing of counterfeited products and restrict the importation and selling of counterfeit products.

4.4.2.3 Does the Department of Customs and Excise (Namibia) do enough in creating awareness of the laws and consequences involved with trading of counterfeited luxury branded products?

The researcher sought to find out if the department of customs and excise do enough in creating awareness of the laws and consequences involved with trading of counterfeited luxury branded products. Majority or 91 percent of the respondents indicated that the department does not do enough. Noting that not much is known about the counterfeited luxury branded products because the public still go around buying for the items. They have indicated that the demand for counterfeited luxury branded products is increasing every day. One respondent indicated that, Customs does not have laws & regulations to curb the illicit trade and in terms of protecting right holders right.

Other respondents comprising 91 percent feel that the department does not do much because the public is not yet aware of counterfeited luxury branded products until they find themselves in situations where they import counterfeit and their goods get detained, only than that they learn about the complications of buying and selling counterfeited goods. Respondents have indicated a significant increase in the counterfeited goods marketing which is an indication that customers do not have an understanding of counterfeit luxury products

In addition, 9 percent of the respondents indicated that the department of customs and excise to some extent do enough in creating awareness of the laws and consequences involved with trading of counterfeited luxury branded products.

4.4.2.4 The impact of the Namibia Revenue Agency (NamRA) on trading in counterfeited luxury branded products?

Asked on their views about the impact of Namibia Revenue Agency (NamRA) on trading in counterfeited luxury branded products, majority or 88 percent indicated that they are not sure as they still do not know the mandate of NamRA and their strategy towards curbing the sale of counterfeit products at the time of the interview. Moreover, respondents indicated that, their impact will depend on the counter measures they will set in place against counterfeiting.

Other respondents comprising 61 percent were of the views that, NamRA will make an impact on controlling over the products supplied to the Namibian nation and they might come up with stern measures of curbing the increase in counterfeited luxury branded products that are being traded in the country. About 52 percent of the respondents are positive about the launch of NamRA, indicating that, they do not know

the specific effect they will have, but they are sure it will be effective in minimizing counterfeit & protection of right holders'/ brand owners. About 10 percent of the respondents are of the views that, there is already a team that is tasked to deal with the counterfeit issue and only requires training on how to deal with counterfeit and proper regulations.

Furthermore, 88 percent of the respondents point out that, NamRA will help in creating awareness on counterfeited products and help in maximizing the revenue collection as most shops selling counterfeited products are not registered by the Inland Revenue. Another respondent strongly believes that NamRA, will swiftly enact clear laws, regulations & guidelines, hold regular stakeholders' engagement meetings via the various types of media platforms to enhance awareness, educate the public about the dangers of IPR.

4.5 Chapter summary

Chapter 4 presented the results of the thematic analysis of the survey data. In particular, Section 4.2 discussed the response rate of the study; section 4.3 presented the results from customers' responses while section 4.4 has findings of the customs officials' responses.

The following chapter, Chapter 5, discusses the research findings. Initially, the conclusions drawn from each research question are discussed within the current research context. Next, the theoretical and practical implications of the study are provided. Lastly, the limitations of the study and the directions for further research are presented.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The research data was analysed and the results are presented in Chapter 4. In Chapter 5, attention is given to the discussion of the conclusions drawn from each research question. The implications of this study for the wider body of knowledge as well as for brand owners and policy makers are provided. Then, the limitations of this study are discussed and directions for further research are presented.

5.2 Summary of Results

The study further found that, trading in counterfeit luxury branded products lowers the value of genuine products and in most cases, countries where the original products are from. It is like, setting up sanctions on the country and this affects brand investors in investing in their brands in the country. In other words, it hinders growth of legitimate branded products, increases costs for consumers, as sometimes counterfeit products are of low quality and the consumer has to replace items sooner than expected or because of defects. It was also noted that, currently there are a few companies that sell luxury brands and most customers are price sensitive; that's why they opt for counterfeit products. The results are consistent with previous findings that consumers purchase counterfeit products for the symbolic meanings associated with genuine brands rather than for the product attributes (Penz and Ströttinger, 2008; Bian and Moutinho, 2011a). According to study findings, handbags and clothes were the types of products mostly purchased. These findings coincide with the results of the research by Lu (2013) that handbags, glasses and clothes were the most popular types of counterfeit luxury branded products.

The study found that, in order to fight counterfeit luxury goods, fines should be imposed on people who trade in counterfeit products and the department of customs should move for the amendment of the laws and regulations to make them more punitive and start stifling any attempts to import counterfeit goods by not only confiscating the goods, but also heavily fining the perpetrators. The fines or penalties could be set at the value of the goods imported if they were imported for example. More awareness needs to be created on what counterfeits are and intellectual property rights. There is also need to create awareness of the ethics involved in the trade in counterfeits and the damage they might have on the country. The government should also train officials in the identification of counterfeit products, equipping them with the necessary skills in fighting counterfeit. The existing literature has discussed the effects of counterfeit ownership on perceptions of genuine luxury brands in terms of attitudinal evaluation (Nia and Zaichkowsky, 2000) brand awareness (Barnett, 2005) and image (Bian and Moutinho, 2011b).

5.3 Conclusions

This thesis addressed the following three research objectives:

- *To determine consumers' attitude towards purchase of counterfeited luxury branded products*

The study found that, counterfeit luxury branded products does infringe on intellectual property rights of the designer of genuine products and Counterfeit products are just as good as genuine designer products. Additionally, counterfeit luxury branded products damage the luxury brand industry as according to the study most of the customers buy counterfeit products because the prices of genuine designer products

are unfair and expensive. Lastly, the study found that, purchasing counterfeit luxury branded products is not ethical.

To assess whether price consciousness leads to consumers purchasing counterfeit luxury branded products over original branded products.

The study found that, consumers purchased counterfeit luxury branded products because they were cheaper and more affordable as they could not afford to buy the original goods. It was further determined that, they purchase such goods because they just want to support friends and family members' businesses as most of the family or friends involved in this kind of trade are unemployed. Moreover, most of the customers cannot distinguish counterfeit and original products. It was also found that some respondents have counterfeit products because they were gifted to them, and that some wish of owning certain branded products, regardless of whether it is original or counterfeit.

- *To analyse the importance knowledge of counterfeits and awareness in regard to differentiating original branded products versus counterfeited products.*

The study found that, most buyers of these counterfeited products were unaware buying or supporting counterfeit trade infringed on the intellectual property rights of the owners of the brand. Moreover, it was discovered that some consumers of the counterfeited luxury branded products had little to no knowledge on how to distinguish between the counterfeit products and the originals. This knowledge would greatly lessen the number of consumers partaking in this type of trade.

- *To evaluate the impact this kind of trade in counterfeit luxury branded products has on the Namibian market.*

The study found that, trading in counterfeit luxury branded products lowers the value of genuine products and encourages the supply of low-quality products, affecting the value of genuine products. In addition, the trade in counterfeit luxury branded products hinders growth of legitimate branded products, increases costs for consumers, as sometimes counterfeit products are of low-quality and the consumer has to replace items sooner than expected or because of defects.

Furthermore, trading in counterfeit luxury branded products negatively affects genuine luxury branded products distributors, resellers or retailers from establishing a market for themselves and making a profit. It was also found that, the brand owner loses money and therefore fails to pay tax leading to leakage in government revenue. Lastly, trading in counterfeit luxury branded products has consequences on the Namibian market in that, it affects the willingness of able purchasers to buy genuine products, and in so doing affects the business and market share of businesses trading in genuine products.

In conclusion, counterfeit goods are extremely harmful to the health and safety of the Namibian people. Counterfeit products are not only harmful to the economy but also to each individual's well-being due to some health hazards they impose. It is crucial that consumers understand the multi-faceted complexities of counterfeit markets, the economic impact this has on businesses. Also, safety issues as the quality of the materials used to produce these kinds of products is at most rejected material that is of poor quality; thus making the products have a shorter life span than that of the original/genuine luxury branded products.

The only way to help put an end to the fast-growing market of counterfeit products is to stop potential purchases of these products, with knowledge from awareness created,

comes the wisdom needed to stop such purchases. Without revenues or support that is received in counterfeit sales, the sales will decrease drastically and force the fraudulent criminals out of business.

Recommendations

This study has some practical implications. Firstly, the results of this study may assist luxury brand owners and policy makers to better understand consumer motives for purchasing and using counterfeits. Specifically, this study found that, attitudes towards counterfeits played a significant role in driving consumers to purchase and use counterfeits. As such, the more favourable attitudes consumers hold towards counterfeits, the more they are willing to consume counterfeits.

In addition, when considering ethical and legal issues, this study suggests to luxury brand owners and policy makers various strategies to deter consumption of counterfeit products. Counterfeits usually cause discontent among luxury brand owners, as counterfeits unethically and illegally “steal” from luxury brands (Bian and Moutinho, 2011b; Gabrielli *et al.*, 2012; Phau *et al.*, 2009). Counterfeits also harm consumer perceptions of genuine luxury brands. This implies that luxury brand owners and policy makers may need to develop strategies to deter consumers from purchasing or using counterfeits with consideration of ethical and legal issues.

Specifically, brand awareness/association of genuine brands, attitudes toward counterfeits, and perceived behavioural control were found to be the significant determinants of counterfeit consumption in this study. Therefore, luxury brand owners should use brand awareness/association as an effective weapon. Marketing activities that increase the exposure of genuine luxury brands and build connections between genuine luxury brands and consumers are likely to hamper counterfeit consumption.

Also, decreasing consumers' attitudinal evaluation of counterfeits may provide another opportunity to reduce counterfeit consumption. Furthermore, luxury brand owners and policy makers should consider increasing the difficulty of obtaining counterfeits as an effective method of deterring consumers from purchasing or using counterfeits.

Secondly, NamRA should consider investing in a campaigns to promote awareness on counterfeited products. For example, they could introduce an SMS campaign like that created to share information on tax to the general public via the MTC network. This could be implemented for sharing information on the counterfeit trading and the ethics that govern restrictions in the trade of counterfeits, as the study found that the general public at large, does not have sufficient knowledge on the difference between genuine products and counterfeited products. They are also lacking knowledge on how to properly distinguish between the two; what to look for if the product is genuine and when it is not. At the moment the general public at most only differentiate the two with just the price, counterfeits being the one that costs less and genuine products being that, they are more pricey. This cannot be the only identification criteria readily available for use.

Thirdly, NamRA should invest more on training courses on IPR and proper identification of counterfeited products for Customs Officials at every point of entry in the country to help mitigate the increase in the trade of counterfeit products as the study found that very few officers are equipped with the necessary knowledge of this matter.

Fourthly, it was discovered that there are challenges in getting prompt responses from IPR experts when intervention is needed with counterfeit cases. It is due to this, that

the study suggests to genuine brand owners that they have IPR experts in each country where their genuine products are being sold so that there are quicker responses and resolutions are reached faster, hence saving the companies millions.

Finally, the study found that there is a need for institutions of higher learning in Namibia to have courses in the field of Customs, because as it stands, there isn't any yet, and this gap brings about lack of properly trained officials. Introducing these courses could help the NamRA employ qualified customs officials who would have been specifically trained in this field as specialists and thus saving this country lots of money as it can end up cutting costs for more training.

5.4 Areas for further studies

There are a number of potential opportunities for further research emerging from the study findings:

- Firstly, further research should consider various income level groups of consumers instead of only customers in general. In particular, the target consumers of genuine luxury brands (i.e., high-income consumers, high social class consumers) should be the focus of further research. As demographic variables (that is, income level, age) influence consumers' counterfeit purchase patterns (Bian and Veloutsou, 2007; Wee *et al.*, 1995) the motives for consuming counterfeits may vary across different income level groups. This may help to better determine and understand their most relevant consumers, since luxury brand owners generally identify high-income consumers as their target consumers.
- Thirdly, future research could examine the effects of counterfeit ownership on consumer loyalty to counterfeits by testing more attitudinal loyalty

characteristics, such as post- purchase satisfaction (Quester and Neal, 2007) and first choice in mind (Mohammad, 2012; Oliver, 1999) with regards to counterfeits.

- Lastly, when examining consumer motives in purchasing counterfeit luxury branded products, further research could focus on profit or sales rather than consumer perceptions, which may provide additional implications for luxury brand companies. This study provides further support for the conclusion that counterfeits may not devalue genuine luxury brands from a perception perspective (Bian and Moutinho, 2011b; Hieke, 2010; Nia and Zaichkowsky, 2000). Therefore, further research could focus on different perspectives (that is, profit and sales) to deepen one's understanding as to whether counterfeits affect genuine luxury brands. For instance, if a consumer owns both counterfeits and genuine products, it can hardly be concluded that counterfeits harm genuine luxury brands, since the genuine luxury brand company does not potentially lose a consumer because of their counterfeit ownership. Furthermore, an individual who does not have the financial means to afford genuine luxury brands may never become a consumer of genuine brands, regardless of whether he/she owns counterfeits or not. In this situation, the sales of and profits earned from genuine luxury products are still not affected by counterfeits. In contrast, only the purchase decisions of consumers who have the means to afford genuine luxury-branded products, yet make a single purchase decision for counterfeits rather than genuine luxury products, can harm the sales of and profits earned from genuine luxury products. Accordingly, it is expected that counterfeits do not harm the sales of or profits earned from genuine luxury products.

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APPENDICES

Appendix 1: Research questionnaire for customers

Researcher: Simanga Tracy Mpule

The Namibia Business School

Phone: +264813030887

Email: tracy.simanga@yahoo.com

Thank you for choosing to participate in the study. I am conducting research to learn more about **consumer motives in purchasing counterfeited luxury branded products in Windhoek, Namibia**. Your answers are very important because they will help me achieve the objectives of my study.

Your participation in this survey is strictly voluntary and you may refuse to participate or discontinue participation at any time. You may also skip any questions that you do not wish to answer. Your decision to participate will not affect your present or future relations with the researcher or the Namibian Business School.

All of responses will be kept strictly confidential. Your responses will be seen only by authorized researcher working on this project. Data gathered for this project will be analysed as a whole, excluding references to any individual respondent. The results of the analysis will be shared with researchers and organisations who will be interested in studying the ethical perception consumer motives in purchasing counterfeited luxury branded products.

The survey will take you about 10-15 minutes to complete. Questions or concerns about the survey may be directed to **Simanga Tracy Mpule** on the above contact details.

Thank you very much, I appreciate the effort.

SECTION A – BACKGROUND INFORMATION

These questions gather some background information about you that will help us to understand your answers to the following sections.

1. Please indicate your gender

Male

Female

2. Please indicate your age group

Below 20 years

21 – 30 years

31 – 40 years

41 – 50 years

50 years and above

3. Have you ever bought or received a counterfeit luxury branded product?

If the Answer to Question 3 is No, proceed to Question 7

Yes

No

4. How did you get the counterfeit luxury branded products?

Purchased on my own

Received from others as a gift

Purchased and received as a gift

Others, please specify _____

5. Indicate the type of counterfeit luxury branded product that you own or owned?

Handbag

Watch

Glasses

Shoes

Clothes

Jewellery

Others, **please specify** _____

6. What are the main reasons you have bought counterfeit goods or accepted counterfeit as a gift?

SECTION B - ATTITUDE TOWARDS COUNTERFEITS

This section asks about your attitude towards counterfeit goods. Please indicate the extent to which you agree or disagree with each statement by crossing in the appropriate box.

1 – Strongly Agree, 2 – Agree, 3 – Neutral, 4 - Disagree Strongly, 5 - Disagree

7. Attitude towards counterfeit goods	1	2	3	4	5
g) Counterfeit luxuries branded products do infringe intellectual property of the designer of genuine products.					
h) Counterfeit products are just as good as genuine designer products.					
i) Counterfeit luxury branded products do not damage the luxury brand industry					
j) I buy counterfeit products because the prices of genuine designer products are unfair and expensive					

k) Purchasing counterfeit luxury branded products is legal					
l) Purchasing counterfeit luxury branded products is ethical					

SECTION C - CONSUMPTION OF COUNTERFEIT LUXURY BRANDED PRODUCTS

This set of questions lists some actions that people may perform in relation to counterfeit luxury-branded products. Please indicate the extent to which you agree or disagree with each statement by crossing in the appropriate box.

1 – Strongly Agree, 2 – Agree, 3 – Neutral, 4 - Disagree Strongly, 5 - Disagree

8. Consumption of counterfeit luxury branded products	1	2	3	4	5
d) I would recommend counterfeit luxury branded products to a friend / family					
e) I will consider purchasing counterfeit luxury branded products for a friend / family					
f) I will buy counterfeit luxury branded products purchase for myself again					

SECTION D – PRICE CONSCIOUSNESS

This question relates to the price of Counterfeit luxury-branded products compared to the price of the genuine branded product

9. As a percentage of the price of the genuine product, approximately what price do you expect to pay for a reasonable quality counterfeit luxury branded product?

- 1-10% []
- 11-20% []
- 21-30% []
- 31-40% []
- 41 and above []

10. As a percentage of the price of the genuine product, what is the maximum price that you would be willing to pay for a reasonable quality counterfeit luxury branded product?

- 1-10% []

11-20% []

21-30% []

31-40% []

41 and above []

*****The

End*****

Appendix 2: Research questionnaire for customs officials

Section A: Demographic information

1. Please indicate your gender

Male []

Female []

2. Please indicate your age group

Below 20 years []

21 – 30 years []

31 – 40 years []

41 – 50 years []

50 years and above []

Section B: Impact and awareness of counterfeit products

3. In your views, what consequences does trade in counterfeit of luxury branded products have on the Namibian market?

4. What do you think are the strategies in fighting counterfeit luxury goods?

5. In your views, does the Depart of Customs and Excise (Namibia) do enough in creating awareness of the laws and consequences involved with trading of counterfeited luxury branded products?

6. In your views what impact does Namibia Revenue Authority (NAMRA) have on trading in counterfeited luxury branded products?

Appendix 3: Language Editing Certificate



The Rev. Dr. Greenfield Mwakipesile

ThD, MBA, HBS | mwakipg@outlook.com

CONTACT

PO Box 99539,
UNAM,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

11th September 2021

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF SIMANGA TRACY MPULE's THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **SIMANGA TRACY MPULE's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN INVESTIGATION INTO CONSUMER MOTIVES IN PURCHASING COUNTERFEITED LUXURY BRANDED PRODUCTS AT THE CHINA TOWN IN WINDHOEK NAMIBIA**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, Eswatini, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile



greenfield.mwakipesile



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[Dr. Greenfield Mwakipesile](#)

Appendix 4: Permission letter to conduct research



NamRA
Namibia Revenue Agency

Namibia Revenue Agency
Moltke Street
P. O Box 569
WINDHOEK



Enquiries: Fanuel Uugwanga
Email: fanuel.uugwanga@namra.org.na
Telephone: 061-209 2196

Monday, 18 October 2021

Ms. Tracy Simanga
WINDHOEK

Dear Ms. Simanga

REQUEST FOR PERMISSION TO CONDUCT RESEARCH

The subject matter refers,

This letter serves to confirm receipt of your letter dated 11 October 2021, wherein you requested for consent to conduct research on **'AN INVESTIGATION INTO CUSTOMER MOTIVES IN PURCHASING COUNTERFEIT LUXURY BRANDED PRODUCTS AT THE CHINA TOWN IN WINDHOEK, NAMIBIA'** at Namibia Revenue Agency (NamRA).

I wish to inform you that your request has been approved, on condition that the survey results will strictly be used for academic purpose and that, it should not be disclosed or shared with the public without expressed written consent by NamRA.

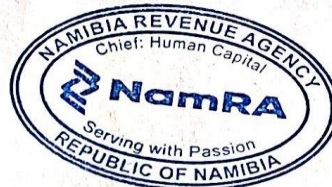
The focal person is Ms. Frieda Muaine

I trust that the above is in order and wish you fruitful research.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'F. Uugwanga', written over a circular stamp.

FANUEL UUGWANGA
CHIEF HUMAN CAPITAL & STRATEGY



Cc: Ms. Frieda Muaine

11 October 2021

TO WHOM IT MAY CONCERN

Re: MBA Finance, Student — Ms. Tracy Mpule Student Number-200958160

As part of our Masters Programme, students are expected to submit a research report after completion of their course-work. They need to explore in detail, some concepts and issues pertaining management strategies. To do that effectively, they need to conduct interviews and obtain practical examples.

Ms. Mpule has chosen your organization to approach for information. It is against this background that I wish to kindly request you to assist Ms. Mpule with the information she requires. Accept our assurance that the data will be used for academic purposes only. A copy of the completed document will be available at the Namibia Business School for perusal. Her research synopsis indicates that her topic touches on “An investigation into consumer motives in purchasing counterfeited luxury branded products at the China Town in Windhoek, Namibia”.

Your kind assistance will be appreciated.

Yours sincerely,



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