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THE BUYERS OF COUNTERFEIT PRODUCTS IN SOUTH KOREA

By: Dr. Boonghee Yoo*

By: Dr. Seung-Hee Lee**

I. INTRODUCTION

The old motto, "If you can make it, they can fake it," is as true today as it ever was. Counterfeiting is thriving more than ever and counterfeit products could account for about 18 percent of all world trade in 2004 (The Financial Times, 2002). The word counterfeit is a term given a variety of different names: a fake, an illegal replica, a look-alike, a reproduction, an imitation, a copy, a copycat, a pirated good, and a knockoff. An infinite number of product categories are counterfeited, among them computer software and games, music CDs, movie DVDs, computers, mobile phones, automotive parts, pharmaceuticals, tobacco, alcoholic beverages, food, cosmetics, perfumes and fragrances, books, security-printed products (banknotes, passports, bonds, tickets, etc.), coupons, stationery, chemical products, furniture, designer luxury handbags, jewelry, and fashion accessories.

According to the U.S. Trademark Act, Title 15 of the United States Code 1127, a counterfeit is defined as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." Consistently, the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property (TRIPs) defines counterfeit trademark goods as "any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question, under the law of the country of importation." It is illegal to manufacture, distribute, and sell a counterfeit although it is not yet illegal to purchase one.

In most purchasing situations, consumers are not deceived, but they knowingly and willfully purchase counterfeits—knockoffs of genuine products. It appears that consumers do not care that they buy and consume counterfeits. According to Market & Opinion Research International's 1997 survey, 75 percent of consumers would knowingly purchase counterfeit apparel and footwear. A January 16, 2004 article of Wall Street Journal, titled "Knockoffs Go Suburban" by Caitlin Ingrassia, reports a new trend in buying counterfeits:

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so-called purse parties, through which consumers purchase fake luxury handbags and accessories in a comfortable atmosphere. Consumers shop for counterfeits not only from street vendors but also in private homes. At purse parties, a hostess invites her friends and acquaintances to her own home and a dealer or “bag lady” displays and sells counterfeit fashion items. The buyers are clearly aware that they are purchasing counterfeits, not originals at all. The hostess receives a gift for opening her home to the party. In the party, people can buy a fake Louis Vuitton Ellipse bowling bag for about $40. The original costs $735 at luxurious stores.

The International Chamber of Commerce Counterfeiting Intelligence Bureau (2004) identifies the negative consequences of counterfeiting as follows:

The damaging effect of counterfeiting worldwide is extensive. First, there is the direct harm caused to the business interests of the brand owner, whose intellectual property is infringed. This can occur in a number of ways, from outright copying or piracy to damage that the counterfeiter may cause to the reputation of a brand or business. Secondly, there is the indirect harm caused to the economy through lost taxes, possible lost foreign investment, especially in countries where counterfeiting is rife, and the risk that manufacturers will not produce their products in countries where they cannot satisfy themselves that they will recoup their intellectual property investment. Finally, there is an indirect social cost. Conceivably, lost revenues cause a diversion of public funds from public services and may attract crime to a location, as well as the possible risk to health and safety, which fake goods can sometimes create.

To minimize the damage from counterfeiting of their brands, manufacturers of genuine products often hire professional private investigation firms, which, through the information they collect, give tips to law-enforcement agencies. The International Chamber of Commerce Counterfeiting Intelligence Bureau (2004) provides a directory of private investigation firms and law firms specializing in anti-counterfeiting within each country where it is rampant. Despite remarkable corporate efforts to stop and discourage counterfeiting, counterfeiting activity and demand for counterfeit products have hardly decreased in any of the countries involved.

Searching for and punishing counterfeitors may not be the most effective course of action as long as there are people who demand counterfeit goods. Firms, law-enforcement agencies, and lawmakers need to understand why some consumers buy counterfeits. The consumer need for counterfeits are
the fundamental roots and the ultimate destination of counterfeiting. Without them, as we see it today, counterfeiting cannot exist or succeed. Understanding counterfeit consumers is imperative to formulate more effective anti-counterfeiting operations. This, in return, could successfully reduce or eliminate the very reason for the existence of counterfeiting. In particular, it is important to know the similarities and differences between counterfeit buyers and genuine product buyers. From genuine product manufacturers’ perspectives, these two groups of consumers show very distinct behaviors.

In this study, we address seven primary research questions. Specifically, we wish to determine if counterfeit product buyers and genuine product buyers differ in respect to socio-economic status and income, attitudes toward buying counterfeits, perceptions of social environments for counterfeits, importance of physical attractiveness, self-image, ethics, and finally, consumer ethnocentrism.

To examine counterfeit buying behaviors for the research questions listed above, we picked South Korea, a country that is valid for this study because it is one of the largest counterfeit manufacturing, exporting, and consuming countries in the world (EU Business, March 3, 2004). According to the Korean Customs Service, Korea is second only to China in terms of counterfeit goods exports uncovered by U.S. customs officials (Korea Times, May 9, 2001). The U.S. customs indicated that out of 3,409 cases of counterfeits goods exports uncovered in 2000, Korea accounted for 595 cases. In January 2004 the United States, disappointed with Korea’s failure to make a commitment to protect U.S.-produced music, software, and films against copyright piracy and urged by the International Intellectual Property Alliance, put Korea on a priority watch list for intellectual property piracy.

The particular product category we investigated was luxury fashion items such as handbags, clothes, shoes, jewelries, and sunglasses. The fashion product category was examined for two reasons. First, counterfeit fashion brands are available from street vendors in every major city of South Korea, and consumers can freely buy them. Second, many Korean consumers are experienced buyers and consumers of counterfeit fashion goods.

II. RESEARCH HYPOTHESES

In this section, we developed research hypotheses in six areas by examining the characteristics of counterfeit buyers and their differences from genuine product buyers.

a. Income and Social Status

Counterfeit versions of products are significantly cheaper than their originals and sell for a tiny fraction of the price of their originals. For example, in Beijing, a Rolex watch valued at $12,000 is priced at $80 in counterfeit form (Economist, January 22, 2004). Counterfeit fashion brands therefore meet consumer needs, such as low price and affordability. Counterfeits are a low-cost
solution and alternative to the real brands that are copied. The type of consumers who welcome such economic benefits is certainly a low-income group that is naturally sensitive to prices. As low-income consumers simply do not have enough income to afford real brands, they choose counterfeits, a less expensive means of owning such items.

Personal economic power such as income, accumulated goods, and wealth are a major element of social status (Sorokin 1959). Thus, when consumers determine their current social status to be low, such as low-income, price-conscious consumers, they become more price-sensitive and select counterfeits rather than genuine products. Likewise, when they see their future social status as low, they consistently behave as those who see their social status as low. Thus:

Hypothesis 1a: Counterfeit buyers will have a lower income than genuine product buyers will.

Hypothesis 1b: Counterfeit buyers will see their current socio-economic status to be lower than genuine product buyers will.

Hypothesis 1c: Counterfeit buyers will see their future socio-economic status to be lower than genuine product buyers will.

b. Consumer Beliefs and Attitudes towards Counterfeiting

Consumer attitude models theorize that consumer behaviors result from consumer beliefs and attitudes towards the behaviors. According to Ajzen and Fishbein's (1980) theory of reasoned action, a consumer's attitudes (positive or negative feelings) toward a specific behavior are an immediate indicator by which her/his intention of conducting the specific behavior can be predicted. The consumer's beliefs on the specific behavior (perceived social pressures to think or behave in a certain way and beliefs regarding what other members in the society think, believe, and do) affects the formation of attitudes towards the behavior. Therefore, compared to genuine product buyers, counterfeit buyers are expected to possess less negative beliefs towards counterfeiting and more positive attitudes toward buying counterfeit products. As a result, they will show a greater tendency to buy counterfeits.

Hypothesis 2a: Counterfeit buyers will show a greater tendency to buy counterfeits than genuine product buyers will.

Hypothesis 2b: Counterfeit buyers will perceive counterfeiting as less criminal than genuine product buyers will.
c. Vanity and Materialism

Consumers believe that products represent themselves. In a modern society that has lost the old caste system which classified people into distinct social orders, products are popularly used as status symbols, indicating to which social community the owners belong. Buyers of luxury products hope to be portrayed as high status, prestigious, sophisticated, stylish, and fashionable. If consumers are serious enough to assert real membership in a higher-class society where physical vanity and materialism are often of utmost importance, they cannot “fake it” with a counterfeit product because that vain and materialistic society would eagerly confirm whether its members own genuine products that show true vanity and materialism. Physical vanity is defined as “an excessive concern for, and/or a positive (and perhaps inflated) view of, one’s physical appearance” (Netemeyer, Burton, and Lichtenstein 1995, p. 612). According to Richins and Dawson (1992, p. 304), materialists place “possessions and the acquisition of them at the center of their lives,” viewing them “as essential to their satisfaction and well-being in life,” and tend to “judge their own and others’ success by the number and quality of possessions accumulated.” Therefore, when consumers have excessive concern for physical appearance and material possessions, they demand more appearance-related products such as cosmetics, clothing, and fashion items. They will be more satisfied with genuine products rather than with counterfeits because genuine products better fit the purpose of physical vanity and give more confidence to the owners with regard to other members of high-level society. Genuine products also reduce cognitive dissonance that occurs when there is a discrepancy between the product that consumers actually own and the social class with which they hope to associate themselves.

Hypothesis 3a: Counterfeit buyers will show less physical-view vanity than genuine product buyers will.

Hypothesis 3b: Counterfeit buyers will show less materialism than genuine product buyers will.

d. Self-Image

Consumers purchase products whose image matches a consumer’s self-image to impress their friends and neighbors. Products reflect a consumer’s self-image, self-identity, and self-concept. Self-image can be understood from different perspectives. For example, the ideal self-image concerns “what I ideally like to be;” the ideal social self-image concerns “how I ideally like to be seen by others;” and the social self-image concerns “what I believe others see me as” (Sirgy and Danes 1982). Overall, self-image concerns about “how I am seen by others.” Therefore, status-conscious consumers, who have high self-image, are expected to purchase genuine products, rather than counterfeits,
because genuine products convey an image of affluence, wealth, and social class that match high self-image (Wee, Tan, and Cheok 1995).

Hypothesis 4: Counterfeit buyers will show lower self-image than genuine product buyers will.

e. Ethics

Sellers of counterfeit products are punished by the law when caught in manufacturing, distributing, or selling counterfeits. However, buyers are not. Across countries, almost no law allows arresting individual buyers of counterfeit products. And these buyers, spending a small amount of money for a counterfeit, do not think they cause much damage to the original manufacturer financially. Thus, consumers do not feel any legal or ethical guilt when buying counterfeits. Plus, one strong motive to buy counterfeits is just to have fun. Consumers are not that serious about buying fakes. They buy with a whimsical attitude, knowing fully well that counterfeits are not of high quality at all. They know the difference between the originals and the counterfeits. Thus, they do not feel ashamed if the products they purchased are revealed as counterfeit products. In conclusion, there is no reason to believe that counterfeit buyers develop any different level of ethics. In this study, we assume no difference in two kinds of ethics: consumer ethics and corporate ethics. Consumer ethics refers to “the moral principles and standards that guide behavior of individuals or groups as they obtain and dispose of goods and services” (Muncy and Vitell 1992) whereas corporate ethics concerns ethical standards in the daily business affairs of the corporation (Singhapakdi and Vitell 1996). In our study, corporate ethics is a consumer's perceived role of ethics and social responsibility of the corporation.

Hypothesis 5a: Counterfeit buyers will show no different level of consumer ethics from genuine product buyers.

Hypothesis 5b: Counterfeit buyers will show no different level of corporate ethics from genuine product buyers.

f. Consumer Ethnocentrism

Consumer ethnocentrism is defined as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp and Sharma 1987, p. 280). Ethnocentric consumers prefer domestic (i.e., in-group) products to imported (i.e., out-group) products. In most cases, in particular in fashion products, both genuine products and counterfeits are foreign products. Considering that fact, it is likely that counterfeit buyers do not have a different level of consumer ethnocentrism from genuine product buyers. In addition, both counterfeit and genuine product buyers have to carry the same brand—for example, the same handbag brand—on the street or in the
meeting with other people. With this external exposure of the product, both types of consumers bear the same level of social risk, which is the possibility that buying and consuming the product affects others’ opinion about the consumers. This social risk will weaken the influence of consumer ethnocentrism in buying either a counterfeit or a genuine product. Thus, there will be no significant difference in consumer ethnocentrism between counterfeit and genuine product buyers.

Hypothesis 6: Counterfeit buyers will show no different level of consumer ethnocentrism from genuine product buyers.

III. METHOD

a. Participants

Female college student consumers in South Korea (all South Korean nationals) voluntarily participated in this study. Their ages ranged from 17 to 44 years, but 92 percent of participants were 18 to 25 years old. We obtained eligible responses from 376 participants. For the question asking about high-fashion product purchase behavior, if the participant chose the option “The high-fashion products I have purchased were almost all counterfeits,” we classified her as a counterfeit product buyer. If the participant instead chose the option “The high-fashion products I have purchased were almost all original products,” we classified her as a genuine product buyer. However, if the participant chose the option “Half of the high-fashion products I have purchased was counterfeits and the other half was original products,” we dropped her from further analysis as she did not clearly belong to either group. Out of the participants, 36 percent (135 participants) was classified as counterfeit product buyers and 37 percent (138 participants) as genuine product buyers.

b. Measures

Current and future socio-economic class was measured by the question, “How do you rate your (current or future) socio-economic class?” a one-item, nine-point scale anchored in low-low (one point) and upper-upper class (nine points). Both tendency to buy counterfeits and viewing counterfeiting as a crime were measured through six items and three items respectively, based on the scale of attitudes towards counterfeiting developed by Tom, Garibaldi, Zeng, and Pilcher (1998). Consumer ethics was measured using the 20-item scale of consumer ethics developed by Muncy and Vitell (1992), and a consumer’s perception of the role of corporate ethics was measured using the 16-item scale of corporate social responsibility developed by Singhapakdi and Vitell (1996). Materialism was assessed using Richins and Dawson’s (1992) 18-item scale of materialism, and self-image using Lee, Lim, Ahn, Yang, and Lennon’s (2001) 19-item scale of self-image. Consumer ethnocentrism was measured using the consumer ethnocentric tendency scale (CETSCALE) developed by Shimp and Yoo and Lee: The Buyers of Counterfeit Products in South Korea

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Sharma (1987). Physical-view vanity was measured by the six-item scale of Netemeyer, Burton, and Lichtenstein's (1995) view of physical appearance, which was part of their four-dimensional scale of consumer vanity. All the measures showed a satisfactory level of reliability: Cronbach's alpha ranged from 0.77 (tendency to buy counterfeits) to 0.91 (consumer ethnocentrism). The specific items of the measures and their reliability are reported in the Appendix.

For most research constructs, participants expressed their agreement with questionnaire queries, using seven-point Likert scales anchored with "strongly agree" (seven points) and "strongly disagree" (one point). But the self-esteem questions were measured in seven-point semantic differential scales that contrast bipolar adjectives in two extreme ends.

c. Analysis and Results

As this study contrasted two groups of consumers (counterfeit versus genuine product buyers) in directional hypotheses, we used a series of two-sample, one-tailed t-tests, specifically, independent-sample, one-tailed t-tests because the two groups were independent of each other as a survey participant belonged to only one of the two groups.

We first computed the mean score of each measure for each participant whose responses to items were added together and divided by the number of the items. Then, using SPSS, we conducted t-tests to evaluate the statistical significance of the mean difference in each research construct between counterfeit and genuine product buyers. Table 1 summarizes the results of the t-tests. H1a through H5 were supported at a 0.05 or smaller significance level. And H5a, H5b, and H6 were also supported by showing no significant mean difference as predicted.
Table 1
Counterfeit Product Buyers versus Genuine Product Buyers

<table>
<thead>
<tr>
<th>Hypothesis Number: Construct</th>
<th>Counterfeit Product Buyers (n = 135)</th>
<th>Genuine Product Buyers (n = 138)</th>
<th>t-value on the Hypothesis</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Income (C &lt; G)¹</td>
<td>US$23.35²</td>
<td>US$27.50</td>
<td>-2.70**</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b: Current Socio-economic Status (C &lt; G)</td>
<td>4.91</td>
<td>5.41</td>
<td>-2.75**</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c: Future Socio-economic Status (C &lt; G)</td>
<td>6.84</td>
<td>7.25</td>
<td>-1.90*</td>
<td>Supported</td>
</tr>
<tr>
<td>H2a: Tendency to Buy Counterfeits (C &gt; G)</td>
<td>2.78</td>
<td>2.16</td>
<td>5.79****</td>
<td>Supported</td>
</tr>
<tr>
<td>H2b: Viewing Counterfeiting as a Crime (C &lt; G)</td>
<td>4.12</td>
<td>4.77</td>
<td>-3.84****</td>
<td>Supported</td>
</tr>
<tr>
<td>H3a: Physical-View Vanity (C &lt; G)</td>
<td>3.50</td>
<td>3.91</td>
<td>-3.49***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b: Materialism (C &lt; G)</td>
<td>3.83</td>
<td>4.10</td>
<td>-3.09***</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: Self-Image (C &lt; G)</td>
<td>4.12</td>
<td>4.42</td>
<td>-3.45***</td>
<td>Supported</td>
</tr>
<tr>
<td>H5a: Consumer Ethics (C = G)</td>
<td>3.43</td>
<td>3.35</td>
<td>0.77</td>
<td>Supported</td>
</tr>
<tr>
<td>H5b: Corporate Ethics (C = G)</td>
<td>4.96</td>
<td>4.87</td>
<td>1.06</td>
<td>Supported</td>
</tr>
<tr>
<td>H6: Consumer Ethnocentrism (C = G)</td>
<td>3.42</td>
<td>3.28</td>
<td>1.14</td>
<td>Supported</td>
</tr>
</tbody>
</table>

¹ C = Mean score of counterfeit product buyers and G = Mean score of genuine product buyers
² Monthly disposable income
* p < 0.05; ** p < 0.01; *** p < 0.001; **** p < 0.0001
All six sets of the research hypotheses were supported by the data. First, counterfeit buyers had lower income (H1a) and rated their current (H1b) and future (H1c) socio-economic class lower than genuine product buyers. Second, counterfeit buyers showed greater tendency to buy counterfeits (H2a) but considered counterfeiting as a crime less enthusiastically than genuine product buyers. Third, counterfeit buyers showed lower physical-view vanity (H3a) and materialism (H3b) than genuine product buyers. Fourth, counterfeit buyers showed lower self-image (H4) than genuine product buyers. Fifth, however, counterfeit buyers did not show a statistically different level of consumer ethics (H5a) or corporate ethics (H5b) than genuine product buyers. Finally, counterfeit buyers did not show a statistically different level of consumer ethnocentrism (H6) than genuine product buyers.

IV. CONCLUSION

When consumers purchase counterfeit products, manufacturers lose revenues they could otherwise have made. For example, in 2003 the Korea Customs Service blocked the export of $31 million of goods and the import of counterfeit goods that would have been worth $388 million if they were legitimate (Joongang Ilbo, February 22, 2004). Those failed transactions were the tip of the counterfeit trade in the country and resulted in the loss of revenues for genuine product manufacturers.

Consumers knowingly purchase and consume counterfeits and counterfeiters do not, and do not have to, deceive consumers. Without understanding the demand side of counterfeiting, it is impossible for industries and law enforcement agencies to stop the trade completely and successfully. This study sheds insights into how to discourage counterfeit product purchase and consumption and how to encourage genuine product purchase and consumption. Such insights, derived from understanding consumer behavior, can be used to control consumers rather than counterfeiters.

Based on the findings, we make the following suggestions. First, H1a, H1b, and H1c lead to the suggestion that genuine product manufacturers should consider developing more affordable versions of genuine products. One major reason people buy a counterfeit is because of their low income and the price gap between the genuine product and its counterfeits. Affordable genuine products may promise either equivalent functional quality or design patterns, but not both. That way, budget buyers can select status (the same brand reputation with inferior material and quality or limited features) or function (the same physical utility with inferior design). Once they taste the genuine product brand through its affordable versions, they may be more attracted to genuine products than when such an opportunity is not given.

Second, H2a and H2b lead to a suggestion that there should be an educational campaign to change consumer attitudes towards counterfeiting. Industry manufacturers and government agencies can launch continuing anti-counterfeiting advertising campaigns similar to anti-smoking, anti-drunk
driving, and anti-drug ones. The campaigns should show how harmful counterfeit consumption is to the society and the world economy.

Third, H3a, H3b, and H4 provide insights into the content of promotional campaigns against counterfeit consumption. As counterfeit buyers show low physical-view vanity, materialism, and self-image, the campaigns should emphasize that genuine products serve materialistic desires properly and explain that buying counterfeits is shameful and cannot be a source of pride because only those who have low vanity, materialism, and self-image buy them.

Fourth, H5a, H5b, and H6 lead to a suggestion that making counterfeit purchase and consumption illegal should be considered. Counterfeit consumers do not necessarily have a lower level of ethics or a higher level of consumer ethnocentrism. They are ordinary and normal consumers, but they are not sensible enough to recognize the harms of counterfeits on society. Regulating only the supply side is ineffective in stopping counterfeiting. We have observed that counterfeiting has thrived at an exponential rate within the past decades. In the same way that consuming drugs is illegal, consuming counterfeits should also be illegal and counterfeit consumption behavior should be defined as a crime and those contributing to it should be alienated from society. Otherwise, counterfeiters continue to produce and distribute counterfeit products because there is demand for the products which never decreases.

a. Limitations

This study examined South Korean consumers only. Future research needs to include multiple nationals to find more universal counterfeit consumer behaviors. For example, it needs to be studied to determine if the same findings hold in extremely low-income countries where most citizens cannot afford the genuine products at all or in countries of genuine product manufacturers where citizens can more readily differentiate genuine products from counterfeits.

In addition, the current study examined fashion luxury products. It needs to be investigated if the same findings are true in non-fashion product categories. For example, function-oriented products such as software, movies, automotive parts, and pharmaceuticals may be less relevant to materialistic desires, as they are not consumed in front of others. Consumers may show greater sensitivity to product categories that have a significant impact on the national economy. Thus, unlike in this study, consumer ethics and ethnocentrism may rise as relevant variables.
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APPENDIX

Constructs Measured and Their Reliability

Tendency to Buy Counterfeits (0.77)*
1. I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters.
2. I buy counterfeit products because counterfeiters are “little guys” who fight big business.
3. Buying counterfeit products demonstrates that I am a wise shopper.
4. I like buying counterfeit products because it’s like playing a practical joke on the manufacturer of the non-counterfeit products.
5. Counterfeit products are just as good as designer products.
6. I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.

Counterfeiting as a Crime (0.83)
1. People who buy counterfeit products are committing a crime.
2. People who sell counterfeit products are committing a crime.
3. People who manufacture counterfeit products are committing a crime.

Consumer Ethics (0.88)
1. Drinking a can of soda in a super market.
2. Changing price-tags on merchandise in a retail store.
3. Give misleading price information to a clerk for an unpriced item.
4. Reporting a lost item as stolen to an insurance company in order to collect the money.
5. Returning damaged merchandise when the damage is our own fault.
6. Lying about a child’s age in order to get a lower price.
7. Getting too much change and not saying anything.
8. Not saying anything when the waitress miscalculates the bill in your favor.
9. Moving into a new residence, finding the cable TV is still hooked up, and using it rather than signing up and paying for it.
10. Buying a counterfeit CD instead of the real thing.
11. Finding a lost stored value ticket and using up the balance.
12. Taping a movie off the television.
13. Recording a CD instead of buying it.
14. Returning an item after finding out that the same item is now on sale.
15. Returning merchandise after trying it and not liking it.
16. Spending over an hour trying on different dresses and not purchasing any.
17. Using computer software or games that you did not buy
18. Taking an ashtray or other souvenir from a hotel or restaurant.
20. Stretching the truth on income tax return.

Corporate Ethics (0.81)
1. Being ethical and social responsible is the most important thing a firm can do.
2. While output quality is essential to corporate success, ethics and social responsibility is not.*
3. Communication is more important to the overall effectiveness of an organization than whether or not it is concerned with ethics and social responsibility.
4. Corporate planning and goal setting sessions should include discussions of ethics and social responsibility.
5. The most important concern for a firm is making a profit, even if it means bending or breaking the rules.*
6. The ethics and social responsibility of a firm is essential to its long term profitability.
7. The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible.
8. To remain competitive in a global environment, business firms will have to disregard ethics and social responsibility.**
9. Social responsibility and profitability can be compatible.
10. Business ethics and social responsibility are critical to the survival of a business enterprise.
11. A firm's first priority should be employee morale.
12. Business has a social responsibility beyond making a profit.
13. If survival of a business enterprise is at stake, then you must forget about ethics and social responsibility.**
14. Efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible.**
15. Good ethics is often good business.
16. If the stockholders are unhappy, nothing else matters.**

** Consumer Ethnocentrism (0.91) **
1. We should always buy American-made products instead of imports.
2. Only those products that are unavailable in America should be imported.
4. American products, first, last and foremost.
5. Purchasing foreign-made products in un-America.
6. It is not right to purchase foreign products, because it puts American people out of jobs.
7. A real American people should always buy American-made products.
8. We should purchase products manufactured in America instead of letting other countries get rich off us.
9. It is always best to purchase American products.
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.
11. Americans should not but foreign products, because this hurts American business and causes unemployment.
12. Curbs should be put on all imports.
13. It may cost me in the long-run but I prefer to support American products.
14. Foreigners should be taxed heavily to produce their entry into America.
15. Foreign products should be taxed heavily to reduce their entry into America.
16. We should buy from foreign countries only those products that we cannot obtain within our own country.
17. American consumes who purchase products made in other countries are responsible for putting their fellow American out of work.

**Materialism (0.83)**
1. I admire people who own expensive homes, cars, and clothes.
2. Some of the most important achievements in life include acquiring material possessions.
3. I don’t place much emphasis on the amount of material objects people own as a sign of success.**
4. The things I own say a lot about how well I’m doing in life.
5. I like to own things that impress people.
6. I don’t pay much attention to the material objects other people own.**
7. I usually buy only the things I need.**
8. I try to keep my life simple, as far as possessions are concerned.**
9. The things I own aren’t all that important to me.**
10. I enjoy spending money on things that aren’t practical.
11. Buying things gives me a lot of pleasure.
12. I like a lot of luxury in my life.
13. I put less emphasis on material thing than most people I know.**
14. I have all the things I really need to enjoy life.**
15. My life would be better if I owned certain things I don’t have.
16. I wouldn’t be any happier if I owned nicer things.**
17. I’d be happier if I could afford to buy more things.
18. It sometimes bothers me quite a bit that I can’t afford to buy all the things I’d like.

**Physical-View Vanity (0.87)**
1. People notice how attractive I am.
2. My looks are very appealing to others.
3. People are envious of my good looks.
4. I am a very good-looking individual.
5. My body is sexually appealing.
6. I have the type of body that people want to look at.

**Self-Image (0.84)**
1. Modesty / not modesty
2. Intelligent / not intelligent
3. Mature / not mature
4. Sophisticated / not sophisticated
5. Neat / not neat
6. Sexy / not sexy
7. Feminine / not feminine
8. Classic / not classic
9. Intense / not intense
10. Bold / not bold
11. Gorgeous / not gorgeous
12. Simple / not simple**
13. Fashionable / not fashionable  
14. Comfortable / not comfortable  
15. Individuality / not individuality  
16. Active / not active  
17. Cute / not cute  
18. Sporty / not sporty  
19. Young / not young

Responses to all questions were on a 7-point scale ranging from “strongly agree” (7 points) to “strongly disagree” (1 point).  
* Scale reliability measured by Cronbach’s alpha.  
** Reversely worded.  
n=273