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INTELLECTUAL PROPERTY THEFT AND ILLICIT CONSUMER BEHAVIOUR

A PSYCHOLOGY OF COUNTERFEIT BUYING

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Abstract

Counterfeiting is a global and spatially-diverse problem that impacts upon all industries and economies, accounting for almost US$450 billion of retail revenues each year. Despite the scale and scope of the problem, however, counterfeiting and IPR theft have been the subject of comparatively little academic research. Indeed, published work in this area has been largely confined to the examination of supply-side factors, with little demand-side analysis being forthcoming, with the exception of occasional investigations of consumer attitudes toward counterfeit products and broader segmental analyses of who will and will not purchase such goods.

In an attempt to address this gap in the literature, this thesis examines the problem of counterfeit goods from a consumer-psychological perspective, adopting a radical behaviourist standpoint in order to offer a more grounded and contextualised account of this global phenomenon. Following an initial review of the counterfeiting, marketing and behaviourist literatures, the thesis details an empirical investigation, conducted in the city of Shanghai in the People's Republic of China, a major centre for counterfeit goods production and consumption. The empirical work applies the Behavioural Perspective Model, a radical behaviourist framework, in the construction of a detailed account of those environmental and learning history variables that prime the purchase of a counterfeit product, together with the reinforcing consequences of such purchasing. The results of this initial investigation suggest that purchase of a counterfeit product parallels that of a more orthodox product, amenable to interpretation via Skinner's three-term contingency of environment-behaviour relationships. On this basis, the thesis argues that illicit consumer behaviour differs from orthodox consumer behaviour largely in status, rather than form, the thesis proceeding to apply Foxall's concept of the Marketing Firm in order to demonstrate that the consumer is not a passive recipient of "pirate" offerings but, in fact, is a dynamic actor located at the centre of a complex web of contingent relationships between genuine manufacturers, counterfeiters and regulatory bodies.

Overall, the results of this investigation indicate that, rather than regarding purchasing of counterfeit goods as a "special case" of consumer behaviour, illicit activities such as these are amenable to behaviourist explanation, the status of the goods procured being the primary differentiator rather than any unique characteristics of the buyers themselves. Furthermore, as the Marketing Firm analysis demonstrates, the world of counterfeit goods functions according to orthodox market behaviours, counterfeiters acting within the marketplace according to normative business principles in order to satisfy consumer demand. The thesis therefore concludes by discussing the implications of these findings for academic understanding of illicit consumption activities, identifying potential future research directions in this area.

Key words: Counterfeiting, Behaviourism, Operant, The Behavioural Perspective Model, Consumer behaviour

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CHAPTER ONE

COUNTERFEITING – TRICK OR TREAT?

1. The Counterfeiting Industry

1.1 A Problem without Frontiers

In terms of both scale and scope, theft of intellectual properties ("counterfeiting") is now a global problem that has grown significantly with the dilution of national boundaries and barriers resulting from common economic/trade agreements, together with the communicative reach of the Internet. The international trade in counterfeit goods grew by some 150% between 1990 and 1993, whereas world trade grew by only 4% during that same period (Jacobs, Samli, & Jedlik, 2001; Tillinghast, 2001). The Counterfeiting Intelligence Bureau, part of the International Chambers of Commerce, estimates that up to 5-7% of global trade can be attributed to counterfeiting, amongst this the online portion of the counterfeit market is estimated at 10% of the worldwide market, and the amount is increasing steadily (ICC, 2002a; 2004a). According to the Organization for Economic Cooperation and Development (OECD), the "turn-over" in counterfeit goods stands at around US$450 billion a year (AGMA, 2004g; Asian time online, Miyazaki, 2004).

In recent years, counterfeiters have been moving away from the manufacture and distribution of "copycat" perfumes, t-shirts and jeans, etc., to the production of more technology-driven items such as *Playstations* and SLR cameras, and informational-entertainment products such as software, films and music, together with a diverse range of low-cost fast-moving consumer goods (FMCGs) such as condoms, compact discs and prescription medicines. Statistics from anti-counterfeiting organisations show that global counterfeiting knows no product category limitations and that every industry has been affected. Moreover, especially in the pharmaceutical and automobile industries, this may expose consumers to health and safety dangers (BBC News, 2003b).

It is now well established that producers of certain consumer products, such as computer software and electronics goods, have suffered severe losses in revenue from global counterfeit

sales. For example, the losses claimed by the software industry amount to US$33 billion, in which 36% of the software installed on computers worldwide was estimated to be "pirated" in 2004 (BSA & IDG, 2005b). Illegal music sales valued at US$4.6 billion, 34% of all music discs sold are illegal copies in the same year (IFPI, 2005a).

Widespread availability of technology has contributed to the ease of production of counterfeit goods. Using increasingly advanced technologies, product "piracy" has changed considerably in terms of the range and technical complexity of the goods copied. This development, fuelled by access to better manufacturing technologies and the lucrative gains to be derived from it, has afforded the pirate enterprise a host of new opportunities, such enterprises developing their technology rapidly in order to make predominantly non-deceptive copies of a higher quality. Inside the counterfeiting industry, for example, it is now commonplace to refer to at least three distinct grades of non-deceptive copy: "'Super A' fakes", "'B' grade fakes", and "inferior fakes". These three grades of goods have quite different prices and quality levels (Anon, 2004e; Chow, 2000; Forney, 2005). Product piracy is thus *not* the pronoun for inferior duplication. Once confined to areas such as music and video recording, garments, watches, leather goods, cosmetics and software, counterfeiters have now developed highly flexible business strategies that allow them to respond rapidly to new market opportunities and trends.

Because of the rapid development of the Internet, individuals are able to establish an operation and begin sharing, swapping or selling products online with relatively non-existent start-up costs and very little effort. Online auctions provide an ideal vehicle for deceptive/non-deceptive counterfeits and "gray" market distribution. As Internet connectivity continues to break down traditional geographical territories, rogue e-commerce sites move from domain to domain selling counterfeit goods, remaining one step ahead of the law.

Rapid industrialisation has also contributed to the production of improved counterfeits whereby "pirates" can design and manufacture their goods in low-wage countries such as China, Korea, Indonesia and Thailand (Wada, 1996). In some post-communist economies, the transfer to capitalism has taken place in the absence of firm legislative penalties and comparatively low rates of detection. Therefore, nations such as Russia represent attractive business spaces within which counterfeiting can flourish. Furthermore, increased globalisation of world trade has been expanding the ease of distribution and the incentive to counterfeiting. The result of having more

open borders and more trade flowing across borders is that it is also easier for counterfeit products to flow from territory to territory. For example, a counterfeiter in Asia or the Middle East has relative little difficulty manufacturing large quantities of products and shipping them elsewhere (Anon, 2003a; ICC, 2004a, 2004d; IIPA, 2004f; Miyazaki, 2004). In this respect, counterfeiters are ultimately behaving as rational economic actors – even if behaving unethically or illegally – in which they also seek to maximise their return on investment and minimise their costs.

The Internet and the use of other sophisticated computerised equipments not only make it easier to produce counterfeit goods, but also facilitate mass production and the establishment of new distribution channels for counterfeit products. For instance, among the web of subcontractors and licensees who manufacture products for the genuine brands are found the same counterfeiters who will often ship products illegally and outside the normal course of business dealing, i.e. gray market products. The same manufacturers who operated as subcontractors at one time become counterfeiters at another.

The locations in which counterfeit goods can be acquired and consumed therefore are no longer confined to conventional "black" marketplaces or back-street vendors, but also high street stores and malls. The boundaries between consumption spaces are being further complicated by rapid adoption of the Internet, counterfeiters appropriating both 'physical' and 'virtual' retail formats and blurring traditional public-private boundaries between production and consumption spaces in the process (Nicholson, Clarke, & Blakemore, 2002). The key features of such spaces relate to sliding pricing systems, interpersonal relations of exchange, flexibility of social roles, and affective as well as economic motivations, together with a decreasing significance of physical spatial location and associated territorial borders. These features offer some clues as to the macro-level determinants of contemporary counterfeit consumption practices. For instance, sophisticated multinational marketing has created a high worldwide demand for "Known" brands, the high margins associated with such brands making them attractive business propositions for counterfeiters, technological advances having enabled counterfeiters to produce copies of these branded products more easily (Nill & Schultz II, 1996). In sum, counterfeiting is an "industry" without frontiers, the combined forces of globalisation and technological change rendering an age-old and somewhat localised problem almost universal and ubiquitous in character.

1.2 Operational Definitions

Reproduction of intellectual property is a part of daily life. Most people record television programmes or copy pieces of music and it is generally unofficially accepted that the user can make one copy or "backup" solely for personal use. There is never implicit/explicit permission to make more than one copy, however. There is never permission to give, sell or share this backup with others. If a person chooses to make more than one copy of the material, he or she will have violated intellectual property rights, and therefore the law. Whatever the context, making one or two copies to give to friends, or to sell at the flea market, is illegal in the majority of territories. These illegal copies are often referred to as "pirates" or "pirate copies" by laymen and industry insiders alike. However, the boundary between being legal and illegal, or ethical and "piratical", is not clearly defined, and certainly is not clearly understood by the majority of people.

A key problem with discourse in this area is that the terms "piracy", "counterfeiting", "bootlegging", "simulation" and "knock off" are brandished about freely by a wide array of people to mean a number of different things and contexts. Most people, including academic researchers, use some or all of these terms almost interchangeably. Unfortunately, this can lead to not only semantic confusion, but also to a lack of focus in empirical enquiry.

In principle, the concepts of piracy and counterfeiting are best dealt with by laws relating to trade marks, patents and copyright. According to the *EC Counterfeiting Survey*, across all EU countries in 2001, 78% of infringement related to trade marks, 15% to copyright, 6% to design rights and 1% to patents (IACC, 2002b). This breakdown reflects the types of products that are most frequently infringed, for example, high quality 'designer products' such as watches, sun glasses, skis, etc, but also pharmaceuticals, automobile part. This distribution differs significantly across countries, again reflecting their sectoral orientation and, thereby, the importance of different forms of IPRs (Intellectual Property Rights).

Despite being trademark or copyright infringements, counterfeiting is first and foremost ultimately an infringement of the legal rights of an owner of intellectual property (OECD, 1998). For the purpose of trade-related aspects on Intellectual Property Rights (IPR), counterfeited trademark goods are defined as reproduced copies that are identically packaged, including trademarks and labelling, without authorisation - a trademark, is copied in such a way as to appear to a consumer the genuine article (Bamossy & Scammon, 1985; Kay, 1990; Lai &

Zaichkowsky, 1998; McDonald & Roberts, 1994; OECD, 1998). Pirated copyright goods refer to the unauthorised use of copyrighted and /or patent goods and brands (Jacobs et al., 2001; OECD, 1998). In the case of copyright piracy, there is not necessarily any attempt to convince the consumer that the pirated product was produced and distributed by the original copyright owner. Whether customers knowingly buy counterfeit or pirate products is therefore a critical factor, together with pirate and counterfeit products that are both illicit products, yet it is reasonable to argue that the distinction to be made between these terms is based on the intention to deceive.

Any discussion of product or copyright infringement quickly reveals categories of activity. Instances of infringement cover a variety of interrelated phenomena: piracy, counterfeiting, look-alikes, sound-a-likes, knock–off brands and a large "gray" area which includes production overruns. However, from the consumer's point of view, these various kinds of counterfeit activities are often not distinguishable and customers normally do not care about these sophisticated distinctions, an observation which also applies to other terms describing particular forms of product theft, like bootlegging, reverse engineering and unconvincing imitations. A definition of counterfeiting that might include other related terms, therefore, is the unauthorised manufacture and distribution of copies of intellectual works and trademarks which appear to be sufficiently similar to the original as to be passed off as genuine examples despite being deceptive or non-deceptive. This includes use of famous brands on clothing not manufactured by, or on behalf of, the owner of the trademark, and exact copies of CDs containing music or software, which are trade in a form intended to be indistinguishable/distinguishable to ordinary consumers from the genuine product.

Whether the consumer has been deceived or not, and whatever the counterfeiter's intent at deceit/non-deceit, the incentive of both consumer buying and counterfeiters' marketing behaviour and authenticity of authorised genuine products become the important element between these terms, and therefore is a matter of the degree of ethicality. Therefore, on the basis of a review of academic definitions in this subject area, it may be proposed that operational definitions of counterfeiting fall into the following closely-related areas of activity.

1.2.1 Deceptive Counterfeiting

The term deceptive counterfeiting denotes the case where the counterfeited brand is a 100% copy, made to deceive consumers into believing that it is the genuine article. In 1984, the U.S. International Trade Commission (1984, pvii) defined a counterfeit as "the unauthorized use of a registered trademark on a product that is identical or similar to that produced for which the trademark is registered and used". The anti-counterfeiting code drafted by GATT goes further in delineating to the forger the intent to *"wrongfully benefit through deceit from the efforts of a firm to establish and maintain a product or corporate image with the consumer or the public at large"*. Counterfeiting, like patent and copyright infringement, therefore represents a violation of a firm's property rights, the rights to its trademark, and associated goodwill. It is distinguished from these related practices, however, in that it alone involves an attempt to defraud consumers via misrepresentation.

In this case, consumers are not able to identify the genuine article. Customers are passive in accepting the counterfeits provided, which counterfeiters produce with the intention of deceiving the customer and leading buyers to believe that they are purchasing the genuine article. The most obvious examples of this would be counterfeit currency and pharmaceuticals. The key question to emerge here is why consumers are fooled into buying these counterfeit products and in what situations they buy them. Deceptive counterfeiting normally causes not only harm to manufacturers of original brands and to economic systems, but often at times to consumers also, e.g. if substances used for medical treatment are poorly copied.

1.2.2 Non-deceptive Counterfeiting

Many researchers have pointed out that there are two kinds of market for counterfeit products, including intellectual works, digital works, software, etc (Albers-Miller, 1999; Ang, Cheng, Lim, & Tambyah, 2001; Grossman & Shapiro, 1988; Prendergast, Chue, & Phau, 2002; Wee, Ta, & Cheok, 1995), which are deceptive counterfeits and non-deceptive counterfeits respectively. In non-deceptive markets, consumers often know (or strongly suspect) that they are purchasing a counterfeit. They can distinguish fakes from legitimate brand-named goods either by close inspection, or because the legitimate producers can effectively signal their authenticity by

restricting and monitoring the distribution channels through which their goods are sold. In many cases of selling counterfeit products, the main purpose of the seller does not seem to be to deceive; rather, it is to *satisfy* consumers (Arrelano, 1994). Counterfeiters often claim that the products are copies, with marketing information such as "copy of *Chanel No.5* perfume" displayed. Therefore, non-deceptive counterfeiting refers to the trade of copied products that are recognized or claimed as copies by consumers or counterfeiters because of the low price, the place where the products are offered, and/or the origins of the product.

Many of the more familiar examples of counterfeit-product trading would seem to fall into this category. The public is well aware of the market availability of bogus brand-name watches, leather goods, fashion apparel, perfumes, and designer sunglasses, to name but a few. Fake *Rolex* watches, *Louis Vuitton* handbags and *Pierre Cardin* accessories sell for a mere fraction of the cost of the legitimate products in outlets that are quite evidently not official distribution outlets; one would suspect that many buyers are not fooled at all! According to a survey by the Anti-Counterfeiting Group (ACG), 57% of the respondents knowingly purchase a counterfeit product in U.K.(MORI, 2003c). This practice is non-deceptive counterfeiting.

Non-deceptive counterfeiting normally does not harm consumers. When aware of faked products, consumers are also aware of the poorer qualities of those products particularly when purchasing copies of exclusive, high-priced, prestige products, high-tech products, software and audio or video entertainment products. The harm seems to be estimable and tolerable. On the other hand, consumers are likely to refuse to purchase counterfeits of pharmaceuticals or auto-parts when they are aware of the fake. The distinction between deceptive and non-deceptive counterfeiting refers to the awareness of consumers and *not* to the intention of manufacturers or sellers to deceive consumers. Therefore, the case of non-deceptive counterfeiting also applies if consumers are aware of the fake, even if sellers or manufacturers have an intention to deceive the consumers.

In this case, understanding determinants of consumer behaviour toward non-deceptive counterfeit products purchase, as in finding answers to the question "why do consumers proactively buy in this situation?" and "where do they buy?", may be a useful first step in understanding this phenomenon.

1.2.3 Imitation Brands

Also known as "knock-offs" or "imitators", these goods are not identical to the original, but are similar in substance, name, form, meaning or intent to an acknowledged and widely-known product or service (Lai & Zaichkowsky, 1998). An example is provided by the West German-produced paper handkerchief *Tempo*, which in Asian markets has run up against *Tango*, *Tinpo* and *Temgo*; similar products in all respects.

The look-a-like and sound-a-like phenomenon is a low cost attempt to develop brand names, product designs or characteristics similar to those of an established producer in the same industry. Problems of this nature confronted the French leisurewear designer *Lacoste* when a Hong Kong-based leisurewear retail operation began trading under a Crocodile logo. In examples such as this, the knock-off brand trades on the image and goodwill that has been developed in the market by the exclusive perfume house.

Of course, a knock-off good is only meaningful if the genuine article is well known and in demand. Therefore, most knock-offs are of luxury goods carrying a well-known trademark. On the one hand, they may be deliberate attempts at deceiving consumers into thinking they are buying products made by a reputable manufacturer when they are, in fact, purchasing often quite different clones. However, many customers are susceptible to hedonistic motives, and are willing to purchase these kinds products and to 'enjoy' the impact of the real product.

In this market situation, the price of these products is not very large compared with the genuine goods. As some researchers have found, therefore, consumers are very heterogeneous in terms of their attention to, and reaction to, price and price promotions (Dickson & Sawyer, 1999; Wee et al., 1995). Hence, it is important to understand why consumers' buying behaviour is going beyond the price factor in counterfeit consumption.

1.2.4 Gray Markets

The term "gray market" refers to the unauthorised sale of new, branded products, diverted from authorised distribution channels, or imported into another country for sale without the consent or knowledge of the manufacturer (AGMA, 2004g). This would mean new, branded products

being from authorised distribution channels or imported into another country without permission of the original manufacturer. There are two kinds of products in this area: one is branded products which have been contracted by the brand manufacturers, but whose actual manufacturers produce more quantity than required and the disreputable factory often sells them illegally as overruns (McDonald & Roberts, 1994; Wada, 1996). Another refers to those products which are shipped into specific distribution channels and are then shipped out of those channels into others, often in violation of distribution or sales contracts. Taking the IT industry as an example, gray market sales of products could exceed $40 billion annually (KPMG, 2004c; AGMA, 2004g). It is important to note that, in this case, the product purchased by the customer is in fact a *legitimate, real product*, even if it was distributed outside normal sales and distribution channels. The customers' buying decision therefore is influenced not only by product performance and reliability, but also by value as well. Therefore, it is important to understand whether the price is the only reason to determine counterfeiting behaviour.

1.3 The Consumer as "Collaborator"

What is particularly troubling to manufacturers and retailers, and very much in evidence in the above operational definitions, is that this huge supply of IPR-infringing branded goods is supported by strong consumer demand. By being willing accomplices in buying counterfeit goods; that is, where there is no deception involved; consumers cannot be described merely as "victims" of a "scam".

According to a survey conducted by the software watchdog, the Business Software Alliance, the younger adults are, the more likely they are to own and use pirated goods. Only 17% of the over-50s own pirated goods compared to 44% of those between 18 and 29 revealed in the research.(BBC News, 2004b), and in research in Hong Kong, 78.5% of respondents between the ages of 15 and 29 had knowingly purchased pirated brands (Singtao Daily News, 1996).

Throughout the world, in fact, counterfeit buyers and sellers are actively and consciously "working together" to construct an increasingly diverse array of physical and virtual spaces in which procurement activities may be undertaken, sale of counterfeit goods as a deceptive activity being very much in the minority in comparison to those circumstances in which consumers

actively seek and select a "pirate" purchase option. Thus, from the perspective of both the consumer psychologist and the marketing practitioner, it would therefore be instructive to understand the reasons behind such favourable consumer behaviours toward counterfeiting practices and the role of the immediate environmental context within which such behaviours are enacted as a determinant of counterfeit buying.

2. Understanding Counterfeit Buying

2.1 The Dark Side of the Consumer

Illicit consumer behaviour, or consumer "misbehaviour", is typically defined as a behavioural act performed by a consumer that violates the generally accept norms of conduct in consumption situations, thus disrupting the consumption order (Fullerton & Punj, 1997; 2004). There are many variants of consumer misbehaviour, ranging from shoplifting, commercial vandalism and financial fraud, through to the purchase of counterfeit goods, the procurement of sexual services and the fraudulent acquisition, use and return of goods ("deshopping"). In turn, illicit goods and services may be regarded as those freely chosen by the consumer, albeit their status is somewhat dubious in legal and/or social terms; a definition which clearly includes the purchase of counterfeit goods. An illicit purchase is therefore one where the product/service sold is generally regarded as being contrary to "normative" consumption practices.

Illicit consumer behaviour has potentially serious financial and social consequences. Unsurprisingly perhaps, given its nature, the bulk of research in this area has largely been undertaken by criminologists and sociologists, with little work being forthcoming within the business and management disciplines, despite not infrequent calls for such consideration (e.g. Albers-Miller, 1999; Hirschman, 1992; McCracken, 1986). Where empirical work *has* been undertaken, the emphasis has generally been upon the macro level of analysis and, more specifically, upon the supply side of the problem, the dominant perspective being that of the economic-managerial dimensions of such phenomena (e.g. Budden & Gariffin, 1996; Bush, Bloch, & Dawson, 1989; Davidson, 1996; French, Crask, & Mader, 1984; Jolson, 1974; Olsen & Granzin, 1992; Wilkes, 1978).

As a counterpoint to such studies, a number of consumer researchers have recently sought to develop more micro-level demand-side perspectives on consumer misbehaviour, exploring the contributions to the decision to engage in illicit buying activities of a vast array of individual-level variables, including: attitudes, cognitive processes, emotional responses, mood congruency effects, motives and motivations, personality characteristics/traits, situational influences, social/peer pressures, values and lifestyle factors, and so forth (e.g. Babin, Robin, & Pike, 1994; Bannister, 1979; Bearden, Rose, & Teel, 1994; Budden & Griffin, 1996; Cordell, Wongtada, & Kieschnick Jr., 1996; Elliot, Eccles, & Gournay, 1996; Faber & Christenson, 1996; Faber, Christenson, de Zwaan, & Mitchell, 1995; Pitts, Wong, & Whalen, 1991; Rindfleisch, Burroughs, & Denton, 1997; Russell, 1973; Smigel, 1956; Strutton, Vitell, & Pelton, 1994; Thompson, Locander, & O'Pollio, 1989; Whalen, Pitts, & Wong, 1991). As of 2005, the field of consumer research has therefore begun to become more micro-level and customer-centric in its orientation, adequate attention finally be afforded to the development of more comprehensive, systematic and inherently psychological analyses of precisely how and why consumers come to "misbehave" as they do.

2.2 Consumer Behaviour toward Counterfeit Goods

The above trends in the development of discourse on illicit consumer behaviour are mirrored within the emergent literature on counterfeit buying. Thus, the growth in counterfeiting has been accompanied by a corresponding increase in research interest in this area. Apart from discussion of the legal issues relating to counterfeiting, such as intellectual property rights, trademarks and their infringement, a number of authors have already analysed the general nature of counterfeiting from a supply-side dimension (Bamossy & Scammon, 1985; Bosworth & Yang, 2002; Bush et al., 1989; Chaudhry, Corfell, & Zimmerman, 2004; Chaudhry & Walsh, 1996; McDonald & Roberts, 1994; Meredith, 2003; Olsen & Granzin, 1992; Tom, Garibaldi, Zeng, & Pilcher, 1998). For instance, several studies have examined ways of discouraging counterfeiting through trademark registration, protection strategies, and authority regulatory actions (Bosworth & Yang, 2002; Chaudhry et al., 2004; Conner & Rumelt, 1991; Harvey & Ronkainen, 1985; Jacobs et al., 2001; Onkvisit & Shaw, 1989); or else via the involvement of distribution channel members in counterfeit detection and policing (Olsen & Granzin, 1993). On a broader level, the cultural

context of counterfeiting has also been explored, the role of the dominant cultural value system being particularly important in understanding the activities of counterfeiters, together with the causes and mechanisms of counterfeiting itself (Lee & Tan, 2002; Shore et al., 2001).

In terms of the demand side of the problem, a minority of scholars have approached the issue of counterfeiting from the consumer perspective, seeking to identify possible determinants of purchasing counterfeit goods. Bloch et al. (1993) reported on the consumer's role in the growth of trademark piracy, for instance; Wee et al. (1995) have studied non-price variables such as age, income and product attributes. Both Cordell et al. (1996) and Wee et al. (1995) describe the attitudes of the consumer toward counterfeit brands, while Prendergast et al (2002) identify low price, buying location, demographic characteristics and product categories as motivators of non-deceptive counterfeit brands' consumption. From a marketing stance, Tom et al. (1998) have investigated consumers' criteria for selecting between original and counterfeit products, consumers who prefer the originals emerging as a distinct market segment from those who would typically favour the purchase of counterfeit brands. In addition, several recurring concepts have been discussed both in this literature and in research on general criminal behaviour, such as the influences of price, legal penalties and other situation-specific variables related to the decision to willingly participate in 'unlawful' activities.

Despite the undoubted contributions of such individual-level perspectives, however, this thesis would argue that there are a number of inherent weaknesses. In particular, these perspectives: (1) display a tendency to explore the effects of key variables largely in isolation, ignoring the complex multivariate effects that are likely to contribute to the decision to purchase a counterfeit product; (2) regard the individual consumer as an almost isolated entity, devoid of any interaction with other key actors within the counterfeiting marketplace; and (3) most significantly of all, perhaps, they direct attention firmly toward *pre-behavioural* characteristics (socio-economic status, lifestyle characteristics, personality, motivation, decision-making, etc.) and influences, diverting inquiry away from the *actual* act of illicit buying itself.

In other words, what is absent from extant discourse on illicit consumer behaviour in general – including consumer behaviour toward counterfeit products – is a comprehensive and grounded account of *observable* consumer misbehaviour and the environmental context within which it is enacted; an account that the present thesis therefore seeks to develop.

2.3 A Behaviourist Perspective on Counterfeit Buying

In 1991, in an address to the Chicago conference of the Association for Consumer Research, William Wells called for a reappraisal of classical works in psychological theory: *"It seems to me that it is time to go back and take a look at what these seminal thinkers had to say and take them seriously, which we have never really done"* (Cited in: Albanese, 1993). Wells was referring specifically to Freud, Jung and Adler, but his remarks have had a wider influence and a number of researchers internationally have subsequently returned to the psychology literature in search of more robust conceptual models of consumer behaviour. For instance, Holbrook has examined the psychodynamic origins of consumption (Holbrook, 1991); Plank and Greene have developed a sales performance model based upon personal construct psychology (Plank & Greene, 1996); and Bristow and Mowen (1998) have consolidated previous accounts of consumer motivations by reference to neo-Darwinian theory. The result has been a small but significant *renaissance* in consumer psychology, a new breed of researcher approaching the study of retail buying from the specific perspective of the applied psychologist (Albanese, 1993).

Against this backdrop, a particularly striking feature of this re-engagement with the "mainstream" psychology discipline has been the recent re-emergence of classical learning theory in general – and operant learning theory in particular – within the consumer research literature, a number of authors internationally seeking to develop accounts of consumer choice behaviour by reference to concepts such as conditioning, reinforcement and the learning history (e.g. Allen & Janiszewski, 1989; Cadogan & Simintiras, 1996; Grossman, 1997; Grossman & Tiller, 1998; Janiszewski & Warlop, 1993; Kim, Allen, & Kardes, 1996; King, Brandt, & Weatherly, 2002; Madden, Bickel, & Jacobs, 2000; Perottii, Sorce, & Widrick, 2003; Shimp, 1991; Shimp, Stuart, & Engle, 1991; Sorce, Perottii, & Widrick, 2002; Soriano, Foxall, & Pearson, 2002; Zeiler, 1999).

Within the UK, this behaviourist renaissance has been consolidated within the behavioural perspective model (BPM) of purchase and consumption, a "radical" behaviourist interpretive device that regards consumer choice as being directed toward the attainment of positive reinforcement and/or avoidance of aversive consequences, achieved via a situational-level application upon the current behaviour setting of the individual's unique learning history of past consumption experiences (Foxall, 1986, 1992, 1994, 1996, 1999). Although still somewhat embryonic, the BPM research programme has yielded valuable insights into the environmentally-

contingent nature of consumer behaviour via successful international applications in the study of situations as diverse as fish consumption, conference venue usage, in-store fashion purchasing, brand selection and loyalty, and multichannel consumer behaviour (Foxall, 2003; Foxall & Hackett, 1994; Leek, Maddock, & Foxall, 2000; Newman & Foxall, 2003; Nicholson, 2005). To date, however, the BPM explanatory framework has yet to be adopted in the investigation of *illicit* consumer choice behaviours, despite the fact that there is no reason to suppose the model's central tenets will not be equally applicable in such circumstances also and, more generally, the not insubstantial body of literature to have accrued in respect of the role of operant learning in deviant behaviours in general (for discussions, see: Baum, 2004; Mowrer, 1960).

In the context of this thesis and its elected subject matter, construction of a comprehensive account of counterfeiting via the adoption of a BPM-mediated radical behaviourist perspective offers a number of potential advantages over more "orthodox" conceptual frameworks. Firstly, the behaviourist position, in its most fundamental sense, explicitly directs research attention towards observable behaviour in the present tense, rather than towards the pre-behavioural "causal" precursors outlined previously; i.e. it emphasises *actual* buying of counterfeit products, rather than *factors leading up to that buying* process. Secondly, and following on from this, the BPM explanatory framework is grounded in a firm contextual stance, regarding behaviour as being at least in part under environmental control and not, as other perspectives may apply, as being an outcome of factors residing largely "within" the individual or, alternatively, as merely individual-level manifestations of the influence of more distal macro-level forces; a richer approach to analysis ideally suited to investigating both consumer behaviour towards counterfeit products *and* the environmental setting in which such behaviour occurs. Finally, and perhaps most importantly of all, this analysis of behaviour-in-context overcomes the barriers of the more isolationist standpoints highlighted above, permitting the actions (i.e. behaviours) of other key actors within the competitive environment to be described on equal terms, together with the impact of these actors' market behaviours on consumer choice itself; a crucial distinction from other available explanatory paradigms that may permit a more accommodating account of the world of counterfeiting to be developed. For these reasons alone, a radical behaviourist approach to inquiry may be deemed justifiable in terms of its applicability within this thesis and it may serve to permit a deeper understanding of illicit consumer behaviour to be rendered in the process.

3. A Behavioural Analysis of Counterfeit Buying

To summarise, counterfeiting is a global and spatially-diverse problem that impacts upon all industries and economies, accounting for almost US$450 billion of retail revenues each year. Despite the scale and scope of the problem, however, the problem of counterfeiting and IPR theft has been the subject of comparatively little academic research, such studies as have been forthcoming generally highlighting the supply-side of the problem only and at the macro level of analysis. Where demand-side work has been undertaken, the emphasis has mainly been upon either macro-level segmentation analysis in order to identify broad groups of consumers who may purchase "pirate" products or, alternatively, on those intra-individual characteristics (attitudes, traits, social experiences, etc.) that may determine whether a person becomes a consumer of counterfeit products and, occasionally, those situations in which he or she may engage in such illicit consumption practices. In other words, the literature on consumer behaviour towards counterfeit products can be regarded as lacking in any detailed investigation of the actual buying process itself, together with the extent to which that process may be shaped by both environmental variables and by the behaviours of other key actors within the counterfeiting marketplace – a gap in current knowledge that this thesis therefore endeavours to satisfy.

Given the recent re-emergence of behaviourist approaches to inquiry within the consumer psychology discipline, the thesis argues for an operant perspective on counterfeit purchase and consumption, a perspective that: (a) directs attention firmly towards consumer behaviour in the "here-and-now", rather than its pre-behavioural causal antecedents; (b) recognises the contextualised nature of that behaviour and its environmental dimensions; and (c) permits accommodation within the resultant explanatory account of all of those key actors within the competitive environment within which IPR theft flourishes, together with their impact upon illicit consumption itself. This is not to seek to supersede or negate traditional cognitive-antecedent accounts of consumer behaviour; it is simply an attempt to compliment such approaches via the adoption of an alternative conceptual standpoint.

Taking non-deceptive counterfeiting as its case study, the most common and widespread manifestation of the IPR theft problem available, the remainder of this thesis therefore documents a programme of empirical research in which consumer behaviour towards counterfeit products

has been examined via a systematic application of the behavioural perspective model of purchase and consumption (BPM), a radical behaviourist interpretive device. With this aim in mind, the thesis therefore begins by presenting a comprehensive literature review of extant perspectives on behaviourism, identifying the central components of the BPM framework to be employed in the subsequent research and formulating key research propositions on the basis of those said components.

The thesis then proceeds to document a programme of empirical work employing the BPM device in an investigation of the behaviour patterns of a cohort of consumers of counterfeit products within the People's Republic of China, a territory in which counterfeit brands flourish and which it will be argued thus represents a more developed marketplace than the West within which to study this important aspect of illicit consumer behaviour within a naturalistic setting. The central hypothesis underpinning that empirical investigation shall be that, rather than constituting a "special case" of consumer behaviour operating according to the rules of some "illicit" sphere of economic activity, this is in fact simply normative buyer behaviour operating according to normative psychological processes, the fundamental distinction merely resting within the legal/social/moral status of the product procured itself.

On this basis, data from that empirical investigation, augmented with material extracted from a review of extant discourse surrounding IPR theft, is then used as a platform upon which to build an operant account of behaviours within the counterfeiting industry, applying the radical behaviourist theory of the Marketing Firm to illustrate the extent to which vendors of counterfeit, like their legitimate counterparts, engage in marketing activities in an inherently behaviouristic manner. Finally, the thesis concludes by presenting a unified account of counterfeit products' buying and selling from a radical behaviourist perspective, drawing some conclusions as to the viability of such a perspective for application in the study of illicit consumption practices and identifying potential directions for future research within this area.

Taken in sum, the intended contributions of this thesis are thus three-fold:

(1) Development of a detailed and contextualised account of consumer behaviour toward counterfeit products from a radical behaviourist perspective, augmenting existing standpoints on illicit consumption practices via systematic application of the BPM interpretive framework;

(2) Extension of the BPM research programme itself, hitherto grounded in orthodox consumption situations only, thereby evaluating the potential of that approach to inquiry as a means via which to better understand and predict consumer behaviour within illicit marketplaces also; and

(3) Construction of a comprehensive conceptual map of the interrelated behaviours of key actors in the competitive environment within which IPR theft flourishes, together with their operant interactions.

CHAPTER TWO

THE BEHAVIOURAL PERSPECTIVE MODEL:

AN INTEGRATIVE RESEARCH FRAMEWORK

1. Introduction

Counterfeiting activities have spread increasingly and become an international problem, affecting a large quantity of products in every industry since the 1990s. As discussed in Chapter One, part of the reason for the rapid growth of this lucrative business is the fact that the high margins of products, and associated multinational marketing have created a high worldwide demand for "known" brands. In addition, the widespread availability of new technology has enabled counterfeiters to produce brand-named goods more easily and it is now generally accepted that the value of counterfeit goods has become a significant percentage of all world trade (AGMA, 2004b; ICC, 2004; Asian time online, Miyazaki, 2004; Nill & Schultz II, 1996). Moreover, consumers often appear to actively collaborate with counterfeiters in constructing an increasingly diverse array of physical and virtual "spaces" in which procurement activities may be undertaken and, particularly where there is no deception involved, it would be misleading to describe customers as "victims" of a "scam". Indeed, as noted previously, the vast majority of activities within this industry involve the sale of non-deceptive "pirate" copies of branded goods, counterfeit products effectively constituting merely an alternative purchase option for sectors of society (BSA&IDG, 2004a; ICC, 2004).

The primary aim of this thesis is to shed light on consumer behaviour towards counterfeit products, complimenting existing perspectives on the macro-level supply and demand-side pre-determinants of counterfeit purchasing with a more individual-level analysis of the psychology of buying. More specifically, as discussed in the previous chapter, research in this area as of 2005 has been somewhat limited, seeking to examine the cognitive and dispositional-antecedent dimensions of consumer behaviour towards counterfeit goods – i.e. the *pre-behavioural* aspects of the phenomenon – rather than actual behaviour itself and its relationship with the environmental contexts within which it occurs. Chapter One therefore concluded by advocating a behaviourist

approach to empirical inquiry in this area, behaviourism being that domain within psychology that explicitly takes observable and contextualised behaviour as its subject matter. By developing a research strategy founded on the science of behaviour, it becomes feasible to construct an empirical programme that augments existing perspectives on the psychology of counterfeit buying with a more grounded and contextual contribution to knowledge.

Against this backdrop, the present chapter develops a behaviourist account of consumer behaviour in more orthodox consumption contexts to serve as a research framework for investigation of the more illicit counterfeit purchasing activities in the subsequent empirical phases of the thesis. Specifically, the chapter begins by outlining the historical origins of behaviourist theory largely as a reaction to more introspective psychodynamic perspectives in psychology, noting the emphasis upon learning advocated by early behaviourists and the increasing dominance of the operant learning paradigm in particular as a framework for marketing research and management. This is then followed by a discussion of the central tenets of operant approaches to inquiry and the recent re-emergence of neo-Skinnerian perspectives within the marketing and consumer psychology literatures. Finally, the chapter concludes by presenting in detail the behavioural perspective model of purchase and consumption, a neo-Skinnerian interpretive device that has gained increasing prominence in recent years, as a proposed framework for the subsequent empirical phase of the thesis.

2. Psychology as the Behaviourist Views It

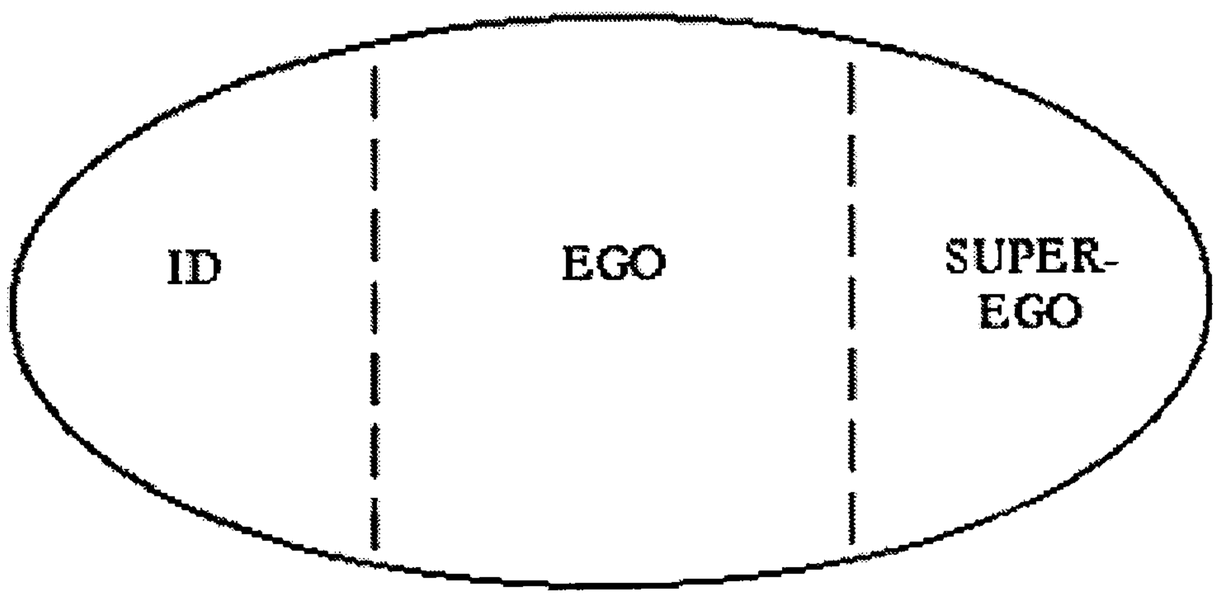
2.1 The Psychodynamic Perspective

Schools of thought in psychology are distinguishable by the data they consider to be paramount to an understanding of human behaviour (Thomas, 1990). In respect of the rise of the behaviourist school, the data deemed to be of primary significance came to be that which could be independently observed, measured and verified in a normative scientific manner. In order to understand how this emphasis upon achieving a true "science" of behaviour came to dominate behaviourist thinking, however, and to fully appreciate the rationale underlying behaviourist approaches to investigation, it is first necessary to locate this particular standpoint on psychology within the historical context of the principal theoretical perspective that it sought to displace.

The earliest theory of behaviour to attract the attention of consumer researchers came from the *psychodynamic* tradition and, in particular, the work of Sigmund Freud. Freud subscribed to the principle of *psychological determinism*: the idea that no aspect of human behaviour is ever accidental, even if it appears so to us at times. Key to this deterministic view of behaviour is the *dynamic unconscious;* hidden drives, desires, fantasies and anxieties directing all behaviour (Freud, 1901).

Central to many Freudian influences in consumer psychology is the topographical model of the mind (**Figure 1**). Freud hypothesised that the mind consists of three psychological apparatus; the id, the ego and the super-ego. The id is the instinctual part of the mind, driving all behaviour toward instant gratification of basic animalistic needs; i.e. hunger, thirst, sexual arousal, etc. The super-ego, by contrast, represents the internalised rules of the society in which we live; laws, moral codes, social pressures, etc. According to Freud, the id and the super-ego are often in conflict, our basic needs as animals and opportunities for satisfying them being at odds with social codes. This conflict creates anxiety and, if left unresolved, is the cause of all mental illness (and, Freud argued, many related physical illnesses too). Hence, the existence of Freud's third mental structure, the ego, which serves as an intermediary between the id and the super-ego, devising ways of behaving that reduce potential conflict. It is the interplay between these three "structures" that gives psychodynamic theory its name.

Figure 1: Freud's Topographical Model of the Mind



To illustrate the above structure in operation, imagine a person is hungry and in a supermarket, surrounded by all his/her favourite foods. The id inside, recognising the hunger, would probably say: *"You're hungry and there's lots of nice food here, go ahead and eat it!"* In response to this, the super-ego might reply: *"You can't do that, it's theft!"* The result is inner conflict and anxiety. However, to address the problem, the ego might suggest a compromise: *"You're hungry and there's food here, but you can't just help yourself. So, <u>buy</u> some food."* Immediately, the conflict is resolved because the behaviour the individual adopts satisfies both the id and the super-ego. Freud believed that the id was potentially the most destructive part of the mind (imagine what the id might suggest if a person was sexually aroused and saw someone attractive in the street!), so the ego and the super-ego exist largely to "keep the lid on the id!"

It's important to recognise that Freud is talking about the *mind* here, not the *brain*. There are no specific anatomical structures corresponding to the id, ego and super-ego inside the brain. Freud is simply classifying the three different types of *mental activity* he deemed to be most important. How these three parts of the mind become fully refined during early childhood forms the basis of psychodynamic views on personality. Quite simply, the experiences of early childhood are seen as crucial, affecting the individual's entire behaviour for the rest of his or her life.

To understand how psychodynamic theory sees behaviour, it is necessary to consider how the nature of the id in particular changes during childhood. The id drive that Freud considered most significant psychologically is the libido, a term used to denote sexuality in its widest sense as being any kind of bodily stimulation producing pleasure. During the first five years of life, Freud's psychosexual theory argues that the source and nature of the stimulation that children find most sexually arousing changes as a result of biological development. For the very young infant, the mouth is the source of stimulation and pleasure is derived from sucking and biting at the mother's breast (the oral stage). By the second year of life, the anal stage, excretion becomes the focus of attention, pleasurable stimulation being derived from the retention and elimination of faeces. Still later, by around the fourth year of life, the focus shifts again to the genital area (hence the term phallic stage). This is reflected in curiosity about sex differences, masturbatory pleasure and physical stimulations derived from rough-and-tumble play. From about the age of five until adolescence, there is a latency stage in which attention shifts to the external world of school, learning and peer relationships, before mature intimate relationships begin at around the age of thirteen with the onset of the genital stage of adult sexuality.

According to Freud, each stage is not only associated with a particular part of the body but also with a specific mode of activity. The oral stage, for instance, is associated with sucking and biting. It comes at a time when the child is wholly dependent upon others for comfort, contact and the satisfaction of sustenance needs. If these needs are met, Freud believed that the child would grow up with an overall optimism about the world and life in general. If they are not met, on the other hand, the adult personality will be generally pessimistic. Similarly, the anal stage is the prototype for adult relationships with authority. For the first time (during "toilet-training"), the child has to learn how to control his or her own bodily functions. In the adult personality, this manifests in the ways the individual manages his or her relationships with authority and controls his/her impulsivity. A harsh toilet-training regime may also result in obsessiveness about hygiene, collecting, hoarding, saving, etc (i.e. being "anally retentive").

Freud associated the phallic stage in boys with the concept of the *Oedipus Complex*. Because the erogenous zone for the boy is the penis, the close relationship he typically feels for his mother becomes sexualised. The boy comes to see his father as a sexual rival and feels both anxiety and hostility as a result. The boy eventually begins to fear losing his penis as a punishment for being attracted to his mother; *castration anxiety*. To resolve the resulting conflict and reduce the anxiety felt, the boy eventually begins identifying more closely with his father and takes on the male social role, values and attributes and the latency stage in his development can begin. In adulthood, any unresolved Oedipal conflict can manifest itself in problems with relationships with women, however. Men can, for example, begin to become adulterous, treating a mistress as a sexual object whilst placing a wife on a pedestal as though she were a mother figure. Preoccupation with pornography and a susceptibility to the influence of sexual advertising imagery may also be symptomatic of this.

In females, the equivalent phallic stage experience is the Electra Complex. At around the age of four, girls begin to notice that boys are anatomically different. In particular, a little girl will notice she has no penis and, according to Freud, she will conclude that she must have been castrated as a punishment for some sin or misdemeanour. The girl therefore develops an overwhelming desire to have either a new penis or a penis substitute (penis envy), culminating in fantasies about marrying her father and carrying his child. Eventually, however, the little girl begins to experience feelings of guilt due to her close relationship with her mother. So, like the little boy, the girl begins to suppress these desires and associate herself more with her mother,

thus acquiring the female social role, values and attributes. Again, though, unresolved Electra conflict can affect the adult personality, perhaps manifesting itself in a preoccupation with male behaviours and consumption patterns and a general absence of the female "nurturing" instinct.

Psychosexual views see individual differences in behaviour, then, as a result of the complex interplay between the id, the ego and the super-ego, the nature of those interrelationships being largely determined by how id-related internal conflict is manifest and resolved during early childhood. Any failure to resolve these conflicts and their associated anxieties results in a symbolic return to infantile behaviours in adulthood. Thus, a person who is excessively gratified during the oral stage may develop an oral *fixation* to continue this behaviour in adulthood (e.g. a preoccupation with buying soft foods) or, alternatively, a *reaction formation* against the childhood experience may become evident (a dislike of food).

The influence of Freudian thought in marketing and consumer research should not be underestimated. Psychodynamic theory has been applied to the study of everything from what brand of toothpaste a person favours to his or her choice of a new car. In marketing contexts, brand managers have sought to develop products that seek to appeal to the anxieties associated with the id, the ego and the super-ego respectively, a practice often reflected in advertising copy (Kassarjian, 1971). Thus, a commercial for a new car may contain both dramatic imagery of a driver speeding through the mountains (appealing to the wild instincts of the id) and an emphasis upon safety features such as anti-lock braking systems (a concession to the super-ego). Less subtly, perhaps, some commentators have argued that the success of sexual imagery in advertising is also an appeal to the penile preoccupations of the id, effectively the "father" of the adult personality, as witnessed in the succession of attractive models seen seductively eating the Cadbury's Flake chocolate bar in a well-known series of UK television commercials and the uncanny resemblance the cartoon character Joe Camel bears to the male phallus as depicted on endless US billboards (Arnould, Price, & Zinkhan, 2002).

The phallocentric nature of Freudian theory, and in particular its emphasis upon infantile psychosexuality, has understandably attracted considerable criticism over the years. Even within the psychodynamic tradition, other theorists have rejected Freud's emphasis upon the libido as a cornerstone of the adult behaviour; Albert Adler instead stressed individual differences in the need to overcome childhood feelings of inferiority, for instance, whilst Karen Horney argued that

Freud was wrong to sexualise infantile experiences, arguing that personality is little more than a series of behaviours that emerge as a by-product of the coping strategies the individual develops to help deal with social anxieties early in life. Beyond the psychodynamic tradition, critics have been quite vocal in their attacks on Freud and his followers. The personality theorist Hans J. Eysenck, for instance, penned a damning philosophical critique of Freud's collected works on the basis of its misogynistic core tenets and lack of scientific status, whilst the personal construct psychologist Kelly dismissed the whole of psychodynamic theory as a mixture of "witchcraft", "superstition" and "hocus pocus" (Eysenck, 1985; Kelly, 1955).

Psychodynamic theory continues to provoke controversy and vigorous debate. On the one hand, proponents of the Freudian model extol its virtues with almost evangelical zeal. At the same time, however, critics can be quite vociferous in their attacks, rejecting each and every aspect out-of-hand almost on principle. A balanced viewpoint can, therefore, be quite difficult to obtain. The main problem with the psychodynamic tradition as a whole is the lack of testability in respect of the hypotheses it generates. A consumer psychologist interested in whether excessive oral gratification leads to a compulsion to consume large quantities of soft fruits, for instance, can hardly walk up to a customer in a supermarket and begin asking about childhood breast-feeding experiences! Attempts to test Freudian hypotheses indirectly instead, via questionnaires or projective techniques, have met with very little success. For example, the only longitudinal study of breast-feeding and the so-called adult "oral personality" found absolutely no correlation between length of the breast-feeding period in an infant and later adult manifestations of Freudian oral characteristics (Hernstein, 1963). Similarly, the *Dynamic Personality Inventory* (DPI), a pencil-and-paper test exploring a variety of Freudian themes via five comprehensive scales, other than being able to "identify" supposedly female characteristics in homosexual men, has proven largely unsuccessful in predicting *any* aspects of human behaviour, let alone confirming psychodynamic hypotheses (Kline, 1972).

This is not to say that consumer research applications of Freudian and neo-Freudian concepts have not been noteworthy. For instance, Horney's taxonomy of personality types, based upon individual differences in anxiety-reduction and coping styles, has been used to classify consumer preferences for an array of diverse products and brands, including male toiletries, shirts and electric razors (Cohen, 1967, 1968). Even here, however, a note of caution must be exercised. Just because empirical evidence appears to support Freudian and neo-Freudian hypotheses, this does

not necessarily mean that there are not alternative and perhaps equally-valid explanations available that do not rely upon speculation about breast-feeding regimes, toilet-training and infantile sexual fantasies (Eysenck & Wilson, 1973).

Ultimately, the most serious limitation of psychodynamic theory is probably its tendency toward circularity of reasoning. If a person who was anally frustrated turns out to be generous rather than mean, as would be predicted by "fixation" theory, the psychoanalyst simply claims that this is a "reaction formation" against the early childhood frustrations. Very much a case of *"heads I win, tails you lose"*! So, in effect, psychodynamic predictions can never be wrong. However, to paraphrase Karl Popper, a theory that appears to explain everything probably explains nothing at all...

2.2 The Origins of Methodological Behaviourism

As noted earlier, schools of thought in psychology are most distinguishable according to the nature of the data they afford primacy. In the case of the psychodynamic tradition, the data upon which Freudian and neo-Freudian theories were founded originates within the dynamic unconscious, consisting of a heady cocktail of hidden drives, impulses and libidinal forces – data only accessible via psychoanalytical introspection techniques, such as free association, dream analysis and projective testing. In other words, psychodynamic models of behaviour are based upon normally *private* data that is somehow rendered public.

Partly as a revolt against the rampant introspection of Freud and his followers, but also inspired by the writings of the philosopher Wilhem Wundt, the 1920s saw the emergence in the United States of a new school of thought in psychology that rejected private introspective data as a legitimate focus of scientific enquiry, arguing that material that could only be recalled and not directly observed could not possibly be objective and verifiable. The school of behaviourism, associated with the work of psychologists such as Pavlov, Watson and Skinner, instead demanded that only *public* data be considered legitimate within the new scientific psychology, events that could be directly observed, measured and recorded becoming the focus of all methods of inquiry (Toates & Slack, 1990b).

Behaviourism is an approach to psychology that is based on the simple proposition that human and non-human animal behaviour are not only interesting, but are worthy of *scientific* research. All behaviourists agree on one central idea; that a science of behaviour is possible. This science is called behaviour analysis. Behaviourism is not the science of human behaviour; it may be properly viewed as philosophy about that science (Baum, 2004; Skinner, 1974). Within that broad approach, there are different emphases. Some behaviourists argue simply that the observation of behaviour is the best or most convenient way of investigating psychological and mental processes. Others believe that it is in fact the *only* way of investigating such processes, while still others argue that behaviour itself is the only appropriate subject of psychology, and those common psychological terms such as belief, goals, etc., have no referents and/or only refer to behaviour. Those taking this point of view sometimes refer to their field of study as behaviour analysis or behavioural science rather than psychology.

Traditionally understood as the study of the mind, psychology underwent a significant reformulation with the first introduction of behaviourist ideas by Watson (1913) that served to redefine psychology as the study of behaviour. In his much-cited "manifesto" for psychology, Watson established a *methodological* behaviourism that claims that psychology should concern itself with the behaviour of organisms of human and/or non-human animals, but should not concern itself with mental states or events, nor with constructing internal information processing accounts of behaviour. In particular, methodological behaviourism argues for objective procedures, with both human and non-human animal behaviour seen as resulting from interactions between observable environmental forces; that is, behaviour can only be explained through identification of its relations with environmental factors. Methodological behaviourism is both deterministic and stimulus-response in character, with the concept of the reflex, a stimulus that elicits a response, being the primary basis for explanation.

Watson's starting point for conceptual development was classical conditioning, first outlined by Pavlov. In a famous series of experiments investigating animal physiology, Pavlov demonstrated that the seemingly neutral stimulus of a bell, when paired with an unconditional stimulus such as food, could become a conditional stimulus in its own right, triggering a dog's salivatory reflex as its conditional response. Watson extended this principal of the learned association to the study of humans, demonstrating that it was possible to classically condition phobias in infants via the exact same Pavlovian learning procedures (Watson & Rayner, 1920).

In the 1920s, Watson embarked on a new career in marketing with the J. Walter Thompson advertising agency, applying the science of classical conditioning in the development of campaigns for a wide variety of fast-moving consumer goods (FMCGs). Despite Watson's success, however, methodological behaviourism in general, and classical conditioning in particular, would have little impact upon the emergent discipline of consumer psychology until the 1960s (Buckley, 1982). From 1962, however, the classical conditioning paradigm had become firmly established in the consumer research literature, both laboratory-based and naturalistic experimentation being applied in the study of facets of behaviour as diverse as: the impact of poster campaigns on consumer recycling (Geller, Farris, & Post, 1973); the impact of background music tempo on in-store behaviour (Milliman, 1982); the role of the credit card logo as a prompt for "tipping" behaviours in restaurants (McCall & Belmont, 1996); encouraging patient compliance with medical appointments through the optimisation of timed postal reminders (Friman, Finney, Rapoff, & Christophersen, 1985); investigation of emotional responses to FMCG brands (Kroeber-Riel, 1991); encouraging safe sex among bar patrons through prompted condom usage (Honnen & Kleike, 1990); shaping of consumer attitudes through emotive advertising content (Gresham & Shrimp, 1985); use of shocking imagery in road safety commercials (Cope, Moy, & Grossnickle, 1988); the celebrity endorsement of branded sportswear goods (McSweeney & Bierley, 1984); and the effectiveness of anti-crime stimuli in discouraging consumer theft from retail stores (Carter & Holmberg, 1992).

Derived from Pavlovian learning theory, then, Watson's methodological behaviourism continues to exert influence on the marketing and consumer psychology literatures. It argues strongly that reference to mental events (such as an animal's beliefs or desires) adds nothing to what psychology can and should understand about the sources of behaviour. This is a respondent view of the learning process, the focus of attention being directed toward those behavioural responses that are elicited by stimuli in the organism's environment. Mental events are thus considered private entities which, given the necessary "publicity" of science, do not form proper objects for empirical study. The emphasis is therefore upon objectification, quantification and the rigorous pursuit of hypothetico-deductive scientific method (Mowrer, 1960).

2.3 " Radical" Behaviourism

In contrast with methodological behaviourism, *radical* behaviourism is a view of psychology that accepts private life "as behaviour". That is, radical behaviourism does not exclude intrapersonal events from consideration though it reinterprets them as behaviours, rather as causes of behaviour. The emphasis is still firmly upon rigorous scientific inquiry without resorting to introspection, but there is an acceptance that some private activities can, in fact, be rendered public and are therefore appropriate for scientific investigation (Blackman, 1983).

The scientific hub of this approach is the concept of *operant conditioning* based on Edward Thorndike's (1874 – 1949) "Law of Effect", which states that responses having favourable consequences are more likely to be repeated. Operant conditioning, originally defined by B. F. Skinner (1904-90), is seen as a modification of behaviour that is brought about by the consequences that follow upon the occurrence of that behaviour. In other words, behaviour *operates on* the environment in a functional manner, rather than reacting to that environment in a respondent manner, producing various effects. This crucial distinction reveals a much-missed parallel with involuntary behavioural reflexes and voluntary behaviour or acts. Voluntary behaviours are affected by how well or poorly they work and hence are much more likely to work for the rest of the world, while involuntary behaviours occur essentially no matter what given some stimulus and having nothing to ensure that they act on the rest of the world (Toates & Slack, 1990).

Thorndike's 'Law of Effect' theorized that successful responses, those producing *satisfying* consequences, were "stamped in" by the experience and thus occurred more frequently. Unsuccessful responses, those producing *annoying* consequences, were "stamped out" and subsequently occurred less frequently. In short, some consequences *strengthen* behaviour and some consequences *weaken* behaviour. This effect was described as involving a strengthening of the association between the response and its effect, suggesting some kind of parallel to Pavlovian conditioning. By neatly sidestepping Thorndike's *satisfaction* concept, Skinner used less theoretical and more simple terms to describe that any event whose presences and absences control how often a response occurs are by definition reinforcers for that response. The problem became not what "satisfying" meant, but the better-defined question of what events would reinforce which responses of which animals under which conditions (Skinner, 1953, 1974).

Following much experimentation, it was established that the occurrence of any behaviour could be analysed in terms of three classes of events. There are events labelled *discriminative stimuli (SD),* located in the environmental context, that precede the behaviour. Some antecedent conditions are associated with reinforcement of a behaviour, serving as signals that the behaviour is appropriate. Others are associated with extinction or lack of reinforcement, serving as signals that a behaviour is inappropriate. Skinner pointed out that the discriminative stimulus (SD), which was held to increase the probability of response, was not a single physically-defined event, but an entire class of events which elicited the same response.

Second, Skinner's notion of the operant-conditioning response, called an *operant*, was similarly distinct from the physiologically defined reflex and classically conditioned responses, being a class of responses which shared a consequence - e.g., depressing a lever, which is commonly done by rats in several distinct but functionally equivalent ways. In other words, an *operant* is a behaviour that operates on the environment producing a consequence, either a reinforcer or a punisher, which may affect subsequent behaviour. Thus, operants (e.g., rat bar-presses or pigeon key-pecks) are behaviours that are maintained or changed by their outcomes. Third, following on from this, there are *consequences* of a behaviour; those that result in increases in behaviour are labelled reinforcers, and those that result in decreases in behaviour are labelled punishers. Consequences are simply events that affect the likelihood that an operant behaviour will be repeated (Baum, 2004; Bolles, 1979; Mowrer, 1960; Phillips & Soltis, 1998; Schwartz, 1989; Toates & Slack, 1990a).

To summarise, in operant conditioning, operants followed by *reinforcement* (e.g., food or water) increase in frequency and come under control of *discriminative stimuli* (e.g., lights or tones) preceding the response. By increasingly judicious reinforcement of increasingly close approximations, complex behavioural sequences are *shaped.* The relation between the discriminative stimulus, the operant response, and the reinforcer has often been called *three-term contingency;* that is, under these (functional) conditions, this (functional) response will yield this reinforcer. In other words, the action of the reinforcing stimulus is contingent on the emission of the response, depicted as:

$$S^d \rightarrow R \rightarrow S^r$$

In the above, S^d is a signal for consequences that are contingent on behaviour that takes place in its presence, R is a response, and S^r is a reinforcer. It simply signals the availability of reinforcement contingent upon the emission of the appropriate response. Its significance as a setting variable derives from its role in the individual's learning history. When learning has occurred, behaviour may come under the proximal control of the antecedent (discriminative) stimulus in the temporary absence of the reinforcing consequence. The variables of which behaviour is ultimately a function are the consequences such behaviour has produced in the course of that learning history (Delprato & Midgley, 1992; Morris, 1991). In other words, the radical behaviourist view is of a "pull" model of behaviour; the organism seeks maximal reinforcement and/or minimal punishment by engaging in the behavioural response anticipated as best able to deliver that outcome, as determined by the action of the organism's learning history upon the current environmental setting in search of reliable signals of the likely consequences of available behavioural responses. This 'three-term contingency' is the basic building block of operant explanation and radical behaviourist interpretation (Foxall, 2000).

Radical behaviourism is also particularly concerned with epistemology; that is, with understanding the nature and limits of knowledge. Thus, radical behaviourism places special emphasis on verbal behaviour, the relation between verbal behaviour and knowledge, and the nature of the intellectual activity that underlies science. The principles of radical behaviourism guide behaviour analysts as they practice the experimental and applied analysis of behaviour. The operant behaviour of non-humans is shaped entirely by direct contact with the contingencies (Lowe, 1989), whereas human behaviour is also frequently contingency-shaped, but it is also *uniquely* subject to verbal control. That is, the fundamental source of complexity in the behavioural analysis of human action is the capacity for language, which raises the possibility of human choice being governed not simply by direct contact with the contingencies themselves but by descriptions of them. Human behaviour may be controlled as a result of instructions irrespective of the individual's direct experience of the contingencies to which the instructions refer. For example, a consumer does not require an extended period of trial and error learning before he/she can effectively operate a computer - reading instructions, enrolling on an educational programme or simply asking other experienced persons can deliver similar consequences. The provision and the following of verbal rules are aspects of verbal behaviour which have become a significant concept in radical behaviourism. Verbal behaviour is behaviour

that is reinforced through the mediation of the social, rather than the physical, environment; that is, through the mediation of other people (Skinner, 1957).

Skinner pointed out that the contingency-shaping of human behaviour occurs when the consequences of responding are immediate and effective, such as sizeable, quick-acting and probable (Malott, 1989); the human orgasm, for instance, yields instant gratification of such magnitude that sexual intercourse is likely to be repeated at every conceivable opportunity! However, when behavioural consequences are remote and not immediately effective, that is, small, delayed and improbable, behaviour is likely to be verbally controlled or rule-governed (Malott, 1989). For example, the immediate consequence of reducing cholesterol, beginning an exercise regime or moderating weekly alcohol intake are unlikely to exert control of these behaviours; however, verbal rules may act as discriminative stimuli in such situations, delineating the outcomes of behaving in specified ways, and thereby providing motivation to act healthily. In the case of instructed or rule-governed behaviour, the rule provided by the speaker acts as a verbal discriminative stimulus which substitutes for the contingencies themselves.

The radical behaviourist perspective, in sum, extends the scientific analysis of behaviour in a number of key ways that render it a far more viable platform upon which to build a scientific consumer behaviourism. The operant learning paradigm underpinning it recognises the functional nature of behaviour and the learned associations between actions and their consequences, while the three-term contingency directs description of the behaviour under investigation toward environmental "clues" to the potential outcomes of available behavioural responses. Furthermore, in recognising the special role played by language in human behaviours, radical behaviourism provides a means by which to accommodate within the paradigm facets of human activity ranging from the following of rules and responses to social situations, through to the analysis of internal mental events (e.g. thinking, deciding) via the capacity of language to render the private public.

As with Watson's methodological perspective, Skinnerian radical behaviourism has had a not insignificant impact on marketing and consumer research activities since the 1960s, particularly through investigations structured around operant learning and the three-term contingency. It is an approach to consumer psychology that continues to flourish today, neo-Skinnerian consumer psychologists exploring such diverse aspects of behaviour as: the use of discounts and loyalty

schemes in the promotion of public transport usage (Deslauriers & Everett, 1977); encouragement of "good behaviour" among children in supermarkets (Barnard, Christophersen, & Wolf, 1977); amplification of purchase frequency through personalised customer service (Brown & Sulzer-Azaroff, 1994); prevention of retail theft by employees via "naming and shaming" tactics (Carter, Holmstrom, Simpanen, & Melin, 1988); reduction of student binge-drinking through peer group encouragement and support networks (Geller, Russ, & Altomari, 1986); increasing television audience levels through the use of programme trailers (Lindsley, 1962); increasing customer ATM adoption through the application of charges for alternative bank counter services (McNally & Abernathy, 1989); introduction of new technologies as aids to financial services customer retention (Fain & Roberts, 1999); management of consumer responses to price variations (Smith & Hantula, 2003); and the development of strategies to divert consumers from store shopping to Internet shopping via emphasis upon the reinforcing properties of the product purchased and the efficiency of the marketing channel through which it is obtained (Smith & Hantula, 2003; Sorce, Perottii, & Widrick, 2002) . In all such applications, however, the procedure involved typically entails rewarding desired consumer behaviours through the provision of incentives and/or punishing undesired behaviours through aversive consequences.

2.4 Whither Behaviourism?

All formulations of behaviourism share a fundamental assertion that the subject matter of psychology is observable behaviour, contending that behaviour is determined by interactions with "real" forces in the environment. It is a perspective that remains enduring within the marketing and consumer research literatures, the 1960s in particular witnessing a steady growth in experimental analyses of behaviour located firmly within this long-standing paradigm.

As noted earlier, however, it is perhaps somewhat ironic that this expansion in behaviourist thinking within consumer research occurred at a time when behaviourism itself had somewhat waned in influence within the psychology discipline itself. Pavlov and Watson rejected any concept of thought and cognition as valid foci for psychological investigation, at least where such activities remained private, hidden and accessible only via introspective means, believing that all human behaviour could be explained by simple stimulus-response and/or behaviour-consequences associations such as those outlined above. By the late 1940s, however,

psychologists such as Tolman were beginning to successfully demonstrate that even the humble mouse is capable of remembering where food is and "thinking" its way strategically through a maze in order to obtain it (Tolman, Ritchie, & Kalish, 1946). The result was a subsequent cognitive shift in psychology, with a new emphasis upon how information is acquired and processed and the ways in which the consequences of past behaviours are stored in memory and organised into meaningful knowledge (Gleitman, 1995).

By the early 1960s, cognitivism had become firmly established as the dominant paradigm within the psychology discipline. With its emphasis on information processing, it offered a perspective on behaviour that was endowed with intuitive appeal amid the growth of computational metaphors and real-world information and communicative technologies. It was a shift in emphasis that would come to exert equal dominance within the more applied discipline of consumer psychology itself, a raft of information-processing models of consumer choice emerging that would offer important insights into how and why customers behave as they do (e.g. Allen, 2001; Caldwallader, 1975; Engel, 1995; Nicosia, 1966; Timmermans, Heyden, & Westerveld, 1984).

Yet, as highlighted previously, the pursuit of behaviourist explanations of consumer choice has never really disappeared and, indeed, the contemporary consumer psychology literature remains littered with frequent empirical investigations framed within broadly Watsonian or neo-Skinnerian approaches to inquiry. This is despite the near ubiquity of congnitivism and changes within the behaviourist paradigm itself, such as the rise of social learning theory and later social-cognitive fusions (e.g. Bandura, 1986; Rotter, 1981).

In part, this persistence of the behaviourist standpoint can be seen as symptomatic of the weaknesses inherent within the cognitive paradigm. Cognitive psychology takes as its subject matter data relating to internal information-processing activities, rather than manifest behaviour patterns, and thus offers only a partial and largely pre-behavioural account of consumer actions. It is a weakness shared by other dominant schools of thought within consumer psychology, such as the investigation of motivational and personality correlates of behaviour. These are precursors of consumer behaviour and, as a consequence, they omit actual (i.e. observable) behaviour itself from the sphere of inquiry. Such approaches are also guilty of presenting a de-contextualised view of the consumer, weak in respect of their ability to accommodate the role of environmental

influences upon behaviour except by vague reference to informational inputs; a weakness also shared by environmental psychological approaches, which have long since sought to map proximal and distal influences on the individual, but remain equally obscure in respect of the precise processes and mechanisms via which such influences may operate. More pragmatically still, prevailing alternatives to the behaviourist paradigm have, in the final analysis, singly failed to generate the reliable predictors of consumer behaviour that remain the holy grail of the modern marketing practitioner, making the analysis of behaviour itself an attractive subject matter for the consumer researcher to continue to pursue (Foxall, 1997b; Foxall & Goldsmith, 1994).

There remains a place within consumer psychology for behaviourist approaches to inquiry. Not as a competing paradigm, but as a complimentary standpoint with which to explore actual consumer behaviour itself – supposedly the key focus of the discipline – and its relationship to characteristics of the socio-physical environment. Moreover, with its ability to accommodate internal information-processing activities themselves, albeit redefined as behaviours and rendered public for the purposes of scientific investigation, the radical behaviourist formulation retains a tremendous potential in respect of its capacity to shed light on the behaviour of consumers within the marketplace (Foxall, 1997a; Stokols & Shumaker, 1981).

Ever since Watson's first foray into the world of advertising, then, marketers have sought to exploit behaviourist techniques in the promotion of goods and services, from relatively low-level conditioning of positive attitudes toward brands through to more sophisticated supermarket "loyalty" schemes that reward repeat purchasing in much the same way as rats in the operant experimental laboratory may receive food pellets as reinforcers of repeated lever-pressing. Such approaches retain a place within the consumer psychology discipline and they hold a potential to augment current prevailing perspectives on consumer choice by virtue of their emphasis upon investigation of the iterative nature of the person-environment relationship.

Where the development of a consumer behaviourism has been least effective, however, has been in the extent to which the approach adopted may at best be described as ad hoc, marketers typically applying key learning principles or laws to shape the desired consumer response, rather than seeking to develop a more comprehensive behavioural model of consumer choice. Indeed, attempts to construct more accommodating explanatory frameworks that embody all of the key

elements of Skinner's three-term contingency are a relatively recent development in the consumer psychology literature and, to date, only one major model of this nature has thus far been forthcoming (for discussion, see: DiClemente & Hantula, 2003). It is thus to consideration of that radical behaviourist model that this thesis must now turn, a model that may provide a viable explanatory framework for the empirical research to follow.

3. A Behavioural Ecology of the Consumer

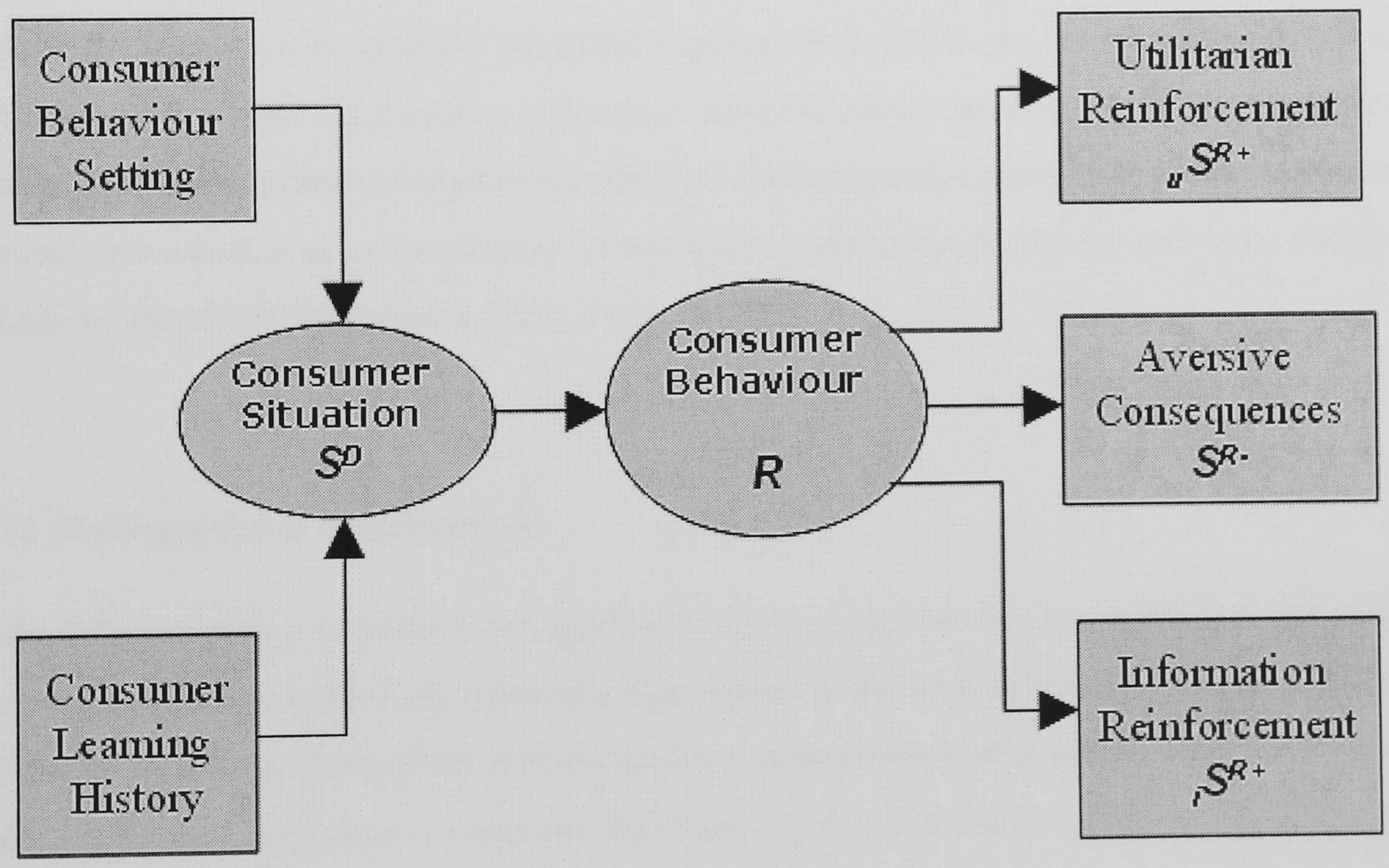
3.1 The Behavioural Perspective Model (BPM)

The impetus to develop a more integrative behaviourist account of consumer choice behaviour has gained renewed conceptual and empirical vigour in recent years (Nicholson, 2005). In part, this is attributable to the aforementioned growing dissatisfaction with a predominantly cognitivist consumer research discipline that seeks to describe not behaviour, but its pre-behavioural antecedents, in a largely isolationist and de-contextualised manner; a dissatisfaction that has undoubtedly spurred a return to more traditional ideas in psychology in the manner espoused by Wells (Albanese, 1993).

Yet, at the same time, it must also recognised that the comparatively "new" discipline of human behavioural ecology (HBE) has also contributed to a more generalised reappraisal of behaviourist concepts. At the heart of HBE, a branch of evolutionary biology, lies the notion of phenotypic variation in behaviour, the interaction between organism and environment across the lifespan requiring some causal mechanism such as operant learning as a means with which to explain behavioural variance over time at the individual level of analysis; a view of the role of operant learning that was indeed shared by Skinner himself (Alexander, 1974; Hill & Kaplan, 1999; Skinner, 1938, 1966, 1981; Winterhalder & Smith, 1992). Within this emergent scientific paradigm, the search for more parsimonious accounts of the human-environment relationship clearly gains some renewed impetus. To date, however, only one such behavioural-ecological framework drawing upon radical behaviourist constructs has emerged within the consumer psychology discipline itself.

The *Behavioural Perspective Model* (BPM) of purchase and consumption (Foxall, 1990) has achieved just such a neo-Skinnerian understanding of the consumer-environment relationship. Based on the logic of radical behaviourism, the BPM is an integrative interpretive device that endeavours to accommodate disparate forms of consumer behaviour within a broad explanatory framework that directs empirical attention firmly toward consumer behaviour in context. More specifically, the BPM links characteristics of the current behaviour setting, the unique history of previous choice episodes that an individual brings to a situation, and the reinforcing consequences of buying and consuming goods on the present occasion; i.e. the BPM applies a behaviour analytical framework in order to predict the increased or decreased probability of any behaviour's future repetition under similar environmental circumstances (Foxall, 1994; Skinner, 1981).

Figure 2: Summary of the Behavioural Perspective Model (Foxall, 1993; 2003)



Conceptually, the BPM framework (**Figure** 2) owes much to the Skinnerian notion that the responses of individuals are determined by the contingencies of reinforcement under which they are emitted (Skinner, 1938, 1953, 1974). According to BPM, the "meaning" of the behaviour which

is emitted in those circumstances is uniquely a product of the interaction between the discriminative stimuli that comprise the current behaviour setting and the individual's history of reinforcement and punishment in similar settings (Foxall, 1995b). The consumer situation, defined as a collision between setting and history, explains consumer behaviour by locating it in space and time (Foxall, 1992b, 1993b). Consumer behaviour is thus put in context.

In the above, consumer behaviour is thus depicted as a function of both the environment and the individual (Foxall, 1992b). Actual behaviour is determined by the consumer situation, which is the intersection of the individual's learning history (the temporal dimension of buying) and the consumer behaviour setting (the buying location), thus explaining consumer behaviour by locating it in space and time. It also shows the consequences of purchase and consumption as utilitarian reinforcement, informational reinforcement and aversive consequences respectively (Foxall, 1995b). Within the BPM schematic framework, consumer behaviour is therefore adaptive and phenotypic in character.

The BPM tool is an increasingly influential explanatory model in the consumer research field. Although this model is tailored to understand consumer choice behaviour from the perspective of radical behaviourism, it has proven suitable as a theoretical framework for broader aspects of human behaviour, such as the adoption of education in adult student populations (Silva, Cahalan, Lacireno-Paquet, & Mathematica Policy Research, 1998).

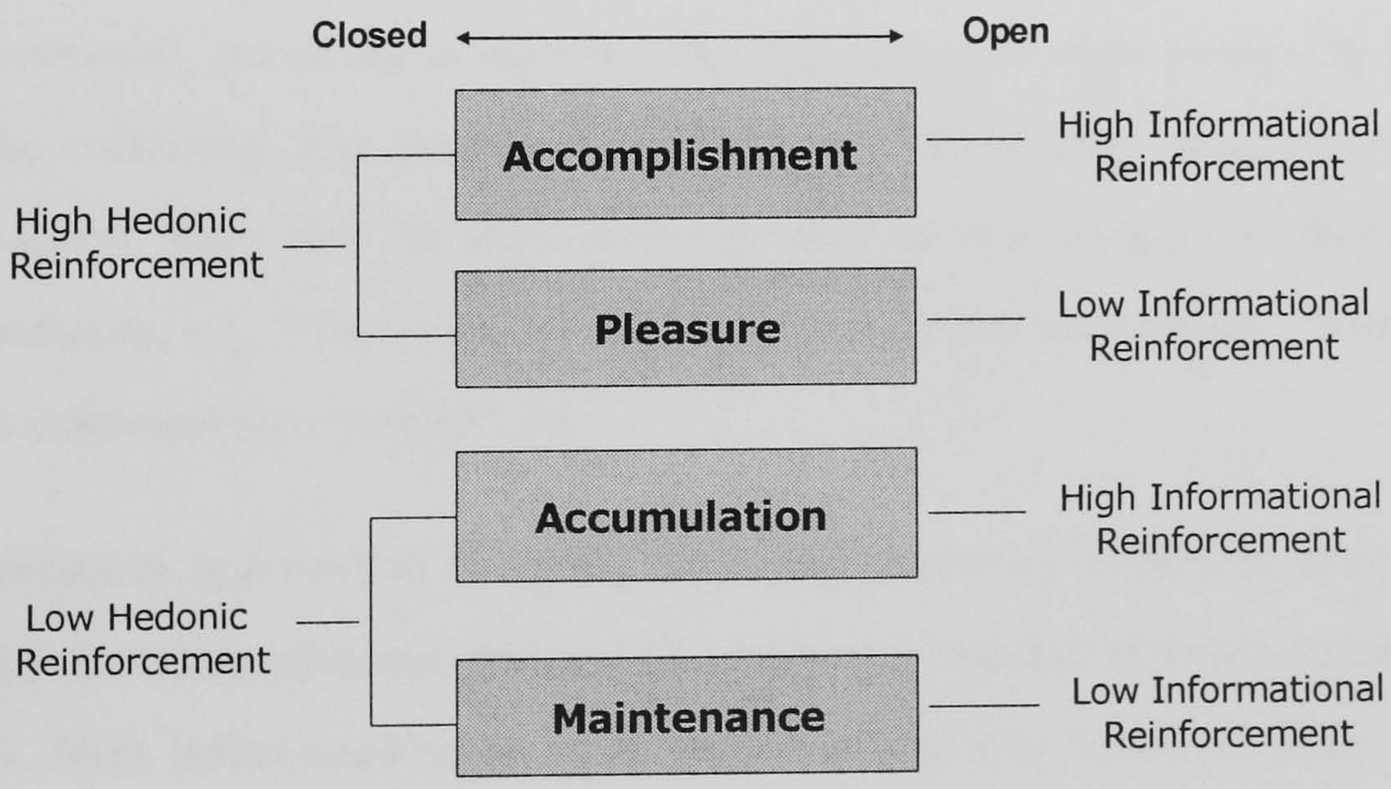
3.2 Contingencies of Reinforcement

The BPM provides a potential non-cognitive explanatory tool for the investigation of consumer choice, conforming to the basic three-term contingency at the heart of behaviour analysis (Foxall, 1994, 1996). That is, in the BPM view of behaviour, discriminative stimuli ($\mathbf{S^D}$) are located within the consumer's behaviour setting; the behaviour is the consumer's actual situation-specific response (**R**), and the three potential outcomes, which feedback into the consumer's learning history, are the reinforcing consequences (S^r), which are depicted in terms of their positive-utilitarian ($_uS^{r+}$), positive-informational ($_iS^{r+}$) and negative-aversive (S^{r-}) values (refer to **Figure 2**, above). Given that radical behaviourism views the contingency of reinforcement as the primary factor instrumental in generation of an appropriate choice response, a suitable starting point for

construction of a behaviourist explanation might therefore be to consider the BPM depiction of the various reinforcement modes themselves.

Reinforcement is simply the consequences of a response being performed as experienced by the person. The consequences of previous responses have played a role in shaping the individual's learning history in an adaptive manner. The negative consequences of a behaviour make its repetition less probable in future. Positive consequences of behaviour make the likelihood of the response being performed again more likely (Foxall, 1999a; Schwartz, 1989; Skinner, 1981). As noted above, however, this reinforcement may take one of two forms. Utilitarian reinforcement refers to the positive benefits of purchasing, owning or consuming goods/services. Utilitarian reinforcement consists of the practical outcomes of purchase and consumption, such as functional benefits, and arises from the characteristics of the products/services obtained and their value, efficiency, etc. By contrast, informational reinforcement is more symbolic in character, usually mediated by the responses of others, and is manifest in the feedback on an individual's performances as a "good" consumer. Skinner (1974) suggested that informational reinforcement is mediated by other people, evident in the language used, etc.

Figure 3: Contingencies of Reinforcement (Foxall, 1993)



Consumer behaviour is generally thought to be influenced by a combination of utilitarian and informational reinforcement in any given choice situation. Irrespective of their topographical similarities or dissimilarities, an operant class of consumer behaviour consists of a set of

responses, which correspond in terms of the patterns of reinforcement associated with them; i.e. their patterns of relatively high/relatively low utilitarian reinforcement and relatively high/relatively low informational reinforcement, as shown in **Figure 3** above.

As can be seen from the above, there are four broad classes of consumer behaviour identifiable within the BPM account: Accomplishment, Hedonism, Accumulation and Maintenance, each of which derive from the particular patterns of reinforcement associated with them:

Accomplishment shopping involves behaviours that deliver high levels of incentive and high levels of status/esteem. This is about personal achievement, maintained by relatively high levels of both utilitarian and informational reinforcement in tandem and reflects social and economic achievement: conspicuous consumption of status goods, displaying products and services which signal personal achievement, and so on.

Hedonism is a behaviour reinforced by pleasurable consequences, which is maintained by high levels of utilitarian reinforcement and low levels of information reinforcement; e.g. watching popular TV programmes, buying a "treat" for oneself, etc. Hedonic activities involved in increasing personal pleasure and/or decreasing "pain".

Accumulation is the shopping form associated principally with informational reinforcement, involving sustained collecting that is in itself eventually rewarded; e.g. saving, collecting, hire purchase shopping, etc. Incremental acquisition delivers some satisfaction from day to day, however and is maintained by feedback on their performance; e.g. "How many points do I need for the bonus gift?", "How much is my music collection now worth?", etc.

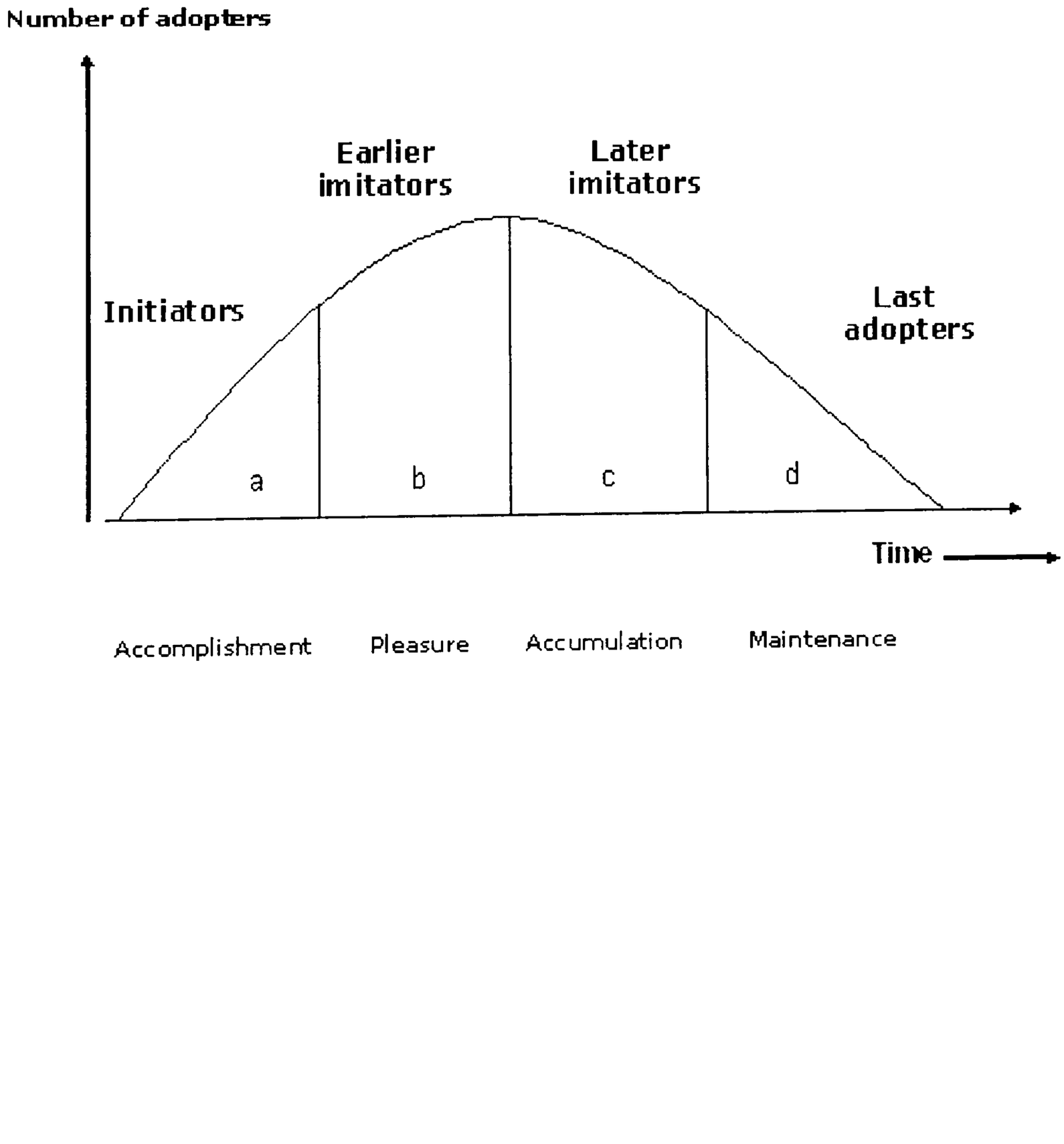
Maintenance is a routine shopping behaviour necessary to sustain one's physiological being (e.g. eating, sleeping) and/or to function as a member of a social group (e.g. paying taxes). Such behaviours seem to be controlled by low levels of both utilitarian and informational reinforcement only.

The BPM can generate consistent descriptors of a wide range of patterns of consumer choice behaviour via these four operant classes, which can be viewed as a hierarchy of classes of consumer behaviour in their own right.

To illustrate the above hierarchy in operation, consider the example of the diffusion of innovations, a somewhat poignant example in respect of the focus of the current thesis and the association of counterfeiting with new product developments such as the latest software package or new movie release on DVD.

Consumer researchers have long held an interest in the changing motives for acquiring goods over the product-market life cycle, interest that typically centres around the adoption and diffusion of innovations through a social system and the differing types of consumers who adopt a new product and their varying degrees of urgency (Rogers, 1983). The marketing literature has long hypothesised at least four stages in the product life-cycle: introduction, growth, maturity and declined/attenuation (e.g. Foxall & Goldsmith, 1994). According to Foxall (1993a), however, the BPM can offer an account of the behaviour of innovators and later adopters that is linked to the contingencies of reinforcement that enable specific patterns of adoption to emerge at different periods of elapsed time since the market launch of the innovation (**Figure 4**).

Figure 4: A BPM-derived Account of Adopter Categories (Foxall, 1993)



As the above illustrates, Initiators and Early Imitators are mainly reinforced by utilitarian reinforcement and are motivated by the pleasure of acquiring the latest fads and fashions, although the Early Imitators are more conservative having waited to see the experiences of the first users of a new innovation. Later Imitators and Last Adopters are more conservative still, their more reluctant buying behaviour being reinforced informationally instead. Thus, with a new product innovation such as the home video cassette recorder (VCR), Initiators experience maximum utilitarian reinforcement from the novelty value of being able to record television programmes or watch a movie in the home, together with the resulting social status derived (Accomplishment); Early Imitators follow suit and experience similar levels of pleasure once they have established the technology works (Pleasure); Later Imitators wait to establish the stability of the technology, such as the dominance of either the VHS or Betamax recording formats, having reduced the risk of an unwise and potentially costly choice (Accumulation); whilst the Last Adopters do not adopt the VCR at all until it has reached the ubiquity stage of the product life-cycle and almost become an everyday commodity (Maintenance).

According to the BPM, then, consumer behaviour is directed toward maximal positive reinforcement, be that utilitarian/hedonic or informational in character, together with a minimisation of aversive consequences. Furthermore, as a function of the relative balance of the two positive reinforcement levels available, each act of consumer choice can be allocated to one of four clearly-defined operant classes of behaviour.

3.3 Discriminative Stimuli and Consumer Choice

The second key element of the three-term contingency addressed by the BPM framework is that of discriminative stimuli, here located within the behaviour setting within which consumer choice behaviours are enacted. The consumer behaviour setting represents the immediate environmental context within which buying takes place and is composed of all of those stimuli that may exert contextual influences on consumer behaviour. Thus, the term 'behaviour setting" as used in the BPM model refers not directly and simply to the immediate environment per se, but to the source and nature of the control it exerts, including the possibility of self-control in which the consumer is in a position to arrange the contingencies to which he or she is exposed (Skinner, 1953). Sometimes, the immediate social, physical and temporal contexts provide a

useful guide to the nature of available choice-related contingencies; sometimes it is necessary to look further afield to identify the more diffused behaviour setting in which such discriminative stimuli may be evident. The probability of consumers behaving in a particular way (i.e. making a particular choice) depends on the extent to which their learning history aids the identification of useful discriminative stimuli that signal the likely consequences of a specific behavioural choice, such as browsing or buying or consuming.

Behaviour settings represent the interface between the person and the stimulus-object, all those factors constituting that interface being termed "behaviour-setting variables" (Belk, 1974, 1975). Since the late 1960s, a number of consumer researchers have attempted to develop appropriate typologies with which to classify such variables, ranging from those which focus mainly upon the subjective situation as perceived by the individual (Kakkar & Lutz, 1981) to Magnusson's (1981) distinction between the actual-objective characteristics of the situation and more subjective person-bound properties. Whatever the taxonomy adopted, however, setting variables are all those factors particular to a point in time and space whose attributes may range from store location and layout, to time of a day and presence of other people. Within the BPM account of behaviour, it is customary to classy such variables according to four distinct dimensions: the physical surrounding, the social surroundings, temporal perspective, and regulatory setting. It is a typology of variables, which, on the whole, appear relatively comprehensive and cross-cultural (Soriano, Foxall, & Pearson, 2002).

The **physical setting** is probably the most readily apparent dimension (Belk, 1974). At its most basic level, it embodies the geographical and/or institutional location of a retail store (Bucklin, 1967), but it might equally be seen in terms of the ways in which the product performs, its primary functions, the sacrifice needed to make a purchase, together with any intervening complicating factors, such as prevailing weather conditions (Maunder, 1986), the visible arrangement of merchandise and information provided, store "atmospherics" (music, lighting, etc.), and so on (Braun, 1993; Dholakia & Rego, 1998; Rook & Fisher, 1995).

The **social setting** adds further depth to the immediate environmental context (Belk, 1974), highlighting the presence or absence of other people, their social roles and role attributes, and opportunities afforded for interaction; e.g. awareness of sales staff,

opportunities for interaction with staff/customers, the opinions of shopping companions, etc. (Harrell, Hutt, & Anderson, 1980; Stoltman, Morgan, & Anglin, 1999; Uzzell, 1995; Willis, 1990).

Temporal perspective refers to time-related effects within the current behaviour setting; time of day, weekday, season that a buying behaviour occurs in, etc. It may also be measured relative to some past/future event (pay day, Christmas, last shopping trip, etc.) (Belk, 1974, 1975).

Regulatory factors are best though of as rules that specify contingencies. Often, a consumer's immediate (physical/social/temporal) setting exerts no direct influence over behaviour and the individual therefore must rely upon either self-generated rules (e.g. "if I pay my credit card today, I can avoid interest charges") or those generated by third-parties (e.g. "you must pay your local taxes to avoid prosecution"). Sometimes, the regulatory environment is manifest in other dimensions also, as in the use of "snake" devices to control queues (an aspect of the physical setting) or when an usherette in a movie theatre directs patrons to their seats (social setting) (Foxall, 1993b).

The behaviour setting, then, is the immediate proximal context in which a behaviour is emitted and, in order to identify the potential consequences of available choices, the consumer must draw upon his or her learning history to transform setting variables in the above categories into effective discriminative stimuli.

Schwartz and Lacey (1988) have argued that the extent to which consumer behaviour can be attributed to control by environmental contingencies is variable according to the relative closedness of the setting in which it takes place. That is, consumer behaviour settings can be described on a continuum from the relatively open to the relatively closed. The former may represent an open setting in which the consumer browses within an exclusive department store, for instance, making purchase decisions among a vast array of consumer innovations and luxuries, whilst the latter constitutes the relatively closed setting in which, say, authorities exact taxation which must be paid if the consumer is to retain citizenship rights. All behaviour settings vary according to this open-closed dimension and, within a marketing context, open settings may be associated with freedom of choice while closed settings are associated with near monopolistic situations – indeed, it may be that the whole purpose of marketing is to make the current

behaviour setting appear as closed as possible in order that the consumer feels "compelled" to purchase from this firm rather than another (Foxall, 1993b).

To elaborate, in a relatively closed behaviour setting, the physical (e.g. buying location, product, price, logo), social (interactions, roles), temporal (e.g. trading hours, sales periods) and regulatory (self- and other- generated rules that specify contingencies) environment is carefully arranged largely by persons or organisations to stimulate a buying response. Such settings encourage conformity to the behavioural program they sustain and they achieve this by making reinforcement contingent on such conformity. At the very least, managers arrange the discriminative stimuli that compose these settings so as to prefigure such outcomes.

An open behaviour setting, on the other hand, is one from which such physical, social and verbal pressures are relatively absent. The customer is comparatively free to determine his or her own rules for choosing among the products and brands on offer. An example is pre-purchase behaviour for luxury items, such as a prestige motor car: while social and other contextual influences will certainly be present, the consumer has some discretion over the outlets visited, which products are to be examined and, if a purchase is made, which brand is selected. The consumer's learning history is likely to be more determinative of the actual outcome than the current behaviour setting alone in such circumstances; that is, self-generated rules, derived in part from past experience, is likely to play an important role.

Overall, behaviour settings (or, more specifically, the discriminative stimuli within them) serve the function of predicting for consumers the consequences of their current behaviours; i.e. the rewarding or punishing outcomes of purchase and consumption.

3.4 Phenotypic Adaptation and the Consumer Learning History

At the heart of behavioural-ecological frameworks such as the BPM is the notion that the behaviour of the organism evolves across the lifespan as a consequence of the unique learning history of behaviours performed by that organism, together with their reinforcing consequences (Dawkins, 1982; Winterhalder & Smith, 1992).

With these fundamental phenotypic principles in mind, the BPM views behaviour as simply the pursuit of positive reinforcement (utilitarian, informational) and a minimisation of aversive consequences, each behavioural experience feeding back into the learning history to shape future choice responses. A consequence of this conceptualisation is that behaviour is in part a product of *what the consumer brings to* a shopping situation, the learning history being effectively a "container" for past situations of this nature and their positive/negative outcomes.

In keeping with the Law of Effect, it is the individual's learning history that determines the rate of repetition for any choice behaviour, determines what environmental factors can act as a discriminative stimulus for current behaviour, and establishes what outcomes may be considered by the individual to be positive or aversive. The influence of prior behaviour can not therefore simply be described as a "habit"; whether or not the behaviour is continued into the future depend on the stimulus control which influences it and the maintenance of the pattern of reinforcement that is its distal cause. In other words, the customer's learning history is the cumulative effect of rewarding and punishing outcomes of past behaviours; it represents the *personal* factors influencing consumer choices and primes the consumer's approach/avoidance responses.

Both the individual's direct experience and attitude object constitutes the learning history and serves to establish the attitude object as a discriminative stimulus for further responding (Fazio, 1990). Attitudes are formed on the basis of past experience and, in a way, represent internal rules that may guide behaviour as readily as any orthodox setting-level variables. The rehearsal of attitude statements, especially if they have their origin in other-instructions, constitutes prior verbal behaviour, which also exerts an environmental influence on the probability of current responding.

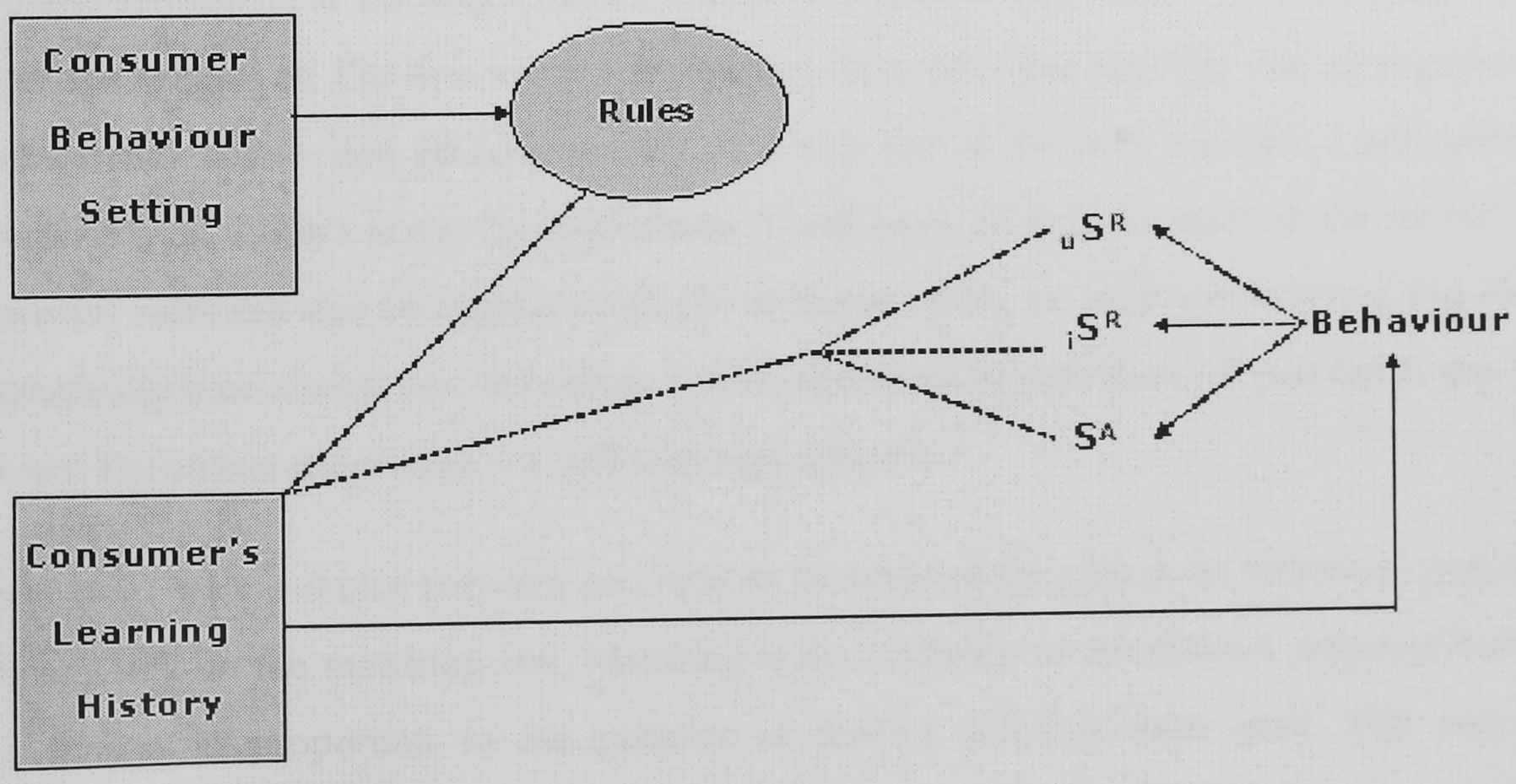
In sum, the learning history is a container of past experiences and their reinforcing consequences. It is the application of this learning history upon the current behaviour setting that guide's the consumer's transformation of setting-level variables into discriminative stimuli and, as a consequence of feedback subsequently obtained on the predictive effectiveness of those stimuli, allows behaviour to evolve over time in an adaptive manner.

3.5 Consumer Rules

A further form of discriminative stimulus not yet touched on within this chapter is that of the rule, another key component of the BPM that exists at the interface between behaviour setting and learning history. A rule is effectively another indicator of the likely consequences of making an available choice; it is empowered by the learning history and gives the situation a degree of meaning. Any learning history factor can be an influence on behaviour and the rule is no exception (Foxall, 1992a).

As depicted in **Figure 5**, a rule sets the occasion for reinforcement contingent on a particular response, just like any other discriminative stimulus. However, unlike other classes of such stimuli, the rule is effectively a verbal description of the relationship between a behaviour and its reinforcing outcomes (Poppen, 1989). The verbal behaviour of the speaker is mediated by another person, i.e. the listener; both speaker and listener will have been similarly socialized in the use of their common language which belongs to the same "verbal community" in behaviour analysis (Baum, 1994; Baum, 2004).

Figure 5: The integrative Role of Rules (Foxall, 1997)



According to Foxall (1995b), rule-governed behaviour may be mediated by another person, by the physical environment, or by some combination of the two. This means the social consequences which maintain rule-following itself, and the natural consequences which come to exert control independently of the rule, are two classes of contingencies (Baum, 1994). For example, a salesman who earns extra commission by increasing sales above a set target, determined by his sales manager, complies with a rule that states the reinforcing consequences of so doing ("if you sell more products than XXX, you will earn more money"); and/or which signals that the aversive consequences of non-conformity ("if you consistently fail to reach your targets, you will be replaced"). The salesman's earning behaviour is maintained by the social contingencies of rule conformity; gradually, it comes under the influence of the "natural" contingencies of earning: accrual of interest in the bank, planning a dream holiday, and so on. Instructed behaviour is usually effectively learned only if the consequences of rule-compliance are more powerful than the natural consequences that would otherwise follow trial-and-error learning. Such natural contingencies are usually remote, delayed and weak so that learning from them alone, (i.e. in the absence of a rule) would be haphazard, dangerous, or extremely unlikely/impractical.

Apart from rule-governed behaviour, which is controlled by consequences that the speaker regulates/articulates, a tracking function (Zettle & Hayes, 1982), which the rule designates as under the control of the non-social environment, is a rule that specifies the arrangement of contingencies within that physical world: "if I turn left at the next junction, I will arrive at *Sainsburys*", "if I don't arrive by eight-thirty, I will have missed the start of the movie", etc. However, rules can also be augmental (Zettle & Hayes, 1982); i.e. highly motivating and stating emphatically how a particular behaviour will be reinforced or punished ("if you fail to pay your Council Tax within seven days, we will take legal action").

When faced with a choice between two options in terms of the rule to be followed, consumers typically rely on the matching law. Matching is the tendency to distribute a response between two choices in proportion to the patterns of reward received from each. This was first demonstrated within animal experiments by Herrnstein (1961), who observed that animals presented with two responses options (pecking Key A or Key B), each of which delivers a reinforcer (food), allocate their responses in proportion to the rates of reward earned form A and

B. In general, response rate (B1) is proportional to the relative rate of reinforcement (R) (de Villiers & Herrnstein, 1976):

$$B_X / (B_X+B_Y) = R_X /(R_X+R_Y)$$

Matching is well researched in contexts that require an individual to allocate a limited period of time between available choices, although in consumers this is ordinarily more a question of allocating income between options (Herrnstein & Vaughan, 1980). Price, in these terms, can thus be thought of as the ratio of units of money and exchange for units of the good.

A number of behavioural economists have argued that consumers maximize utility over a sequence of choice, whilst behaviour analysts contend that consumer behaviour involves matching. Matching theory proposes that consumers will seek to equalize the average returns from each available choice option; such behaviour involves the consumer switching to the available option with the greatest magnitude of positive reinforcement (Commons, Herrnstein, & Rachlin, 1982 ; Herrnstein & Vaughan, 1980; Rachlin, Battalio, Kagel, & Green, 1981). Both matching theory and maximizing theory predict that the individual will maximize by exclusively selecting the schedule that provides the higher return (Hernstein & Loveland, 1975).

Rule are effectively a link between the behaviour setting and the pattern of reinforcement most likely to reinforce (or inhibit) the consumer's current behavioural choice response. A rule is a verbal representation of the relationship between a particular behaviour and its environmental context; it is not only a discriminating stimulus, but it may also supply the meaning of the other discriminative stimuli in the setting. For example, a rule may state: "Receive a discount of 50% when buying goods (response) displaying the Blue Cross label" (discriminative stimulus), thereby supplying/explaining the significance of the "Blue Cross" to the shopper. As a discriminative stimulus, a rule depends for its effectiveness in controlling behaviour on the consequences of responding or not responding to it (Poppen, 1989); it cannot, therefore, be separated from the learning history of the consumer.

3.6 Consumer Situations

The BPM framework is, first and foremost, a situated view of the buying process. Within the BPM account of behaviour, a situation is that point in time and space where a learning history encounters a behaviour setting. The consumer is represented in terms of a learning history, the *personal* variables immediately responsible for his/her behaviour in the current contextual setting. Certain state variables, such as the level of satiation/deprivation and the person's ability to pay, also influence immediate behaviour and need be taken into consideration. The consumer's learning history determines what can act as a discriminative stimulus in the current setting; that learning history thereby also determines what is a potential reinforcer or punisher. This learning history is, conversely, only activated by its presence in a behaviour setting. The two are reciprocal.

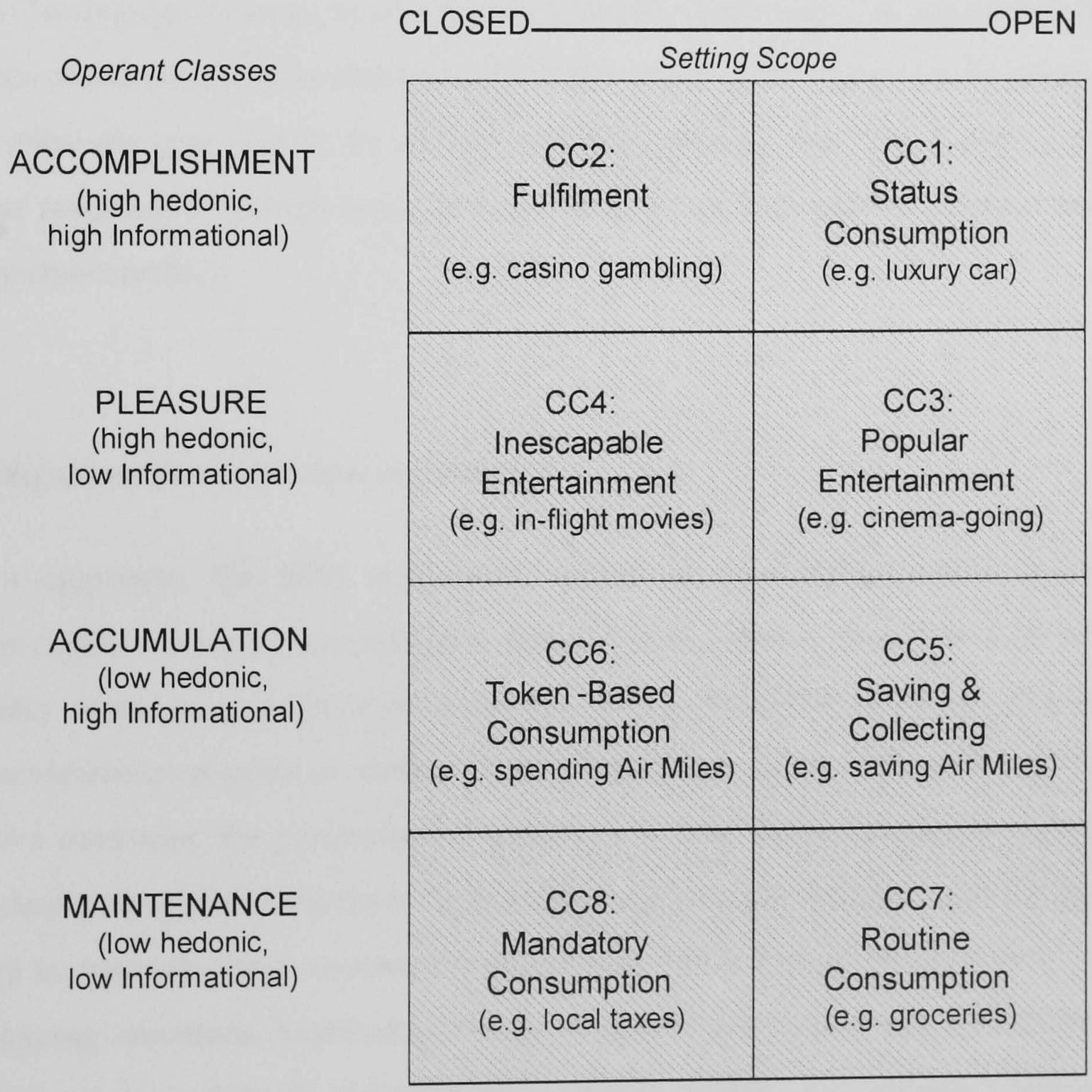
As the other component of the consumer situation, the behaviour setting therefore consists of physical and social discriminative stimuli, together with the verbal rules that specify the contingencies of reinforcement available on the strength of current setting variables. These physical, social and verbal discriminative stimuli combine to determine the relative openness/closedness of the setting in which purchase and consumption will occur. They represent the immediate *contextual* influences on current behaviour (Foxall, 1995a).

Take the example of a consumer entering a multiplex cinema. The consumer behaviour setting is the cinema in which the consumer views a movie; the consumer's learning history refers to his or her previous experiences of going to a cinema, and its positive (rewarding or reinforcing) and negative (punishing or costly) outcomes in terms of satisfaction with the types of movies previously viewed. This learning history comes to bear on the current movie choice decision as it is activated by the consumer's presence in the cinema: past experience transforms the social and physical stimuli that comprise the cinema foyer (posters, video trailers, views of fellow movie-goers) into cues which assist current movie selection. Therefore, the movie chosen is the outcome of an interaction of a consumers' history of cinema-going and the physical and social setting of the particular cinema in which he/she is currently located. Behaviour analysis effectively thus concerns itself with the approach, avoidance and escape responses of consumers, a micro-level interpretation that involves identifying the discriminative stimuli that compose the setting, the

consequences they indicate to the consumer, and the learning history of the individual him/herself.

Given a particular situational context, most acts of pre-purchase, purchase and consumption can be fairly unambiguously assigned according to one or other of four classes of consequence which are distinguished according to the patterns of reinforcement prefigured by the setting; Maintenance, Accumulation, Pleasure and Accomplishment operant classes, as noted earlier (Foxall, 1992a, 1992b, 1993b). The resultant four categories are however, *behavioural* categories only and it central to the BPM account that behaviour is contingent upon environment factors.

Figure 6: Situated Consumer Behaviour Patterns (Foxall, 1999)



In addition to reinforcement form, it is therefore necessary to also consider the nature of the setting in which that reinforcement is forthcoming, particularly in respect of its degree of scope – closed settings are characterised by a high degree of environmental control and permit a lower degree of behavioural freedom. Therefore, the BPM framework proposes a matrix of eight general contingency categories defined by the operant class to which the behaviour in question belongs *and* the scope of the behaviour setting in which it occurs. **Figure 6**, above, shows this hypothetical distribution of consumer behaviours (Foxall, 1999a).

Each contingency category summarises the contingencies of reinforcement pertaining to a set of consumer situations; the placing of any particular consumer behaviour within this scheme depends on the pattern of utilitarian and informational reinforcement which maintains it. For example, "saving up" belongs in contingency Category 5 because it is primarily maintained by high levels of informational reinforcement and low levels of utilitarian reinforcement, occurring within a relatively open setting. By contrast, collecting antiques would be Category 2 because it is behaviour maintained by high levels of both instrumental and express reinforcement within a relatively closed setting.

3.7 Putting Consumer Behaviour in its Place

Taken in aggregate, the BPM explanatory model offers a behavioural-ecological view of consumer choice that is dynamic, adaptive and, above all, wholly compatible with the three-term contingency at the heart of Skinnerian theory. Within the BPM, consumer choice is directed toward achievement of positive reinforcement (utilitarian/hedonic, informational) and avoidance of aversive outcomes, the particular consequences of that choice classifiable according to four distinct classes of operant behaviour. In determining which particular class of operant behaviour to engage in, however, the consumer draws upon his/her learning history of past experiences of such shopping situations, together with any acquired behavioural rules, in order to identify appropriate (i.e. predictive) discriminative stimuli within the current consumer setting. Moreover, depending upon the openness/closedness of that setting, a unique shopping situation is thus formed that may be located within the eight contingency classes of consumer choice behaviour defined by the model.

The BPM remains the principal explanatory framework available within the consumer psychology literature that seeks to offer a parsimonious account of consumer choice within the parameters of the classic Skinnerian three-term contingency. It has been applied successfully within a range of different research contexts, yielding comprehensive accounts of consumer behaviour within both retail and service settings (e.g. Foxall, 1992a; Foxall, 1992b, 1993b, 1994, 1995a, 1998b, 1999b, 1999c, 1999d; Foxall & Greenley, 1999; Foxall & Yani-de-Soriano, 2004; Foxall, 2003; Leek, Maddock, & Foxall, 2000; Newman & Foxall, 2003; Nicholson, 2005). To date, however, the BPM has largely been applied in the investigation of orthodox behaviour patterns only, with little work of a behaviourist nature being evident within the illicit consumption literature at all. Nevertheless, given that counterfeit goods differ from legitimate ones more in terms of status, rather than in kind, there would appear no logical reason to presuppose that the BPM is not equally capable of offering a viable account of consumer behaviour within illicit market contexts also, making this a potentially powerful research model for the current thesis to adopt. Before proceeding to evaluate this contention, however, there remains one final and important dimension to the BPM account of behaviour to consider.

The previous sections have demonstrated that, at least in principle, acts of consumer behaviour appear amenable to operant interpretation. The problem with such a description, however, is that it may be misinterpreted as implying that the consumer is merely a passive automaton, responding to environmental events much as a dog salivates in response to the sound of a bell in the classical Pavlovian learning schedule. The reality, of course, is that the individual consumer is an *active* agent within a competitive environment, his/her actions having a capacity to shape the behaviour of the marketer/vendor during the course of the everyday buying episode. In other words, the vendor-customer relationship is at least in part bidirectional, not unidirectional, the goal of marketing being to facilitate a reciprocal and mutually satisfying exchange relationship within the marketplace (Lilien & Rangaswamy, 2002).

Although the primary focus of this thesis is upon the demand side of counterfeiting (i.e. consumer behaviour toward counterfeit products), it was argued strongly in Chapter One that it is impossible to divorce the consumer from the competitive environment in which illicit buying occurs. When viewed contextually, the consumer is influenced by a whole host of actors within the retail marketplace, both "good" (legitimate) and "bad" (illegitimate), and a key objective of this research must be to uncover the behaviours of these additional actors (counterfeiters,

orthodox retailers, governments, etc.) and the extent to which they impact upon both consumer choice and, to a lesser extent perhaps, upon the behaviour of one another. Only through such an analysis will the true nature of the counterfeiting environment be revealed. Before concluding this literature review chapter, it is therefore necessary to consider how the behaviours of these key agents in the competitive environment may also be interpreted from an operant perspective.

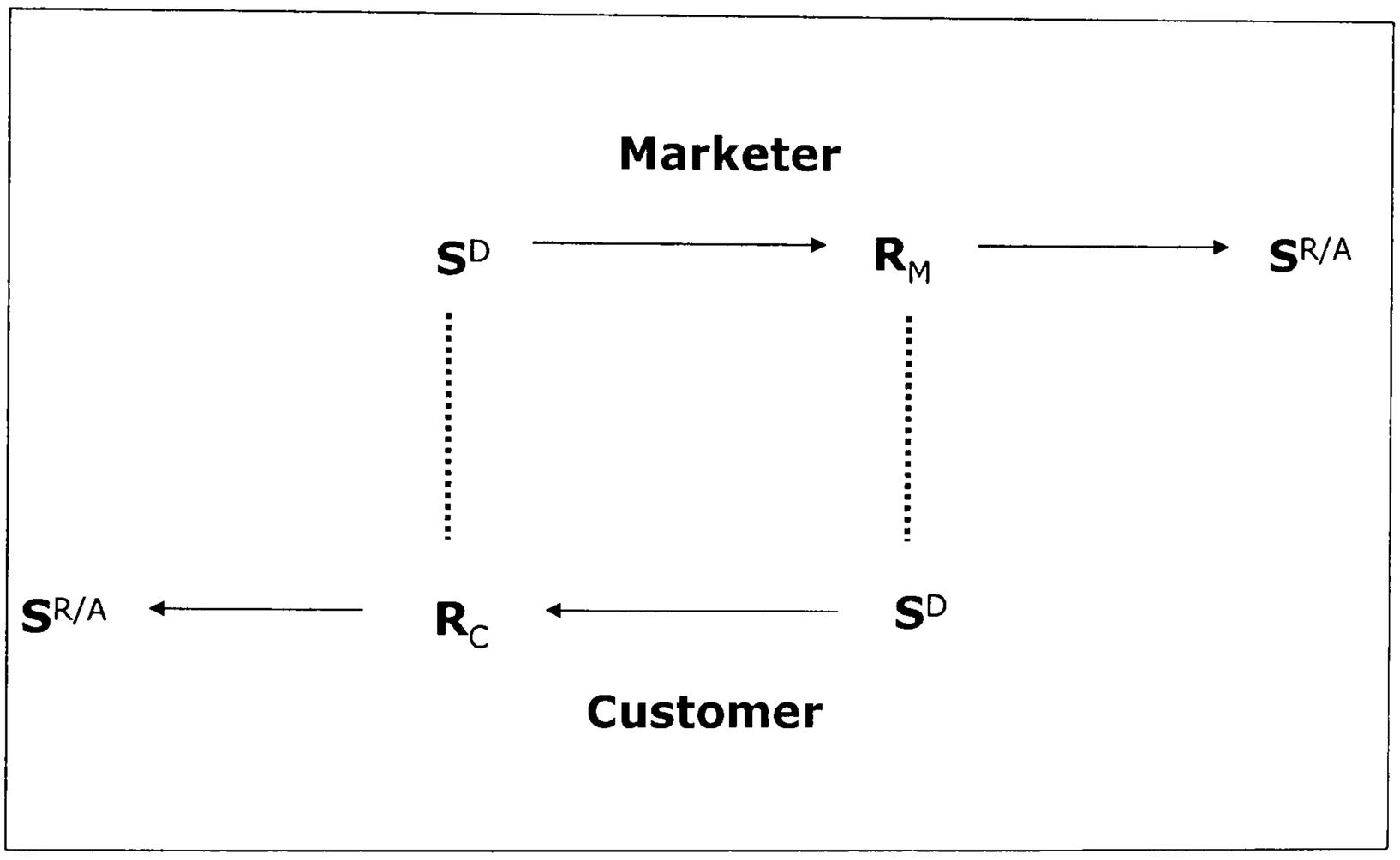
To this end, Foxall (1998a) has argued that the vendor-customer interaction can be embodied within the neo-Skinnerian concept of the *bilateral contingency*. As highlighted above, consumer choice is highly dependent upon stimuli within the behaviour setting, a level of the proximal environment that is often at least in part under the marketer's control (Nicholson, Clarke, & Blakemore, 2001). Another way of interpreting this, however, is to redefine the traditional concept of marketing mix management as *an act of behaviour in its own right*. That is, the behaviour of the marketer constitutes a component of the consumer behaviour setting as the organisation seeks to blend that particular mix of marketing stimuli that will most effectively render the behaviour setting of the customer a closed one, the purchasing of the firm's market offering becoming an almost inevitable consequence of that marketing action.

Conversely, the behaviours of customers within the marketplace constitute elements of the firm's behaviour setting by virtue of the act of purchase or its absence. Indeed, firms routinely shape their behaviours in the marketplace in response to the aggregated behaviour patterns of consumers themselves. If a particular marketing strategy is effective at the macro, monadic and/or tactical levels, the firm will repeat or enhance that marketing strategy (Hernandez & Bennison, 2000). If the strategy is ineffective, however, then it may be substantially revised or abandoned. In operant terms, the behaviour of the customer thus constitutes a form of discriminative stimulus within the firm's behaviour setting, the performance metrics of purchase or non-purchase serving as sources of positive reinforcement and/or aversive consequences for the marketer; a mutually interdependent relationship as embodied within the bilateral contingency itself (**Figure 7**).

To date, Foxall's concept of the bilateral contingency has been largely confined to theoretical accounts of the vendor-customer relationship only. Yet, it is possible to extend this concept further and begin to capture the true complexity of the competitive environment within which consumer buying occurs. For instance, consider the problem of retail competition within

orthodox purchasing contexts. The difficulty with the operant interpretation of consumer choice presented thus far in the thesis lies in its tendency to portray the vendor-customer relationship as being isolated from competitive pressures. In truth, of course, many other retailers will be vying for the patronage of the individual consumer in any buying situation, any number of firms attempting to procure business through their own marketing behaviours; i.e. there will be other firms seeking to "close" a consumer's behaviour setting at any given moment in time, each engaging in their own marketing behaviours.

Figure 7: The Bilateral Contingency between Marketer and Customer (Foxall, 1998)



Following on from the above, it is not difficult to begin to hypothesise that bilaterally contingent relationships may also exist between the competing retailers themselves. A supermarket such as *Tesco*, for instance, may engage in marketing activities emphasising price and value in an attempt to influence the grocery buyer. In response to this, or perhaps as an antecedent to *Tesco*'s actions, a rival firm such as *Sainsbury* may develop a competing marketing strategy that emphasises quality and choice in respect of produce range. Ultimately, the two retailers are vying for the patronage of the individual consumer. At a strategic level, however, many of their marketing behaviours may in reality be stimulated by the behaviour of their rivals; i.e. Firm A takes this action in the marketplace, so Firm B responds in this particular way. One firm's behaviour is a

component of the other firm's competitive behaviour setting, and vice versa. In short, the two firms' marketing behaviours are also bilaterally contingent.

Of course, the competitive environment of retail firms is rarely an entirely open one. Indeed, many of the marketing behaviours that retailers may engage in are in themselves both enabled and constrained by both the dynamics of the market economy itself and, more importantly perhaps within the context of this thesis, by the regulatory environment generated by legislators. Thus, the behaviour of Government may influence the behaviour of retailers – particularly in instances where legislation is a direct consequence of retailer abuse of power – and the behaviour of Government may be contingent upon the behaviour of the firm(s) within the marketplace. Another set of bilaterally contingent relationships, in fact.

This interdependency of relationships in a bilaterally contingent manner adds a whole new dimension to the study of behaviour in general(Baum, 2002; 2004), and of consumer behaviour in particular (Foxall, 1997b, 1998a). Rather than regarding other key actors within the marketing environment as semi-static entities located within the physical, social, temporal and regulatory dimensions of the behaviour setting, it instead acknowledges that these said actors are *behaving* pseudo-organisms in their own right, the consumer being situated at the heart of a complex web of behavioural events each of which may exert influence upon his/her choice responses.

This addition of the bilateral contingency to the traditional three-term contingency embodied within the BPM schematic framework itself renders this behavioural-ecological tool potentially far more parsimonious than previous explanatory devices and, once again, their appears no reason to suppose that the exact same behavioural events should not be equally applicable in more illicit market contexts also. Thus, for the reasons extrapolated throughout this chapter, the BPM would appear to offer itself as a comprehensive research model with which to begin to explore consumer behaviour towards counterfeit goods.

4. Towards a Behavioural Ecology of Counterfeiting

The present chapter has presented an account of the development of behaviourism and its relationship with the consumer psychology discipline, seeking to identify a viable framework

within which to locate the current research. The chapter thus began by outlining the early dominance of Freudian theory, noting the somewhat introspective nature of psychodynamic accounts of human action and the emergence of the school of behaviourism as a systematic attempt at building a more scientific discipline of psychology; a discipline founded upon experimentation, independence of observation and methodological rigour.

The early behaviourism was respondent in character, exploring stimulus-response relationships and the role of classical conditioning in establishing associations between, for instance, the content of advertisements and evoked emotional responses to the goods and services depicted in them. This form of learning theory was defined by Watson and his contemporaries as methodological behaviourism, excluding all internal events from the sphere of inquiry and advocating the discovery of general laws via experimental and hypothetic-deductive means.

With the emergence of the operant learning paradigm, however, behaviourism became more functional in character, emphasising learned associations between behaviour and its consequences. It also began to permit the inclusion of internal events within the remit of a scientific psychology, Skinner's formulation of radical behaviourism recognising that humans are distinct from animals in their unique capacity for language; a capacity that enabled human behaviour to become rule-governed, rather than exclusively environmentally contingent, and that at times rendered internal behaviours such as "thinking" and "deciding" public and, by definition, thus observable. This reformulation of key behaviourist principles rendered the paradigm far more inclusive in respect of the subject matter that may be included within a scientific psychology and, therefore, it retained a degree of conceptual and empirical value despite the rise in dominance of competing theoretical positions, most notably that of cognitivism.

With the recent growth in prominence of evolutionary perspectives on behaviour, particularly behavioural-ecological ones, radical behaviourism has enjoyed something of a renaissance as attempts have been made to demonstrate the phenotypic role played by operant learning in behavioural adaptation across the lifespan. Against this background, the behavioural perspective model has emerged as the primary explanatory framework that seeks to offer a comprehensive account of consumer choice within a broadly neo-Skinnerian conceptualisation.

Based upon Skinner's concept of the three term-contingency, the BPM regards consumer choice as being directed toward achievement of positive (utilitarian/hedonic, informational)

reinforcement and/or the avoidance of aversive consequences, the individual's unique learning history of prior behaviours and their outcomes – augmented by acquired rules – serving to identify reliably predictive discriminative stimuli within the current behaviour setting in an evolutionary and adaptive manner. Via systematic application of its schematic framework, the BPM offers a means via which to classify the reinforcing consequences of consumer choices according to four key categories of operant behaviour, to identify those physical, social, temporal and regulatory variables within the behaviour setting holding the greatest salience for the individual consumer, and to classify the resulting situational outcomes according to eight scope-dependent contingency classes of behaviour. Thus, as means of developing a comprehensive research model with which to develop a systematic analysis of consumer behaviour toward counterfeit products, the BPM presents itself as a strong candidate for adoption within the present study – particularly when combined with the bilateral contingency as a means of capturing the interdependent behaviours of all of the key actors situated within the consumer's illicit marketplace.

On the basis of the above, then, this thesis will adopt a behavioural-ecological perspective on counterfeiting, based on the BPM framework as its underlying research model. Chapters Three and Four which follow therefore seek to develop and test respectively a series of BPM-derived research propositions in an attempt to offer a comprehensive account of illicit consumer choice from a radical behaviourist perspective. In recognition of the explanatory potential of the associated construct of the bilateral contingency, however, and in acknowledgement of the possible role in shaping consumer choice played by other key actors within the counterfeiting marketplace, Chapters Five will then endeavour to draw upon the data accrued in an attempt to formulate a complimentary radical behaviourist account of the behaviour of the vendors of counterfeit products toward the consumer in operant terms. Taken in sum, it is thus intended that the said three chapters will go someway toward developing a rigorous and parsimonious behaviouristic account of the counterfeiting industry itself.

CHAPTER THREE

COUNTERFEIT BUYING:

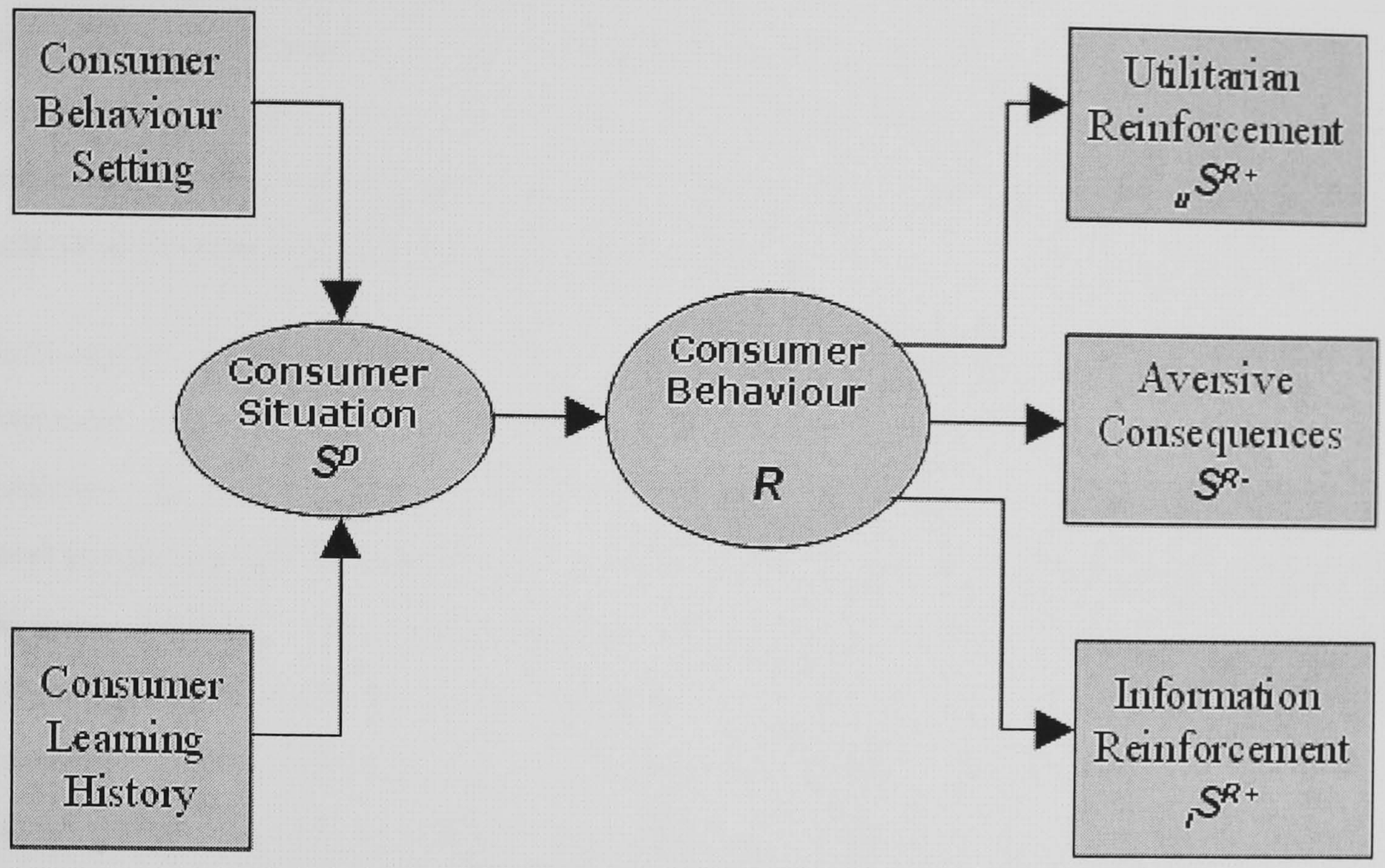
A BEHAVIOURIST APPROACH

1. Introduction

The principal goal of this thesis is to develop a situated perspective on consumer behaviour toward counterfeit products, serving as a counterpoint to extant accounts which emphasise either distal socio-economic determinants of engagement in illicit consumption activities or, at a more proximal level perhaps, the cognitive-dispositional pre-behavioural antecedents of such activities. To this end, the previous two chapters have identified radical behaviourism as a seemingly viable conceptual and empirical approach within which to frame such a perspective on counterfeit buying, proceeding to review the central tenets of that particular paradigm within psychology, together with their marketing and consumer research applications.

On the basis of this literature review, the behavioural perspective model of purchase and consumption has emerged as a potentially parsimonious framework for the current research. Reproduced in schematic format for convenience in **Figure 8** below, the BPM regards consumer behaviour as being directed towards the attainment of positive reinforcement and/or the avoidance of aversive outcomes, each consumer choice being primed by the application of the individual learning history upon the current behaviour setting in order to identify predictive discriminative stimuli that, in effect, represent "clues" to the consumer of the likely consequences of making any available choice decision. It is an integrative and dynamic framework conforming to the three-term contingency at the hub of neo-Skinnerian theory and, although previously applied within the analysis of orthodox consumer buyer episodes only, there appears no reason to presuppose that the BPM should not be equally capable of generating an account of illicit consumer behaviour episodes also – including consumer behaviour toward counterfeit goods.

Figure 8: Summary of the Behavioural Perspective Model (Foxall, 1993; 2003)



Against this backdrop, the present chapter seeks to extend that sphere of application to the analysis of illicit consumer behaviour patterns. Specifically, the chapter revisits the key elements of the BPM explanatory framework in turn – reinforcement, behaviour setting and learning history – and, drawing upon the extant literature, endeavours to apply those elements in the description of consumer behaviour toward counterfeit goods. During the course of the discussion, research propositions are thus formulated and stated, serving as a platform for the empirical investigation of counterfeit buying documented in Chapter Four.

2. Reinforcement and Counterfeit Buying

Central to the BPM is the notion that consumer behaviour is directed toward maximal positive reinforcement, be that utilitarian/hedonic or informational in character, together with a minimisation of aversive consequences. Furthermore, as a function of the relative balance of the two positive reinforcement levels available, each act of consumer choice can be allocated to one of

four clearly-defined operant classes of behaviour: maintenance shopping, characterised by low levels of both utilitarian and informational reinforcement; accumulation shopping, low in utilitarian reinforcement, but more pronounced in respect of the potential for informationally reinforcing outcomes; pleasure shopping, low in informational reinforcement, but high in utilitarian/hedonic reinforcement; and accomplishment shopping, satisfying in terms of both its utilitarian and informational reinforcing properties.

Each operant class of behaviour is associated with a particular pattern of reinforcement yielded. Moreover, those patterns of reinforcement are also reflected in the products and services being procured. In maintenance shopping situations, for instance, the consumer is engaged in low-level purchasing only, exemplified by activities such as routine grocery shopping or the payment of local taxation. Next in the operant hierarchy, accumulation shopping delivers more informational reinforcement and is associated with opportunities for receipt of feedback in the performance of the consumer role, as in the interest accumulated on savings as documented on a bank statement or the acquisition of air miles for "spending" at a later date. Above the accumulation shopping category is the pleasure class of operant behaviour, delivering more amplified utilitarian/hedonic reinforcement and typified by activities such as personal shopping for clothing products or the consumption of popular entertainment. Finally, at the peak of the operant behaviour class hierarchy sits accomplishment shopping, the high levels of positive reinforcement in general making this a defining characteristic of acts of conspicuous consumption, such as the purchase and display of high-status branded goods of the procurement of the brand and model of motor car that is the latest "must have" emblem of a consumer's peer group or socio-economic class. Different classes of operant behaviour, each yielding a particular pattern of reinforcement and being associated with purchase and consumption of particular goods and services. Given that counterfeit goods have no obvious limitations in respect of both class of products copied and/or categories of consumer seeking to acquire them, it seems reasonable to speculate that the four operant behaviour classes identified previously should not equally be a defining characteristic of illicit buying activities also (Tom, Garibaldi, Zeng, & Pilcher, 1998).

Consider the case of a designer watch, for instance, typically associated with the accomplishment operant class of consumer behaviour. A person with a designer watch is principally concerned with the utilitarian benefits that all watches provide: the most obvious of which is telling the time.

Informational reinforcement, on the other hand, is more likely to involve a lifestyle statement by which the consumer seeks to convey social status or to bolster esteem. The branded watch is an attempt to reduce the perceived substitutability of brands by altering their value to consumers on the basis of social significance (e.g. increasing the status of their owners and users) or psychological significance (e.g. enhancing the self-esteem of those who own and use them). In the marketing literature, it is well established that brand choice will exhibit maximisation of returns on expenditure achieved by the exclusive purchase of the cheapest brand. That is, consumers' maximisation of positive reinforcement is concerned primarily with obtaining utilitarian reinforcement, such as maximizing the amount/quality obtained with respect to unit price (Foxall & Schrezenmaier, 2003). Good counterfeit products can not only provide the utilitarian reinforcement of the genuine article (telling the time), they can also provide maximum informational reinforcement where they are indistinguishable from the real thing. So, in terms of the BPM, counterfeit designer goods should be just as associated with the accomplishment class of consumer behaviour as their genuine counterparts, offering the buyer status and pleasure of ownership at a more competitive or affordable price.

Similarly, at the bottom of the operant behaviour class hierarchy, the maintenance category of buying delivers low levels of both utilitarian and informational reinforcement; i.e. this is low-involvement routine purchasing of staple items and everyday necessities. Thus, if consumers are motivated toward minimisation of aversive consequences (such as parting with money!), then it may be anticipated that counterfeit copies of everyday items (aspirins, tissues, condoms, etc.) would be more attractive than the genuine articles in situations where, say, the risks associated with purchase were low and/or the functionality of the copy could be assured. Again, the pattern of reinforcement associated with the genuine article would be anticipated as being mirrored in the counterfeit item also; low levels of reinforcement being associated with the delivery of a staple item at a "rock bottom" price.

Across the operant behaviour class hierarchy, then, consumers may choose copies of particular products/brands not only because these illicit market offerings provide the functional or performance benefits expected, but also because they may be used to express the consumer's personality, social status or peer group affiliation/aspiration (symbolic purposes), or to fulfil their internal psychological needs, such as the need for change or newness (emotional purposes). Indeed, for those on more modest levels of income, counterfeit copies of, say, well-known

designer goods may be a means of maximising positive reinforcement further through adoption of a convincing, yet alternative, low-cost purchase option.

Following on from the above, it was also observed in Chapter Two that the operant classes of behaviour are in themselves often a defining characteristic of a consumer's location within the product-market lifecycle. Accomplishment and pleasure shopping behaviours, for instance, are primarily engaged in by those typically defined as "Initiators" or "Early Imitators" in respect of the adoption of innovations, whilst the less-reinforcing accumulation and maintenance classes of behaviour are more strongly associated with consumers labelled as "Later Imitators" and "Last Adopters". On this basis, counterfeit products may conceivably play a role in adoption/diffusion of innovations; good "fakes" may be a way via which "Initiators" may quickly acquire the latest desired consumer goods, for instance, or else their low price may serve as an incentive to laggards to purchase the said goods due to the lower financial risks involved; a not unfeasible proposition, given the association of counterfeit manufacturing with distribution of illicit copies of the latest entertainment products, branded fashion goods and technological innovations (Cheng, Sims, & Teegen, 1997; Moores & Dhaliwal, 2003; Moores & Dhillon, 2000; Tom et al., 1998).

Each operant class of consumer behaviour, then, not only delivers a specified pattern of reinforcement, it is also associated with a particular mode of shopping and product category, variable according to the location of that product category within the diffusion of innovations cycle and/or the extent to which its acquisition is important to the consumer. On this basis, it is reasonable to suggest that particular forms of counterfeit product may equally become associated with performance of particular classes of operant behaviour. For instance, given the prominence of branded designer goods as targets for product piracy, it may be anticipated that counterfeit purchasing may be more likely to occur within accomplishment and pleasure shopping activities, particularly where the individual him/herself affords a high priority to the acquisition and public display of the latest "must-have" consumer emblem; an assertion that may be expressed more formally within the following research proposition:

> *P_1: Tendency to acquire counterfeit goods will vary significantly across the four operant classes of consumer behaviour.*

3. Discriminative Stimuli and the Illicit Consumer Behaviour Setting

The behaviour setting, it will be recalled, is the immediate proximal context in which a behaviour is emitted and, in order to successfully predict the potential consequences of available choices, the consumer must draw upon his or her learning history to transform setting-level environmental variables into effective discriminative stimuli. Moreover, each setting is in itself variable according to its degree of behavioural scope. In a relatively closed behaviour setting, for instance, the physical (e.g. buying location, product, price, logo), social (interactions, roles), temporal (e.g. trading hours, sales periods) and regulatory (self- and other- generated rules that specify contingencies) environment is carefully arranged largely by persons or organisations to stimulate a buying response. Such settings encourage conformity to the behavioural program they sustain and they achieve this by making reinforcement contingent on such conformity. At the very least, managers arrange the discriminative stimuli that compose these settings so as to prefigure such outcomes. By contrast, a relatively open behaviour setting is one from which such physical, social and verbal pressures are relatively absent. Here, the customer is comparatively free to determine his or her own rules for choosing among the products and brands on offer. An example is pre-purchase behaviour for luxury items, such as a prestige motor car: while social and other contextual influences will certainly be present, the consumer has some discretion over the outlets visited, which products are to be examined and, if a purchase is made, which brand is selected. The consumer's learning history is likely to be more determinative of the actual outcome than the current behaviour setting alone in such circumstances; that is, self-generated rules, derived in part from past experience, is likely to play an important role. Overall, behaviour settings (or, more specifically, the discriminative stimuli within them) serve the function of predicting for consumers the consequences of their current behaviours; i.e. the rewarding or punishing outcomes of purchase and consumption.

Within the context of the counterfeiting marketplace, clear parallels can readily be anticipated in respect of those physical, social, temporal and regulatory factors which serve as effective discriminative stimuli for the consumer and which render that more illicit behaviour setting relatively open or closed. For instance, the "physical setting" factors in such markets might include product attributes, price, product categories, buying locations, availability, demographic factors and technologies. These sub-variables are in an individual's environment and facilitate the act of counterfeiting shopping. Examples of factors that could be considered physical conditions

for such behaviour include the absence of penalties, low availability of original products, the absence of a code of ethics, and the organisational-ethical climate (Banerjee, Cronan, & and Jones, 1998; Moores & Dhaliwal, 2003; Moores & Dhillon, 2000).

Availability refers to the perceived ease with which counterfeit products can be bought or obtained. The suggestion here is that if a counterfeit product is readily available and easy to purchase, then the likelihood of purchasing that counterfeit copy increases. Potential customers need to know about a product and be exposed to it before they can buy. Furthermore, if a copy product is widely available, there may be less doubt in the mind of the purchaser that they are doing something "illegal" or "immoral" at all, and so, the apparent ethical dilemma is diluted. For example, software, music products, and other digital products are among the most readily available of all counterfeit goods and research has suggested that this high availability leads to a degree of perceived normality in counterfeit purchasing – "fakes are everywhere, they are just another purchase option" (Cheng, Sims, & Teegen, 1997; Moores & Dhaliwal, 2003; 2000).

Previous studies have also observed that product-attribute variables can be affective predictors of purchase intentions towards counterfeit products. Consumer purchasing of different counterfeit products is dominated by concerns over attributes such as price, appearance, image, purpose and perceived quality (Prendergast, Chue, & Phau, 2002; Wee, Ta, & Cheok, 1995). Moreover, very few products today are marketed globally, despite appearances to the contrary in respect of the perceived ubiquity of brands such as *Coca Cola* and *KFC*. Even products that are used almost universally, such as bread or toilet paper or television sets, are sold to particular groups of consumers with certain characteristics in common. Such groups are often referred to as target markets or market segments. These market segments are defined by demographic and psychographic characteristics; variables which in themselves constitute setting-level stimuli, albeit slightly more distal ones at times.

Retail location and channel technology are two further important physical setting characteristics that may equally be applicable in both orthodox and counterfeit buying contexts. Taking pirated CDs, DVDs and software products as examples, the more convenient the buying location and/or delivery technology, the more consumers will use counterfeit copies. With digital online products (e.g. online MP3s), consumers choose to purchase counterfeits depending on the speed of the Internet connection available, the quality and the size of the files, etc. Moreover, buying is also

affected by the cost of purchase and consumption, corresponding to not only economic criteria such as price, but also to the personal and social expenditures incurred during the procurement process; e.g. by extensive search and evaluation costs for alternative products (Prendergast et al., 2002).

Following on from the above, the "social setting" in which counterfeit buying occurs embodies social roles, social status, and interactions with other people, just as would be anticipated in "ordinary" shopping. According to Yau (1994), a consumer's product choice and preference for a particular product or brand is generally affected by very complex social influences. Consumer preferences for certain products also change over time as their consumption situations and environments change (Yau, 1994). Generally, counterfeit products are perceived by customers as high in social status, innovative and high-technology. An individual's consumption pattern symbolizes his/her social class position, and is a more significant determinant of their buying behaviour than just income (Martineau, 1968). Given that people tend to associate themselves with the current social class position they are in or the aspirational class immediately above them, they are more like to buy fake branded products which can convey status, affluence, wealth and social class. If brand status is important to a person, but they are unable to afford the expensive originals, the assertion is that they are likely to turn to counterfeit products as viable substitutes for the originals. For example, although Japanese consumers have an insatiable appetite for brand-named luxury goods, they also do not reject imitations, which are seen as the "next best thing" for people who cannot afford shopping trips abroad, or pay the high prices in Japan (Ebare, 2004).

A "temporal perspective" may equally be deemed crucial to the description of counterfeit buying. Time, it will be recalled, includes time of day/week/month, season that a buying behaviour occurs in, and so on. Time may also be measured relative to some past or future event for the situational participant; e.g. proximity to salary receipt. In this case, counterfeit buying behaviour might change form buying to non-buying, or vice-versa, depending on the consumers' financial condition and past or future events they have experienced. It may even be most evident in the context of diffusion of innovations, availability of counterfeit products in some markets being way ahead of that of the genuine articles.

The "regulatory environment", finally, comprises self- or other-generated rules that specify contingencies of reinforcement. A number of studies have reported that lax laws on anti-counterfeiting are one of the main factors that encourage consumers to buy counterfeit products in the non-deceptive counterfeiting marketplace (Yan, 1994). Furthermore, in consumer-oriented economies, marked by high levels of discretionary income, open settings are commonplace and consumer choice is sustained by competition among providers. In economies and economic sectors characterized by a production orientation, or a degree of monopolistic control, consumers have less discretion; such contexts provide settings that are closed. Theoretically, consumer behaviour settings vary in scope that may be arrayed on a continuum of close-open consumer behaviour settings, the most closed setting controlling the nature of the consumer's responses entirely and predictably; the most open having minimal external control over behaviour which is accordingly much more difficult to predict. Scope, as manifest in the regulatory environment within which counterfeit products are available, is likely to be a key factor influencing participation or non-participation in illicit consumer behaviour.

Within any given behaviour setting, all four classes of variable outlined above may be envisaged as exerting influence upon the consumer. However, as has been repeatedly demonstrated in studies of more orthodox purchase situations, the saliency of those different classes of situational variables most likely to lead to a purchase response varies considerably according to product/service category in question and the mode of shopping being engaged in (e.g. routine replenishment of stable items, gift-purchasing, etc.), an effect evident in studies adopting both behaviourist and non-behaviourist orientations (Belk, 1975; Foxall & Yani-de-Soriano, 2004; Gehrt, Ingram, & Howe, 1991; Gehrt & Yan, 2004; Glass &.Wood, 1996; Kenhove & Wulf, 2000; Leek, Maddock, & Foxall, 2000; Nicholson, Clarke, & Blakemore, 2002; Roslow, Li, & Nicholls, 2000; Villanova, 1996; Whan Park, Iyler, & Smith, 1989). Thus, on this basis, and in light of the previous prediction that counterfeit buying may vary in frequency across operant behaviour classes, it may be anticipated that certain categories of behaviour setting variable are more effective than others as discriminative stimuli capable of priming a purchase response:

> *P_2: Significant differences will be evident in the strengths of the associations between counterfeit purchasing and the different classes of behaviour setting variables serving as effective discriminative stimuli*

4. Counterfeit Purchasing and the Learning History

According to the BPM depiction of consumer behaviour as an adaptive process, the learning history constitutes a container of past experiences and their reinforcing consequences. It is the application of this learning history upon the current behaviour setting that guide's the consumer's transformation of setting-level variables into discriminative stimuli and, as a consequence of feedback subsequently obtained on the predictive effectiveness of those stimuli, allows behaviour to evolve over time in a phenotypic manner.

On a very basic level, it may simply be anticipated that early successful encounters with counterfeit products are positively reinforced, and this more likely to be repeated, whereas unsuccessful experiences will have been punished and are therefore less likely to be repeated. Direct consumer experiences, however, are not the only content to reside within an individual's idiosyncratic learning history. The attitudes an individual holds towards counterfeiting, for instance, together with his/her broader attitudes toward current market practices, may be equally significant and potent learning history elements within this context.

Previous studies have revealed that the attitudes of the consumer, towards both the activities of counterfeiters and the market practices of genuine brand owners, are crucial determinants of whether an individual will or will not purchase counterfeit goods (Cordell & Wongtada, 1996; Tom, Zeng, & Yvette Pilcher, 1998; Wee et al., 1995). If a person's attitude towards counterfeiting is favourable, it is more likely that he/she will consider the purchase of counterfeit products. Similarly, if a person holds an unfavourable attitude towards the high-profile operations of branded goods manufacturers, then they may be less likely to purchase the branded originals; that is, such people may be anticipated as being more likely to purchase a counterfeit version of branded goods.

It is logical, of course, that the formulation of an attitude towards counterfeiting depends on having had prior experience of the consequences of such buying behaviours. The consumer's experiences influence choice and prime his/her future approach/avoidance behaviours; a cumulative process driven by the rewarding and punishing outcomes of past behaviours. It has been suggested that most people who buy counterfeits goods think of themselves as "penny-wise" shoppers, because they have negative experiences of situations in which they have bought functional original products, but the price was much higher than counterfeit versions. For

example, Simpson, Banerjee and Simpson (1994) found that the benefits that individuals associate with software piracy are improved financial gain, acquisition time and the challenge of copying, the former being the most significant factor of all. Similarly, Cheng, Sims and Teegen (1997) found the following reasons stated by individuals as factors leading to piracy: software is too expensive, they want to try out software, they can't afford the new software. Banerjee, Cronan and Jones (1998) even suggest that the degree to which an individual perceives that a reward follows from their behaviour affects the intention to behave ethically or unethically.

Finally, a degree of risk is perceived in most purchase decisions; that is, consumers cannot always be certain that all of the intended/desired buying goals will be achieved from an act of purchase. To some consumers, buying counterfeit goods may thus be considered as a risky venture, given that they may lose money (financial risk) in buying a faulty or unreliable product (performance and functional risks). Most importantly of all, there may be a degree of social risk involved in purchasing counterfeit products. For example, higher income consumers may associate socially more with people who are better able to detect counterfeit products; hence, these consumers are unlikely to purchase counterfeit products for fear of discovery and loss of esteem.

Thus, whether measured directly in terms of prior experiences or indirectly via the attitudes and perceptions formed on the basis of such experiences, it is not unreasonable to anticipate that a significant role may be played by the learning history in determining whether an individual consumer will or will not purchase counterfeit products:

> *P_3: Propensity to purchase counterfeit products will vary significantly as a function of an individual's learning history of past experiences with such products, together with their rewarding and punishing consequences.*

5. Counterfeit Buying Situations

The three research propositions formulated thus far seek to empirically evaluate the constitute components of the three-term contingency as manifest in the BPM explanatory framework; i.e. the reinforcing outcomes of behaviour, the discriminative stimuli guiding that behaviour and the operation of the individual's learning history. It will be recalled from Chapter Two, however,

that the fundamental goal of the BPM is to offer a comprehensive and inherently situated view of the consumer buying process, each particular shopping situation being a product of the combined operation of these constituent elements. More explicitly, a shopping situation is deemed to come into being when an individual's learning history "collides" with a particular consumer behaviour setting, variables within that setting being transformed into discriminative stimuli with the predictive power to anticipate the likely rewarding and punishing consequences of available choice options.

Historically, attempts to investigate the situational dimensions of consumer choice have concerned themselves with classification of the principal situation-level variables in operation (e.g. Belk, 1975; Fry & Heubeck, 1998; Gehrt et al., 1991; Gehrt & Yan, 2004; Kakkar & Lutz, 1981; Leigh & Martin, 1982; Nicholson et al., 2002; Roslow et al., 2000; Whan Park et al., 1989). The defining characteristic of the BPM, however, lies in the extent to which it seeks to classify the situations themselves, rather than merely environmentally-located characteristics of those situations (Foxall & Yani-de-Soriano, 2004; S. Leek et al., 2000). This is achieved via the concept of the contingency category, a taxonomic structure defined by the operant class of behaviour being engaged in, together with the relative (open-closed) scope of the behaviour setting. On this basis, eight contingency categories can thus be defined to which forms of shopping situation may be allocated, reproduced in **Figure 9** below, each of which is anticipated as being characterised by reliance upon a particular matrix of discriminative stimuli according to the operation of an individual's own idiosyncratic learning history within that context.

Just as orthodox shopping situations can be assigned to the eight contingency categories defined by the BPM, so there is no reason to presuppose that counterfeit buying situations should not be equally amenable to contingency category assignment. In the counterfeit marketplace, for instance, "Accomplishment "is the counterfeit buyer's achievement as maintained by relatively high levels of both utilitarian and informational reinforcement. In an open setting, this may be exemplified by behaviours involved in the acquisition and consumption of high quality copies of well-known designer products and primarily for the purposes of public conspicuous consumption activities, e.g. gray market goods and high-quality counterfeits. In this setting, the effect of social stimuli would be expected to be greater than that of physical stimuli. Social stimuli are those that signal the prestige and self-esteem that is contingent on counterfeit consumption, physical stimuli are those that excite sensual distinctions of counterfeits because

pirated products in this category are copies of luxury goods, discontinuous innovations and high-technology products. In a more closed setting, however, it may be viewed as consisting of personal achievement, such as buying uncommon high quality and high-technology products to satisfy the consumer's own requirements and private consumption desires, rather than for public status displays; e.g. gray market counterfeits, deceptive counterfeits, e-counterfeits, bootleg products, etc, In this category, the effects of physical stimuli would be greater than those of social stimuli.

Figure 9: Situated Consumer Behaviour Patterns (Foxall, 1999)

Operant Classes	CLOSED ——— *Setting Scope* ——— OPEN	
ACCOMPLISHMENT (high hedonic, high Informational)	CC2: Fulfilment (e.g. casino gambling)	CC1: Status Consumption (e.g. luxury car)
PLEASURE (high hedonic, low Informational)	CC4: Inescapable Entertainment (e.g. in-flight movies)	CC3: Popular Entertainment (e.g. cinema-going)
ACCUMULATION (low hedonic, high Informational)	CC6: Token -Based Consumption (e.g. spending Air Miles)	CC5: Saving & Collecting (e.g. saving Air Miles)
MAINTENANCE (low hedonic, low Informational)	CC8: Mandatory Consumption (e.g. local taxes)	CC7: Routine Consumption (e.g. groceries)

"Hedonism", or Pleasure Shopping, is behaviour that is usually reinforced by pleasurable consequences, maintained by a high level of utilitarian reinforcement and a relatively low level of informational reinforcement. In an open setting, it can be summarized as popular entertainment and may be exemplified by e-counterfeits, including music from free websites, CD/DVDs,

software, games, etc. In this category, the social stimuli are more powerful than physical stimuli. In a closed setting, it may be manifest as inescapable entertainment or pain reduction, such as consuming counterfeit pharmaceuticals, misusing academic databases, and duplication and distribution of journal articles. Within this setting, the effects of social stimuli are less than those of physical stimuli.

"Accumulation" is behaviour shaped by a collection of reinforcers that have some utilitarian content, but which are principally informational, where sustained collecting is itself further rewarded. In an open setting, this ordinarily takes the form of collecting and saving, so may similarly be manifest in behaviours such as the use of non-deceptive designer counterfeits, durables yielding economic savings, a desire to own more "designer" fake products, pirate movie collecting, etc., as well as saving to buy a major item (fake or genuine goods). In a more closed setting, token-based consumption typically occurs; again, this may also be manifest in the use of non-deceptive e-counterfeits, collections to exchange with other people, "bootlegged" goods, and so on. The effects of social stimuli are equal to physical stimuli here, word-of-mouth acting as a social rule that influences the consumers' behaviour in both of open and close settings.

Finally, "maintenance" is a routine behaviour necessary to sustain one's physical setting (e.g. eating, sleeping) and to function as a member of a social group, to be a citizen in society. It is controlled by both low informational and low utilitarian reinforcement. In an open setting, maintenance could be evident in areas such as the regular purchasing of survival goods, such as non-deceptive, deceptive, and gray market pirate commodities, i.e. shampoo, perfumes, etc; and imitator market counterfeits. In a more closed setting, it could take the form of illicit variations on mandatory purchase and consumption activities, i.e. deceptive counterfeits, including pharmaceuticals, money, fake passports, etc. Social stimuli are equally as powerful as physical stimuli here.

The eight contingency categories have been defined and/or empirically verified in a number of recent behaviourist accounts of consumer choice employing the BPM conceptual framework (e.g. Foxall, 1992a; Foxall, 1992b, 1993, 1994, 1995; Foxall, 1997; Foxall, 1997; Foxall, 1998; G.R. Foxall, 1999a, 1999b, 1999c; Foxall & Greenley, 1999; Foxall & Yani-de-Soriano, 2004; Foxall, 2003; Leek, Maddock, & Foxall, 2000; Newman & Foxall, 2003; Nicholson, 2005). In effect, they represent

taxonomy of behavioural shopping situations that, on the basis of the above discussion, summarised in **Table 1** below, may be equally applicable in less

Table 1: Contingency Categories and Potential Counterfeit Buying Exemplars

	Behaviour setting Scope	
	Closed	**Opened**
Accomplishment (High utilitarian, high information	**Contingency Category 2**	**Contingency Category 1**
	Fulfillment	**Status Consumption**
	(Uncommon high quality copies and highly technical products to satisfy own requirements and private consumption desires, rather than for public status displays; e.g. grey market counterfeits, deceptive counterfeits, e-counterfeits, bootleg products, etc,	(High quality copies of well known designer products, primarily for the purposes of public conspicuous consumption activities; e.g. grey market goods and high-quality counterfeits)
	The matching law and maximizing rule, social private rules	**The matching law and maximizing rule, social public rules**
	(Physical stimuli>Social stimuli)	**(Social stimuli > Physical stimuli)**
Hedonism (High utilitarian, low information)	**Contingency Category 4**	**Contingency Category 3**
	Inescapable Entertainment/Pain Reduction	**Popular Entertainment**
	(Deceptive counterfeits, including pharmaceuticals; e-counterfeits, including academic databases and articles)	(E-counterfeits, including music from free websites, C/DVDs, software, games, etc.)
	The matching law and maximizing rule, social private rules	The matching law and maximizing rule, social affiliation rules
	(Physical stimuli>Social stimuli)	(Social stimuli > Physical stimuli)
Accumulation (Low utilitarian, high information)	**Contingency Category 6**	**Contingency Category 5**
	Token-based Consumption	**Saving and Collecting**
	(Non-deceptive digital counterfeits, collections to exchange with other people, Bootleg goods, etc.)	(Non-deceptive designer counterfeits, durables yielding economic savings, desire to own more designer fake products, music charts and movie collecting, knowledge collecting, etc.)
	The matching law and maximizing rule, word-of-mouth social rule	**The matching law and maximizing rule, word-of-mouth social rule**
	(Physical stimuli=Social stimuli)	**(Social stimuli=Physical stimuli)**
Maintenance (Low utilitarian, low information)	**Contingency Category 8**	**Contingency Category 7**
	Mandatory Consumption	**Routine Purchasing**
	(Deceptive counterfeits, i.e. pharmaceuticals, money, fake passport)	(Non-deceptive, deceptive, and grey market pirate commodities, i.e. shampoo, perfumes, etc; Imitator market counterfeits)
	The matching law and maximizing rule, social rules	**The matching law and maximizing rule, social rules**
	(Physical stimuli=Social stimuli)	**(Social stimuli=Physical stimuli)**

socially unacceptable consumption contexts also; i.e. there is no reason to suggest that these eight CCs should not equally apply within the context of consumer purchasing of counterfeit products:

> *P_4: Substantively different forms of counterfeit buying situation are identifiable, consistent with the eight contingency categories predicted by the BPM.*

6. Person or Context?

Each counterfeit buying situation is formed by the collision of the individual consumer's learning history upon the current behaviour setting. However, the extent to which a person relies primarily upon experience or context has been largely overlooked by the extant BPM literature. Yet, it may well be the case that bias toward either experience or environmental context may play a crucial role in determining whether a person becomes or does not become a counterfeit buyer. For the purposes of the present study, some measure of this degree of relative reliance would therefore clearly be desirable.

All behaviour occurs in a context of both external and internal stimulation. However, people differ in how they perceive and respond to specific stimuli as a result of learning (Rotter, 1981). In most situations, a person can behave a number of ways. Behaviour potential is the likelihood that a person will engage in a particular behaviour to obtain a desired outcome. Behaviour potential depends on two factors: reinforcement value and expectancy, which are independent factors, behaviour potential must be predicted by taking both into account. The relationship between them can state as a formula:

Behaviour potential = Reinforcement value x Expectancy

When either reinforcement value or expectancy is low, the likelihood of engaging in the behaviour is also low. Moreover, when either reinforcement value or expectancy is zero, the behaviour will not be performed because the behaviour potential is zero. Thus, even the most valued reinforcer will not motive to perform behaviour when consumers believe it is unobtainable. Similarly, if either of them is extremely high, behaviour potential will be relatively high.

At the operational level, behavioural responses can be classified as approach (positive stimulus) or avoidance (negative stimulus). In the case of consumer behaviour, approach-avoidance has been measured in a number of ways, and can be operationalised in terms of whether a consumer accepts a reinforcer (e.g. by buying a product) and by the length of time they spend in a purchase setting such as store or a nightclub (Donovan & Rossiter, 1982; Mehrabian & Russell, 1974). Thus, based on principles from Rotter's social learning theory (Rotter, 1954), the *locus of control* (LOC) refers to *"the extent to which persons perceive contingency relationships between their actions and their outcomes"* (MacDonald, 1973, p169).

Locus of control comprises beliefs about one's role in determining personal life outcomes. Although often misrepresented as a personality trait, LOC is actually a generalised expectancy regarding the contingency between personal actions and their outcomes (Lefcourt, 1982). Put another way, as a result of learning, LOC is a measure of the tendency a person exhibits to either rely on his/her own unique history of past experiences or, alternatively, to rely on setting-level cues only. It may thus be seen as a metric of learning history usage, at least in the BPM sense of the term.

Those individuals with an Internal LOC perceive a reliable contingency between their behaviours and their outcomes. These individuals believe for the most part that the rewards and punishments they experience vary as a function of their own actions. Those with an External LOC do not perceive a reliable contingency between their behaviours and outcomes. These individuals generally believe that the rewards and punishments they incur vary with capricious, unstable forces (such as luck or chance) or with the whims of powerful others.

Internals are more action-oriented than Externals. They often commit to risky, innovative and difficult tasks (Hollenbeck, Williams, & Klein, 1989; Howell & Avolio, 1993), especially seeking out those allowing for personal control (Brenders, 1987). They believe in their own capabilities to perform behaviours necessary to control events, and consequently will set their own goals (Phillips & Gully, 1997). At the same time, they put a great deal of effort into mastering situations (Brenders, 1987; Ryff, 1989; Zimmerman & Rappaport, 1988) and derive more satisfaction from situations calling for personal control (Brenders, 1987). In contrast, Externals are avoidant of difficult situations, especially those requiring their active involvement. For instance, they pursue communication strategies that require little mastery (Brenders, 1987) and, unlike Internals, are

unlikely to master the skills necessary to accomplish their goals (Zimmerman, 1995). In general, Externals believe that they lack the skills necessary to be effective problem solvers (Larson, Piersel, .Imao, & Allen, 1990). Consequently, they exhibit such avoidant behaviors as procrastinating (Jannson and Carton 1999) or withdrawing, retreating or escaping (Aspinwall & Taylor, 1992; Ingledew, Hardy, & Cooper, 1997; Skinner, 1996).

Because the counterfeit goods market offers an opportunity for consumers to have primary control of the environment, it is likely that Internals are attracted to this medium. Consequently, they may be among the earliest adopters of counterfeit goods and among the more expert users, e.g. where they can get high quality counterfeit products, a large amount of free MP3s from a website, etc. Externals, however, are likely to have adopted counterfeit buying later than Internals and may be less skilled. In other words, Internal LOC may positively correlate with the number of years of satisfactory counterfeit goods' consumption. It is also plausible that Internals and Externals consume counterfeit goods differently. Internals may be more likely to use counterfeit products in a goal-direct manner, for instance. In general, Internals are more likely adopt proactive, problem-solving stances to changing the environment than Externals (Aspinwall & Taylor, 1992; Ingledew et al., 1997; Skinner, 1996; Zimmerman & Rappaport, 1988). They use information to reduce uncertainty and to accomplish tasks, and their approach to communication is often instrumental (Lefcourt, 1982). In addition to actively seeking out information, they are also more aware of the alternatives available to them (Skinner, 1996; Zimmerman & Rappaport, 1988). However, Externals are typically use media ritualistically, indiscriminately and as an escape (Flaherty, Pearce, & Rubin, 1998; Gunter, 1985; Rubin & Rubin, 1989).

Indeed, placing people into prolonged uncontrollable scenarios appears to induce cognitive exhaustion (Sedek, Kofta, & Tyszka, 1993). When cognitively exhausted, people are unable to process information constructively and feel a need to escape from thinking. Exhibiting behaviour consistent with cognitive exhaustion, Externals are less motivated by freedom of choice than Internals: for instance, they are less likely to choose which television shows to watch and when to set their VCRs (Rubin & Rubin, 1989). Consequently, they are more likely to engage in experiential, non-directed behaviour than Internals. Furthermore, Externals have higher affiliation needs than Internals (Flaherty et al., 1998) but are also more anxious about communicating with others (Rubin & Rubin, 1989). One possible cause of their social anxiety is

that they are unable to understand other's behaviour and plan their own reactions (Fiske & Taylor, 1984).

In a counterfeiting context, Internal LOC may be expected to predispose a consumer to favour e-counterfeit products. External shoppers, seeing no reward for deliberate product search, may be most likely to fall prey to inferior copies of goods and to be vulnerable to repeatedly buy "duds". Further, Maynes and Assum (1982) have demonstrated that many consumers have seriously inaccurate perceptions about price dispersion and are unaware of the low (or negative) correlations between price and quality of products (Bodell, Kerton, & Schuster, 1986; Geistfeld, 1986; Scitovsky, 1944-5). Alternatively, because of their personal goal-directed orientation, Internals may be likely to use counterfeit goods as a supplement, rather than as a substitute for real products. Indeed, Internals may use counterfeit products to maintain the control they already have. Thus, an Internal may use counterfeits primarily to access a certain degree of social status and image that would make them appear empowered and successful in the society.

Overall, then it may be anticipated that Internals are far more likely to become users of counterfeit products because, in behaviourist terms, they are more strategic in the application of their learning histories than Externals. Internals rely more upon the learning history and may thus be anticipated as being better a deciphering available behaviour setting cues in order to make a wise buying response; Externals, on the other hand, tend to be "blown along" by environmental forces having acquired an expectancy that their ability to identify reliable discriminative stimuli is weak, an expectancy that may make them "shy away" from counterfeit goods because of the increased risk of an unwise purchase response.

This anticipated effect of LOC may be expressed formally as follows:

> *P_5: Locus of control will be significantly associated with tendency to consume counterfeit products, internality being positively associated with levels of counterfeit buying and externality being negatively associated*

It must be emphasised from the outset, however, that this proposition is not seeking to predict behaviour on the basis of LOC in a trait-like manner as personality psychology would advocate. Rather, as noted from the outset, it is being applied merely as an indirect metric of the extent to which person-context biases may be evident within counterfeit shopping situations.

7. The (Illicit) Marketing Firm

The five research propositions formulated above have demonstrated that, at least in principle, acts of counterfeit buying appear potentially amenable to operant interpretation and it is the primary objective of this thesis to explore that interpretation through empirical validation of the said propositions. As noted previously, however, the problem with such an approach is that it may be misinterpreted as implying that the consumer is merely a passive automaton, responding to environmental events much as a dog salivates in response to the sound of a bell in the classical Pavlovian learning schedule. The reality, of course, is that the individual consumer is an *active* agent within a competitive environment, his/her actions having a capacity to shape the behaviour of the marketer/vendor during the course of the everyday buying episode. In other words, the vendor-customer relationship is at least in part bidirectional, not unidirectional, the goal of marketing being to facilitate a reciprocal and mutually satisfying exchange relationship within the marketplace (Lilien & Rangaswamy, 2002).

As introduced in Chapter Two, and derived from radical behaviourism, the theory of the Marketing Firm (Foxall, 1999) proposes that a firm engages in a series of behaviour known as collectively as "marketing" in order to influence the behaviour patterns of its customers. Specifically, the marketing firm seeks to manipulate the discriminative stimuli (S^{D}_{s}) that are present during the buying episodes of its customers in order to stimulate a buying response. At the same time, however, these marketing activities of the firm also constitute operant behaviours in themselves; behaviours which equally conform to the three-term contingency in a manner that is contingent upon the behavioural responses of the firms' customers as described above. That is, the behaviour of consumers in the marketplace forms part of the competitive environment (i.e. the behaviour setting) within which the firm operates, and thus constitutes a form of discriminative stimulus (S^{D}). Depending upon those customer responses, the firm will engage in a series of marketing activities (R_m) that will in turn be either positively or aversively reinforced by subsequent consumer responses to those marketing activities ($S^{R/A}$). The behaviours of marketer and consumer are thus interdependent, bilaterally contingent upon one other. Consumer behaviour is a component of the firm's behaviour setting, marketing activities being reciprocal behaviours that are directed towards influencing the behaviour setting of the consumer in order to seek to elicit the behavioural response that is the customer's purchase of that firm's goods/services.

Through operant interpretation, then the nature of the market-customer relationship becomes clearer, together with the implications of that relationship for strategic marketing management. The goal of the retail organisation is to *predict and control* the behaviour of its consumers in such a manner that the firm maximises positive reinforcement and/or minimises the negative consequences of its market activities, as measured by the extent to which consumers acquire and use, consume and dispose of, the firms' market offering.

Within the context of the present thesis, however, the marketing firm in question is an illegitimate entity; i.e. a firm (individual, organisation) selling counterfeit products. As noted in Chapter One, one consequence of this illegitimate status is that investigations of the actions of such entities have traditionally been undertaken within criminological frames of reference; i.e. regarded as "special cases" of business behaviour, just as illicit consumption practices have historically been regarded as "unusual" forms of consumer behaviour. Yet, if the five research propositions formulated above hold true and purchase of counterfeit products is as amenable to operant interpretation as the purchase of more orthodox products, then the distinct possibility is open that the behaviour patterns of the counterfeiters themselves may equally conform to normative business behaviour criteria; i.e. if consumer behaviour towards counterfeit goods follows the pattern predicted by the three-term contingency, then the theory of the marketing firm would imply that the behaviour of the vendors of those counterfeit goods should also follow that pattern, as predicted by the bilateral contingency upon which that theory is based:

> *P_6: The behaviour of the consumer of counterfeit products and the behaviour of the vendors of those products are bilaterally contingent upon one another.*

This final proposition, then, predicts that the counterfeiter is a marketing firm just like any other, at least in behaviouristic terms, differing from more orthodox businesses merely in respect of its own status and/or that of its products/services. Given the emphasis of this thesis upon the demand-side of the counterfeiting problem, however, and the need to better understand the behaviour of consumers within this context, it is clearly beyond the remit of the empirical investigation which follows to seek to test this proposition directly. Nevertheless, in view of the bidirectional nature of the counterfeiter-consumer relationship, the intention is to draw upon the data accrued during the empirical phase and seek to explore this proposition conceptually in the penultimate chapter of the thesis in order to shed light upon the extent to which the operant

consumer behaviours modelled herein will themselves impact upon the counterfeiting marketplace.

8. Counterfeit Buying – A Behaviourist Perspective

To summarise, the present chapter has sought to construct a potential operant account of consumer behaviour toward counterfeit products, adopting the BPM explanatory framework as an overarching organisational tool. Whereas the previous chapter introduced the core elements of the BPM and their capacity to generate interpretations of facets of consumer choice from a radical behaviourist perspective, the primary objective here has been to seek to extend the BPM's frame of reference in order to accommodate more illicit purchase and consumption contexts also, drawing upon the extant literature on counterfeit buying in the process and locating within the BPM schematic framework. On the basis of the material reviewed, there appears broad support for the notion that the BPM appears equally capable of offering an account of both orthodox and illicit consumer behaviours, reinforcing its selection as a viable research model for the current thesis to adopt, a series of potential research propositions derived from key BPM elements presenting themselves during the course of the preceding discussion:

> *P_1: Tendency to acquire counterfeit goods will vary significantly across the four operant classes of consumer behaviour.*
>
> *P_2: Significant differences will be evident in the strengths of the associations between counterfeit purchasing and the different classes of behaviour setting variables serving as effective discriminative stimuli*
>
> *P_3: Propensity to purchase counterfeit products will vary significantly as a function of an individual's learning history of past experiences with such products, together with their rewarding and punishing consequences.*
>
> *P_4: Substantively different forms of counterfeit buying situation are identifiable, consistent with the eight contingency categories predicted by the BPM.*

P_5: Locus of control will be significantly associated with tendency to consume counterfeit products, internality being positively associated with levels of counterfeit buying and externality being negatively associated

P_6: The behaviour of the consumer of counterfeit products and the behaviour of the vendors of those products are bilaterally contingent upon one another.

It is therefore to the empirical validation of the first five of these propositions that the thesis must now turn, data from their empirical validation in Chapter Four serving as a basis for the subsequent conceptual consideration of P_6 in the chapter to follow.

CHAPTER FOUR

EYES WIDE OPEN?

A CONSUMER BEHAVIOUR ANALYSIS

1. A Scientific Analysis of Illicit Consumer Behaviour

1.1 Introduction

This thesis seeks to examine counterfeit buying from a behaviourist perspective, the principal objective being to better understand consumer behaviour toward counterfeit products, the environmental contingencies shaping such behaviour and the influences – both upon the consumer and each other – of all of the key actors within the competitive environment within which this illicit market activity flourishes.

As a starting point for this analysis, Chapter Two began by reviewing the literature on behaviourism, identifying Skinner's radical behaviourist perspective as a possible explanatory approach upon which to ground subsequent empirical inquiry. In particular, the Behavioural Perspective Model (BPM) of purchase and consumption (Foxall, 1986; 1993a; 1999) was proposed as a research model for the thesis, the BPM being the key radical behaviourist framework available to consumer psychologists within the existing literature. On this basis, and structured around the research model's key components and constructs, Chapter Three thus proceeded to draw upon both the radical behaviourist and counterfeiting literatures in order to formulate a series of formal research propositions to guide the first stage of empirical inquiry.

This chapter therefore documents the results of that empirical analysis, presenting an account of an investigation of illicit consumer behaviour from a radical behaviourist perspective. The chapter begins by summarising the philosophical assumptions inherent in radical behaviourist approaches to scientific inquiry, serving as a basis for construction of an empirical strategy consistent with the central tenets of the BPM. This is then followed by a detailed account of the design and implementation of a survey-based programme of empirical work, undertaken within the city of Shanghai in the People's Republic of China, in which the buying characteristics of

consumers of counterfeit products were subjected to an applied behaviour analysis. Data from that investigation are presented and subjected to radical behaviourist interpretation in order to validate the research propositions formulated in Chapter Three. Finally, the chapter closes by seeking to draw some preliminary conclusions as to the extent to which the BPM framework represents a useful interpretive device within which to frame an operant account of consumer behaviour toward counterfeit goods.

1.2 Science and Interpretation in Behaviourist Inquiry

Adoption of a radical behaviourist framework necessitates acceptance of a particular view of scientific inquiry that has evolved over time (Baum, 1994: pp24-5):

> *"Modern radical behaviorism is based on pragmatism. To the question, 'What is science?' it gives the answer of James and Mach: Science is the pursuit of economical and comprehensible descriptions of human natural experience (i.e., our experience of the 'natural world'). The goal of a science of behavior is to describe behavior in terms that render it familiar and hence 'explained'."*

Early behaviourists such as Watson and Thorndike located psychology within the orthodox logical positivist paradigm, with its emphasis on the hypthetico-deductive method, scientific inquiry being a process of theory-construction and formal hypothesis-testing, quantitative metrics being subjective to influential statistic testing in order to validate/invalidate hypothetical propositions and draw conclusions as to the generalisability of the results to the population from which a sample was drawn. In other words, theory development was the primary objective, the hypthetico-deductive process serving to contribute to that ontological development (Skinner, 1974; Watson, 1913). In accepting verbal behaviour and private events rendered public within the behaviourist sphere of inquiry, however, radical behaviourists such as Skinner adopted a subtly difference of view of science derived from pragmatic positivism. Within this view of science, the purpose of inquiry is one of *exploration*, the goal being to understand events and/or populations in their totality and within their naturalistic settings. If successive observations of a phenomenon reveal consistent explanatory accounts, then a general behavioural law may emerge. However, this was not seen as the main goal of science, just a consequence of scientific inquiry, traditional hypothesis-testing being seen as a constraining influence on scientific development

due to the tendency of incorrect theoretical explanations becoming accepted as scientific fact simply because an experimental hypothesis has been repeatedly demonstrated as holding true when, in fact, its underlying assumptions may be false (Skinner, 1974). In other words, radical behaviourists reject the hypthetico-deductive method because they see it as at times leading to the generation and apparent validation of self-fulfilling prophecies ("explanatory fictions"); i.e. replication results is seen as confirmation of an explanation that, nevertheless, may be untrue (Bolles, 1979; Mowrer, 1960).

These two subtly different views of science are important because they also lead to different views of how that science should be conducted. The orthodox behaviourist view argues that the primary objective should be to propose a viable theoretical explanation for a behaviour, generate a hypothesis derived from that explanation, and then obtain a quantitative metric to confirm/discount the hypothesis and its accompanying explanation. That is, methodologically, the emphasis is on theory development through experimental action. By contrast, radical behaviourism has more modest objectives for science. The aim is simply to understand a behaviour by observing and measuring it objectively (Skinner, 1957, 1966, 1974, 1981). The emergence of a general law may simply be an incidental consequence of successive replications. Methodologically, they still favour quantitative measures due to their inherent objectivity, but they do not discount the use of the qualitative methods where measurement is impossible/impractical, provided that those qualitative methods generate an explanation of behaviour that is independently observable and leads to concurrence of interpretation by independent observers, and remains consistent with the three-term contingency at the heart of the radical behaviourist view of human action (Foxall, 1995, 1997c). In short, radical behaviourism advocates a mixed-method approach to investigation, quantitative and qualitative techniques being combined within a broad and still inherently positivist study, structured around the three-term contingency as its flexible interpretive device.

In seeking to apply the BPM model as an interpretative 'technology' to better understand counterfeit product buying and consuming, this study is therefore grounded in this latter radical behaviourist view of science. The strategy adopted for the empirical work thus favours the use of quantitative measures where practical, along with statistical testing in order to analyse the data accrued. However, where quantitative measures are not readily available, qualitative approaches are adopted, albeit framed in the pragmatic positivist standpoint requiring independent

confirmation of observations. Moreover, irrespective of the manner or form of data collection, generation of any data anticipated does not necessarily mean that a research proposition can be accepted unless the data observed are consistent with the three-term contingency; a precautionary measure to avoid acceptance of an "explanatory fiction".

1.3 General Approach of this Study

As discussed in the previous chapters, two key goals of this thesis are: to understand the consumer procurement of counterfeit goods, together with the situational contexts within which such procurement occurs; and to gain insight into the extent to which consumers are active participants in the definition of the contexts within which less socially unacceptable consumption occurs, their behaviours interacting with those of other relevant actors (counterfeiters, law enforcers, etc.). The research also aims to conceptualise the buying and consuming of counterfeit goods, and the markets within which such buying occurs, within existing theoretical frameworks, rather than merely dismissing less socially acceptable consumption practices in general as "special cases" of consumer behaviour. This is a particularly important point, given that the goods typically available within this sphere of retailing often differ largely in status, rather than in kind.

In addressing these objectives, and based on the radical behaviourist view of science discussed above, this thesis will combine both quantitative and qualitative research methodologies. Quantitative techniques will be used to measure the relative importance of each of the constituent components of the BPM framework (behaviour setting, learning history, environmental-situational variables) as determinants of purchase and consumption of counterfeit goods; the latter qualitative approach being used to validate the consistency of that data with the three-term contingency at the heart of the BPM.

2. Research Context and Population

2.1 The Counterfeit Marketplace in China

In terms of scale, scope and magnitude, China remains one of the world's largest producers of, and markets for, counterfeit goods. A study by the PRC State Council Research Development Centre reported in 2001 that the Chinese economy was flooded with between US$19-$24 billion worth of counterfeit goods. Brand owners in China estimate that 30 percent of all well-known brands in China are counterfeits - everything from *Tide* detergent and *Budweiser* beer, to *Marlboro* cigarettes (Gale-Group, 2000), and estimate their losses to be in the region of tens of billions of dollars per year. Counterfeiting is estimated to now account for approximately 8% of China's GDP. China has also become a key platform for the export of counterfeit products to other countries in Asia, Europe, and the United States. In 2003, China accounted for 66 percent (or over US$62 million) of the US$94 million of all counterfeit and IPR-infringed goods seized by the US Customs Service at ports of entry, while in Europe, almost a quarter of products intercepted in 2002 came from Thailand, 18% from China, 8% from Turkey, 5% from Hong Kong, 4% from the Czech Republic and Taiwan and 3% from the US (Anon, 2003; Anon., 2003).

Counterfeiting in China increased significantly in the early 1990s after the success of 'market-orientated' reforms (Wenhai, 2004). Based on a review of the literature, this author would suggest that there are three stages identifiable during the development of the counterfeiting industry in China with the process of the 'market-orientated' reforms of the country's enterprises:

> **I. The initial stage:** The first stage began in the early 1980s in Eastern China at the same time as the initial stage of 'market-orientated' reforms, from 1978 to the mid-1980s. Before the reforms, almost all of China's enterprises were state-owned and state-run. A small number of collectively-owned enterprises did exist, but their managerial system was not essentially different from that of the state-owned enterprise. Enterprises of any other ownership were non-existent. Starting from such a basic reality, the Government put forward the idea of "delegating power and sharing profits" with enterprises for carrying out reforms, and China's "open-door" policy then started to attract foreign investment. This meant that state enterprises lost their monopoly power gradually and faced keener competition from other enterprises.

Individual enterprises therefore became the main competitors to state-owned companies, especially in the East of China. Individual enterprises have been the fastest growing sector since the reforms started. Their outlets and employees increased tremendously during the reform. More importantly, their retail market share increased from close to zero in the earlier 1980s to 20 percent by the mid 1980s. Most of the state and collective enterprises' losses of market share were taken up by them (Mun, 1988).

However, as a result of the Cultural Revolution, commodities were scarce in the marketplace in general, queuing in front of retail outlets being commonplace at that time. Amid the rapid expansion in consumption, demand simply overwhelmed the old distribution system, and consumers did not have much choice but to accept this marketplace. The information of consumption products also remained in the centrally-planned market for living materials and staple foods, including rural and urban consumers. In this circumstance, more counterfeiters (including individually invested enterprises and private enterprises) in Eastern China were drawn to the industry by huge profits. Counterfeit products were mainly copied from products made by the other companies, both foreign and domestic. Counterfeiting at this stage, though an infringement of patent rights, did not exert much of an impact on the national economy due to the lack of commodities and the lack of relevant laws.

II. The growth stage: The 'market-oriented' reforms entered into a second "exploring" stage from the middle of the 1980s to the mid-90s, counterfeiting developing its own second stage also. In this stage, Central Government encouraged all sectors of the economy, whether owned by the state, a collective of individuals, or with foreign funds, to cooperate with each other by means of establishing contractual joint ventures, equity joint-ventures or associations. This provided the opportunity to transfer "know-how" technology to individual enterprises. Moreover, the central emphasis of China's economic system was shifting from rural areas to urban areas, targeted at reviving state enterprises in urban areas and increasing opportunities for solving the problem of unemployment. Due to consumer demand, which was much greater than supply, together with the changes in aggregate consumption during the reforms, there were changes in consumption patterns as well. The latter changes were even more important

as they created new markets for those enterprises which were fast enough to capture those opportunities.

On the other hand, amid the need to development the urban economy, local government support was crucial to the survival and expansion of private businesses and to increase the opportunity for resolution of the unemployment problem (Chow & Tsang, 1994). Take Hanzheng Street in Wuhan in the early 1990s as an example, one of the earliest counterfeiting markets in China. A small area in the city was populated by about 12,000 private businesses selling various types of goods, including those imported from Hong Kong, Taiwan and South Korea etc, both fake and real, most of individual enterprises present were small wholesalers and their total sales volume in 1992 was over US$100 million. Every day, thousands of people throughout the country went there to buy merchandise, particularly those brands that were a symbol of popular and advanced products. Overseas' Chinese, coming from the USA, the UK, etc., also set up trading firms in that area, and individual enterprises went to other provinces and even overseas to find the resources needed to do trade/business. The local government implemented policies encouraging private businesses in 1983 and Hanzheng Street has now become a national wholesale centre for various consumer goods, including counterfeits (Yang & Li, 1993). Private business-dominated wholesale centres specializing in different types of goods also emerged in other cities of China (Asianweek, 1993), i.e. Linyi Market in Shangdong Province; Nansantiao Market in Hebei Province; Yi-Wu China Small Commodities City in Zhejiang Provinces; and Wuai Market in Liaoning Provinces. These five wholesale markets became the main centres of distribution of small commodities, and then developed into what are now the five largest counterfeit markets in China today (Anon, 2000b, 2000c, 2002, 2004d; Chow, 2003, 2004).

Since private businesses were smaller in size and more flexible in business strategies than both state and collective enterprises, they were thus also more adaptable to the changes in consumer tastes. As in the case of Hanzheng Street, some of the individual enterprises travelled all over the country, or even overseas, in search of merchandise which was not available at home or constituted well-known branded counterfeit products. The logic was that they could provide a broad product assortment, and their profit motive naturally encouraged them to offer a high quality of service. Finally, individual enterprises became

both numerous and widespread in location, counterfeiting becoming widely distributed through these large open air markets or partially enclosed wholesale markets, located in densely-populated areas with convenient transportation access (Chow & Tsang, 1994; Qiang & Harris, 1990). According to consumers' experiences and anecdotal reports, there was no wholesale market in China that did not carry counterfeits goods for sale. Many wholesale dealers were counterfeiting goods on open display, while others would display genuine products but have counterfeits in a back room or under the counter and available for the asking (Business Week, 2000a; People's Daily, 2000c; Anon, 2004c). Most of the wholesale distributors dealt with counterfeit products in different ways in these markets.

However, these wholesale markets were established and regulated by the local Administration of Industry and Commerce (AIC), a branch of the local government responsible for promoting, regulating, and policing commercial activity. In this typical situation, AICs invested their own funds in establishing the wholesale markets and collected rent from each of the individual wholesale distributors. In addition, AICs would issue business licenses for a fee to each individual proprietor. Once the business was in operation, AICs also collected a management fee from each individual proprietor. The operating revenues of a large wholesale market such as Tianyi or Yiwu would often exceed US$100,000. Local-level leaders were evaluated by the economic performance of their local political units. Therefore, AICs faced a conflict of interest and were charged with policing and enforcing the very markets in which AICs and the local government had a substantial investment and financial interest. Due to the lax policy and the hesitation of the regulation, counterfeiting was thus dramatically increased (Chow, 2004; Wenhai, 2004).

All these factors meant that the private sector had a competitive edge over state and collective enterprises in capturing the opportunity offered by the demand side changes in consumption patterns over products. As noted above, there were two household groups at this stage: urban and rural. Household expenditures are of two types, material and services. For rural households, while there was a big drop in the budget share of staple food, non-staple food's share showed marked increases and while that of clothing was just the reverse. The share of services had increased by more than 100 per cent during the

1990s. Such changes in consumption patterns are rather typical of a low income household at the subsistence level beginning to experience income growth. Before the reforms, the rural household income was very low. Farmers could barely afford anything beyond basic necessities like staple food. In addition, the poor retailing infrastructure further reduced their scope of consumption. During the reforms, especially Stage One, the rural household income significantly increased. Peasants could have excess income for non-staple food, daily goods and services which could be bought easily in free markets and wholesale markets.

For urban households, the changes were quite similar, except that clothing's share was more demanded while the increases of the share of non-staple food and services were less drastic than those of rural households. Because the open door policy had been run from first stage to the present, Western culture, especially, culture and lifestyles in Hong Kong, Taiwan, and Japan, strongly influence the urban consumer's consumption patterns. The market information was driven by word-of-mouth, free-market ethos, and TV soaps. Urban consumers desperately wanted to be as modern as people in Hong Kong, Taiwan, and Japan, etc.

Therefore, in mid of 1980s, popular demand for new durable consumer goods such as home appliances created a surge in consumer demand. As this demand for consumer goods became more sophisticated, consumers engaged with the new and high-tech products more; i.e. from simple washing machines to fully automatic ones, black-and-white TV to colour TV, VCDs etc. and even home theatres. New consumption patterns thus emerged. From scarcity to affluence, low- to medium-income consumers tended to overspend. Consumers began to identify a particular trademark with a certain level of quality. This association conferred goodwill on the trademark, and it is this goodwill that motivated consumers to purchase one brand over another (Chai, 1992). Put another way, consumers may have chosen particular products/brands not only because these products provided the functional or performance benefits expected, but also because the products could be used to express a consumer's personality, social status or affiliation (i.e. they had a *symbolic* purpose).

At this stage, then, counterfeiting developed from simply copying products to impersonating well-known trademarked products belonging to other companies. This was because of the rapidly increasing consumption demand and the changing nature of consumption patterns. Money represented the power to purchase again after the Cultural Revolution. Indeed, the post-communist economy represented a particularly lucrative potential market for counterfeit goods as the transition to free-market capitalism was typically characterised by a turbulent gulf between supply and demand. That is, consumers in such economies often have an almost insatiable appetite for consumer goods and durables that cannot be satisfied by either they own spending power, nor the production and distribution capacity of legitimate manufacturers. As mentioned previously, the frustrations of unfilled aspirations and consumer desires become over-stimulated to the point where few can legitimately afford to realize all of them (Merton, 1968), which is one of the reasons for consumer misbehaviour in general (Fullerton & Punj., 1997a, 1997b).

In addition, the paradigm of competitive strategy stimulated the growth of the national economy, increasing the capability and capacity of production. Therefore, China's economy changed to be dominated by a buyer's market characterized by excessive supply and increasingly fierce price competition. Counterfeiters mushroomed not only in East China but also in Mid and West China. Five main wholesale markets have been well-developed since this stage. Counterfeit products permeated many industries including textiles and light industry. Moreover, alcohol and poisonous foods were also discovered. During this stage, due to lack of knowledge of genuine goods, consumers were deceived by counterfeiters in general.

III. The stability stage: The third stage started from mid of 1990s, a confirmation and protection of the market entity status of the non-state owned sector by the policies and Laws of the State bringing about a rapid development of the non-state owned sector during this period. The Chinese economy enjoyed unprecedented growth for an economy of its size, with growth rates of 9.8% since the 1990s, and running at 9% more recently. Specifically, this economic growth has been fueled in large part by foreign direct investment from multi-national enterprises. In the 1990s, China emerged as the world's second largest recipient of foreign direct investment (FDI), behind only the United States,

and in 2002 China surpassed the United States to become the world's largest recipient of foreign direct investment with $50 billion of foreign capital inflows. FDI is the best means in the world today for the transfer of advanced technology, intellectual property, and other forms of valuable information. In many cases today, the intellectual property component of a FDI in the form of patents, copyright, and trademarks is the most important component of that foreign investment, such as in the cases of Nike, McDonalds, Coca-Cola and Microsoft etc.

However, while MNEs were creating a transfer of technology through FDI that is being absorbed into China's legitimate economy through joint ventures and wholly foreign owned enterprise, some of this intellectual property was also being diverted into China's illegitimate economy as counterfeiters appropriate this technology to engage in counterfeiting and other forms of commercial piracy. It is no coincidence that China, the world's largest recipient of FDI, advanced technology and intellectual property, is also the world's most serious commercial counterfeiting problem.

The example in this the area, where counterfeiting economies flourish, concerns those regions of China that were among the first areas in the country to legally acquire foreign technology used in the production and manufacture of famous brands. Some of this technology and know-how has now been acquired for illegal purchases. The manufacturers of counterfeits appeared in these areas, i.e. southeastern China and coastal regions. In addition, the transformation of the "know-how" technology resulted in the rapid increasing of the production capacity of the local manufacturer. The gray market products been provided in the market amounted to a large amount and non-deceptive counterfeit products were exported around the world. Although excess capacity is not a determinant of counterfeiting, it is simply a measure of the potential size of the illegitimate market for certain products, such as disc-based products and apparel products. **Table 2** summarises the countries identified by the IFPI are those that are responsible for a high proportion of counterfeit and pirate music production.

Table 2: Production Capacity of Optical Discs

Country	Estimated Capacity - all formate (millions)	Total Demand (millions)
Taiwan	8000	200
Hong Kong	3000	140
China	1200	700
Singapore	700	50
Malaysia	500	60
Indonesia	200	15
Russia	185	60
Poland	180	100
Macau	150	1
Source: IFPI (2002)		

With well-known branded products' popularity increasing and their global market expanding, MNEs realised the security and loss prevention challenges they would face. In many areas, counterfeit products reached the market well in advance of legitimate products. For example, pirated *Microsoft Windows XP* was sold in the market one week earlier before original product was released. Most brand owners in China estimate that 15-20 percent of all well-know brands in China are counterfeits. Proctor and Gamble estimate that more than 40% of their products found on Chinese store shelves are counterfeit (Porteous, 2001). A market survey competed by Pfizer Corporate Security in 2001 revealed that in the seven major Chinese markets tested, 88% of the *Viagra* products procured through locations other than hospitals were not genuine (Pfizer-Corporate-Security, 2001). Therefore, the genuine manufacturers have been fighting back at the counterfeiters through different anti-counterfeiting marketing strategies, i.e. legal warnings, withdrawal strategies, re-labelling the original products, changing packaging, etc.

However, while both domestic and foreign-funded companies spent millions dollars to combat counterfeiting, counterfeiters pushed brand-owners into producing new products and other relative products that have benefited customers. MP3 music shops (Apple *iTunes*), for example, represent an innovative response to music piracy. Especially, software and digital counterfeit products directly help the sales of hardware products in the marketplace, i.e. personal computers and DVD players. Due to games piracy and free game download website, the sales of genuine Microsoft's *'X' box* and Sony's *'Play-station II'* are rapidly increasing in China and other Asian countries (Miyazaki, 2004).

As living standards continued to improve and consumers became more sophisticated, their consumption patterns and expectations also changed. This was particularly so after China launched a number of reforms in its housing, medical and social security systems from the 1990s onwards. Following increases in individual spending on accommodation, education and pensions, the purchasing power of consumers weakened substantially. As a result, disposable income and consumption power in the 1990s could no longer stay at the same levels as those in the 1980s.

In this circumstance, counterfeiters are now producing a diverse range of low-cost fast moving consumer goods (FMCGs), together with well-known branded products and high-tech products from every industry. Wholesale markets have appeared in every city, counterfeit products becoming the way that consumers cope with the economic disadvantage and token-economic shopping. In addition, the disparity between high and low income is now pronounced. High-income consumers engage in well-known brand and up-market products' shopping in those department stores with luxurious shopping facilities or by going to other countries. The effect of this social-status-related consumption influence is pronounced among mid-income consumers and young consumers. Some consumers have developed an insatiable appetite for brand-name luxury goods and "advantage technologies". They do not reject imitations, which are seen as the next best thing for people who cannot afford a shopping trip abroad, or to pay high prices in China itself. It is now a common phenomenon that in retail areas where goods are purveyed in luxurious boutiques, it is possible to procure counterfeit copies of those goods in lesser stores, markets and from street vendors, a co-existent relationship in which the marketing of the former almost serves to 'feed' the latter, and vice-versa. In this case, price sensitive consumers choose to purchase counterfeit products in preference to the relatively higher-priced legitimate products. In this stage, consumers often know that they are buying counterfeit products, and indulging in consumption of counterfeit products over different consumer goods.

In sum, from the development of counterfeiting in China outlined above, it can be seen that counterfeit markets can be a product of economic development. The purchasing of counterfeit products is often a response to the economic environment between government, manufacturers, private enterprises, counterfeiters and consumers' behaviour. Counterfeiting is an omnipresent

economic phenomenon over products crossing all countries (Ben-Atar, 2004). It could be the case that China is simply at a much later stage in development of counterfeit markets than the EU, and that Chinese consumers are thus more sophisticated because of the cultural, economic and political context, i.e. shared culture, lax penalties, small family businesses, economic configuration, etc. Despite social, cultural, and legal differences, the behaviour of Chinese consumers may thus provide an indication of how European consumers may respond to the rapidly expanding counterfeit market here. While the EU is at a stage of 'advanced' development, its new member states are at lower levels of development, with weaker legislative statures, lower level of disposable income, yet increasing consumption aspiration of the citizens.

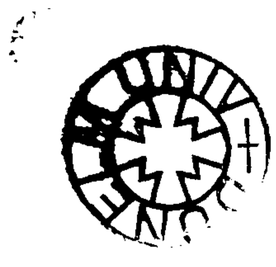
Furthermore, consider the rapid growth of illegal music file-sharing, for example. On the weekend of 22/23 March 2003, 670,000 people in the UK were using *KaZak*, the leading file sharing P2P network (BPI, 2003), which indicated potentially significant shifts in behaviour towards illegal consumption of goods in Europe and here the growth of MP3 file-sharing is indicating of the trend. Therefore, with the development of digital technology, it is impossible to envisage that counterfeiting will vanish, but it is possible to find a way to control this behaviour and to minimise its levels. Therefore, it is vital to understand the relationship between these key actors.

Given that China appears to be the most developed counterfeit marketplace in the world, it holds a number of key advantages in terms of its suitability as a context for the current research. Firstly, in terms of access to consumers, the near ubiquity of counterfeit goods and their acceptance as a "normal" aspect of the shopping experience renders this a location in which securing cooperation would be far easier than in, say, the UK where the counterfeiting problem retains a more overtly illicit character and consumers may, as a result, be less open about their buying habits. Secondly, and related to this, the rapid rise in counterfeit purchasing in Europe in recent years means that this behaviour still has a degree of "novelty" value. As a consequence, consumer buying patterns may be less stable and more erratic than in a more established market context such as China, making data analysis more problematic. Finally, and on a more personal level, the researcher's own origins in China presented very practical advantages in respect of both access to consumers and knowledge of the spatial location and organisation of the counterfeiting industry in that geographical context. Therefore, for these three very practical reasons, it was decided to locate the empirical work for this thesis in a major Chinese city.

2.2 Location of this Research

The geographical definition of the population employed in this study was Shanghai, which is considered a growth market actively drawing in international and domestic brands. According to the Shanghai Commercial Information Centre, Shanghai is both the place for producing and consuming foreign brands. A survey of nearly 560 foreign brands registered revealed that the top four locations of brand registration were Hong Kong with a share of 19 percent, Italy at 14 percent, France at 13 percent, and the USA at 12 percent (HKTDC, 2002). However, in 2003, the Shanghai Industrial and Commercial Administration Bureau handled more than 330 foreign-related trademark infringement cases, and over 30,000 examples of pirated products were confiscated (Gong & Yu, 2004).

On the other hand, Shanghai has traditionally been China's centre of domestic commerce (Ralston, Gustafson, & Terpstra, 1993). With per capita GDP in excess of US$4,500, Shanghai ranks first among all provinces and municipalities in China and its residents have strong spending power. In particular, middle-income earners constitute a relatively large proportion of the city's population and generate considerable demand for imported goods (HKTDC, 2003). Nonetheless, the growing income gap, particular tagged to the rural/urban dichotomy, is very real there. Compared to other parts of China, many of Shanghai's consumers, even relatively prosperous ones, prefer to choose fakes over the genuine products (Anon, 1999, 2004a). Per capita income has been increasing rapidly in Shanghai and with it the desire to possess the good things in life; Shanghai's consumers therefore are more likely to have positive orientations towards counterfeit goods that carry counterfeit famous brand names. A number of commentators, researchers and business people argue that major cities such as Shanghai are the centres of the counterfeit product trade in China, and it is common knowledge, as mentioned in the research context above, that there is a large and well-established market in each major city for counterfeit clothing, accessories, DVDs and software. In addition to these trends, PC ownership among Shanghai residents has already reached 37.6%, and Shanghai is one of the largest Internet populations in China (CMI, 2003; CNNIC, 2002), which provides better access and the basis to counterfeit digital goods, such as software and music products. Surveys of software company managers by organizations such as the Electronics Intellectual Property Rights Consulting and Service Centre and the China Software Industry Association suggest that more than 70% believe



stronger law enforcement is required (Anon, 2004b). Not surprisingly, Shanghai is a special focus of the Chinese State Council's newly launched campaign to protect IPR (Ning, 2004).

Due to this increasing heterogeneity among Shanghai consumers discussed above, a study of consumer behaviour towards counterfeit products that uses a representative sample drawn from this locale would be advantageous. Therefore economically, culturally, historically, legally and geographically, Shanghai represents a potentially significant case study of a global city that is a major focus for the production and consumption of IPR-theft products.

3. Research Design

3.1 General Strategy

As noted in the introduction, the methodological strategy of applied behaviour analysis is based on the pragmatic-positivist premise that a scientific account of behaviour is possible and that it must be conceptually expedient in order to minimise the generation and/or proliferation of 'explanatory fictions'. Within the radical behaviourist literature, this is typically achieved via the application of standardised metrics of independently observable acts of behaviour, augmented where necessary by means of more qualitative accounts of events generated through interpretation that must, nonetheless, be formed purely on the basis of series of objective, rigorous and concurrent independent observations (Bolles, 1979; Foxall, 1995, 1997c; Mowrer, 1960; Philip, 1998; Philo, Mitchell, & More, 1998; Yeung, 2003). Moreover, quantification in the social sciences tends to present the world in an ordered way which can be accessed using numeric data and understood by using these data both to describe and infer characteristics of the human world, and to provide evidence that for or against hypotheses and laws by which that would can be understand (Barnes, 1994; Johnson, 2000). Based on this principle, the research conducted in the current empirical programme therefore employed a combination of quantitative and qualitative data collection techniques in validating its research propositions.

However, the difficultly in testing a model such as the BPM - and a general characteristic of behaviourist explanations - lies in the operational specification of the notion of the consumption (or learning) history. Foxall (1997c; 1998) proposes that the consumer's statement of beliefs and

attitudes may provide useful guides as to their consumption histories and the contexts in which past behaviours produced relevant reinforcing and punishing consequences. The BPM portrays verbal responding, including responses to questionnaires that attempt to elicit belief and attitude statements, as behaviour which itself is influenced by the same setting and historical factors that shape non-verbal behaviour such as store choice (Foxall, 1997a). Several relationships needed to be measured in order to achieve this, such as measures of the behaviour setting and learning history, which are difficult to quantify directly. In order to test this integrated research model, a questionnaire design was therefore chosen, a well-known and effective tool with which to analyse relationships between or among phenomena in socially complex situations. In short, a quantitative questionnaire which concentrates exclusively on those factors might therefore find statistical evidence for the BPM model to measure the relative importance of each of the constituent components of the BPM framework (behaviour setting, learning history, environmental-situational variables) as determinants of purchase and consumption of counterfeit goods.

A questionnaire may be defined as a self-report instrument used to capture and examine everyday experiences. The practice of "counting up" allows the researcher to produce numerical measurements of what people think and how they behave, alongside information about their gender, age, occupation and so on. This information can then be cross-tabulated and used to make quantifiable inferences about the wider population from which the respondent sample drawn (Cloke et al., 2004; Johnston, 2000).

As this quantitative methodology has evolved, social scientists and marketing researchers have increasingly favoured the adoption of more flexible questionnaire formats (i.e. structured, semi-structured, close/open) for application in a large sample size, time-constrained and particular issue-based research designs. Whatever the formats employed, however, questionnaires are seen as a highly effective tools with which to collect rich personal data, enabling systematic analysis of results using statistical methods. In particular, anonymous self-report questionnaire methods can leave scope for participants to be honest and frank in their willingness to share information and experiences of a confidential nature. They also have the advantage of being filled out at a time convenient for participants which allows them to reflect upon the questions, rather than feeling pressured to immediately answer as in interviews or focus groups. Furthermore, due to the nature of counterfeit product buying and its relationship with moral and legal arguments, this

method of data collection was selected to assure the anonymity of the respondents. Krohn et al. (1974) argue that self-report data may be affected by the method of data collection and that a questionnaire may be preferable for sensitive topics if anonymity can be assured.

Self-reporting questionnaire methods are one of the most popular methods of measuring criminal and delinquent behaviour, widely used across the social sciences (Cloke et al., 2004; Farrington, 1973). Different issues have been examined using self-reported data, such as shoplifting, theft, 'cheating', aggression and violence, drug use, and, indeed, counterfeit products buying. It has been observed that self-report questionnaire data collection methods can be a highly effective means via which to examine a broad spectrum of deviant behaviours (Akers, Massey, Clarke, & Lauer, 1983; Albers-Miller, 1999; Keane, Gillis, & Hagan, 1989; Klemke, 1978; LaBeff, Clark, Haines, & Diekhoff, 1990; Michele, 2001; Moores & Dhaliwal, 2003; Moores & Dhillon, 2000; Ruggiero, Greenberger, & Steinberg, 1982; Steadman & Felson, 1984; Wee, Ta, & Cheok, 1995). Self-reported data, used under these conditions, have been shown to have predictive validity, internal consistency and concurrent validity (Farrington, 1973).

The quantitative phase of this research therefore employed standardised metrics of the key BPM components identified with the extant literature. For these metrics, several anonymous self-report questionnaires were preferable because of: (a) the illicit nature of the behaviour under investigation; and (b) the need to collect data on several key elements of the BPM framework, making a single questionnaire potentially too extensive for implantation on a single occasion.

3.2 Consumer Behaviour Setting

This element of the study adopted a correlational research design which sought to explore the relationships between various behaviour setting influences and consumer interest in the purchase and consumption of counterfeit products. Derived from existing situational taxonomies (e.g. Belk, 1975; Foxall, 1996; Magnusson, 1981), the questions in this metric thus helped the researcher to evaluate the effects of behaviour setting variables on buying or non-buying of counterfeit goods and consumer behaviour towards those goods.

The simplest way to construct this particular questionnaire was to develop a Likert-type scale with a single type of respondent in mind; i.e. a person prone to behaviour setting influences. A

high score would therefore indicate a high degree of susceptibility to external environmental influences and a low score would indicate no real susceptibility toward counterfeiting. The first stage in designing the questionnaire was to develop a series of statements and provide a Likert-type response scale for each. Therefore, the questionnaire items related to purchase and usage behaviour settings, adapted from both Belk and Foxall within the context of non-illicit consumption (Belk, 1975; Foxall, 1993b, 1995, 1996), and from questions which related to the behaviour-setting-relevant dimensions of previous researches on counterfeiting itself (Bamossy & Scammon, 1985; Bloch & Blush, 1993; Chan, Wong, & Leung, 1998; Cordell, Wongtada, & Kieschnick Jr., 1996; Harvey, 2003; Lau, 2003; C. Simmons Lee & Brian R. Tan, 2002; Moores, 2003; Moores & Dhillon, 2000; Prendergast, Chue, & Phau, 2002; Ranjan, Ramkrishna, & Vijyaraman, 2003; Shore et al., 2001; Simpson, Banerjee, & Simpson, 1994; Tom, Zeng, & Yvette Pilcher, 1998; Wee et al., 1995; Wood & Glass, 1995).

Specifically, there were: 12 items measuring the importance of the social setting; 12 items measuring the physical environmental dimension; 7 items measuring the temporal perspective; and 7 items measuring the regulatory environment. As noted above, these 38 items were measured on a five-point Likert-type scale of importance, with 1 being extremely unimportant and 5 being extremely important. The presentation of these items is consistent with previous studies (Belk, 1975; Foxall, 1993b, 1995, 1996). Again, a high overall score on any one of the four sub-scales indicated a high level of susceptibility to situational influences in the corresponding behaviour setting dimensions.

3.3 Consumer Learning History

The consumer's learning history is the cumulative effect of the rewarding and punishing outcomes of past behaviour, representing the personal factors influencing consumer choice and priming the consumer's approach/avoidance responses. Even if the consumer lacks a direct consumption history, he/she will compensate for this by seeking advice from other consumers, salespersons, or by sampling products (O'Shaughnessy, 1987). Therefore, behaviour is determined by an internal processing of information.

The two primary components in the learning history are an "individual's direct experience", referring to the rate at which responses recur as a function of the consequences they have produced in the past, and the "learned orientation", a discriminative stimulus for further responding. In respect of the latter, the underlying logic here is that individuals acquire a general expectancy towards an object or situation on the basis of past experiences of that object/situation and its reinforcing outcomes, resulting in a tendency to respond to future occurrences in either an approach or avoidance manner (Rokeach, 1968). For example, if a consumer has repeatedly been dissatisfied with a particular brand of coffee in the past, he or she will acquire an orientation whereby future exposure to that brand results in the tendency to avoid it. In effect, the brand acquires a capacity to evoke a negative emotional/evaluative response through classical conditioning. Moreover, just as "Little Albert" generalised his fear of white rabbits to other white fur stimuli in Watson and Rayner's (1920) landmark study of conditioned emotional responses, so our dissatisfied coffee-buying consumer may generalise his/her aversion to products other than coffee that bear that manufacturer's brand logo.

The present study sought to measure the consumer learning history in two ways, consistent with these two principal components. Firstly, and most simply, the paper-and-pencil instrument developed accommodated various metrics requesting data from the consumer on past purchasing of counterfeit goods, a fairly direct measure of the rate of response. As the pilot questionnaire (Appendix I) illustrates, this took the form of requesting information concerning the frequency of counterfeit products purchased in general, with six response options provided: (1) Every day; (2) A few times a week; (3) A few times a month; (4) A few times a year; (5) Almost never; and (6) Never. Further 'clues' to past counterfeit buying determinants are elicited via additional questions of this type; e.g. mode of purchase, demographic characteristics, etc.

More complex, however, the second learning history metric took the form of a discrete-choice response scale designed to detect the presence/saliency of learned orientations. In behaviourist terms, these orientations can be thought of as being manifest in implicit mediating responses. The concept of the implicit mediating response accommodates the tendency to behave in an approach or avoidance manner in the presence of a stimulus where past experiences of that stimulus have resulted in the acquisition of a positive or negative expectancy that shapes the current behavioural response (Doob, 1947).

To elaborate, the dissatisfied coffee buyer avoids future experiences of the brand in question because he or she has had negative experiences of that brand in the past; an instance of negative reinforcement in operation. Through classical conditioning, however, this operantly-acquired behavioural response is further strengthened by the association between the brand name/logo and the previous punishing consequences. Thus, in stimulus-response terms, the brand name/logo has become a conditional stimulus, the associated response to which is a tendency to negatively evaluate that brand during future encounters with it; i.e. evaluation is simply a classically conditioned approach-avoidance response to a stimulus that mediates future operant responses toward occurrences of that stimulus. Therefore, in respect of the metric developed in this study for measuring learning history influence on consumer choice, it is anticipated that individuals will respond to a series of questionnaire items (i.e. stimuli) in a manner consistent with past experiences of the objects or situations depicted in those items as a consequence of the operation of an implicit mediating response.

Osgood, Suci & Tannenbaum (1957) suggest that the operation of an implicit mediating response can indeed be determined psychometrically via the adoption of an appropriate discrete-choice response scale, the centre point of which depicts "no response", the polar extremes capturing approach and avoidance responses. Therefore, in the case of the coffee buyer, the consumer may be asked to evaluate a questionnaire statement proclaiming the taste of the coffee to be of a high standard on a five-point Likert-type response scale, ranging from 5 ("Strongly Agree") to 1 ("Strongly Disagree"), thus capturing a positive or negative orientation toward the brand mediating the scaled response, the intermediate 3 ("Undecided") response option suggesting no detectable implicit mediating response in operation.

Of course, for the purposes of the present study, a scale simply presenting a series of potential counterfeit products that a consumer may buy or avoid buying would be extremely limiting. However, the logic of responding to questionnaire statements in an evaluative manner as an indirect measure of a learned orientation in operation can be extended to more complex scale items also. Adopting a more cognitive-social perspective, Fishbein (1967) has suggested that individuals may evaluate even very complex learned concepts in much the same manner by virtue of the stimuli that become associated with them. When asked to evaluate a statement promoting the relationship between cigarette smoking and lung cancer, for example, an individual whose learning history contains a repository of past confirmatory stimuli (e.g. direct

experience of a family member who smokes developing cancer) is likely to signal agreement with that questionnaire statement as a result of his/her own particular implicit meaning response; conversely, an individual whose learning history contains disconfirmatory stimuli (*"my grandfather is 80 years old and in the best of health, despite smoking sixty cigarettes a day"*) is likely to indicate disagreement with the statement. Of course, the smoking example is over-simplified, for each individual is likely to possess a learning history containing very many stimuli that are both confirmatory and disconfirmatory in character. Nevertheless, the overall logic will still apply. Just as the rat in the Skinner Box must discriminate between a whole host of stimuli with varying capacities to predict (or not predict) an approaching electric shock, so some stimuli in the questionnaire respondent's learning history will be more salient than others to the individual and will skew the scaled response in a particular direction on the basis of the most salient "clues" available to the validity or otherwise of the proposed relationship between smoking and lung cancer.

To reiterate, the logic here is that responding to items on a questionnaire represents a behaviour in its own right, albeit verbal behaviour, and, consequently, the responses elicited therefore give an indication of past reinforcing outcomes. That is, the consumer responds to situations/stimuli in the scale items on the basis of his/her past direct experiences of those situations/stimuli, making the questionnaire data obtained an indirect metric of past reinforcing outcomes (Leek, Maddock, & Foxall, 2000). In effect, the scale items are surrogate stimuli to which the individual responds in an evaluative manner as a function of his/her own unique repository of learned orientations.

The learning history scale employed was complied after consulting the literature on the subject of learning history influence. The goal was to develop a measure that could detect implicit mediating responses to concepts (i.e. verbal stimuli) associated with the purchase of counterfeit products. The scale thus consisted of 44 items drawn/adapted from the extant literature which take into account both the positive and negative evaluations of counterfeit products found in pervious research to influence the purchase of counterfeit products. Moreover, these statements reflected the three main consequences of purchasing and consuming toward counterfeit products documented in the literature: Utilitarian reinforcement was captured by 23 statements, Informational reinforcement by 11 statements, and aversive consequences (including cost and risk) by 10 statements.

The nature of the statements varied due to the diverse range of approaches to, and styles of, survey work previously undertaken in this area. Some of the statements can be considered as belief statements, reflecting knowledge or information held about counterfeit products, whether complete/incomplete or accurate/inaccurate in terms of their content; e.g. *Counterfeit digital goods have the exact same functions as genuine goods.* Other items were consistent with the concept of the value, the individual's sense of what is good, desirable, worthwhile, and so forth; e.g. *Counterfeit goods benefit society because large numbers of people can use/ acquire them.* Still others were attitudinal in character, whereby the individual's beliefs and values become integrated and a more emotive and idiosyncratic evaluation of an object/situation becomes evident; e.g. *I am happy that people know I am an informed (knowledgeable) person although I obtain that knowledge from counterfeited products or websites* (Fishbein & Ajzen, 1975; Hogg & Vaughan, 1995; Stroebe, 2000; Zimbardo & Leippe, 1991). These three distinct forms of questionnaire items – belief, value and attitudinal statements – thus accommodated a broad spectrum of different forms of verbal stimuli that may hold a capacity to elicit an evaluative response as a surrogate metric of learning history influence, the statements themselves enjoying some degree of construct validity as a function of their origins within the extant literature.

On the final learning history scale constructed, then, respondents were required to indicate their degree of agreement or disagreement with each statement on a five-point Likert-type response scale (1, strongly disagree, 2, disagree, 3, undecided, 4, agree, 5, strong agree). Once completed, the responses given could then be summated, providing a metric of the degree of positive/negative orientation toward counterfeit goods inherent in the respondent on the basis of his/her learning history, complimenting the direct measures of actual past buying outlined above.

3.4 Intersection of Behaviour Setting and Learning History

As discussed previously, a shopping situation is the point in time and space at which a particular learning history and a specific consumer behaviour setting intersect, providing opportunities for the individual to gain from purchasing, consuming or avoiding either or both of these actions and their consequences. In the process of their intersection, the elements of the setting come to signal the rewards and punishments that are contingent on acting in a given way, identified via

the application of the learning history upon the behaviour setting in the search for appropriate "clues" as to the most satisfying outcome possible from a range of available choice options.

The metric selected for this component of the overall paper-and-pencil measure was based on the Locus of Control (LOC) construct, first identified by Rotter (1966). Although often misinterpreted as a personality characteristic, LOC is actually the generalised expectancy an individual develops and amends over the course of the lifespan as to the extent to which he/she believes the consequences of his/her actions are, in the main, under the control of either the self or the environment. Thus, a person with an "internal" LOC believes that he/she is "master of his own destiny" and that the reinforcing outcomes of any action are based on personal effort (or lack of effort, in the case of aversive consequences). By contrast, an individual with an "external" LOC has developed an expectancy that he/she has little control over the reinforcing outcomes of his/her actions and believes that, on the whole, his/her destiny will be determined by others and the environment (Rotter, 1966, 1981). To illustrate this concept, a person with an internal LOC may attribute a low exam mark to personal failings ("I didn't work hard enough"), whereas a person with an external LOC may attribute the same outcome to the actions of a third party ("I got a poor mark because the teacher doesn't like me").

Seen as an evolving expectancy as outlined by Rotter, rather than as a personality factor, LOC can be interpreted as an index of the extent to which a person tends to apply his/her learning history in any given situation or, alternatively, relies more upon situational cues to the appropriate behaviour instead. LOC therefore represents a viable indirect metric of the person-environment interaction, being a measure of the extent to which the consumer will rely upon the former or the latter in any consumption situation in light of prior experience of such situations.

The third metric in the paper-and-pencil instrument was, therefore, the well-established short-form LOC-TP questionnaire (Rotter, 1966) used to measure locus of control orientation to either behaviour setting or learning history. This questionnaire has been used in previous research and has been shown to have scales that are valid and reliable. The LOC-TP questionnaire is a shortened version of Rotter's (1966) Internal vs External Locus of Control Scale, which compares the consequences of attributing an internal versus an external LOC over positive and negative outcomes in general. It consists of 20 items with bipolar response alternatives: True to False for each item, internal locus of control on one pole, and external locus of control on the other. 7 items

are written to indicate an external locus of control: 2, 3, 6, 10, 13, 19 and 20 (for example, "The success I have is largely a matter of chance") and 13 items to indicate an internal locus: 1, 4, 5, 7, 8, 9, 11, 12, 14, 15, 16, 17, and 18 (for example, "Leaders are successful when they work hard"). High scores represent internality and low scores, externality. The score card is shown below:

0-19	Very strong external locus of control
20-34	External locus of control
35-64	Both external and internal locus of control
65-84	Internal locus of control
85-100	Very strong internal locus of control

The above shows that a score greater than 65 reflects a tendency toward an internal LOC and less than 35 represents a tendency toward external LOC. Within the context of this study, this was therefore employed as a measure of the extent to which a consumer is directed toward the purchase of counterfeit goods on the basis of either environmental influence (low scorer) of personal experience (high scorer). This LOC scale completes the three principal metrics developed.

3.5 Consumer Behaviour Contingency Categories

It is difficult to get actual purchasing data in respect of counterfeit products from consumers, even within China, because of the specific characteristics of counterfeiting behaviour, related to the legal and moral arguments. After Belk (1975), the research therefore used an additional paper-and-pencil instrument to *simulate* counterfeit buying behaviour in the 8 operant consumer behaviour classes discussed in Chapter Three, the prediction being that respondents would place the descriptions of situated consumer behaviours in Table 1 within the said CCs in a consistent manner.

The 18 statements relating to the consumer behaviour contingency categories were adapted from Foxall's consumer situational statements (Foxall, 1997a). 2 statements described each consumer situation (2*8=16), making a total of 16 statements. Two further statements were given for the purposes of testing validity and reliability. Respondents indicated their degree of action or non action with each statement on a five-point scale (1, definitely not, 2, properly not, 3, not sure, 4, yes, but with thought, 5, definitely), with 1 being extremely unimportant and 5 being extremely important. A high overall score on any one of the sub-scales would indicate a high level likelihood of their allocating some situations by chance or through a process of elimination.

This particular metric served a dual purpose, however. It will be recalled that the eight CCs are derived from the four operant classes of consumer behaviour (Maintenance, Accumulation, Pleasure and Accomplishment shopping), each defined by its relative patterns of reinforcement, subsequently dichotomised according to the (open/closed) scope of the current behaviour setting. Thus, this metric held a potential to be used to test both P_1 (reinforcement derived from counterfeit buying) and P_4 (type of buying situation) from a single set of data.

3.6 Pilot Study

The above three questionnaire metrics were assembled into the prototype test battery instrument presented in Appendix I. In order to establish reliability and validity of that instrument, a pilot study was conducted in Shanghai over the summer of 2004. It should be noted at this point that *the instrument was developed entirely in Chinese, the native language of both the researcher and the intended respondents, and is presented in English in this thesis purely for the benefit of the reader.* The only exception was the LOC scale, translated from English into Chinese and validated according to the criteria set out by Brislin (1986).

To facilitate the pilot study, a sample of 150 employees in a Shanghai factory was recruited, the instrument being administered by a manager in that organisation trained for the purpose by the researcher and utilising a standard set of instructions. The 150 completed questionnaires were returned to the researcher for scoring and statistical analysis.

Validity of the instrument's scales can be claimed on the basis that the items used were all derived from the literature and, in addition, were evaluated by two academic researchers who have published in this area. The purpose of the statistical analysis was, therefore, to establish

reliability of the pilot instrument according to criteria identified in the literature and to purify the instrument in order that a final, shorter version could be developed on the basis of the most effective scale items only (Churchill, 1979).

The first scale to be evaluated for reliability was the learning history metric outlined above. The total scores for each of the 150 respondents on this metric were calculated and it will be recalled that a high overall score is interpreted as evidence of a positive orientation toward counterfeit goods on the basis of past experience. Evaluation of the learning history scale began by calculating item-to-total correlations for each of the 44 items. According to Churchill and Peter (1984), an item on any Likert-type questionnaire that fails to achieve a correlation of at least 0.35 should be removed from that questionnaire on the basis that it is not a reliable predictor of a person's overall total score and/or fails to discriminate between high scorers (individuals with positive orientations) and low scorers (individuals with negative orientations). Applying this criterion, 21 items were deleted from the questionnaire at this stage.

With a questionnaire of this nature, however, it is convention to apply a second reliability test to ensure that only the most effective items remain in the final version. Traditionally, researchers have relied upon the technique of split-halves reliability, in which the completed questionnaire for each person is randomly divided into two halves, the totals for those two halves being correlated with each other. In this case, this would mean that the 23 remaining items were divided into two groups at random and the total for each correlated. The logic is that, in a questionnaire that is reliable and consistent, the two halves will achieve a high correlation. If any ineffective items remain, however, the two halves will not correlate as effectively.

There are, of course, a very large number of possible combinations of the 23 items when dividing them into two groups at random. A more powerful calculation is, therefore, Cronbach's Alpha which is, in effect, just the mean correlation achieved from every possible split-halves correlation (Cronbach, 1951). With this in mind, Cronbach's Alpha was repeatedly calculated for the learning history scale and 3 further items removed until recalculation of Alpha produced a value greater than the 0.5 generally accepted in the literature (Churchill, 1979). The result was, therefore, a final learning history metric containing the 20 most effective items identified during the pilot.

Although the questionnaire items were derived from a review of the literature on utilitarian reinforcement, informational reinforcement and aversive consequences respectively, the goal was

merely to establish overall learning history influence and not to regard these three dimensions as independent subscales. Indeed, it is a central tenet of the BPM that all forms of reinforcement occur simultaneously in any buying situation and, depending on context, what is regarded as, say, utilitarian reinforcement in one situation may on other occasions represent informational reinforcement (or even an aversive consequence). Therefore, the three types of question were not regarded as separate subscales, but merely as a single learning history scale, with no subscale Alpha value calculations or application of factor analysis being necessary.

Reliability testing of the accompanying behaviour setting metric followed the exact same procedure. Of the 38 original items relating to environmental influence, 2 items were removed during the computation of item-to-total correlations (having failed to achieve a correlation of 0.35) and a further 4 items removed to obtain a Cronbach's Alpha value of over 0.5. The result of this reliability evaluation was thus a final behaviour setting questionnaire containing the 32 most effective items identified on the basis of the pilot study data. Again, there was no assumption made that the different forms of setting variables captured by the questionnaire necessarily constituted discrete factors as many such variables become strongly associated with each other through processes such as classical conditioning (Carter & Holmberg, 1992; Honnen & Kleike, 1990; Milliman, 1982); e.g. a consumer may come to strongly associate a physical variable such as queue "snake" in a post office with its regulatory function of controlling queuing behaviour – the two aspects of the "snake" are inseparable.

No reliability test was required for the LOC component of the instrument as this was a standard psychometric instrument whose reliability and validity is well-established in the literature. With regard to the contingency category simulation metric, this was piloted independently of the other measures by requiring two academics familiar with the BPM to allocate buying situations to CCs and comparing those allocations, a procedure previously employed by Foxall (1999), which achieved a concordance rate of 86% on this occasion. These two questions would not, however, feature in the subsequent statistical analyses so as not to distort any main effects observed via unequal sub-scale sizes.

Therefore, the final research instrument that is the outcome of this pilot (Appendix II) consists of a battery of tests containing some 72 items across the three component metrics and 18 items

simulating the contingency categories – an instrument that is now ready for implementation in the 'live' empirical stage of the thesis.

3.7 Final Population and Procedure

The empirical phase of this thesis elected to focus upon the city of Shanghai as its geographical focal point, employing a convenience sample consisting of mainly young working adults and college students who were recruited on a voluntary basis, all residing or working within the urban area of the city. Based on previous research on counterfeit buying, the sample may be considered appropriate because counterfeit versions of computer software, DVDs and CDs are more likely to be popular among such young working adults and students and, in addition, the working adults are likely to be more conscious of fashion-related products like accessories, wallets and watches. Counterfeit versions of these products thus offer an alternative option or supplement to those who are price sensitive and willing to spend and experiment with new products , who view consumption as a form of entertainment and/or who are on a tight budget and seeking the ability to look good without paying an exorbitant amount (Anon, 2000c; Behar, 2000; Cheung & Prendergast, 2004; C. Simmons Lee & Brian R. Tan, 2002; Prendergast et al., 2002; Wee et al., 1995).

Nevertheless, to ensure some degree of representation of the total population, some 400 questionnaires were given to the volunteers among working adults and students who came from different colleges and different industries in the Shanghai urban area. A total of 264 questionnaires were returned, out of which 204 were considered usable for analysis (i.e. excluding those who did not complete correctly) representing a 66 percent overall response rate. This final convenience sample consisted of 194 working adults and 10 students. The participants ranged in age from 19 to over 45, which 50.49 percent of the participants were between the age of 25 – 34, followed by the 19 – 24 at 36.76 percent. The next two age groups were 34 – 44 at 10.29 percent and over 45 at 2.45 percent. A large majority of participants (82.35%) has received college or over college education, and only a small minority (17.65%) has received high school level of education. 55.39 percent people lived around town centre area, 26.96 percent people lived in the town centre, which is representative of the total residential structure of the population in

Shanghai. The educational attainment distribution of the sample was also representative of the total population of Shanghai.

Data was collected via the Internet from subjects in order to facilitate transfer back to the UK and ensure anonymity. There was no direct communication between the researcher and participants; all communication was done through e-mail without e-mail address of individual respondents being displayed. Participants signed up to participate in this study through a Web page. A general description of the study was given. Participants then filled out the questionnaire online.

4. Data Analysis and Interpretation

4.1 Testing the Research Propositions

It will be recalled from the previous chapter that the test battery developed above was designed to examine five specific research propositions derived from the BPM research model:

P_1: Tendency to acquire counterfeit goods will vary significantly across the four operant classes of consumer behaviour.

P_2: Significant differences will be evident in the strengths of the associations between counterfeit purchasing and the different classes of behaviour setting variables serving as effective discriminative stimuli

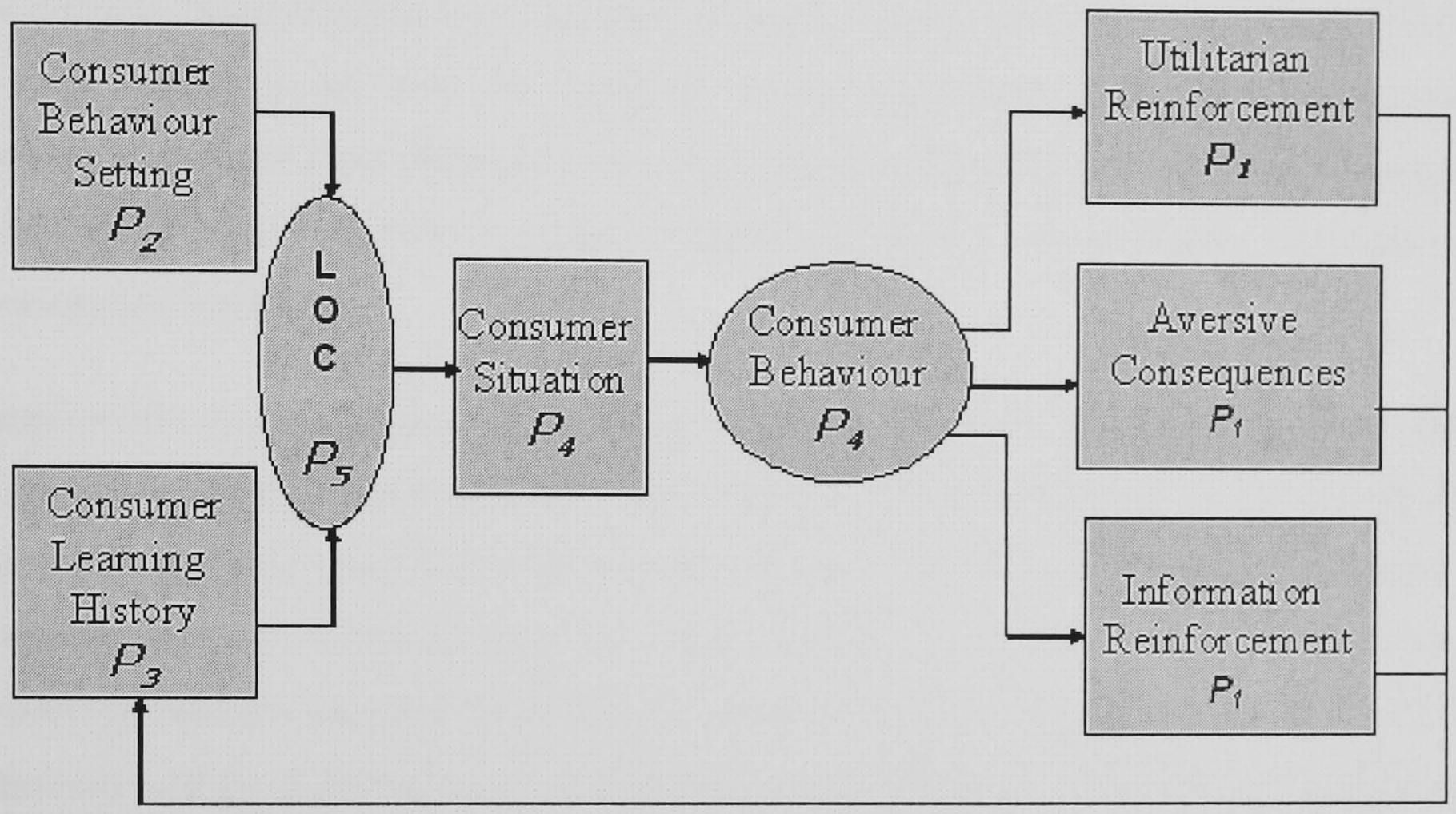
P_3: Propensity to purchase counterfeit products will vary significantly as a function of an individual's learning history of past experiences with such products, together with their rewarding and punishing consequences.

P_4: Substantively different forms of counterfeit buying situation are identifiable, consistent with the eight contingency categories predicted by the BPM.

P_5: Locus of control will be significantly associated with tendency to consume counterfeit products, internality being positively associated with levels of counterfeit buying and externality being negatively associated

For convenience and clarity, these propositions can be mapped onto the BPM schematic representation, thus:

Figure 10: Annotated BPM Framework



What follows is therefore an account of the testing of these research propositions, both statistically and interpretively, in order to establish their validity in respect of the three-term contingency.

4.2 Operant Behaviour Class and Counterfeit Buying

4.2.1 Rationale

P_1: Tendency to acquire counterfeit goods will vary significantly across the four operant classes of consumer behaviour.

The logic of P_1, it will be recalled, was that counterfeit products buying may be associated with different operant classes of consumer behaviour as a result of the particular patterns of reinforcement outcome they typically yield. Previous research on counterfeiting phenomena has observed that non-deceptive buying of counterfeit products remains the preferred purchase context within which consumers are indulging in utilitarian and symbolic consumption activities, such as obtaining a product at a cheaper price and/or alternatives for famous branded products. For example, those consumers who prefer high quality copies of well-known designer products or gray market goods may be engaging in accomplishment, pleasure or maintenance consumption, whilst those seeking non-deceptive digital counterfeit products, such as free music downloads, software, DVDs etc, may be participating in pleasure, accumulation, or maintenance consumption behaviours.

Therefore, the suggestion here is that consumers purchase different counterfeit products, and at different frequencies, when engaging in different operant behaviour classes. In other words, what patterns of utilitarian and informational reinforcement that consumers want to maximise or minimise will exert influence upon the goods procured. In particular, due to the nature of counterfeit products involved in the adoption and diffusion of innovations, counterfeit buying behaviour will be characterised by accomplishment, pleasure, accumulation and maintenance depending upon where in the diffusion of innovations cycle the consumer is presently situated. Thus, significant differences would be anticipated in tendency to purchase across the four operant behaviour classes.

4.2.2 Statistical Analysis

In order to explore this particular proposition, some means of assessing a consumer operant class of behaviour during a shopping episode was thus required, which could then in turn be used to investigate any potential association of that behavioural class with the specific counterfeit product consumed during that shopping episode. In terms of both operant class evaluation and associated tendency to purchase, this information was available in the survey data collected relating to contingency categories. Specifically, this metric presented respondents with a series of hypothetical situations and required them to indicate the degree of certainty that they would or would not make a purchase under those circumstances on a five-point rating scale. Given that

each hypothetical situation was classifiable according to its operant behaviour class, this approach permitted statistical investigation of the proposed differences in purchase tendency across the said classes.

Following standard normality tests, the data from this metric where analysed using a one-way within-subjects ANOVA test, performed in order to establish whether significant differences indeed existed in respect of the four levels of the operant class factor. Descriptive statistics are shown in **Table 3** below.

Table 3: Desriptive Statistics for Purhcase Tendency by Operant Behaviour Class

	Mean	Std. Deviation	N
Accomplishment	12.74	2.914	204
Pleasure	13.65	3.030	204
Accumulation	14.10	2.938	204
Maintenance	11.90	3.068	204

The results of the Mauchly test of sphericity revealed that the data violated the sphericity assumption (W = .871, p <.001), so the Greenhouse-Geisser correction was applied (Brace, Kemp, & Snelgar, 2003).The results of the analysis were supportive of the first research proposition (**Table 4**). Significant differences were evident in tendency to purchase a counterfeit product across the four operant behaviour classes (F=42.261, p<.001).

Table 4: Tests of Within-Groups Effects

Measure: MEASURE_1

Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
op_class	Sphericity Assumed	588.961	3	196.320	42.261	.000	.172
	Greenhouse-Geisser	588.961	2.728	215.888	42.261	.000	.172
	Huynh-Feldt	588.961	2.769	212.707	42.261	.000	.172
	Lower-bound	588.961	1.000	588.961	42.261	.000	.172
Error(op_class)	Sphericity Assumed	2829.039	609	4.645			
	Greenhouse-Geisser	2829.039	553.801	5.108			
	Huynh-Feldt	2829.039	562.083	5.033			
	Lower-bound	2829.039	203.000	13.936			

An inspection of the mean decision scores for the classes suggests that the Accumulation category had the highest tendency to result in purchase of counterfeit goods (14.10), followed by the

Pleasure (13.65) and Accomplishment (12.74) categories, with the Maintenance category being least likely to result in such a purchase (11.90).

Given these significant differences, unplanned post-hoc pairwise comparisons were subsequently performed, using the Bonferroni adjustment for multiple comparisons. As **Table 5** illustrates, significant differences were confirmed between all operant classes, with the exception of that between the Pleasure (level 2) and Accumulation (level 3) classes.

Table 5: Pairwise Comparisons between Operant Classes

Measure: MEASURE_1

(I) op_class	(J) op_class	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
1	2	-.912*	.225	.000	-1.512	-.311
	3	-1.363*	.195	.000	-1.882	-.843
	4	.843*	.240	.003	.204	1.482
2	1	.912*	.225	.000	.311	1.512
	3	-.451	.203	.167	-.993	.091
	4	1.755*	.187	.000	1.256	2.254
3	1	1.363*	.195	.000	.843	1.882
	2	.451	.203	.167	-.091	.993
	4	2.206*	.224	.000	1.608	2.804
4	1	-.843*	.240	.003	-1.482	-.204
	2	-1.755*	.187	.000	-2.254	-1.256
	3	-2.206*	.224	.000	-2.804	-1.608

Based on estimated marginal means

*. The mean difference is significant at the .05 level.

a. Adjustment for multiple comparisons: Bonferroni.

4.2.3 Interpretation

This research proposition sought to establish the extent to which purchase of a counterfeit product may be associated with particular operant classes of consumer behaviour. That is, it was a means of establishing the primary modes of reinforcement delivered by such a purpose by virtue of the operant class to which that purchase belonged. The statistical data suggest that a consumer's willingness to buy counterfeit goods varies according to the operant behaviour

classes engaged in; that is, some patterns of reinforcement are more likely than others to result in the purchase of a counterfeit product.

The most common class of operant behaviour to result in a counterfeit purchase among this sample was the Accumulation class of shopping. Accumulation shopping is the collection of reinforcers which are more dependent upon high levels of informational reinforcement as incentives to performance, while utilitarian/hedonic reinforcement is far more absent and its attainment would usually not be the ultimate goal of such a behaviour. It includes consumer behaviours involving collecting, saving, instalment-buying and responses to promotional deals requiring the accumulation of tokens or coupons. The consumer seeks to conserve resources for performance of more hedonic consumption acts at a later date. In any event, Accumulation shopping is unlikely to be completely free of all hedonically-reinforcing outcomes, many individuals deriving some degree of pleasure from aspects of the purchase experience such as the success achieved in acquiring a "bargain", knowledge that "points" are being accrued for more hedonic applications later, and the general display of one's skills as an "expert" and "informed" consumer (Belk, Wallendorf, Sherry, & Holbrook, 1991; Hoyer, 1984; Hoyer & MacInnes, 1997; Lichtenstein, Netemeyer, & Burton, 1995).

Unsurprisingly, counterfeit product buying is closely associated with this behaviour class. It has been observed that consumers engage in counterfeit products purchase and consumption activities when there are price pressures. Dodge et al. (1996) reported that economic consequences influence the tremendous cost savings to consumers, although with some compromise in quality, its perceived value and feedback performance being high. Therefore, counterfeit products are an ideal medium via which to explore current consumer trends and to engage in comparative shopping through tangible features (price, attribute, quality) examination, an activity with particular information-yielding qualities; for example, buying copies of *Rolex* watches to experience a degree of higher social status, on-line music file-sharing to allow consumers to share some sense of social community, and so on.

The data in this study show that 77% of respondents would burn a copies of CDs/DVDs of their favourite albums or films from original ones borrowed from friends; while 65% would buy counterfeit clothes, bags and branded products in order to save up to buy a major item, such as buying a flat, computer and car; 59% would burn or download music or academic articles from

the Internet to collect and swap with friends; whilst 45% of respondents would buy and consume counterfeit CDs, DVDs or software to collect loyalty points in familiar shops they often visit for a discount on their next purchase; and 44% would buy cheap pirate DVDs, CDs, software and games from street stalls with a big range of counterfeit goods the respondents need and want.

The Pleasure shopping category is the second most common class of operant behaviour which this sample indicated may lead to a counterfeit product purchase. Pleasure shopping is characterised by a delivery of high utilitarian/hedonic reinforcement and a relatively low level of informational reinforcement. This is enjoyment of the act of consumption in its most direct, personal and hedonistic sense; goods, services and consumption experiences are being sought that facilitate or perpetuate particular emotional responses. A number of researches on the counterfeiting phenomenon have manifest that most counterfeit buying and consuming is associated with product attributes that evoke strong aspects of fantasies, arousal and fun, which suggests that consumers are involved in the production and creation of idiosyncratic product meanings (Childersa, Carr, Reck, & Carson, 2001; Hopkinson & Pujari, 1999; Prendergast et al., 2002; Ranjan et al., 2003; Shore et al., 2001; Wee et al., 1995). For example, particular brands and classes of products that project some specific self-image can be seen as entertainment activities that acquire specific emotional meanings. Arousal-inducing experiences are a particular feature of this shopping form and there is evidence to suggest that individuals are especially prone to engage in impulsive and/or compulsive acts of purchase in response to hedonistic cues (Foxall, 1997b; Foxall & Greenley, 1999; Hirschman, 1982; Hirschman & Holbrook, 1982).

Interpreted from a behaviourist perspective, pleasure consumption in its most hedonistic sense can be regarded as an operant class that is heavily dependent upon classical conditioning, exemplified by the capacity of particular brands or retail outlets to evoke strong emotional responses, or for certain classes of goods or forms of retail entertainment to acquire strong symbolic meaning (Foxall, 1997a). A strong physical environment within which to perform that operant behaviour class would therefore seem an essential prerequisite of pleasure shopping, an environment rich in available "signals" to evoke the necessary stimulus-response association (Nicholson, 2005).

As discussed previously, the high availability of 'exciting' counterfeit markets in Shanghai, with wide ranges of copies of genuine products, might arouse a consumer's emotional response (i.e.

fun, fantasy, feelings that he/she cannot afford the genuine branded goods, etc.), a proposition that is also consistent with the aforementioned observed tendency to engage in impulsive and/or compulsive acts of purchase during pleasure shopping (Bloch & Blush, 1993; Tom, Garibaldi, Zeng, & Pilcher, 1998). In addition to the counterfeit product itself, it seems reasonable to presuppose that consumers in this operant class are attracted by high hedonic and low informational reinforcement levels that can be generally characteristic of an experienced or well-informed person, typically an earlier imitator, who derives considerable satisfaction from his/her own product knowledge and the opportunities to experience the latest innovations.

This predicted pattern of buying was very much in evidence in the sample's response to the pleasure shopping questionnaire items. For example, 60 % of respondents indicated that they would download or copy music from the Internet to enjoy in their MP3 player later; 61% would collect CDs, DVDs, TV series from familiar counterfeit shops; 50% of respondents would ignore copyright warnings and print out e-books from the Internet. Similarly, 41% of the sample would buy counterfeit products as a travelling entertainment or 'fun' souvenir when they were on holiday in a location where counterfeiting is famous; 29% would purchase branded Jeans from a creditable store, even though a substantially reduced price suggested that the product originated from an illegitimate source of supply.

A less common class of operant behaviour was the Accomplishment shopping category, within which consumers are less likely to engage in counterfeit products buying and consumption. Accomplishment buying is typically a behaviour pattern associated with high levels of both utilitarian/hedonic and informational reinforcement. Such activities leading to personal accomplishment are the extended search and evaluation which are a prelude to purchasing and using high-value or luxury items. Both the hedonism gained from the act of purchase and consumption itself, and the social status and self-esteem gained from the ownership and public consumption of the goods procured, increase the rate of approach. That is, Accomplishment shopping is strongly associated with *conspicuous* consumption, which includes status-related or symbolic shopping, such as for fashion-related designer goods, and fulfilment shopping, such as adoption of product innovations or high-tech goods (Foxall, 1993a; Hirschman, 1982; Hirschman & Holbrook, 1982; Lau, 2003; Miller, Jackson, Thrift, Holbroo, & Rowlands, 1998; O'Shaughnessy & O'Shaughnessy, 2002; Wee et al., 1995; Wong & Ahuvia, 1998) .

Given the nature of counterfeit products copied from those products with a particular desired quality (high technology, fashion-related, innovative and social status products), it seems reasonable to presuppose that consumers engaging in this operant class are attracted by a high premium status and self-esteem style of counterfeit goods that can be generally characterised by Accomplishment in its literal sense; signs of a successful person of social status, fulfilling symbolic needs. This pattern of buying was again confirmed by the survey data, albeit to a lesser degree than for previous operant classes: 22% of respondents indicated that they would purchase a counterfeit copy of a well-known designer watch, perhaps to wear when attending a social function in an exclusive club; 30% would buy a high-status treat for themselves in a counterfeit market, even though they could well afford the genuine article. However, some 69% of respondents would download their favourite album or film from a free music Website; similarly, 68% would buy counterfeit or gray market branded sportswear from a manufacturer that is an OEM for original companies.

The weakest operant class of counterfeit buying consumers engaged in was the Maintenance category of shopping. Maintenance shopping is located at the lowest level in the operate behaviour class hierarchy, and is maintained by relatively low levels of both hedonic and informational reinforcement. The consummatory activities involved in survival as a human organism and in minimal effective function as a social being fall within this category. These ought to include activities which are routine or mandatory, minimal consumer responses to one's needs to stay alive and be effective in the social system to, or duties one must perform to continue to exist as a social member (Foxall, 1996). Interpreted from a behaviourist perspective, this is the class of consumer behaviour that most corresponds to classically conditioned actions with involuntary behavioural reflexes, involuntary behaviours occur essentially no matter what given some stimulus and with nothing to ensure that they act on the rest of the world. Maintenance shopping is therefore quite literally a low-level act of purchase in which individual is simply replenishing regularly consumed items at varying product-specific intervals, with little or no positive affective responses being elicited from available stimuli and/or few opportunities for positive informational reinforcement. Maintenance behaviour appeals to those who are traditionally bound and economically limited, and so conservative as to try new products which have been severely tried and tested by preceding adopters. The behaviour is negatively

motivated, performed in a repetitive manner and on a regular basis, primarily to avoid aversive consequences (Frenzen & Davis, 1990; Frisbie, 1980).

In the context of counterfeiting, those consumers performing this operant class of behaviour are those who choose counterfeit products as an economically essential consideration because of product-specific characteristics, such as the high rate of outdated fashion-related products. That is, the consumer needs an item and must acquire it, but he/she is unlikely to afford it a high priority due to the lack of pleasure and/or social approval available and therefore simply seeks to procure that item via the "least-effort' option available. On the other hand, in order not to lose the honour or esteem of fellows, the consumer may finally adopt counterfeit products due to social pressure. For instance, a consumer may choose a counterfeit copy of a well-know branded (e.g. P&G) shampoo to satisfy basic needs and social standards at the lowest possible price. This adoptive behaviour is thus negatively reinforced, but with some consideration of informational reinforcement also. The product categories at this level are strongly associated with price and utility advantages. The consumer will tend to favour substitutes in so far as these products are functionally similar due to low levels of utilitarian and informational reinforcement (Foxall, 1993b; Foxall & Schrezenmaier, 2003).

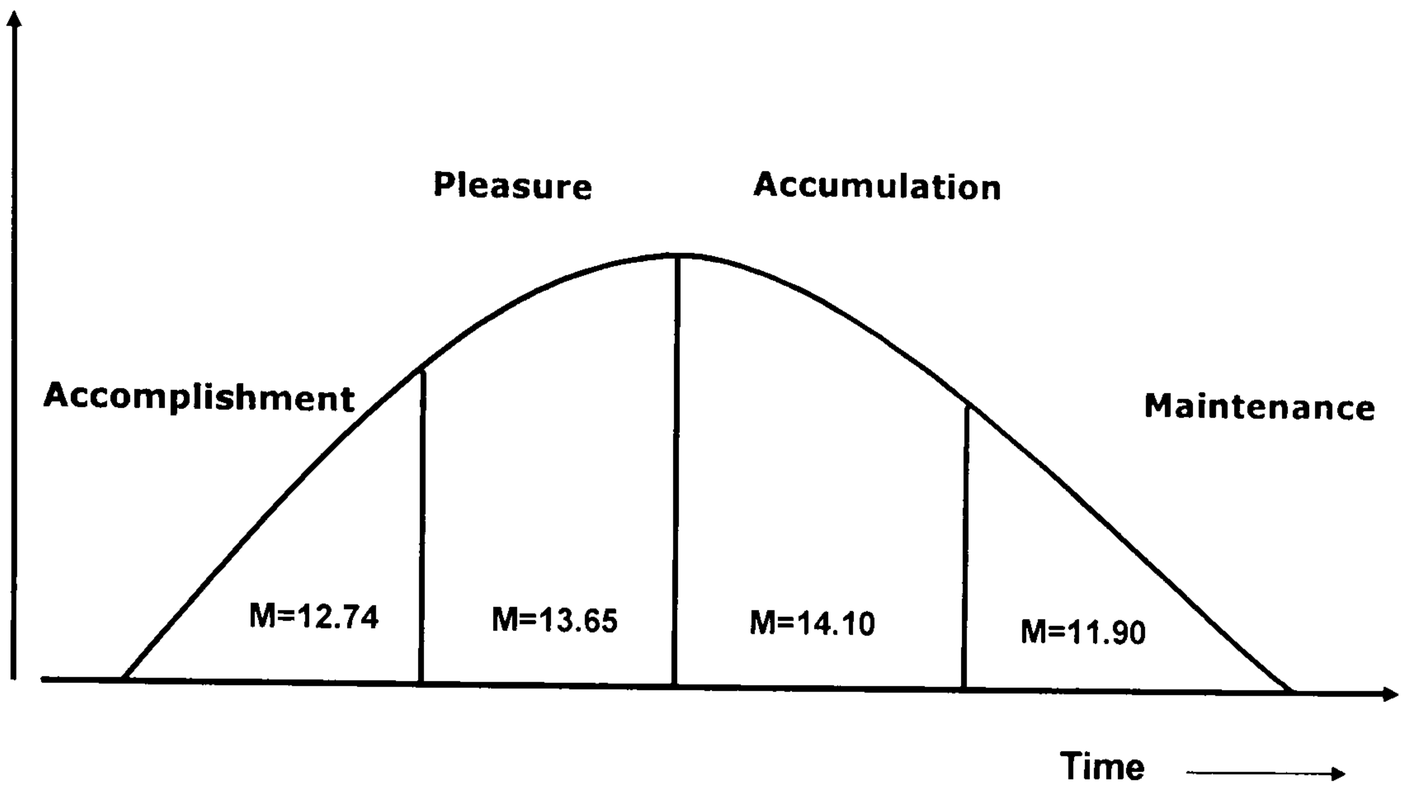
This conceptualisation of Maintenance shopping also appears consistent with the data obtained from the participants, 57% of respondents stating that they would choose to buy branded perfume as a weekly/monthly toiletry shopping instance in the counterfeit marketplace; 50% would buy counterfeit branded new clothes from an open air market when they do routine shopping; 35% of respondents would buy a prescription medicine, even though they doubt the medicine is genuine, but they have to use it; only 29% would choose to have a fake educational certificate in order to get a high paid job without arousing suspicions.

Finally, as will be recalled from the ANOVA test, significant differences were evident across the different behaviour classes in terms of purchase tendencies. Closer inspection of the means for the four classes, however, suggests a further interesting trend in evidence.

On the basis of the mean scores observed, the four behaviour classes can be arranged schematically in a manner consistent with the classical adaptive diffusion curve discussed in Chapter Two, from Accomplishment consumption (high in both utilitarian/hedonic and information reinforcement) which is located at the lowest level of the curve, through Pleasure

and Accumulation consumption located at high level, up to simple Maintenance shopping (low in both utilitarian/hedonic and information reinforcement) as shown in **Figure 11** below.

Figure 11: Adoption of Innovations and Operant Behaviour Class



Source: Adapted from Foxall (1993)

As can be seen above, the tendency to purchase counterfeit products is highest among those consumers typically referred to as "Later Imitators" (Accumulation Shopping) and "Early Imitators" (engaging in Pleasure Shopping), and least common among "Initiators" (Accomplishment Shopping) and "Last Adopters" (Maintenance Shopping). This provides the first important indicator of the motivations underlying the consumer procurement of counterfeit goods for, quite simply, counterfeit products appear to play a not insubstantial role in the diffusion of innovation process.

Early adopters of a new product (e.g. software, the latest DVDs) are typically market leaders, with both the means to purchase the latest "must have" consumer items and the desire to consume those items in a conspicuous manner. The data in this study suggest, however, that those seeking to follow their lead may for whatever reason (e.g. lack of financial resources, restricted access) at times be unable to acquire the items in question and, as a consequence, resort to the "next best" option of procuring a counterfeit substitute through pleasure or accumulation shopping activities. Those consumers who represent the final adopters of a novel product, unsurprisingly, have a lower tendency to seek out counterfeit copies, given that they are only reluctant adopters anyway and are often only acquiring the items when initial premium pricing

has ceded to an almost commodity-like level; e.g. as witnessed in the spread and accompanying price "crash" of new technology products such as the home video recorder. Thus, not only do the data accrued in this stage of the empirical work reveal the behavioural circumstances under which counterfeit goods may be favoured, they also provide an important "clue" as to those market segments engaging in that purchase process by virtue of the corresponding positions of the consumers surveyed within the diffusion of innovations cycle.

To summarise, P_1 predicted that counterfeit products would become the favoured choice of purchase in the performance of particular classes of operant behaviour by virtue of their capacity to deliver the forms of reinforcement associated with those behaviour classes, and the empirical evidence available appears broadly supportive of that research proposition. Counterfeit products buying is strongly associated with the four identified behaviour classes, and there were significant differences evident in counterfeit products adopted by consumers in the experimental population as a function of the operant class of behaviour being engaged in. Quite simply, particular modes of shopping (Pleasure, Accumulation) are more likely to result in the purchase of a counterfeit product, relative to other shopping modes (Accomplishment, Maintenance) by virtue of the particular patterns of reinforcement in operation. Moreover, given that the trends observed in purchase tendency also map onto the diffusion of innovations curve, the data suggest that particular market segments may be more likely to engage in particular operant classes of behaviour in depending upon the priority segment members assign to acquisition of novel consumer goods. Thus, on the basis of both the statistical data and its amenability to radical behaviourist interpretation, then, P_1can therefore be accepted.

4.3 Counterfeit Buying and the Behaviour Setting

4.3.1 Rationale

> *P_2: Significant differences will be evident in the strengths of the associations between counterfeit purchasing and the different classes of behaviour setting variables serving as effective discriminative stimuli*

The second research proposition (P_2) concerned the relationships between various behaviour setting influences and consumer interest in the buying and consuming of counterfeit products. P_2

proposed that different forms of setting variable may be more or less effective as discriminatory stimuli depending upon the specific characteristics of counterfeit products employed. In other words, different setting variables may serve as discriminatory stimuli at different times, varying the likelihood of a counterfeit product being purchased.

4.3.2 Statistical Analysis

Statistical exploration of P_2 was the most straightforward of all, setting variables being captured in the data available from the behaviour setting section of questionnaire. The relationship between counterfeit product buying and behaviour setting influence was investigated using the Pearson Product Moment Correlation Coefficient, which is used to calculate the strength of the relationship between two continuous variables. The logic of P_2 was that certain categories of behaviour setting variable would be more strongly associated (i.e. correlated) with counterfeit buying than others, representing the key environmental factors "encouraging" consumers to engage in an illicit purchase.

First, however, it was necessary to determine whether behaviour setting variables in aggregation exerted any meaningful effect (positive or negative) upon purchase of counterfeit products. A Pearson correlation was therefore calculated between total behaviour setting score and actual purchasing of counterfeit goods. As **Table 6** illustrates, the results were significant ($r=.649$; $p<.01$; two-tailed), behaviour setting variables being positively associated with tendency to purchase counterfeit goods.

Table 6: Pearson Correlation – Behaviour Setting by Counterfeit Purchasing

		Behaviour setting total	Purchasing total
Behaviour setting total	Pearson Correlation	1	.649**
	Sig. (2-tailed)	.	.000
	N	204	204
Purchasing total	Pearson Correlation	.649**	1
	Sig. (2-tailed)	.000	.
	N	204	204

**. Correlation is significant at the 0.01 level (2-tailed).

The next stage in the analysis involved exploration of whether any particular classes of behaviour setting variable were more or less likely to result in purchase of a counterfeit product. This was achieved by calculating correlations between counterfeit purchasing and each block of questions relating to physical, social, temporal and regulatory variables. It should be stressed that this analysis should be considered exploratory, at least in the Skinnerian sense of the term (Skinner, 1953), the purpose being to underpin subsequent interpretation; no assumption is made that the four blocks of questions represent discrete subscales or factors, all being assumed to be inter-related within radical behaviourist theory by virtue of learning processes in operation such as classical conditioning.

Table 7: Pearson Correlation – Behaviour Setting by Counterfeit Purchasing

		purchasing total	physical setting	social setting	temporal setting	regulatory setting
purchasing total	Pearson Correlation	1	.603**	.398**	.544**	.213**
	Sig. (2-tailed)	.	.000	.000	.000	.002
	N	204	204	204	204	204
physical setting	Pearson Correlation	.603**	1	.460**	.332**	.283**
	Sig. (2-tailed)	.000	.	.000	.000	.000
	N	204	204	204	204	204
social setting	Pearson Correlation	.398**	.460**	1	.491**	-.063
	Sig. (2-tailed)	.000	.000	.	.000	.371
	N	204	204	204	204	204
temporal setting	Pearson Correlation	.544**	.332**	.491**	1	.277**
	Sig. (2-tailed)	.000	.000	.000	.	.000
	N	204	204	204	204	204
regulatory setting	Pearson Correlation	.213**	.283**	-.063	.277**	1
	Sig. (2-tailed)	.002	.000	.371	.000	.
	N	204	204	204	204	204

**. Correlation is significant at the 0.01 level (2-tailed).

As **Table 7** illustrates, significant correlations were observed between each of the four classes of behaviour setting variable and tendency to purchase counterfeit goods, although the magnitude of those correlations varied substantively, suggesting that certain forms of environmental influence are more potent than others in priming a purchase response; i.e. some forms of behaviour setting variable are more likely than others to serve as discriminative stimuli. In order of magnitude, the most important class of variable appears to be the physical setting variable ($r=.603$; $p<.01$; two-tailed), followed by the temporal ($r=.544$; $p<.01$; two-tailed) and social ($r=.398$; $p<.01$; two-tailed) classes respectively, with regulatory setting variables exerting the least influence upon the consumer ($r=.213$; $p<.01$; two-tailed).

4.3.3 Interpretation

The radical behaviourist perspective suggests that any behaviour can only be explained through identification of its relations with environmental factors. In any given consumer choice situation, the application of an individual learning history upon the current behaviour setting serves to transform available environmental variables into discriminatory stimuli that will signal the likely reinforcing consequences of available choice options by virtue of their effectiveness as reinforcement signals in previous behaviour settings of an identical or similar nature. In view of the fact that behaviour setting variables correlate positively with purchase of counterfeit goods, but that the probability of a counterfeit purchase also varies across the four setting classes, the statistical results suggest that environmental factors play an important role in determining whether an individual will or will not buy counterfeit goods, and that some forms of environmental factor are more crucial than others in determining that outcome.

Within the context of more orthodox consumer behaviour, previous research has demonstrated that features of the physical environment can exert a powerful effect upon the consumer, including factors such as store location, outlet size, retail format and store personality and ambience, directing the individual towards those retail facilities likely to be interest; a trend consistent with the principle of cumulative attraction that has been extensively investigated with the marketing, environmental psychology and retail geography literatures (Abrams, 1996; Birkin, Clarke, & Clarke, 2002; Burns, 1992; Edwards & Shackley, 1992; Fernie & Fernie, 1997; Fernie, 1996; Golledge & Stimson, 1997; Grossbart, Mittelstaedt, Curtis, & Rogers, 1975; Nicholson, Clarke, & Blakemore, 2001; Owen, 1995; Timmermans, 1980; Timmermans, 1981; Timmermans, 1993; Ward, Bitner, & Barnes, 1992). The data presented above would appear to suggest that such physical characteristics of the retail environment exert an equally potent effect within counterfeit buying situations also.

Within this physical environment, particularly salient cues to the likely satisfaction to be derived from a counterfeit purchase option appear to include the grouping of particular branded counterfeit products together (i.e. CDs, software, apparel products), their modes of display and accompany stimuli (such as price, product range, quality of products etc.), and management of retail environmental characteristics (traffic flow, general opportunities for browsing, light, temperature and climate etc.). These physical setting variables are generally concurrent with

similar environmental factors investigated previously by researchers in respect of legitimate consumption activities, extensively documented elsewhere in the literature (e.g. Areni & Kim, 1994; Baker, Grewal, & Parasuraman, 1994; Bawa, Landwehr, & Krishna, 1989; Chevalier, 1975; Foxall & Hackett, 1992; Newman & Foxall, 2003; Smith & Burns, 1996). The striking feature in this study, however, is that the magnitude of the correlation observed relative to other behaviour setting categories, implying that the physical surroundings within which counterfeit goods are offered in the marketplace represent the primary source of discriminatory stimuli shaping the purchase response.

Given that a situation is a time-delimited context, a temporal perspective is crucial to its description. According to the notion of behavioural analysis, the temporal proximity of the individual to the situation is an important continuum which will determine the individual's reaction to the current situation. That is, observable behaviour can only be explained by locating it in both space *and* time (Foxall, 1992, 1993c). Time is a dependent (temporal patterning or allocation) or independent (temporal context) variable that has been studied in a variety of paradigms by a range of researchers in the marketing, psychology, human geography literatures (Arlow, 1989; Belk, 1988; Bergadaa, 1990; Gibbs, 1998; Knight, Odih, & Lewis, 1993; Melges, 1990; Morello, 1989). However, the temporal dimension does not only refer to the time of the day, the weekday, season, etc., that a buying behaviour occurred, but also to factors built into products that are designed to link the present with the future. The temporality of these products is evident in symbolic manifestations, such as trends, product life cycles and consumption patterns (Foxall, 1990; Wright & Weitz, 1977). It is the harmonisation of the consumers' temporal needs with the temporality of the product in the product/consumer transaction which provides the product with its potential to be what its contextual purpose allows it to be. Where disharmony exists, it can create uncertainties, ambiguities and tensions; for example where the product has a social value but little immediate, explicit personal benefit. This might be the case in life assurance, protection or savings products/services, where the product's temporal characteristics fall outside the everyday time horizons of consumers. Consumers may then lack the competence to evaluate the products' future benefits if framed by their limited, socialised temporal horizons. When forced to leave the security of this temporal environment, consumers' reactions tend to be defensive, cynical and mistrustful, showing a lack of interest and confidence, and externalising the responsibility for the purchase.

Again, given the context of counterfeit buying, an undoubted advantage of counterfeit products in general is the level of temporal product attribute, which includes high availability of products, the shorter product life cycle and products' cheaper price systems, in respect of the capacity to obtain goods in situations where lifestyle characteristics impose negative constraints on time available in which the act of shopping may be engaged in, or where actual acquisition and availability of the goods desired is required to be guaranteed by a consumer-specified date/time. Indeed, closer inspection of the completed surveys revealed that questionnaire items referring to an ability to obtain the well-known branded counterfeit products or high-tech digital products with immediate, explicit personal benefit, and the importance of a predictable economic affordable ability, almost exclusively account for the high incidence of temporal positive observations recorded in the data table. As **Table** 7 demonstrates, temporal variables significantly correlated with acts of counterfeit products buying and consuming, suggesting time is a significant discriminatory stimulus guiding consumers to engage in counterfeit purchasing. The temporal perspective thus serves as the second key moderator variable in satisfying consumers' temporal needs relative to the temporality of the product.

Social variables were observed to exert a positive influence on performance of the purchase response and were again broadly in line with previous findings in non-illicit contexts. They included the presence of significant others, particularly family members and friends, the opportunities afforded by both retail store and Internet connection for peer affiliation, and, to a lesser extent, interactions with retail sales personnel, all such variables frequently exerting effect by virtue of the reinforcing properties of third-party acts of verbal behaviour and the manifest content of such behaviour in respect of the communication of attitudes, opinions; confirmation of consumer product choice skills and a sharing culture (Cohen & Golden, 1972; De Shields, Kara, & Kaynak, 1996; Dholakia, Pedersen, & Hikmet, 1995; Jackson, 1999; Lindquist, 1975; Machleit, Kellaris, & Eroglu, 1994; Miller et al., 1998; Moschis, 1976; Stafford, 1966; Tatzel, 1982; Wakefield & Brodgett, 1994; Wilson & Sherrell, 1993).

There was evidence from the participants in this research that counterfeit product consumption activities are associated with a sense of social belonging in respect of social status, references groups and social sharing culture, as reflected in the questionnaire items presented to the sample, as revealed by the scale items achieving the highest scores in this class. An individual's consumption pattern symbolizes his/her social class position, and is a more significant

determinant of their buying behaviour than just income (Martineau, 1968). Given the people tend to associate themselves with the current social class position they are in, or the class they aspire to, they are more likely to buy branded products which can convey status, affluence, wealth and social class. If brand status is important to a person, but they are unable to afford the expensive originals, the questionnaire responses recorded suggest that they are likely to turn to counterfeit products as inexpensive substitutes for the originals.

With pirated digital products (e.g. MP3, e-books, etc.), purchase behaviour may depend on the purview of modelling online content communities. Status in this sort of community is related to the ability to contribute to a file sharing community (Ebare, 2004). The data illustrate that the social surroundings serve as a potent source of discriminatory stimuli to direct consumers to engage in counterfeit purchasing activities. However, relative to other behaviour setting variables, the statistics also suggest that the influence of social surroundings is slightly less effective than physical surrounding and the temporal perspective, but more important than regulatory setting factors during the counterfeiting consumption process.

Finally, perhaps the most interesting observation was the relatively weak correlation between variables within the regulatory environment and counterfeit buying, although the correlation itself was nevertheless statistically significant. On the one hand, this is unsurprising, give that counterfeiting itself is clearly a rule-breaking act, the implication being a consumer may only attend to regulatory variables where they may serve as a discriminative stimulus signalling potential sanctions being imposed as a result of a purchase response. Put another way, counterfeit buyers may only be concerned with regulations through an occasional fear of formal punishment. At the same time, however, it must also be remembered that the regulatory environment also has an internal dimension reflecting the rules consumers have themselves acquired as a function of prior purchase-outcome experiences. Therefore, it may well be that this latter capacity for self-regulation accounts for the statistical significance of the observed correlation in what is otherwise an inherently rule-breaking and resistant act (Dodge et al., 1996; Golledge, 1981; Leek et al., 2000; Limayem, Khalifa, & Chin, 1999; Moores & Dhillon, 2000; O'Shaughnessy, 1987; Ranjan et al., 2003; Shore et al., 2001) .

Take in sum, the evidence in the current research supports acceptance of the second research proposition of this thesis. Particular categories of behaviour setting variables are indeed

associated with consumer acquisition of counterfeit products, and, moreover, the effect of those variables appears amenable to operant interpretation, suggesting that environmental influences of this nature occur as a consequence of the said variables being endowed with a capacity to serve as effective and reliable discriminatory stimuli.

4.4 Previous Experiences of Counterfeit Buying

4.4.1 Rationale

> *P_3: Propensity to purchase counterfeit products will vary significantly as a function of an individual's learning history of past experiences with such products, together with their rewarding and punishing consequences.*

The third research proposition (P_3) predicted that variety in counterfeit product purchase and consumption would depend upon the consumers' own unique learning history of previous encounters with counterfeit products and their reinforcement outcomes. The customer's learning history is the cumulative effect of rewarding and punishing outcomes of past behaviour; it represents the personal factors influencing consumer choice and primes the consumer's approach/avoidance responses. The individual's learning history determines the rate of repetition, determines what can act as a discriminative stimulus of current behaviour; and that learning history thereby also determines what is a potential reinforcer or punisher for the future.

The need to obtain an operational measure of the consumers' learning history has proven the most elusive of all BPM elements to quantify. However, Foxall (1997c; 1998) proposed that consumers' self-reports on the antecedent and consequences of their prior behaviours can act as verbal surrogates of the learning history, providing a useful guide to their consumption histories and the context in which their behaviours produced relevant reinforcing and punishing consequences. This stage in the investigation, it will be recalled, therefore employed a Likert-type response scale as an indicator of the content and influence of an individual's unique leaning history. The logic, basically, was that completing a questionnaire is a behaviour in its own right,

so consumers will respond to scale items on the basis of past experiences stored in their learning histories.

4.4.2 Statistical Analysis

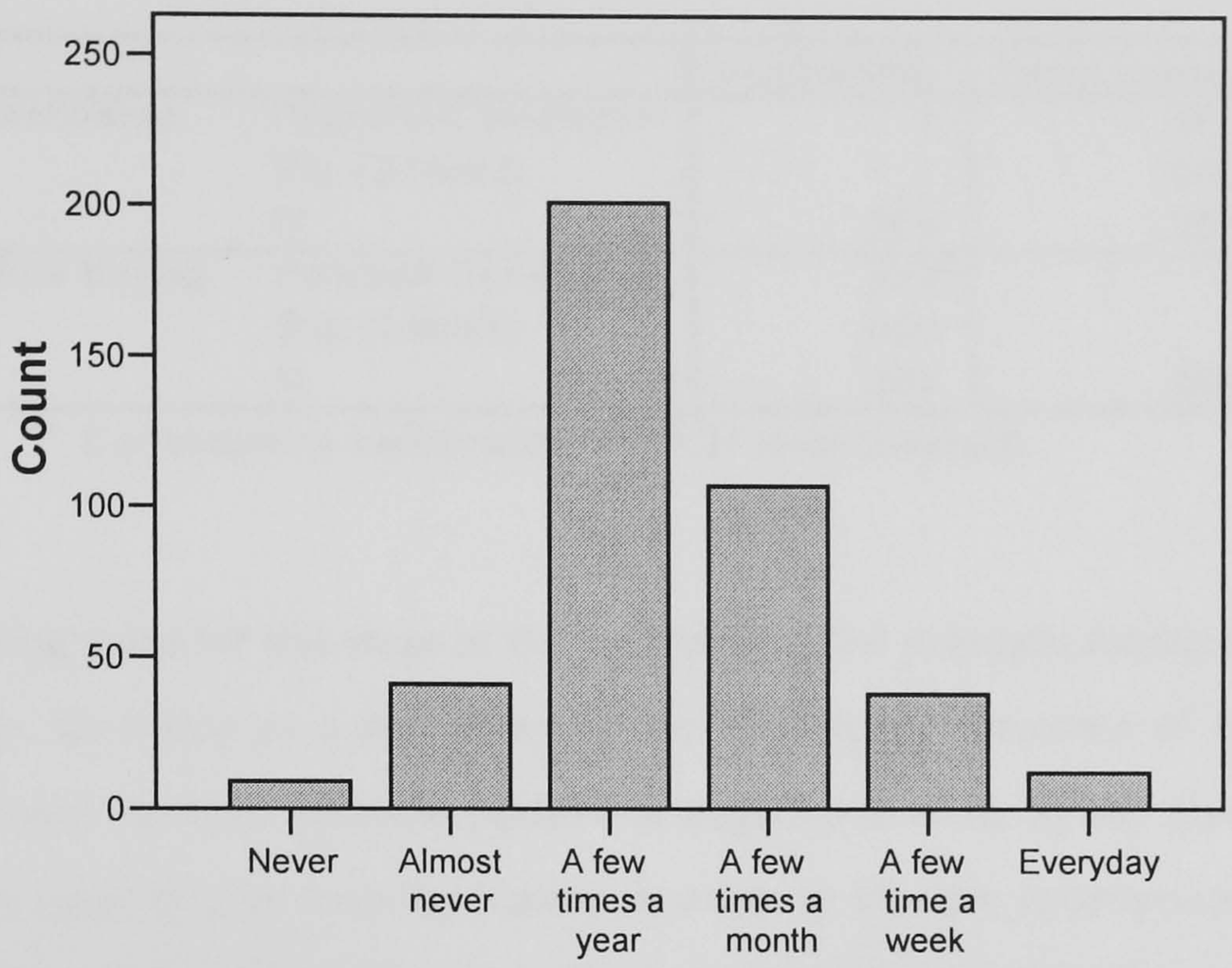
The aggregated data of respondents yielded strong correlations between the measures of learning history influence and the tendency to purchase counterfeit products, as determined by means of the Pearson Correlation Coefficient. As **Table 8** shows, there was a strong positive correlation between the two variables ($r=.541$, $p<.01$; two-tailed), with high levels of total counterfeit products purchasing being associated with high consumer learning history scores; i.e. positive orientations toward counterfeit goods are associated with actual purchasing of those goods, suggesting past experiences of such goods are a crucial determinant of current purchasing.

Table 8: Pearson Correlation – Learning History by Purchasing

		Attitude total	purchasing
Learning History Score	Pearson Correlation	1	.541**
	Sig. (2-tailed)	.	.000
	N	204	204
purchasing	Pearson Correlation	.541**	1
	Sig. (2-tailed)	.000	.
	N	204	204

**. Correlation is significant at the 0.01 level (2-tailed).

Figure 12: Frequency of Counterfeiting Product Purchasing



As mentioned previously, the two determinants in the learning history are an "individual's direct experience", referring to the rate at which responses recur as a function of the consequences they have produced in the past, and the "learned orientation", a discriminative stimulus for further responding. As shown in **Figure 12**, 87.7% of the respondents report that they buy and consume counterfeit products on a regular basis, with a sizeable minority (18%) buying or consuming every week and 3% even reporting they buy or consume everyday. Only 12% claimed to have never bought or used counterfeit products. This set of respondents clearly has individual direct experience of counterfeiting purchase and consumption.

In order to examine the extent to which the current stimulus object may affect future responding, the correlation between past purchasing and consumer predictions of their own anticipated buying levels in the future. As shown in **Table 9**, estimates of likely future buying are strongly associated with past/current buying ($r=.483$; $p<.01$; two-tailed).

Table 9: Pearson Correlation – Past Buying and Anticipated Future Buying

		purchasing	future buying
purchasing	Pearson Correlation	1	.483**
	Sig. (2-tailed)	.	.000
	N	204	204
future buying	Pearson Correlation	.483**	1
	Sig. (2-tailed)	.000	.
	N	204	204

**. Correlation is significant at the 0.01 level (2-tailed).

Finally, the starting point for this stage in the analysis was the principle function of the learning history itself; i.e. its status as a repository of the reinforcing outcomes of previous acts of consumer behaviour, be those outcome positive or negative in form. In any given situation, the consumer draws upon his/her learning history in order to identify appropriate environmental cues of those actions that will feed back into the learning history and shape responses to future situations of an identical or similar nature (Foxall & Yani-de-Soriano, 2004).

On this basis, the present research further examined the relationship between utilitarian and informational positive reinforcers, and with aversive consequences, these three elements of learning history exerting a powerful influence upon future counterfeit product buying. This was achieved by grouping items within the learning history scale according to the three reinforcement modes captured within them; again, no assumption of absolutely independence was made, any purchase situation being likely to involve all three types of reinforcement interacting to varying degrees, so this exercise was purely exploratory to aid interpretation.

As shown in **Table 10**, there were two significant, positive correlations between both utilitarian reinforcement and counterfeit buying ($r=.511$; $p<.01$; two-tailed), and between information reinforcers and counterfeit buying ($r=.452$; $p<.01$; two-tailed), with high levels of the two reinforcers being associated with high levels of counterfeit product purchasing. There was also a weak positive correlation between aversive consequences and counterfeit product buying, with low levels of punishment being associated with low levels of counterfeit buying, although this was not statistically significant.

Table 10: Pearson Correlations – Reinforcement Forms by Counterfeit Buying

		purchasing	utilitarian	aversive	information
purchasing	Pearson Correlation	1	.511**	.079	.452**
	Sig. (2-tailed)	.	.000	.259	.000
	N	204	204	204	204
utilitarian	Pearson Correlation	.511**	1	.111	.509**
	Sig. (2-tailed)	.000	.	.113	.000
	N	204	204	204	204
aversive	Pearson Correlation	.079	.111	1	.021
	Sig. (2-tailed)	.259	.113	.	.767
	N	204	204	204	204
information	Pearson Correlation	.452**	.509**	.021	1
	Sig. (2-tailed)	.000	.000	.767	.
	N	204	204	204	204

**. Correlation is significant at the 0.01 level (2-tailed).

In sum, the results of all of the correlational analyses obtained above illustrate significant associations between consumers' selection of counterfeit products and variables within the learning history, the latter being the cumulative effects of rewarding and punishing outcomes of past behaviour. The results therefore support the view that general patterns of counterfeit product selection and consumption are associated with an individual's unique learning history of previous encounters with that counterfeit product and its reinforcement outcomes.

4.4.3 Interpretation

As discussed above, this proposition aimed to direct attention towards the evolutionary nature of consumer behaviour and the specific role of the learning history component of the BPM explanatory framework. In particular, this proposition predicted that general patterns of counterfeit product buying would be associated with the learning history of previous encounters with counterfeit goods and their reinforcing outcomes. Together with state variables, the consumers' learning history also constitutes those personal variables immediately responsible for determining what environmental factors may serve as discriminative stimuli in that setting by embodying the consequences, reinforcing and punishing, of earlier behaviours in the presence of the relevant setting elements (Eagly & Chaiken, 1993; Leek et al., 2000; Shavitt, 1989).

The first statistical analysis performed in respect of P_3 is supportive of this hypothesised learning history influence. If expectancies are based upon prior experience, then the strong positive correlation between learning history scale scores and actual buying behaviour is indeed consistent with the BPM interpretation of learning history influence. The correlation is significant, but not 'perfect' of course, but this merely reflects the fact that other variables in any given situation also exert effect. After all, an individual's orientation toward anything should be regarded as a *general* indicator of how that person might have in a particular situation anyway, not as an *absolute* predictor (Potter, 1996; Solomon, Bamossy, & Askegaard, 2002).

The second statistical test performed for P_3 extended this analysis further and, once again, provided further evidence in support of learning history influence. If prior experiences exert influence forwards in time, then past purchasing behaviour should correlate with future intentions in respect of further purchasing; negative previous experiences of counterfeit products should dissuade consumers from further buying, whilst positive experiences are likely to encourage future buying. This trend was indeed evident in the correlation obtained.

Finally, if a learning history is merely a storage vessel for the reinforcing consequences of past experiences, then it would be anticipated that the nature of the reinforcers encountered should also be in part shaping current buying patterns. The third statistical analysis performed in respect of P_3 sought to confirm this effect and, broadly speaking, the results are concurrent with the relationship hypothesised. The two statistically significant correlations of almost equal magnitude between purchasing counterfeit products and utilitarian and informational reinforcement of previous counterfeit buying episodes suggests that positive reinforcement in any form appears to shape a consumer toward engagement in future counterfeit buying activities. Perhaps the only surprising finding in this stage of the analysis was the lack of any negative correlation between prior aversive outcomes of counterfeit buying and current purchasing habits, the correlation observed in fact being a relatively weak and insignificant positive correlation. At first glance, this may appear paradoxical, but it could in fact be explained by any number of possible extraneous variables, such as current situational influences or dramatic recent changes in product quality/availability.

Overall, the statistical results and their interpretation indeed suggest that the learning history of the individual has a powerful role to play in determining current and future levels of counterfeit

products purchasing and is thus supportive of the third research proposition formulated in Chapter Three.

4.5 Counterfeit Buying Situations

4.5.1 Rationale

P_4: Substantively different forms of counterfeit buying situation are identifiable, consistent with the eight contingency categories predicted by the BPM.

According to the BPM, an operant account of consumer behaviour patterns classifies them according to the specific patterns of reinforcing outcome typically delivered by adoption of a particular choice option, which is in turn contingent upon both environmental factors and learning history influence. By locating consumer behaviour into the environmental context within which it occurs, the BPM thus portrays consumer behaviour as a function of an interaction between characteristics of the proximal-environmental setting within which the actual purchasing occurs and the individual's unique history of previous encounters with such characteristics brought to bear upon that setting. That is, consumer choice is understood as functionally determined by the social environment and the built environment within which reinforcement is forthcoming, particularly in respect of its degree of closed-open scope of behavioural freedom within the setting – closed settings are characterised by a high degree of environmental control and permit a greater degree of behavioural latitude (Foxall, 2002).

The first three research propositions investigated that the existence and contribution of three individual components of the BPM thought to affect counterfeit product choice in respect of: (a) the patterns of reinforcing outcome delivered by an act of operant behaviour; (b) variables within the proximal-environmental context of that behaviour serving as discriminatory stimuli; and (c) the individual's unique learning history of previous encounters with such shopping situations and their characteristics.

The purpose of P_4 was to consolidate the three previous research propositions. Specifically, P_4 sought to relate the eight BPM-derived retail shopping situations (contingency categories), each a function of performance of a particular operant class of behaviour within an open/closed setting,

to specific patterns of counterfeit products buying that would be consistent with the defining characteristics of those categories.

4.5.2 Statistical Analysis

In order to explore this proposition with respect to the differential allocation of consumer situations over the range of the open-closed scope continuum, 18 examples of consumer situations that have been used in previous studies to illustrate interpretations of consumer behaviour derived from the model (Foxall, 1990, 1993c, 1994, 1999, 2002; Soriano & Foxall, 2002) were adapted for the purposes of the current empirical work to represent equivalent counterfeit buying circumstances instead. Eight of the eighteen examples were classifiable as occurring in open behaviour settings, whilst ten examples belong to the closed behaviour setting class.

The data analysis began by employing a One-Way within-subjects ANOVA test to establish whether any apparent differences were evident in counterfeit product buying by consumers in the experimental population across the eight contingency categories (CCs). The underlying logic was, quite simply, that if significant differences existed across the four operant classes of behaviour as illustrated previously, then such differences should survive dichotomisation of the said operant classes according to the additional factor of setting scope; indeed, it can be argues that this dichotomisation is far more revealing than the operant behaviour class analysis as it effectively allows us to "home in" on the precise situations in which counterfeit buying occurs.

Table 11 reports descriptive statistics for purchase tendency across the eight CCs. The results of the Mauchly test of sphericity revealed that the data violated the sphericity assumption ($W = .466$, $p < .001$), so the Greenhouse-Geisser correction was applied (Brace et al., 2003). The results of the analysis were supportive of the first research proposition (**Table 12**). Significant differences were evident in tendency to purchase a counterfeit product across the eight contingency categories ($F=61.694$, $p<.001$).

Table 11: Descriptive Statistics - Purchase Decision by Contingency Category

	Mean	Std. Deviation	N
CC1	5.12	2.206	204
CC2	7.62	1.567	204
CC3	7.03	1.710	204
CC4	6.62	2.017	204
CC5	7.00	1.769	204
CC6	7.10	1.836	204
CC7	6.63	1.805	204
CC8	5.27	2.285	204

Table 12: Tests of Within-Subjects Effects

Measure: MEASURE_1

Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
cc	Sphericity Assumed	1135.314	7	162.188	61.694	.000	.233
	Greenhouse-Geisser	1135.314	5.797	195.828	61.694	.000	.233
	Huynh-Feldt	1135.314	5.987	189.624	61.694	.000	.233
	Lower-bound	1135.314	1.000	1135.314	61.694	.000	.233
Error(cc)	Sphericity Assumed	3735.686	1421	2.629			
	Greenhouse-Geisser	3735.686	1176.892	3.174			
	Huynh-Feldt	3735.686	1215.400	3.074			
	Lower-bound	3735.686	203.000	18.402			

The results were significant (61.694, $p<.001$); the confidence with which a consumer feels he/she will purchase a counterfeit product varies according to the contingency category defining the situation he/she is in. Given these significant differences, unplanned post-hoc pairwise comparisons were subsequently performed, using the Bonferroni adjustment for multiple comparisons. As **Table 13** illustrates, by no means all pairwise comparisons achieved statistical significance, suggesting that some CCs differ only marginally in their likelihood of eliciting a counterfeit purchase. Nevertheless, the majority of comparisons *were* statistically significant and, moreover, the strongest differences were observed between open-closed derivatives of the same operant class (e.g. the Accomplishments classes of CC1 and CC2), between open settings associated with different operant classes (e.g. the open CC1 of Accomplishment shopping and the open CC7 of Maintenance shopping), and between the closed settings associated with different operant classes (e.g. the closed CC6 of Accumulation shopping and the closed CC8 of Maintenance shopping).

Table 13: Pairwise Comparisons for the Eight Contingency Categories

Measure: MEASURE_1

(I) cc	(J) cc	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
1	2	-2.495*	.174	.000	-3.045	-1.945
	3	-1.907*	.167	.000	-2.437	-1.377
	4	-1.500*	.187	.000	-2.093	-.907
	5	-1.882*	.170	.000	-2.419	-1.345
	6	-1.975*	.178	.000	-2.539	-1.412
	7	-1.505*	.183	.000	-2.084	-.926
	8	-.147	.195	1.000	-.764	.470
2	1	2.495*	.174	.000	1.945	3.045
	3	.588*	.135	.001	.160	1.016
	4	.995*	.152	.000	.514	1.476
	5	.613*	.111	.000	.261	.965
	6	.520*	.130	.002	.110	.930
	7	.990*	.145	.000	.532	1.448
	8	2.348*	.180	.000	1.779	2.917
3	1	1.907*	.167	.000	1.377	2.437
	2	-.588*	.135	.001	-1.016	-.160
	4	.407	.153	.242	-.079	.893
	5	.025	.145	1.000	-.434	.483
	6	-.069	.133	1.000	-.489	.351
	7	.402	.130	.065	-.011	.814
	8	1.760*	.181	.000	1.188	2.332
4	1	1.500*	.187	.000	.907	2.093
	2	-.995*	.152	.000	-1.476	-.514
	3	-.407	.153	.242	-.893	.079
	5	-.382	.155	.412	-.874	.110
	6	-.475	.154	.063	-.962	.011
	7	-.005	.142	1.000	-.454	.445
	8	1.353*	.161	.000	.844	1.862
5	1	1.882*	.170	.000	1.345	2.419
	2	-.613*	.111	.000	-.965	-.261
	3	-.025	.145	1.000	-.483	.434
	4	.382	.155	.412	-.110	.874
	6	-.093	.146	1.000	-.556	.370
	7	.377	.154	.422	-.110	.865
	8	1.735*	.184	.000	1.152	2.319
6	1	1.975*	.178	.000	1.412	2.539
	2	-.520*	.130	.002	-.930	-.110
	3	.069	.133	1.000	-.351	.489
	4	.475	.154	.063	-.011	.962
	5	.093	.146	1.000	-.370	.556
	7	.471	.150	.053	-.003	.944
	8	1.828*	.169	.000	1.292	2.364
7	1	1.505*	.183	.000	.926	2.084
	2	-.990*	.145	.000	-1.448	-.532
	3	-.402	.130	.065	-.814	.011
	4	.005	.142	1.000	-.445	.454
	5	-.377	.154	.422	-.865	.110
	6	-.471	.150	.053	-.944	.003
	8	1.358*	.192	.000	.749	1.967
8	1	.147	.195	1.000	-.470	.764
	2	-2.348*	.180	.000	-2.917	-1.779
	3	-1.760*	.181	.000	-2.332	-1.188
	4	-1.353*	.161	.000	-1.862	-.844
	5	-1.735*	.184	.000	-2.319	-1.152
	6	-1.828*	.169	.000	-2.364	-1.292
	7	-1.358*	.192	.000	-1.967	-.749

Based on estimated marginal means

*. The mean difference is significant at the .05 level.

a. Adjustment for multiple comparisons: Bonferroni.

Given that differentials in tendency to purchase counterfeit goods survive dichotomisation of the four operant behaviour classes according to (open/closed) setting scope, it was considered at this point in the analysis that it may prove instructive to determine whether that dichotomisation in itself yields significant differences irrespective of the level in the operant hierarchy the behaviour being performed sits in. Put another way, are open setting in general more likely to result in a counterfeit purchase than closed settings, or vice versa? In an attempt to address this question, a paired t-test was performed.

As can be seen from the descriptive statistics in **Table 14**, there is a slight difference in the mean decision scores between open and closed settings. Consumers appear more likely to purchase a counterfeit product in closed settings, rather than open settings, suggesting that counterfeit goods are favoured in circumstances where consumer choice is constrained in some way; e.g. because of factors such as availability, affordability, and so on. The t-test in **Table 15** confirmed this differential to be statistically significant, suggesting it is a real effect (t=--2.869; df=203; p=.005).

Table 14: Descriptive Statistics - Setting Scope

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Open setting	25.78	204	5.216	.365
	Close setting	26.61	204	4.997	.350

Table 15: Paired t Test – Setting Scope

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference Lower	Upper			
Pair 1	Open setting - Close setting	-.833	4.149	.290	-1.406	-.261	-2.869	203	.005

Finally, it will be recalled that a contingency category (CC) is not merely an operant behaviour class segmented according to setting scope. It is a particular type of shopping situation, formed by the impact of a learning history colliding with a behaviour setting. Therefore, it may be anticipated that each CC should be associated with a particular magnitude of learning history effect and with a particular matrix of behaviour setting variables, the consumer relying upon either learning history or environmental cues to a greater or lesser extent in a particular situation in order to reach a purchase decision.

In order to test these elements of the CC, two further correlational analyses were performed. As revealed in **Table 16**, below, statistically significant but nevertheless variable correlations were observed between learning history scale score and decision score across the eight CCs, suggesting varying roles for the learning history according to situational circumstances. Similarly, in **Table 17**, the correlational analyses demonstrate that the decision score for each CC is in itself subject to varying yet significant associations with the aggregate influences of behaviour setting variables, suggesting such variables are again playing differential roles in the purchase decision process according to the specific situation a consumer is in. When combined with the previous statistical data, both correlational analyses thus lend further support to the notion that a CC is, de facto, a viable means of classifying a counterfeit buying situation in terms of scope, reinforcement delivered, learning history application and environmental influence.

Table 16: Pearson Correlations – Decision Score by Learning History

		Learning History Total
Learning History Total	Pearson Correlation	1
	Sig. (2-tailed)	.
	N	204
CC1	Pearson Correlation	.227**
	Sig. (2-tailed)	.001
	N	204
CC2	Pearson Correlation	.293**
	Sig. (2-tailed)	.000
	N	204
CC3	Pearson Correlation	.405**
	Sig. (2-tailed)	.000
	N	204
CC4	Pearson Correlation	.535**
	Sig. (2-tailed)	.000
	N	204
CC5	Pearson Correlation	.401**
	Sig. (2-tailed)	.000
	N	204
CC6	Pearson Correlation	.311**
	Sig. (2-tailed)	.000
	N	204
CC7	Pearson Correlation	.383**
	Sig. (2-tailed)	.000
	N	204
CC8	Pearson Correlation	.245**
	Sig. (2-tailed)	.000
	N	204

Table 17: Pearson Correlations – Decision Score by Behaviour Setting Influence

		Behaviour setting total
Behaviour setting total	Pearson Correlation	1
	Sig. (2-tailed)	.
	N	204
CC1	Pearson Correlation	.551**
	Sig. (2-tailed)	.000
	N	204
CC2	Pearson Correlation	.378**
	Sig. (2-tailed)	.000
	N	204
CC3	Pearson Correlation	.337**
	Sig. (2-tailed)	.000
	N	204
CC4	Pearson Correlation	.376**
	Sig. (2-tailed)	.000
	N	204
CC5	Pearson Correlation	.499**
	Sig. (2-tailed)	.000
	N	204
CC6	Pearson Correlation	.379**
	Sig. (2-tailed)	.000
	N	204
CC7	Pearson Correlation	.337**
	Sig. (2-tailed)	.000
	N	204
CC8	Pearson Correlation	.231**
	Sig. (2-tailed)	.001
	N	204

4.5.3 Interpretation

The first three research propositions have been tested and applied to aspects of the counterfeit purchase decision in respect of particular BPM components. The statistical data and its interpretation appear consistent with a radical behaviourist account of counterfeit products consumption, suggesting that the framework presented is capable of offering satisfactory accounts of illicit consumer behaviours also.

As mentioned previously, however, the purpose of this fourth proposition was to consolidate the first three individual BPM elements and to evaluate their integrative action. According to the key concepts of the BPM, derived from applied behaviour analysis, these eight combinations of contingency can influence the rate of consumer behaviour, capturing all of the elements contained within the three-term contingency. It will be recalled from both Chapter Two and the measures of the first three propositions documented in this chapter that these eight CCs are functionally determined by: (1) the operant classes of behaviour the consumer is performing; (2) the location of the present behaviour setting along the closed-open continuum; and (3) the

reinforcing outcomes of available choice options which may be anticipated from the application of a learning history upon the current behaviour setting, as reproduced in **Figure 13** below.

Figure 13: Situated Consumer Behaviour Patterns

Operant Classes	CLOSED ——— *Setting Scope* ——— OPEN	
ACCOMPLISHMENT (high hedonic, high Informational)	CC2: Fulfilment (e.g. casino gambling)	CC1: Status Consumption (e.g. luxury car)
PLEASURE (high hedonic, low Informational)	CC4: Inescapable Entertainment (e.g. in-flight movies)	CC3: Popular Entertainment (e.g. cinema-going)
ACCUMULATION (low hedonic, high Informational)	CC6: Token -Based Consumption (e.g. spending Air Miles)	CC5: Saving & Collecting (e.g. saving Air Miles)
MAINTENANCE (low hedonic, low Informational)	CC8: Mandatory Consumption (e.g. local taxes)	CC7: Routine Consumption (e.g. groceries)

According to the BPM, a consumers' choice behaviour may be assigned to each of the eight contingency categories at different times, depending upon the prevailing circumstances. Some topographically similar behaviours can be allocated to more than one contingency category, of course, depending on the particular environmental determinants which are to be emphasised. For example, buying pirate software involves aspects of utilitarian and informational reinforcement, which can be allocated to the saving and collecting class and/or self-esteem related fulfilment class. Therefore, the outcome of the BPM's combined operation is hypothesised as being a situation-specific act of consumer behaviour. It is therefore reasonable to predict that different counterfeit product buying behaviours can be allocated to these eight CCs taxonomy, as

characterised by their association with a dominant preferred counterfeit product as a consequence of the said products' characteristics in maximising the likelihood of delivery of positive reinforcement. As illustrated in the statistical analysis above, there were indeed significant differences evident in the extent to which consumers in the current population tended to favour a counterfeit purchase during engagement in an albeit simulated situational context.

Taken in aggregation, the statistical data reveal that some CCs are more likely than others to result in a counterfeit product being purchased, that closed settings in general are more likely than open ones to result in such a purchase, and that each CC is in itself associated with particular-but-variable levels of both learning history and behaviour setting influence . These findings give important insights as to the precise circumstances under which a consumer is likely to purchase a counterfeit product.

To begin with the issue of the particular CC itself and its scope, it will be recalled from the P_1 data that Pleasure and Accumulation shopping were found to be heavily counterfeit product-dominant, Accomplishment and Maintenance shopping too appearing to display a tendency toward consuming counterfeit products albeit to a lesser extent. A closer inspection of the eight CCs, however, suggests that the division of the four original operant classes of consumer behaviour on the basis of the open-closed scope of behaviour setting in which that behaviour is enacted reveals further conditions in respect of when counterfeit goods buying is most likely to occur.

The data available in **Table 11** for the eight CCs suggest that CC2 (fulfilment shopping), had highest likelihood of a counterfeit purchase, followed by CC6 (token-based consumption), CC3 (popular entertainment), CC5 (saving and collecting), CC7 (routine consumption), CC4 (inescapable entertainment consumption), CC8 (mandatory consumption) with CC1 (status consumption), reporting a relatively lower level of counterfeit purchase likelihood.

The most common situation in which a counterfeit product may be purchased, then, appears to be in the case of fulfilment buying, defined by the BPM as engagement in Accomplishment shopping in a closed setting. Counterfeit goods appear to be most likely to be purchased in situations where the consumer is seeking to engage in conspicuous consumption activities, reinforced by high levels of both utilitarian/hedonic and informational reinforcement, but in circumstances where choice is constrained. In these situations, the consumer wishes to enjoy

consumption of the latest fashions and innovations, but is somehow prevented from doing so; perhaps as a result of limited availability and/or disposable income. A fake, in effect, allows the individual to enjoy using such items and being regarded as an "expert consumer" in the process, the correlational analyses suggesting that the purchase decision within such contexts is guided by a moderate application of his/her learning history relative to in other CCs and a moderate reliance upon discriminative stimuli. In other words, to successfully employ counterfeit products in such situations, the consumer needs to have developed some degree of experience in the use of such purchase options and have acquired some degree of skill in relying upon environmental "clues" in order to make an appropriate product selection.

The second situation in which a counterfeit purchase is most likely is that of the token-based consumption situation, defined by the BPM as Accumulation shopping in a closed setting and associated with high levels of informational reinforcement and relatively low levels of utilitarian/hedonic reinforcement. Within such situations, positive feedback on one's performance in the consumer role is a key motivating factor. In its most basic sense, this translates into a preoccupation with saving money and can be attributed to the "bargain-hunting" aspects of counterfeit buying; consumers are seeking to save money here, perhaps because of economic circumstances and/or to release funds to engage in more hedonic shopping activities later, with the actual quality and lifespan of the fake item purchased being a secondary consideration so long as the purchase represents a "good deal". Of course, such tendencies are also characteristic of open Accumulation shopping situations too, but the defining factor here will undoubtedly be the aforementioned constraints on purchase choice. It should also be remembered that in Shanghai, counterfeit goods are sold alongside genuine items in what are considered quite "reputable" retailers, so there are often opportunities for consumers to acquire such items and participate in retailer loyalty schemes at the same time; token-based consumption in its most literal sense. In reaching such purchase decisions, consumers appear to again make moderate use of learning history elements, suggesting some degree of expertise is necessary to perform this shopping act (e.g. "bargain-hunting" skills), but reliance upon cues in the behaviour setting is greater than in the previous CC examined, implying that the individual is quite willing to "take a chance" and engage in more impulse-style buying probably due to the lower expectation of utility.

Next in terms of counterfeit purchase frequency are the popular entertainment (Pleasure

shopping in an open setting, maintained by high hedonic reinforcement and low informational reinforcement) and saving and collecting (open setting Accumulation shopping, characterised by high informational reinforcement and low hedonic reinforcement) contingency categories; interesting in the sense that they almost represent mirror images of one another in respect of reinforcing consequences. In respect of the former, the frequency with which consumers purchase counterfeit goods for the purposes of popular entertainment is undoubtedly related to the high prevalence of pirate DVDs, music CDs and similar items within the counterfeiting marketplace. There is no desire to "impress" here, simply to enjoy the latest titles, so even when faced with wide availability of genuine articles, consumers may be nevertheless still favour a "good copy" if it is accessible and allows them to indulge their passion for such consumption. This may also be reflected in the low reliance upon the learning history and accentuated awareness of behaviour setting variables relative to some other CCs, consumers seeking reasonable quality copies of entertainment products whenever they present themselves and, again, being willing to risk the occasional unwise product selection. In a sense, the latter saving and collecting CC's association with counterfeit buying may occur for very similar reasons, despite the differing patterns of reinforcement yielded. In these situations, consumers are still seeking to either save money or add to a collection, but they are relying on counterfeit purchase options within very open choice settings. Given the high reliance upon both learning history and behaviour setting variables evident in the accompanying correlational analyses, this tendency to continue purchasing counterfeit items in the absence of any real constraints on choice is perhaps indicative of a developmental process in operation, consumers who have acquired some degree of expertise in illicit consumption practices continuing to procure counterfeit alternatives to genuine goods even when former constraints on choice have been removed.

Below these CCs in respect of counterfeit buying sits the routine consumption situation, taking the form of low-level Maintenance shopping in an open setting and maintained by correspondingly low levels of available reinforcers. This is low-involvement, mundane shopping, strongly associated with routine replenishment of staple items. Again, this is a category associated with above-average reliance upon both the learning history and available behaviour setting factors in making a purchase decision, suggesting for that those with some degree of experience in counterfeit shopping, inexpensive copies of basic everyday items become just another choice option – a part of everyday life.

The inescapable entertainment category of shopping situation is next in terms of declining counterfeit purchase frequency, an instance of Pleasure shopping within a closed setting that is maintained by high levels of utilitarian/hedonic reinforcement and low levels of informational reinforcement respectively. As with the popular entertainment category of buying, this reliance upon counterfeit goods is probably attributable to personal enjoyment of the latest DVD/CD releases etc., although choice is clearly being constrained under such circumstances, perhaps by income or availability. The latter may be a particularly important characteristic of entertainment shopping in Shanghai, where quality copies of Western DVDs are widely available amongst a plethora of inferior international and local pirated items, but only to those with some degree of knowledge and expertise in respect of the geography of that marketplace – a possibility perhaps confirmed by the slightly above-average reliance upon both learning history and behaviour setting variables relative to some other shopping categories.

Least common in respect of counterfeit purchase frequency sit two CCs almost at polar extremes of the CC taxonomy, the mandatory consumption and status consumption categories respectively. The former is represented by Maintenance shopping in a closed setting, strongly associated with activities such as paying taxes or utility accounts or other aspects of consumption associated with minimal requirements to the social system. The low incidence of counterfeit buying in this CC is almost certainly attributable to the lack of clear parallels with orthodox consumption practises – it is unlikely that anyone would seek out and pay a fake electricity account, for instance – and what purchasing that does take place in this category is perhaps accounted for by individuals with limited resources or availability of choices procuring copies of essential medicines, everyday commodities in short supply, etc.

In contrast to the above, status consumption represents Accomplishment shopping in an open setting, characterised by high levels of both hedonic and informational reinforcement. Again, this is conspicuous consumption, the individual enjoying both the shopping experience itself and the status derived from public display of the high-fashion or high-technology items procured. At first glance, the low incidence of counterfeit buying may at first seem paradoxical; after all, these are goods that are reputably among the biggest targets for counterfeit manufacturers to seek to exploit. Upon consideration, however, the low uptake of such copy offerings within a relatively *open* market situation should not be surprising – widespread availability means increased consumer knowledge and, quite simply, the accompanying increased likelihood that, say, a fake

Rolex watch will be detected no doubt contributes to consumer reluctance to risk the embarrassment and deflation of public esteem that may logically follow such detection. Thus, what counterfeit goods are sold within such situations are probably largely attributable to those consumers who perhaps elect to wear such items in an ironic way and/or instances where the goods procured are being sought for very short-term effect (e.g. a suit for a job interview or a designer fashion item for a less important social occasion).

Overall, both the statistical data and its subsequent interpretation strongly suggest that episodes of counterfeit buying are as readily assignable to the eight contingency categories generated by the BPM elements in combined operation as their more orthodox genuine counterparts and, indeed, that such an exercise in operant interpretation can yield significant insights into the psychology of consumer choice within illicit market contexts. Thus, on this basis, P_4 can be accepted; substantively different forms of counterfeit shopping situation exist, as predicted by the BPM research model.

4.6 Locus of Control, the Person-Situation Interaction, and Counterfeit Buying

4.6.1 Rationale

P_5: Locus of control will be significantly associated with tendency to consume counterfeit products, internality being positively associated with levels of counterfeit buying and externality being negatively associated

The previous research proposition applied the various elements of the BPM explanatory framework in aggregation. Specifically, by assigning instances of counterfeit buying to the eight BPM-derived contingency categories, it sought to capture the combined operation of a learning history upon a variable-scope behaviour setting in the pursuit of particular patterns of reinforcement, an exercise which offered potentially significant insights into the many different shopping situations within which a counterfeit purchase may ensue.

Each counterfeit buying situation is formed by the collision of the individual consumer's learning history upon the current behaviour setting. However, the extent to which a person relies primarily upon either experience or context has been largely overlooked by the extant BPM

literature and is yet nevertheless potentially important – as witnessed by the extent to which the correlational analyses presented above appeared to reveal differing roles for learning history and discriminative stimuli across the eight CCs.

The underlying logic of P5, then, was to seek to apply the Locus of Control construct as an indirect metric of the relative contributions of person (learning history) and environment (behaviour setting), LOC itself representing a generalised expectancy to associate one of these two dimensions rather than the other as being responsible for reinforcing outcomes. More specifically, on the basis of a review of the LOC literature, it was suggested that Internals are far more likely to become users of counterfeit products because, in behaviourist terms, they are more strategic in the application of their learning histories than Externals. Internals rely more upon the learning history and may thus be anticipated as being better a deciphering available behaviour setting cues in order to make a wise buying response; Externals, on the other hand, tend to be "blown along" by environmental forces having acquired an expectancy that their ability to identify reliable discriminative stimuli is weak, an expectancy that may make them "shy away" from counterfeit goods because of the increased risk of an unwise purchase response.

4.6.2 Statistical Analysis

In order to begin to explore this proposition, correlational analyses were used to describe the strength and direction of any linear relationships between counterfeit buying and the influence of behaviour setting and learning history respectively. The logic here was that LOC could only be considered a viable indirect metric of the relative contributions of behaviour setting and learning history if appropriate correlations could be demonstrated.

As shown in **Table 18** below, a positive correlation was indeed observed between learning history, as measured via the learning history scale scores obtained from participants and their respective LOC measures (reflecting degree of "internality"), whilst the anticipated negative correlation between LOC and behaviour setting influence was also observed. Although the said correlations were in the directions predicted, however, they remained marginal in their magnitude and did not achieve statistical significance.

Table 18: Pearson Correlations – LOC by Behaviour Setting and Learning History

		LOC total
LOC total	Pearson Correlation	1
	Sig. (2-tailed)	.
	N	204
Behaviour Setting	Pearson Correlation	-.098
	Sig. (2-tailed)	.163
	N	204
Learning total	Pearson Correlation	.103
	Sig. (2-tailed)	.142
	N	204

Nevertheless, despite the failure to achieve significance, it was decided to proceed with the correlational analysis for LOC score and actual counterfeit buying, given that the previous correlations obtained were in the directions predicted on the basis of the literature review in Chapter Three.

Again, however, the result of this subsequent correlational analysis failed to achieve a statistically significant result, although the direction of the correlation observed was in the direction anticipated with "Internal" being marginally more likely than "Externals" to purchase counterfeit products.

Table 19: Pearson Correlation – Locus of Control by Counterfeit Buying

		LOC total	Purchasing
LOC total	Pearson Correlation	1	.064
	Sig. (2-tailed)	.	.484
	N	204[a]	204
Purchasing	Pearson Correlation	.064	1
	Sig. (2-tailed)	.484	.
	N	204	204

On the basis of the above, it cannot therefore be stated absolutely that one form of generalised expectancy has a stronger influence upon illicit behaviour than another, nor that either learning history or behaviour setting represents a greater determinant of consumer choice. In fact, the correlation would suggest a relatively even balance between the two – a result that implies that purchase of a counterfeit product probably depends on an individual with a particular set of past experiences of illicit consumption activities being in a behaviour setting rich in specific situational

variables at a particular moment in time.

4.6.3 Interpretation

A central tenet of the BPM is that consumer choice is the pursuit of reinforcement; specifically, it is simultaneously the maximisation of positive reinforcement and the minimisation of aversive consequences. The contingency of reinforcement therefore is the primary factor instrumental in generation of an appropriate behavioural response. Yet, in general, whether people act on, or are acted upon by, their environment depends on their general expectancies as to whether their own actions will produce predictable results (Lefcourt, 1966; Rotter, 1966). Thus, all behaviour occurs in a context of both external and internal stimuli, people differing merely in how they perceive and respond to specific stimuli (Rotter, 1981).

As discussed earlier, the consumer choice situation is the point in time and space at which a particular learning history and a specific consumer behaviour setting interact, providing opportunities for the individual to gain from purchasing, consuming or avoiding either or both of these actions and their consequences. In the process of their intersection, the elements of the setting come to signal the rewards and punishments that are contingent on acting in a given way, identified via the application of the learning history upon the behaviour setting in the search for appropriate "clues" as to the most satisfying outcome possible from a range of available choice options.

The Locus of Control (LOC) construct appears, on the basis of the above results, a *potential* tool with which to measure the intersection of behaviour setting and learning history, representing an indirect metric of the person-environment interaction; a measure of the extent to which the consumer will rely upon the former or the latter in any choice situation in light of prior experience of such situations. Those individuals with an internal LOC perceive a reliable contingency between their behaviours and their outcomes. These individuals believe for the most part that the reward and punishments they experience vary as a function of their own actions. Those with an external LOC do not perceive a reliable contingency between their behaviours and outcomes. These individuals generally believe that the rewards and punishments they incur vary with capricious, unstable forces (such as luck or chance) or with the whims of powerful others.

Internals are more action-oriented than Externals. They often commit to risky, innovative and difficult tasks (Hollenbeck, Williams, & Klein, 1989; Howell & Avolio, 1993), especially seeking out those allowing for personal control (Brenders, 1987). They believe in their own capabilities to perform behaviours necessary to control events, and consequently will set their own goals (Phillips & Gully, 1997). At the same time, they put a great deal of effort into mastering situations (Brenders, 1987; Ryff, 1989; Zimmerman & Rappaport, 1988) and derive more satisfaction from situations calling for personal control (Brenders, 1987). All in all, consumers with internal LOC rely more on their own idiosyncratic learning histories to make a choice than those with an external LOC whose reliance is more upon behaviour setting variables.

Given the context of the current research, counterfeit products serve as supplements and/or substitutes of genuine well-know products and provide an opportunity for consumers to have primary control over their situations. Based on the discussion earlier, it seemed likely that those consumers with an internal LOC would be most likely to be attracted by counterfeit goods becoming, for instance, the earliest adopters of counterfeit goods and among the more expert users of such goods, e.g. where they can get high quality counterfeit products, a large amount of free MP3s from a website, etc.

The results, however, do not support this particular research proposition. Although a positive correlation between LOC and counterfeit buying was observed, that correlation was not statistically significant and was so marginal as to not really constitute a positive correlation at all. Nevertheless, this lack of support for P_5 is an important observation in its own right, suggesting that both prior experience and aspects of the current retail setting conspire to result in the purchase of a counterfeit product. That is, a consumer with an appropriate set of past experiences of illicit consumption activities will not become a counterfeit buyer unless the environment in which she/he is presently situated contains appropriate discriminative stimuli to shape that purchase; conversely, an individual will not succumb to temptation in respect of the availability of counterfeit goods unless she/he has a particular set of past experiences of such situations. In other words, studies which attempt to attribute counterfeit buying to characteristics of either person or environment are seriously misguided for it is only a certain type of person in a particular situational context that will in fact make the transition from orthodox shopper to illicit consumer.

5. A Behavioural Analysis of Illicit Consumer Choice

In this chapter, both the statistical data and their subsequent interpretation have sought to examine and measure the consumer procurement of counterfeit goods and the extent to which the BPM framework can offer a person-environment explanation of that purchasing. Specifically, the present chapter has presented an account of the recruitment of a cohort of extant consumers of counterfeit products and the quantitative analysis of their defining characteristics, an approach that has been framed within the radical behaviourist empirical strategy of applied behaviour analysis.

Through this systematic investigation of counterfeit products purchasing by reference to core elements of the BPM framework, the research has established the extent to which consumer behaviour towards counterfeit goods is amenable to operant explanation. In recognition that acceptance of a radical behaviourist account of any behaviour cannot be made on the basis of quantitative evidence alone, however, this chapter has also engaged in a scientific *interpretation* of the trends highlighted in the said data in order to evaluate the extent to which those trends are concurrent with the BPM explanatory framework. In both the statistical data and the subsequent interpretative accounts presented, the evidence available appears broadly supportive of the first four key research propositions formulated in Chapter Three.

As anticipated, the data presented in P_1 began the process of inquiry by appearing to suggest that consumer choice decisions in any illicit buying situation are oriented toward maximisation of positive reinforcement and/or minimisation of aversive consequences, the four operant class of behaviour defined by their available reinforcement outcomes being associated with different forms of counterfeit products buying and consuming, an observation that suggests that consumer choice patterns in this context vary according to the reinforcing outcomes they deliver. Moreover, the trends in the data appear to confirm the view that counterfeit products may play a not insignificant role in the diffusion of innovations over time.

Following on from the above, P_2 and P_3 endeavoured to examine the degree to which illicit consumer behaviour is contingent upon environmental contingency variables and learning history variables. P_2 explored the extent to which operant consumer behaviour may be shaped

by environmental factors, the data accumulated implying that certain classes of contextual variables within the current behaviour setting are especially salient in determining whether or not a counterfeit product is purchased; that is, certain discriminative stimuli appear to direct the individual toward utilisation of those available counterfeit products that may most reliably and efficiently deliver maximisation of positive reinforcement within the current illicit shopping situation. P_2 also offered considerable insight into the manifest differences in the ways in which counterfeit products vary in both the stimuli serving to shape the consumer responses toward the said products and the situational contexts in which purchase responses are emitted.

P_3 then examined the individual's learning history being applied situationally in order to identify the behaviour setting variables that have proven reliable discriminative stimuli in the past, signalling the likely reinforcing consequences of available choice available. The learning history is the cumulative effect of rewarding and punishing outcomes of past behaviour; it represents the personal factors influencing consumer choices and primes the consumer's approach/avoidance responses. The individual's learning history determines the rate of repetition, determines what can act as a discriminative stimulus of current behaviour; that learning history thereby also determines what is a potential reinforcer or punisher in the future. The results obtained from P_3 illustrated that the reinforcing consequences of past counterfeit buying indeed shape current and future counterfeit selection decisions in an iterative manner.

The objective of P_4 was to apply the BPM explanatory technology in a more integrative way. By combining the varying forms of operant behaviour class and their reinforcing outcomes with the relatively closed-open nature of the behaviour setting and its constituent variables, the BPM framework generates eight categories of contingency classes (CCs) of consumer behaviour constituting situation-specific outcomes of a person-environment interaction. Therefore, P_4 sought to seek confirmatory data in support of these eight CCs within an illicit consumption context. Within the operant explanation of behaviour defined by BPM framework as a whole, the hypothesised outcome of all the model's individual elements acting in a combinatory manner is the individual consumer's observable performance of a particular category of environmental-contingent behaviour that is either enabled/constrained by the prevailing matrix of discriminatory stimuli currently available to that individual and by the extent to which they render the behaviour setting itself relatively open or closed in respect of the scope of choice available to the consumer. Investigation of this particular proposition revealed that, just as in

orthodox consumption contexts, consumer behaviour towards counterfeit products can be efficiently explained by integrating the components of BPM and allocating the consequences of that integration within the BPM's eight contingency categories.

Finally, in respect of P_5, the research sought to conclude the behaviourist account of consumer choice within the counterfeiting marketplace by exploring locus of control, the generalised expectancy an individual acquires over time that determines the extent to which she/he relies upon either past experience or environmental variables to a greater or lesser extent. From a BPM perspective, LOC can be regarded as a possible indirect metric of learning history and situational influence and, as anticipated, the results demonstrated that internality is associated with learning history application and externality with attendance to behaviour setting variables. However, although the literatures on LOC and counterfeit buying would appear to suggest that those individuals labelled as "Internals" would be anticipated as being more likely to procure counterfeit goods, the data in fact revealed no particular tendency toward either person or environment as being the primary determinant of engagement in illicit buying activities. As a consequence, the behavioural analysis documented in this chapter appears to suggest that a person a specific set of past experiences of illicit consumption activities will not become a counterfeit buyer unless the environment in which she/he is presently situated contains appropriate discriminative stimuli to shape a purchase response and, conversely, an individual will not succumb to temptation in respect of the availability of counterfeit goods unless she/he has a particular set of past experiences of such situations. In other words, studies which attempt to attribute counterfeit buying to characteristics of either person or environment are seriously misguided for it is only a certain type of person in a particular situational context that will in fact make the transition from orthodox shopper to illicit consumer. Thus, only a person-environment perspective can offer a truly comprehensive account of this phenomenon; a perspective that, by definition, is embodied within the BPM framework itself.

In conclusion, the empirical evidence supports acceptance of the first four research propositions formulated and suggests that an operant explanation of consumer behaviour towards counterfeit products is viable. Engagement in illicit consumer behaviour is a function of a person-environment interaction, individuals drawing upon their unique learning histories within the current behaviour setting in order to identify those environmental variables that may offer clues as to whether the present circumstances are conducive to counterfeit buying as a means of

obtaining positive reinforcement while minimising accompanying aversive consequences.

The account presented thus far, however, has been somewhat consumer-oriented, focusing upon person and proximal environment with little recognition of the behaviours of other key actors within the counterfeiting marketplace. As will be recalled from Chapters Two and Three, however, a further assertion of this thesis that this buying behaviour can only be meaningfully understood by reference to its interaction with the behaviour of the vendors of those counterfeit goods, as encapsulated within the concept of the bilateral contingency. It is therefore toward discussion of that bilateral relationship which the thesis must now term, embodied within the final proposition formulated back in Chapter Three:

> *P_6: The behaviour of the consumer of counterfeit products and the behaviour of the vendors of those products are bilaterally contingent upon one another.*

CHAPTER FIVE

WEB OF INTRIGUE:

BEHAVIOUR IN A COMPETITIVE ENVIRONMENT

1. Counterfeiting as Marketing Behaviour

1.1 Introduction

The empirical phase of this thesis developed an operant account of consumer behaviour toward counterfeit products, applying the behavioural perspective of purchase and consumption as a research model. The BPM regards consumer choice as the pursuit of positively reinforcing outcomes, an individual learning history being applied upon the current behaviour setting in a situational manner in order to identify discriminative cues to the possible consequences of different choice options. Although the actions of retailers – legitimate or otherwise – appear to be accommodated within that model, however, the Chapter Three argued that it is in fact the *consequences* of those actions that are actually addressed, typically exemplified by aspects of the marketing mix. What is absent from such an account is, therefore, the marketing *behaviour* that results in those marketing mix outcomes.

With this limitation in mind, and in order to construct a more comprehensive and contextualised account of illicit consumer behaviour, this chapter therefore draws upon the theory of the Marketing Firm, proposed by Foxall (1998), which hypothesises that marketer and customer in fact behave towards one another in a bilaterally contingent manner, the actions of each being part of the behaviour setting of the other, in an attempt to offer a conceptual interpretation of the inter-dependent relationship between counterfeit vendor and consumer/purchaser, as embodied in the sixth and final proposition of this thesis:

> *P_6: The behaviour of the consumer of counterfeit products and the behaviour of the vendors of those products are bilaterally contingent upon one another.*

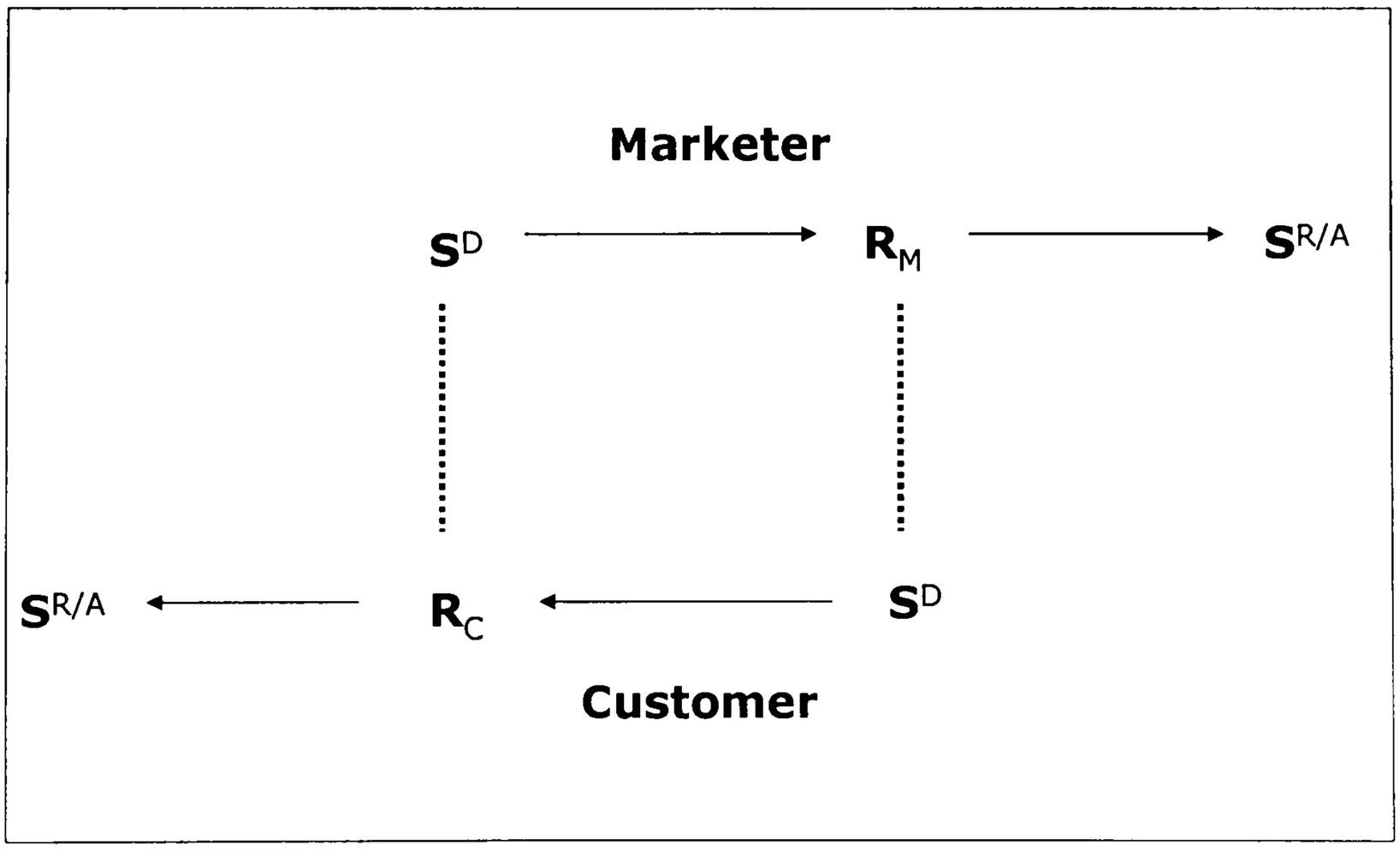
Specifically, the chapter discusses the actions of counterfeit vendors in a behaviouristic manner in order to describe the bilateral relationships in operation by reference to the key elements of the

three-term contingency; i.e. the reinforcement experienced by counterfeiters, the behavioural responses they make and the discriminative stimuli guiding those responses in an operant manner. What emerges is an account of counterfeiter behaviour that is readily amenable to operant interpretation, conforming to the bilateral contingency characteristic of more orthodox firm-customer relationships, the counterfeiting agency being a marketing firm – albeit an illegitimate one – behaving just like any other firm, the consumer him/herself being at the centre of a complex web of such relationships within the competitive environment in which IPR theft flourishes.

1.2 The (Illicit) Marketing Firm

Derived from radical behaviourism, the theory of the marketing firm asserts that business entities (individual entrepreneurs, SMEs, large multinationals) engage in behaviours in the marketplace in an attempt to "close" the behaviour settings of their customers to prime a purchase response. This is achieved via management of the marketing mix, a behaviour in its own right that operates according to the three-term contingency.

Figure 14: Marketer-Customer Behaviour as a Bilaterally Contingent Relationship



The marketing firm thus seeks to maximise positive reinforcement (e.g. profits, market share, etc.) and minimise aversive consequences (lost sales, declining market share, etc.), just as the consumer does, the said marketing activities engaged in constituting the behavioural responses of that firm – responses that are primed by discriminative stimuli within the firm's market environment, which range from the behaviour of customers (buying, not buying, etc.) to the actions of competitors (price-cutting, marketing communications, etc.). That is, the behaviour of the firm is contingent upon the behaviour of its customers, and vice versa, in a bidirectional manner as described by the bilateral contingency (**Figure 14**).

The specific assertion in this chapter, as depicted in P_6 above, is that just as the behaviours of an orthodox retailer and its customers interact in a bilaterally contingent manner, so the behaviours of the counterfeit vendor and its customer will be dependent upon one another also; i.e. the inter-relationships captured in **Figure 14** will apply in the counterfeit marketplace too. In an attempt to explore this proposition conceptually, the following section therefore examines the behaviour of counterfeiters by reference to the three-term contingency, drawing upon both the aforementioned available discourse and the interpretation of data presented in Chapter Four in the process.

1.3 Counterfeiting Behaviour: A Content Analysis

In constructing this interpretation, the remainder of this chapter draws upon both data accrued during the empirical phase of the thesis and extant formal and informal discourse on IPR theft, the researcher having content-analysed some 100+ documents to inform this account, ranging from the corporate reports of legitimate manufacturers/retailers and materials published by anti-counterfeiting agencies, through to speeches/statements from international governmental organisations and mainstream and business press coverage of counterfeiting issues, together with more unorthodox sources such as "chat room" and "Web blog" discussions by consumers and the counterfeiters themselves.

Content analysis is a rigorous research technique used to analyse the words, concepts, and relationships within texts. The method is advantageous for understanding social communication and interaction and allows for an unobtrusive means of analysing inherent interactions and

relationships (Berelson, 1952; Holsti, 1969; Krippendorff, 1980; Weber, 1990). As such, it is wholly consistent with the pragmatic-positivist view of interpretative research. Of course, content analysis may take a variety of forms, ranging from hypothesis-testing, inferential statistical analysis, through to theory-building, and theory-confirming; in this study, however, the form of content analysis employed was more interpretive in nature, the goal simply being to describe the textual data obtained by reference to the classic Skinnerian three-term contingency, and to examine the trends and patterns in those selected documents, with no attempt at generalisation being made to the broader population (Lijphart, 1971). That is, the aim was simply to gain insight into the behaviours of the actors in the counterfeiting environment and to construct an account of those behaviours in familiar terms and thus render them "explained" (Baum, 1994).

Brewe & Hunter (1989) suggest that content analysis has much potential as a companion research method in a variety of multi-modal empirical studies. Multi-modal research uses divergent methods to enhance the validity of results by mitigating methodological biases. Although content analysis can be applied quantitatively, however, the strategy adapted for the current empirical work favoured a more qualitative engagement with the materials collected in order to determine the extent to which the evidence available on counterfeiter behaviours was amenable to interpretation according to the three-term contingency.

There were a number of practical reasons for selecting a qualitative approach, rather than a quantitative one, not least of which was the issue of sampling. For instance, it became very much apparent early on in the collection of the documentary material that some aspects of counterfeiting receive far more attention – and therefore more coverage – than others. In particular, much of the material available relates to the counterfeiting of either higher status branded products, such as designer fashion goods, or digital products, such as DVD movies and music CDs. Little material was available relating to lower-level consumption activities, such as the purchase of fake grocery products, condoms and everyday toiletries. Therefore, purely as a consequence of this bias in coverage, it would be impossible to achieve the scale of representative sample of documents from across the counterfeiting spectrum that would be necessary in order to engage in some form of statistical analysis of the materials coded.

In any event, the overriding goal of the analysis was not to undertake some large-scale empirical investigation of counterfeiter behaviour, the emphasis of this thesis being largely upon the

demand side of the industry only. Rather, the intention was merely to engage with the materials in an attempt to assess whether the behaviours depicted appeared consistent with an operant explanation as a means of placing the primary data accrued in Chapter Four more firmly in context. That is, the goal was to aid understanding and theory development, not to model supply side behaviour per se.

According to Neuendorf (2002), qualitative content analysis is ideally suited to the purposes of developing conceptual accounts of a phenomenon, particularly where a robust conceptual framework can be applied to guide interpretation of the materials available. It permits the researcher to identify key components of that framework within the documents under review and it may subsequently serve as a means of generating more formal research questions and hypotheses for later investigation, whether by quantitative or qualitative means. Given that the objective here was to seek to establish whether elements of the three-term contingency were indeed evident in the extant counterfeiting discourse as a means of augmenting the conceptual account of buyer behaviour being developed, perhaps paving the way for further supply-side research in the future derived from that augmented account, a qualitative strategy was therefore deemed suitable for application within the present chapter for the reasons outlined by Neuendorf. On this basis, the researcher thus examined the material for references to elements of the three-term contingency in operation, drawing upon the primary data accumulated in Chapter Four where appropriate to further guide that interpretation, and sought to establish the extent to which an operant explanation would emerge in the process, a variation on a procedure previously applied in situational research undertaken by Brown and Reid (1997).

2. The Behaviour of the Illicit Marketing Firm

2.1 The Counterfeiter's Behaviour Setting

Counterfeit markets can be seen as a product of economic development, counterfeiters entering the marketplace in order to satisfy certain consumer needs and buying requirements (Ben-Atar, 2004; Conner, 1995; Globerman, 1988; McDonald & Roberts, 1994). Counterfeiters' marketing behaviours may thus be associated with particular operant classes of consumer purchase behaviour. According to the principles of radical behaviourism, any behaviour can only be

explained through identification of its relations with environmental factors. In any given market situation, the application of a counterfeiter's learning history upon the current behaviour setting would be expected to serve to transform available environmental variables into discriminative stimuli that will signal the likely reinforcing consequences (i.e. market outcomes) of available business strategies by virtue of their effectiveness as reinforcement signals in previous behaviour settings of an identical or similar nature.

The documents examined revealed that particular forms of behaviour setting variable appear to come to serve as the preferred form of discriminatory stimulus, directing the counterfeiters to engage in specific market activities. The most common behaviour setting variables to result in selling counterfeit goods appear to be physical and regulatory setting variables.

The physical characteristics of the retail environment within which counterfeiting activities take place can begin to shape the selling response long before such vendors enter the market. Paralleling the effects of physical behaviour setting variables on the consumer, the physical environment can exert a powerful effect upon the behaviour of those selling illicit goods. Salient variables refereed to in numerous documents included the organisation of distribution within a sector, the geographical location of the market/customers/outlets available, outlet size, retail format, the 'know-how' technology available, and factors such as product popularity and opportunities for low-cost selling. All of these factors direct counterfeiters towards engagement in illicit market activities within the current business space.

A particularly notable feature of the documents was the degree of interaction evident between setting variable categories observed in the narrative content. The organised marketplace, distribution and supply chain appeared to correspond with perceptions that an outlet of counterfeit products has better sales performance potential, low risk of punishment (i.e. legal-social penalties), and/or the image of providing value-for-money goods of a particular type to consumers. The following quote, from a US reporter in China describes a counterfeit market's daily operation, illustrating the extent to which the spatial context of illicit marketing may display distinct physical and operational characteristics, counterfeit vendors congregating within that space according to the long-standing retail geography concept of cumulative attraction and developing their own preferred – and often highly sophisticated – supply and value chains:

"Today, Ya Bao Lu, as it is known in Chinese is a seven-story modern building. Inside, some 300 private showrooms sport the latest fashions behind blue curtains that say "Don't Enter Unless Invited" (although no one ever stops you). Each room represents a factory in China, and each owner offers to duplicate and deliver whatever products you want, in any quantity. If you want the popular new Allen Iverson Reeboks - they will cost $8 a pair in lots of 24. For big orders, allow a week."

As indicated above, one of the main reasons given for counterfeiters running business at Ya Bao Lu is that the operators of the seven-story modern building there offer better organised and centralised business management and protection opportunities than disaggregated, smaller, independent retail outlets. A number of documents mentioned such counterfeit markets, highlighting the importance of organisational factors to the vendors' sales performance levels. In some places, counterfeiting even becomes 'the biggest business in town', which in turn encourages more vendors to engage in this business practice because of the low risk of sanctions. For example, as reported by a leading international business magazine:

> *"While local authorities often can be cajoled into busting distributors of bogus goods, persuading them to shut down factories is difficult. Besides, many of the most flagrant brand violators are state enterprises, often run by the same local governments responsible for policing them. Indeed, police are more likely to protect the factory than allow it to be closed. When Kroll Associates raided a factory producing fake Japanese motorcycles in southern China, they were confronted by armed guards. The raiders had to bring in provincial-level authorities because local cops weren't cooperating. Distributors also hire protection. ''A lot of these wholesale markets have thuggish security people,'' says Pinkerton's Thompson. ''We've been confronted with scores--even hundreds--of extremely hostile people.''"*

The local economic setting, then, can be the single most important factor encouraging vendors to stay in this counterfeiting sector, a finding consistent with several previous academic researches and official economic reports (e.g. Bosworth & Yang, 2002; Chow, 2003; Gale-Group, 2000; ICC, 2004; Pfizer-Corporate-Security, 2001). Once in this physical environment, other particularly salient cues include the product's attributes, low cost (i.e., easy-copy know-how technology, accessibility of equipment), and the high demand of consumers; factors that were all repeatedly cited as main reasons for engaging in this illicit business practice. These physical setting variables

referred to by vendors are generally concurrent with similar environmental factors investigated previously by researchers in respect of legitimate business activities, extensively documented elsewhere in the literature. However, the interesting feature in this analysis of documents was the extent to which the material's content revealed that vendors of counterfeit products rely upon such variables specifically as discriminatory stimuli, with a resultant corresponding impact upon the illegitimate business size of the market.

The regulatory environment also appears to be one of the most important setting variable classes to affect counterfeiters. Legal and regulatory mechanisms appear as a key mediator in determining whether the vendor should engage in counterfeit marketing activities. On the one hand, this is unsurprising, given counterfeiting itself is clearly a rule-breaking act, the implication being that a counterfeiter may often attend to regulatory variables where they may serve as a discriminative stimulus signalling potential sanctions being imposed as a result of a selling response. Within the documents, there were numerous examples that suggested that lax laws and weak regulations serve as powerful stimuli to vendors that they may sell more counterfeit goods, as noted by both a major US anti-counterfeiting agency and a Taiwanese newspaper respectively:

> *".....Fines are also available to prosecuting authorities but in reality these have little bearing on the damage caused by the counterfeit and quite often are easily paid, as the illegal profit made invariably outweighs any fines that might be imposed."*

> *"Although China has intellectual property laws, enforcement has been sporadic. The alliance reported last October on an increase in raids by Chinese authorities on factories and distributors of fake goods. But it also said that the raids brought no change to the black market because fines against the pirates were tiny, no violators were sent to jail and no criminal cases were started."*

Engagement with the narrative content of the sample of documents reveals the true potency of ambiguous attitudes of legal authorities, together with the different definitions of counterfeiting, in activating the rules vendors have themselves acquired as a function of prior marketing experiences. The evidence can be seen from most of the documents examined, a typical example being from a key industry commentator being:

> *"But in recent years, the culture of counterfeiting in China has expanded....."WTO? I don't care about the WTO. Winter is here and sales are good", says the owner of a coat shop at Treasure*

Street who fronts for a factory outside Shanghai. "As far as you want to do business with me, I can make whatever you want." That includes, he say, adding name-brand labels."

Social variables feature in the documents slightly less often, but they are nevertheless clearly exerting a positive influence upon performance of the selling response broadly in line with previous findings, and included the presence of significant others (vendors, customers), particularly the same business association group, and the authorities and the citizen.

Based on the theories of Sutherland (1947) and Cohen (1966), differential association is the idea that misbehaviour is learned in and engaged in by small groups, whose norms are antithetical to those of the wider society. That is, interaction with the same business association group helps promote group identity and cohesiveness and perceptions of low risk. Numerous documents highlight the significance of the physical characteristics of the behaviour setting as a prerequisite for social interaction within illicit retail settings, particularly the local economic dimensions of that setting. There was a clear preference evident among the counterfeiters described in the documents for inclusion of sales activities as but one component in a protected and social ritual experience, several documents placing particular emphasis upon the local economic setting and local protection.

Counterfeiting itself offers an opportunity to vendors to interact with members of society. As mentioned in the context of this research, counterfeiting per se can at times be a response for solving unemployment issues. Therefore, counterfeiters interact with employees and local authorities via recruitment of local people, providing the counterfeiters themselves with a certain degree of social status – "Lao ban" has the same meaning as "boss" in Chinese, but can also refer to wealth and relatively high social status in Chinese society. All such variables frequently exert effect by virtue of their reinforcing of the third-party acts of verbal behaviour and the manifest content of such behaviour. The following three quotes, obtained from three international business sources, all describe the counterfeiters' daily activities in a small town in China, each demonstrating that social variables shape counterfeiters' behaviour patterns albeit from slightly different angles:

"Tens of thousands of counterfeiters are at work in China today……For the counterfeiters, it was a day like any other in Guangdong, China's richest and fastest-growing region. The unmarked factory in Pinghu is one of thousands like it in southern China. It is estimated that a quarter of the

world's watch production is concentrated in Guangdong, and perhaps a third of that is counterfeit. The fakes are exported everywhere....."

"Dozens of Chinese police blocked angry vendors from the entrance of Beijing's famous Silk Alley market on Thursday in a standoff over its closure after 20 years of bustling business selling fake designer ware..... Protests are rare in China, where the Communist leadership is keen to maintain stability amid rapid economic and social change, but neighbourhood demolitions and arguments over compensation have been a flashpoint for confrontation with authorities."

"...The piracy industry in China has grown into a vital shadow economy. By some estimates, piracy directly or indirectly employs 3 million to 5 million people, and brings in between $40 and $80 billion. At a time when unemployment is on the rise, experts say it is simply impossible to put a quick end to the piracy industry for reasons of social stability. And this is to say nothing of kickbacks to police or officials who allow the practice to continue, or threaten "raids" or "busts""

Finally, perhaps the most interesting finding was that temporal variables appear relatively weak discriminatory stimuli within the context of counterfeiting-based sales activities. Key characteristics of the counterfeiting industry are that copies of genuine products with low cost are available and that easy changes to the "pirate" production line are possible. The products counterfeiters copy are typically short life cycle products, such as fashion goods, software, and music products. As Jack Yang says, an agent with Kroll Associates, the world's largest investigative agency, *"Watches are perfect because they are small, easy to hide and transport, and have high profit margins"*. Temporal variables only emerge in the documents as negative influences upon the counterfeiters' activities in situations where, say, the shut-down counterfeit market (e.g. Silk Alley) situation, or where an anti-counterfeiting champion enjoys some short-term success in generating an aversion to counterfeit products selling.

2.2 The Counterfeiter's Learning History and Reinforcement

The general patterns of counterfeiters' marketing activities appear to change over time as a function of previous encounters with available counterfeit products and their reinforcing (business) outcomes. The important influence of the learning theory on marketing has been demonstrated by the repeated finding that prior behaviour is an important determinant of

current responding (Foxall, 1996; Foxall, 1997; Malone, 1990; Malone & Cruchon, 2001; Watson, 1913). Within the context of this study, the positive reinforcement acquired from previous counterfeit selling experiences increases the response of engaging in counterfeiting-related activities again. A counterfeiter's business history transforms some of these positive reinforcers into discriminative stimuli, which signal the likely consequences of emitting a particular response – selling counterfeit products. The positive reinforcement experienced by a marketing firm that sells counterfeit products includes utility (the firm's functional properties, including the reduction of transaction costs, economic and business performance) and informational reinforcement (the feedback available on the marketing firms' performance).

In this case, the utilitarian reinforcement consists of the particular outcome of marketing behaviour, mainly associated with profit making and low cost levels directly, received by a counterfeiter. It has been well researched that utilitarian reinforcement is mediated by the product or services themselves and refers to consequences associated with increase in utility (i.e. low cost, high income) for marketing firms (satisfaction of marketing performance) obtained from selling products and services. As revealed in the documents examined, 80% of counterfeiters report that piracy is a business for making money, just like other business:

"Take Yiwu (it's estimated that 80% of the consumer goods here are counterfeits or other trademark infringements), China's largest wholesale distribution and center, a five-hour drive from Shanghai on dusty, congested roads. At first glance, Yiwu looks like a typical modernizing Chinese city. A closer look reveals streets teeming with carts, trucks, vans, and flatbeds, all heavily laden with boxes and packages. Yiwu was farmland in the 1980s; now it's a $3-billion-a-year wholesale nerve center. Each day 200,000 visitors stream in to buy or unload goods at 33,000 stalls and stores. The local AIC invested $10 million in the center's construction and continues to manage the market, while many ex-AIC officers own their own warehouses and businesses."

"So, considering the money to be made from piracy, it's bound to grow further. Take car parts. Bangkok-based market researcher Automotive Resources estimates that profit margins on fake Chinese-made shock absorbers can reach 80%, vs. 15% for the real thing. In high-volume businesses like oil filters for a Mercedes, counterfeiters undercut legitimate products by as much as 80% less than the $24 for an authentic filter."

The evidence above illustrates that the utilitarian consequences of selling counterfeit products lie in being able to make a high margin profit while costs are less, as well as in low risk situations – local protection. Also, it is obvious that the twenty years' business experience of this market is evidence of an increased rate of repeated marketing behaviours by counterfeiters. The more utilitarian reinforcement a counterfeiter experiences, the more counterfeiters will prefer to engage in further business of this nature subsequently. As is the case with the consumers' learning history, it can be seen that utilitarian reinforcement is thus an important component of a firm's learning history. Because it is a marketing firm's basic function to engage in economic exchanges, reduce transaction costs and make a profit, utilitarian reinforcement is far more important than other reinforcement types. The documents suggest that utilitarian reinforcement is the most influential factor, rather than informational and negative reinforcement, in directing vendors to engage in counterfeit goods selling.

Informational reinforcement results from the levels of social status, prestige and acceptance achieved by a marketing firm through its own efforts. It is mediated by both external (third-party, public, social and verbal) and internal (individual's own acquired) rules in general. The external rules derive from the social and verbal rules, the social status, honour or esteem accorded by others. The internal rules are manifested via a comparative judgment of how well the firm is performing.

To a marketing firm, image and reputation in public is an important informational reinforcer which increases or decreases the rate of response in similar market situations. Within the context of counterfeiting, counterfeit vendors also have their own image and reputation in the marketplace, such as an image of providing value-for-money goods, products with high availability in the market, etc. They may even develop their own pseudo-brands. Among the documents analysed, it was easy to find variables that correspond with the image and reputation of counterfeiters. For example, as one entertainment industry report revealed, in the DVD piracy market, counterfeiters have built their own brand and reputation as quoted below:

"According to a hardened fan of pirate DVDs, the pirate DVD market has been starting a brand war without the customer realizing it since 2001, There are different good brands for each different TV series, Animation films, DVD5 and DVD9, ...Lao Cheng, one of the DVD peddlers *who sells pirate DVDs from a big rucksack said: "The manufacturers of counterfeits are very*

professional, there are several big brands such as LiJing, Red Dragon, Fly Horse and QuanMei etc., I would normally choose the good brands when I purchase them. They are much better than the original ones, I guarantee the quality".....These brands, using either Chinese characters, the Chinese Pinyin, or a printed symbol in the corner of covers, confidently claiming that this underground pirate world is a credit to its customers...."

On the other hand, market intelligence is another informational reinforcer since it provides data on what are public needs, trends and consumer demands, allowing a firm to behave rationally with respect to future production decisions (Foxall, 1999). Given the nature of counterfeiting, pirates produce and sell counterfeit products as a "short-cut" approach to make high margin profits, following the popular trends of consumer demand and technology provided by genuine manufacturers in a low cost way. Engagement with the narrative content of the documents reveals how counterfeiters enter this market to satisfy certain consumer segmentations:

"Rarely analyzed is the way cheap Western-style goods, styles, and intellectual materials perpetuates a "globalized" standard of middle-class tastes and habits in China. One implication is a continued interchange between what is "foreign" and what is traditionally Chinese, in a country that has long been isolated. The appetite among younger Chinese for Hollywood movies, for example, "is endless," says Min Chun, a graduate student. Her friends take pride in collecting and swapping hundreds of films, and CDs of Western music (the Beatles are a recent favourite at some Beijing campuses). Yet, at Western prices, no students could afford them, she says".

That is, counterfeiters just utilise the market cues provided by Hollywood and by social lifestyles to make and sell cheap DVDs in the market, which not only satisfy certain consumers' demands, but also occupy a big market share. According to official statistics in 2003, there were 20-30 billion DVDs and CDs pressed in total that year, while the legitimate channel only published 2.7 billion DVDs; the best market share was achieved by counterfeiters (Anon, 2005b).

It is interesting to find that aversive consequences feature less prominently in all of the documents, presumably due to lax legal penalties in many territories such as China, the less socially unacceptable nature of counterfeit goods consumption and the often low risk of being punished; factors which serve to weaken otherwise negative attitudes toward counterfeit products selling and production. Aversive consequences were only discussed in governmental

and anti-counterfeiting agency documents and, furthermore, even only appear in the press when authorities tighten regulations and laws.

In sum, the documents examined confirm that the extent to which a counterfeiter sells counterfeit goods is associated with its previous marketing experience and encounters with such products and their reinforcement outcomes. In any given market situation, the application of a counterfeiter's learning history upon the current behaviour setting serves to transform available environmental variables into discriminative stimuli that will signal the likely reinforcing consequences of available choice options by virtue of their effectiveness as reinforcement signals in previous behaviour settings of an identical or similar nature.

2.3 Marketing Responses, Contingency Categories and Reinforcement

The above discussions appear to suggest on the basis of the documents analysed that the behaviour of counterfeiters is indeed amenable to operant interpretation, moderated by the three-term contingency as its explanatory framework. The material examined is littered with examples of the reinforcement being sought by counterfeiters, of the key behaviour setting variables they attend to, and the application of a business learning history to identify those discriminative stimuli that will best serve determination of the marketing response. As will be recalled from Chapter Four, however, the scope of the behaviour setting proved a crucial determinant of buying responses and it was possible to allocate consumer behaviours toward counterfeit products within the eight contingency categories (CCs) of the BPM, generating a useful taxonomy of the situations within which customers would – or would not – be likely to buy counterfeit goods. On this basis, it may thus also be instructive to seek to allocate the marketing behaviours of the counterfeiters themselves to these CCs also, an exercise that may reveal considerable insight into the strategies such illicit vendors adopt in different market situations.

To investigate this proposition, the researcher therefore began by examining the documents again in an attempt to identify examples of counterfeit practice that may be classifiable according to the four operant behaviour classes of the BPM; i.e. Accomplishment, Pleasure, Accumulation and Maintenance Shopping. Specifically, the aim was to see which of these modes of shopping on the part of the consumer that the counterfeiter was seeking to target through its marketing actions.

In other words, the four operant behaviour classes experienced by the consumer become four modes of behavioural response on the part of the counterfeiter, as would be anticipated by the bilateral contingency. Qualitative differences were then identified within each of these four categories between marketing behaviours in open and closed settings (i.e. operating environments, from the perspective of the counterfeiter) in order to segment the behaviours observed into eight business styles consistent with the consumer CCs.

The most common classes of operant behaviour to result in counterfeit products selling was the Pleasure class, followed by the Accomplishment class and the Accumulation class, with the Maintenance class least evident in the documents. One way of interpreting this finding, therefore, is that marketing actions aimed at providing the customer with some patterns of reinforcement are more likely than others to be engaged in by the illicit marketing firm. From the consumer's point of view, the Pleasure class is characterised by a delivery of high utilitarian reinforcers, with relatively low informational reinforcement to the fore. But, what pattern of reinforcement may the counterfeiter be seeking when selling to consumers performing this operant class?

On the basis of the material examined, the Pleasure selling class appears to involve the marketing firm seeking satisfaction with the act of selling more direct goods, services and marketing experiences/achievements that may yield a particular marketing emotional response. By definition, this demands a degree of private satisfaction with market performance, which is inherently hedonic and individual to the firm, with no drive towards status display in the eyes of rival vendors. Firms engaging in this class of selling appear to have business styles characterised more by high profit making and low cost transactions, rather than a strong need to demonstrate reputation or social standing. Nearly 90% of the documents examined mentioned that counterfeit vendors obtained a high profit margin. These vendors are either peddlers, stall owners, or representatives of manufacturers selling copies of the most popular entrainment media products (i.e. DVDs) and inescapable entertainment products (i.e. fake pharmaceuticals such as *Viagra* or *Ecstasy*) and achieving a high profit margin. Within the materials, there were numerous examples strongly supporting the notion that counterfeit products sold at the counterfeit market (including the Internet market) are inferior in price, but achieve a 14% to 37.5% profit margin (Anon, 2005a; Bloomberg, 2004; Chen & Yang, 2004; Pfizer-Corporate-Security, 2001). For instance:

" the unit cost of optic disc of VCD is RMB 1 to 1.5 yuan, the cost of D5 is 3 to 4 yuan, D9 is 7-8 yuan, but the unit price of VCDs or D5 is 7-8 Yuan, D9 is 18-25 yuan in general in the market, the profit margin is very high..... However, if consumers purchase the pirate entertainment media based on the concern of better value, the unit profit of counterfeit products is not higher than the original one. But the consumer demand of pirate entertainment media is 25 times higher than the original ones, which is enough to illustrate which business the vendors would engage in. Counterfeit entertainment media is a star of the market seems accord with meager profit but high turnover this economic rule..." (exchange rate of RMB to Pound, 15.8:1)

".....a cautious stall owner looks both ways before pulling out a pack of fake Gillette razor blades. Her wholesale price: just 65 cents for 10 boxes, each with five blades. In Beijing, a real 10-pack retails for $9.60. She is being extra wary because, a couple of weeks ago, Gillette agents and local officials swooped into the market to seize 48,000 knockoff Parker pens and 4 million Gillette blades.

Not that the raid has seriously damaged business. Over in Yiwu's crowded Qiaoshi cosmetics market, a forty something vendor offers the sniff test for fake Rejoice shampoo and Safeguard soap, both brands of Procter & Gamble Co. ''This one smells much sweeter, so we can sell it for more,'' she says, holding out a bottle of Rejoice. The shampoo ranges in price from more than $3 for the real thing down to $1 for the cheapest and least fragrant phoney. The fake Safeguard goes for 20 cents, half the price of an authentic bar. ''Of course, the fakes sell much better,'' she says. ''They're so much cheaper."

In open settings involving the Pleasure class (CC3), within which environmental controls are relatively absent, counterfeit vendors are comparatively free to determine their own rules for their marketing operations. As discussed in Chapter One, a common phenomenon in those countries where counterfeiting is popular are more lax regulations and incomplete laws. Counterfeit product selling activities are therefore easily and automatically elicited by the high utilitarian/hedonic nature of such activities in open retail settings. On the other hand, counterfeiting is also a less socially unacceptable phenomenon within such a context; the absence of "social anti-counterfeiting movements/attitudes" also providing a relatively lax social setting for counterfeiters to operate in, as evident below which describe the daily market in Guangdong:

> *"Every day, 20,000 to 50,000 people (mostly day-trippers from Hong Kong) stream into the mall to buy cheap fakes in hundreds of shops and stalls--Hermes bags, Rolex watches, Fendi baguettes, Sony microphones."*

Popular branded products were also cited as a reason for engaging in this business, which was generally accepted by earlier adopters. The counterfeiters imitate legitimate products when the genuine products are in the growth stage of the product lifecycle, within which consumers will engage in the pleasure shopping classes of behaviour. In particular, non-deceptive counterfeiting is a way to convey the real market value signal of branded products to consumers, which decreases the information costs and perceived adoption risks for the consumer, thus increasing the product utility for that consumer. It appears that counterfeiters targeting customers in CC3 are shadowing early innovators and therefore represent/target the majority of the population who buy counterfeit products. It is worth mentioning that counterfeiters not only includes the marketing firms themselves, but also the individual consumer who downloads unauthorised digital products online for future exchange usages. Hence, it is not difficult to deduce that CC3 is the most influential factor reinforcing the counterfeiters' behaviour.

In a relatively closed Pleasure setting (CC4), counterfeiting activities which occur are determined by environmental controls. Within this setting, the effects of physical stimuli are more potent than social stimuli. In opposition to CC3, counterfeiters' behaviour in CC4 is controlled by public rules and environmental factors, in a similar way to the behaviour setting variables in the shopping mall. The power of behaviour setting variables in a closed environment is manifested in numerous research outputs, encompassing literatures from the economic psychology, marketing and geography disciplines. The documents in this study also strongly support this point. In addition, due to the specific characteristics of the counterfeiting industry, whether counterfeiting activities will be punished is determined by the local government. Based on this point, local protectionism is a key variable of the behaviour setting within which counterfeiting activities occur. Counterfeiters' activities are thus controlled by local authorities, just as in normal business contexts.

The interpretation of counterfeit selling directed toward consumers engaging in the Pleasure shopping situation in both open and closed settings is interesting for two reasons. Firstly, and perhaps most intuitive of all, it demonstrates that targeting a consumer who is participating in a

particular buying behaviour in itself demands a particular business strategy, suggesting that illicit marketing firms can be as adaptive in their strategic orientation as more orthodox ones. Secondly, and most crucial of all, discussion of the motivations and outcomes of counterfeiters applying such strategies are in themselves seeking the same types of reinforcement as their customers. That is, consumers and vendors within the Pleasure shopping CCs are both seeking high levels of utilitarian/hedonic reinforcement, with informational reinforcement a secondary consideration – it is merely the nature and source of that reinforcement that varies for the two bilaterally contingent actors. This is an extremely interesting concept, manifest again in the examination of counterfeiting activities directed toward consumers engaged in the remaining operant behaviour classes.

Selling counterfeit goods to consumers engaging in Accomplishment shopping activities was the second most common business practice identified in the documents. For the consumer, this is pursuit of high levels of both utilitarian/hedonic reinforcement and informational reinforcement, the data presented in Chapter Four suggesting this is as equally applicable in counterfeit marketplaces as it is in orthodox ones. Counterfeiters targeting customers engaging in this operant buying class generally position themselves as an expert and innovator vendor in the marketplace. For example, gray market counterfeit products, by definition, are actually genuine products from OEM manufacturers. The products purchased by the consumer are in fact a *legitimate, real product*, albeit one that has been distributed outside normal sales and distribution channels. The counterfeiters therefore display a degree of public status or public conspicuous selling, and also deliver a signal of better-value from an alternative option to consumers. In a relatively open setting (CC1), accomplishment is closely related to social advantage, represented by behaviours involved in the acquisition and selling of high quality copies of well-known designer products and gray market products, such as pirate software, free online music, IT products etc. The capacity of high-tech imitation and the excess production capacity were two main reasons to result in the counterfeiters to engage in this class. The example mentioned above, involving counterfeiters who sell 'branded' pirate DVDs, do not only obtain a high profit, but also acquire a social reputation, as quoted below:

> *"First, the scale, capability, and techniques of the counterfeiting industry have outstripped any official punitive action. They are better made and harder to detect. Sometimes they are "off the*

books" production overruns of authentic products that go out the back door for cheaper sale. Some factories now manufacture real goods in one part of the site and fakes in another."

"Aggrieved studio distributors would also be wise to consider other approaches in addition to lobbying and diplomacy. The pirate companies, several of which have grown into very large operations, are increasingly open to more legitimate business methods because they realize their pirating days may be numbered. William Brent, an American partner in Shanghai production company Cinezoic, points out that the shift toward semi-legitimacy was given notable impetus with last year's video rights sale for "Hero," which was purchased at auction by a Chinese video distributor for the "previously unheard-of sum of 18 million Yuan" (US $2.12 million)."

As indicated above, one of the main reasons given for engagement in this business was both market profit and status in the market. Examples like this can be easily found throughout the documents. In addition, the transformation of the "know-how" technology resulted in a rapid increase in product capacity for the local manufacturers in those countries where counterfeiting is popular. Excess capacity thus becomes another main factor determining the amount of counterfeiters in the market. It is logical to suppose that an open accomplishment selling setting is a key influential factor in directing counterfeiters to target this operant class.

However, as can be seen from the example above, when counterfeiters pursue high utilitarian reinforcement, high fulfilment reinforcement is also acquired in a relatively closed setting. The quote above illustrates that the closed accomplishment selling (CC2) consists of marketing firms pursuing self-achievement, such as in the semi-legitimacy mentioned above, rather than the pursuit of public status display, which closely relates to the firms' competitive advantage. Counterfeiters in this accomplishment class, who imitate genuine products at the introduction stage of their lifecycles have greater expertise of the relevant products classes and are more likely than late-comers to show leadership. Therefore, the counterfeiters of CC2 may be relatively fewer than counterfeiters in CC1.

Moving on to the Accumulation category, this involves marketing firms targeting customers who are seeking high levels of informational reinforcement, with utilitarian/hedonic reinforcement a secondary consideration. The associated business activities appear to involve counterfeiters engaging in comparative selling through exploitation of the tangible features (price, attributes,

quality) of the genuine brand, the products themselves often having particular information-yielding qualities. For example, as one journalist noted:

> *"....Silk Alley market is an outdoor alleyway with 250 stalls that snakes from one of Beijing's main commercial thoroughfares through to the heart of the embassy district. Since the 90s, locals and foreigners flocked to the street to buy counterfeit goods ranging from fake leather Gucci bags and Rolex watches to knock-off Puma shoes, all for a fraction of what the genuine products cost. It has been world fashion trends indicators for 20 years....."*

Social fashion trends from the West serve as an important factor encouraging both consumers and counterfeiters to enter this industry, which demonstrates particular high information-yielding qualities. Obviously, branded products at the mature lifecycle stage are generally copied by counterfeiters in the Accumulation selling class over the market lifecycle. According to the market diffusion and innovation literatures, most late imitators emerge in this class to accumulate capital and marketing experiences, which represent the late majority with relatively low unit profit, and it appears that counterfeiters may be behaving simply as yet another form of imitator – quite literally, in fact. As examined previously, many consumers of counterfeiting goods engage in this operant class and, as a consequence, the market profit margin is lower than in the first two operant classes.

In an open Accumulation setting (CC5), counterfeiters imitate genuine branded products at a fractional unit cost which, in turn, leads to high unit profits. Many documents examined suggested that counterfeiting in China can often be a way to solve unemployment problems in some provinces and to help small businesses and the local economy, which also brings informational reinforcement to entrepreneurs. On the other hand, the counterfeiters are not only organisational marketing firms, but can also include individuals who use unauthorised products as economic exchanges, such as music collecting, knowledge-collecting, etc. Therefore, CC5 situations are relatively important to market late-comers (counterfeiters). In a more closed setting (CC6), the counterfeiters' competitive advantage lies in the fact they utilise some of the genuine-article manufacturers' resources, like R&D, brand name, reputation and distribution strategies, to serve their marketing mix strategies. The genuine manufacturer's marketing activities thus partly control the counterfeiters' marketing behaviour.

Consideration of the Maintenance-level shopping class on the basis of setting scope for the consumer offers further insight into counterfeit products specificity. The documents showed that counterfeit selling is associated to a lesser level with the Maintenance class than the other three selling categories. Maintenance selling can be interpreted by reference to the somewhat routine and mundane nature of such selling acts, often merely centred on activities such as selling staple-items needed for surviving, as well as the small market for fake qualifications, etc. Whether in an open setting or a closed setting, counterfeit selling activities seem to be less favourably chosen than the other CCs, and where they do manifest appear to be associated more with deceptive counterfeits, at least on the basis of the material available here.

In sum, the exercise of seeking to relate the behaviours of counterfeiters to the contingency classes their customers are engaging in proved an extremely fruitful activity. As the discussion above clearly illustrates, each consumer CC appears to be associated with a particular mode of business activity on the part of the counterfeiter. This not only confirms the interdependent relationship between buyer and seller predicted by the bilateral contingency, it also suggests that, with further research in this area, the eight-category taxonomy may hold a potential to become a viable tool with which to classify business strategies in a competitive environment. Moreover, the observation that sellers and customers each appear to be seeking the same modes of reinforcement albeit from different sources offers considerable insight into the motivations underlying the strategic choices of the marketing firm.

3. A Network of Contingent Relationships

3.1 A Heavily Populated Counterfeiting Environment

The principal aim of the exploratory content analysis outlined above was to test the sixth and final research proposition. On the basis of the account presented, the evidence available appears to support the hypothesised bilateral relationship between buyer and seller. Just as consumer behaviour toward counterfeit goods appears operant in character, just as in orthodox consumption situations, so the behaviour of the illicit marketing firm seems to mirror that of more orthodox suppliers within the marketplace. The counterfeiting entity seeks to maximise its positively reinforcing business outcomes and avoid aversive market outcomes, drawing upon its

own business learning history in order to identify discriminative stimuli in the environment that may guide its strategic choices; choices which are as tailored to the specific market context as those of more traditional – i.e. legitimate – marketing firms. Furthermore, again as in more orthodox buyer-seller relationships, the behaviours of counterfeit vendor and consumer appear bilaterally contingent upon one another and operate according to normative exchange criteria. In short, the counterfeiter is a marketing firm just like any other vendor of goods in the marketplace; it is only the status of those goods that appears the distinguishing factor.

Yet, a particular theme to emerge from the documentary analysis undertaken was the striking array of other market relationships evident within the competitive environment in which counterfeiting flourishes; relationships which appear as contingent upon one another as that of the buyer and seller themselves.

3.2 Counterfeiters, Consumers and Legitimate Business Entities

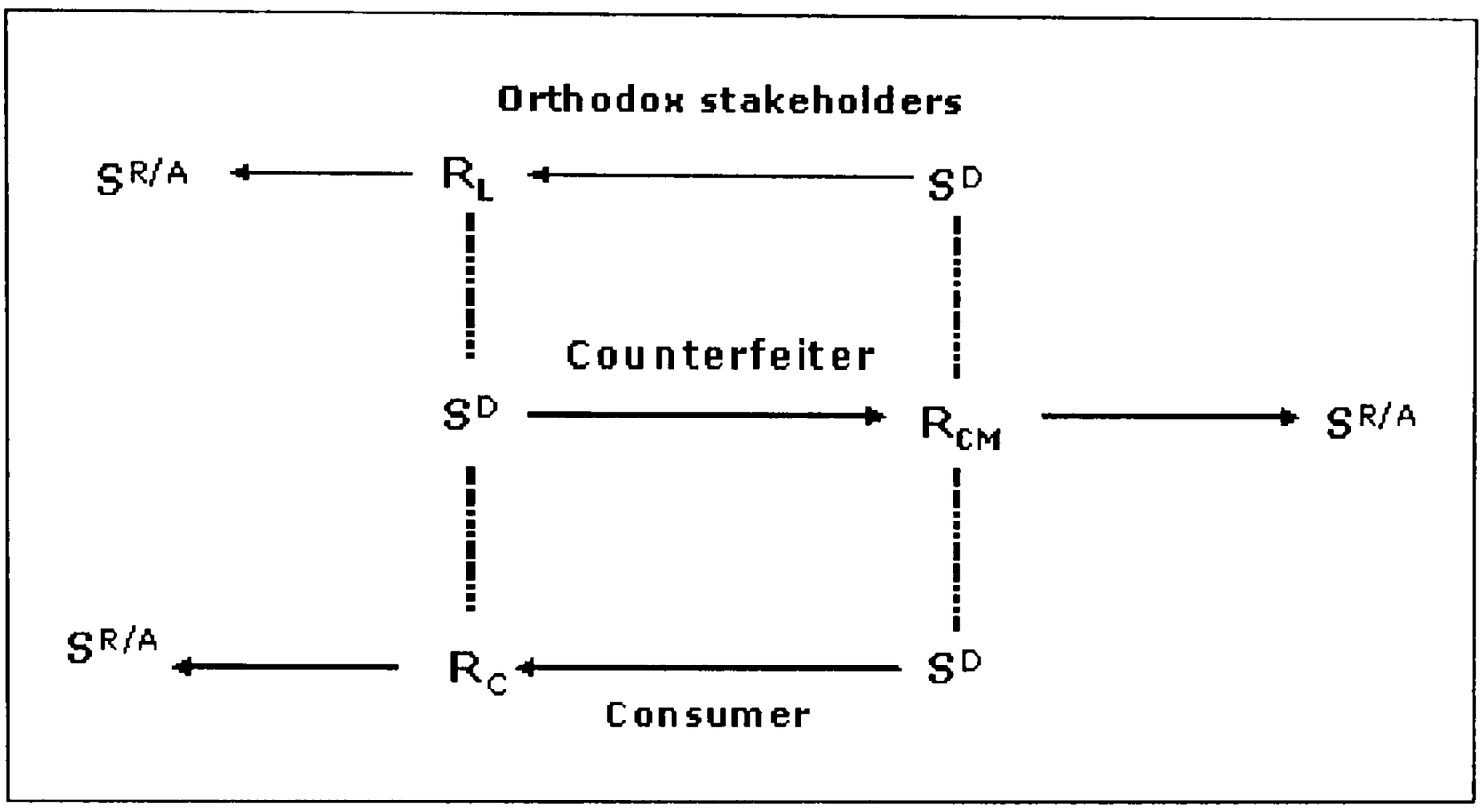
Adoption of the counterfeit products selling option is undoubtedly determined by the buoyant demand that satisfies one level of consumer needs at a premium price, offering positive reinforcement to the buyer (delivering value). Consumer behaviour in the marketplace (R_C) therefore represents a setting-level variables (S^D) for counterfeiters, guiding their marketing behaviour.

In addition to this bilaterally contingent relationship, however, the counterfeiter's marketing behaviour and production capacity relies heavily upon the genuine brand owners and/or manufacturers because counterfeit products are unauthorised copies of products' whose manufacturers/retailers bear the bulk of the marketing costs. An account of the counterfeiting marketplace which neglected to acknowledge the parallel behaviours of other key stakeholders of this nature would, therefore, represent a woefully inadequate one.

The legitimate entities' marketing behaviour (R_L) is thus another setting-level variable (S^D) for counterfeiters' marketing activities, as shown in **Figure 15** below. The consumer's behaviour and the legitimate entities' behaviour also determines the reinforcement $S^{R/A}$ (profit or loss) of the counterfeiter. Counterfeiters therefore are actively and deliberately involved in the manipulation of the settings of consumers and orthodox stakeholders alike in self-interested pursuit of

maximisation of utilitarian and informational reinforcement and minimisation of negative outcomes. Consumers and orthodox stakeholders also collectively 'control' the behaviour of counterfeiters and the degree of reinforcement/punishment they receive, including their profit or loss, through future marketing offerings and engagement.

Figure 15: Contingent Relationships between Counterfeiter, Consumer and Legitimate Entities in the Marketplace



According to the operant account of the consumer behaviour towards counterfeit products developed in this thesis, the most common scenario for counterfeit products selection as the preferred mode of purchase is under those circumstances encompassed by the Pleasure Shopping operant class of consumer behaviour, closely followed by the Accumulation Shopping operant class. The Pleasure class is associated with popular and inescapable entertainment products' consumption, which is maintained by high levels of utilitarian/hedonic reinforcement and relatively low levels of informational reinforcement. The Accumulation class is associated with saving, collecting and token-based economic consumption activities, which are maintained by high levels of informational reinforcement, utilitarian/hedonic reinforcement being a secondary consideration. The results show that popular entertainment media products, such as DVDs, CDs, free music download, e-books, travelling entertainment and fun souvenirs, etc., are attractive to the consumer, which is generally a characteristic of hedonic shopping as an experienced or well-informed person fulfils self-satisfying/symbolic needs, becomes an early adopter of a new innovation, or achieves alleviation of displeasure with unfulfilled hedonic needs. On the other

hand, it was also observed that most consumers purchase counterfeit products when there are price pressures, making counterfeit products an ideal medium via which to explore current consumer trends, or to engage in comparative shopping through examination of tangible features (price, attribute, quality).

Counterfeit products are generally not the preferred mode of shopping in either the Accomplishment Shopping or Maintenance Shopping operant classes of behaviour. Accomplishment Shopping is associated with both high levels of hedonic and informational reinforcement; Maintenance shopping is associated with the both low levels of utilitarian and informational reinforcement. The results of the examination of Maintenance shopping illustrates that consumers engaging in this class of behaviour choose counterfeit products as an economically essential consideration because of product-specific characteristics, such as the high rate of outdated fashion products available via orthodox means and within their budget. By contrast, Accomplishment shopping was observed to be strongly associated with conspicuous consumption, including status or symbolic shopping such as purchase of fashion-related designer goods, and with fulfilment shopping. Consumers are attracted by a high premium status and accompanying self-esteem through stylish counterfeit goods, or gray- market designer goods.

Unsurprisingly, perhaps, the documents examined strongly revealed that the most favoured circumstances for orthodox stakeholders (genuine producers/vendors) to engage in marketing activities was also in targeting consumers engaging in the Pleasure class of shopping, seeking to satisfy consumer wants, needs and desires and to deliver the positive reinforcement their customers are seeking. These orthodox stakeholders are seeking a degree of private satisfaction/self-interest in their marketing performance, which is inherently hedonic and individual to the firm, with no drive towards status display because of the high social status already enjoyed through ownership of a high-status brand. The documents suggest that legitimate entities are either against counterfeiting, or else they utilise counterfeiting to maximise utilitarian reinforcement (e.g. increase market size). In other words, legitimate firms engage in marketing activities to satisfy customer demand – the counterfeiter, in this context, is simply a "bad" competitor.

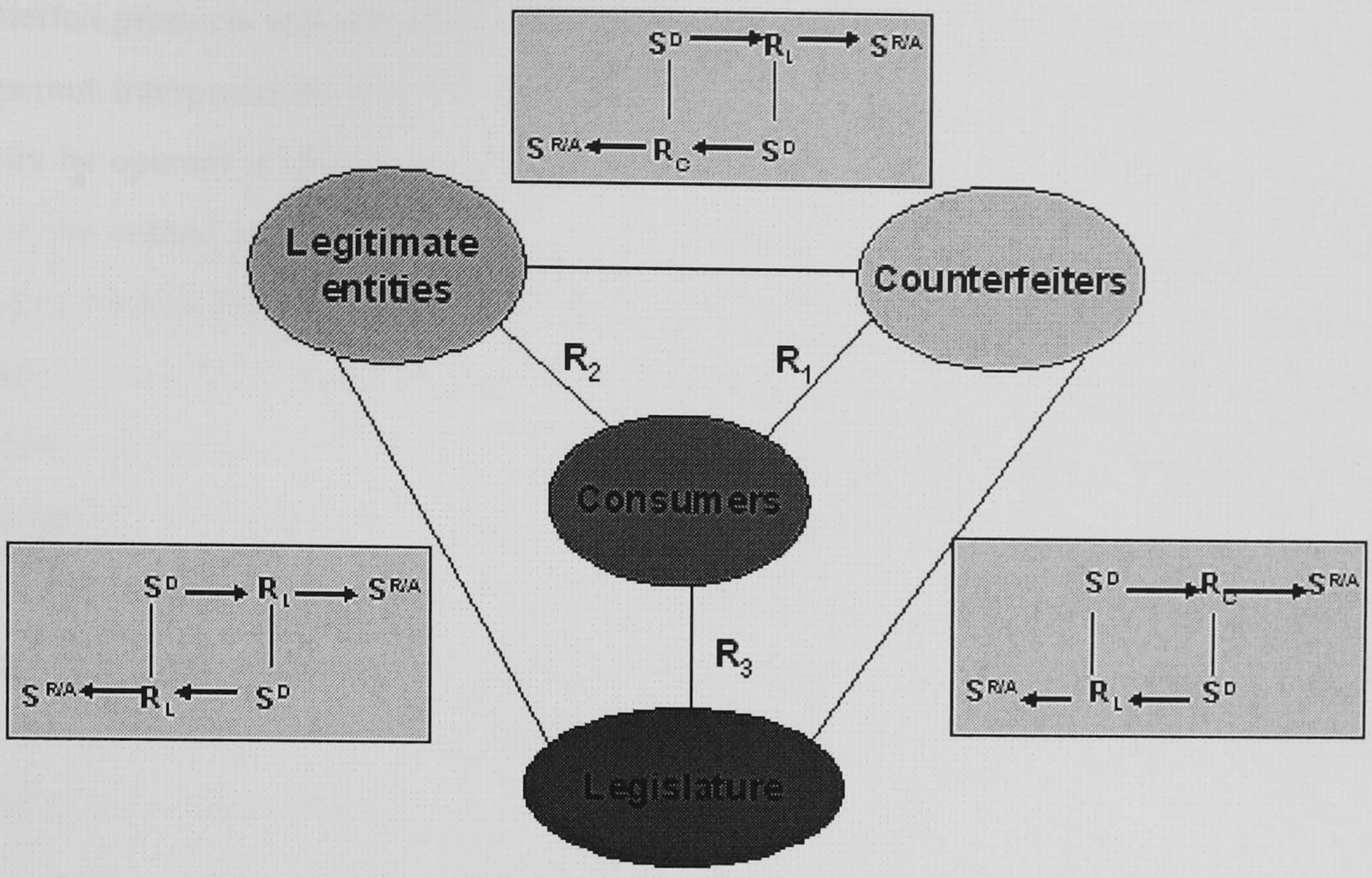
Another way of conceptualising this, however, is to think of the consumer and orthodox stakeholder behaviours as also being discriminative stimuli of the counterfeiter. The illicit

marketing firm not only must orient toward the behaviour of its customers in order to seek to satisfy market demand, it must also be attuned to the behaviour of the orthodox manufacturer/retailer too, given that its entire basis for competitive advantage is derived from an ability to monitor, copy and distribute counterfeit goods developed by that legitimate entity. In other words, the behaviour of the counterfeiter is also contingent upon that of the legitimate marketing firm.

Following on from the above, it is also clear from the documents analysed that this aforementioned relationship is equally bilateral in character. The orthodox distributor not only must respond to changes in buyer behaviour, it must also take steps to seek to protect its intellectual property rights (IPR) and thwart the counterfeiter through appropriate response behaviours; e.g. increasing the sophistication of the product to deter counterfeiting, taking appropriate legal action where practical, engaging in marketing communications aimed at dissuading consumers from purchasing inferior copies, and so on.

Finally, the consumer him/herself also experiences the bilaterally contingent behaviours of orthodox and illicit suppliers as in themselves being elements of his/her behaviour setting. The consumer is exposed to the competing market behaviours of both, together with their marketing actions, generating a complex set of environmental cues to the likely reinforcing consequences of available (legitimate and illegitimate) product choice options. Moreover, this exposure if further compounded by the accommodation within the emergent topography of the counterfeiting industry of the behaviours of government bodies, legislatures, anti-counterfeiting organisations and other key stakeholders; further actors within the marketplace, each behaving in an operant manner in an attempt to control the counterfeiting problem through support for the behaviours of legitimate brand owners, actions to curb the behaviours of illicit marketing firms, and marketing activities aimed at making consumer purchase of a counterfeit product less likely. Thus, what emerges from even an exploratory analysis of material such as this is a picture of a consumer sitting at the heart of a web of interrelated contingent relationships – relationships that are in themselves equally amenable to operant interpretation (**Figure 16**).

Figure 16: Web of Operant Behaviours in the Counterfeiting Industry



The following quote from one of the documents examined offers but a glimpse of these complex interrelationships quite succinctly, reporting the reality of the pirate film industry, illustrating the extent to which counterfeiter, consumer, orthodox stakeholders and other key actors are each actively and deliberately involved in setting management and reinforcement management:

> *"For one thing, there is a huge imbalance between China's voracious demand for filmed entertainment and its constrained "legitimate" supply. Ideology-driven government quotas severely limit legal import and distribution of films and television shows; the cash-poor domestic cable television industry offers only a sparse array of entertainment programming options; and modern cinema screens are in short supply, even in major cities. The black market has emerged to meet a need that would otherwise go largely unfilled.....The studios want the Chinese to enjoy their movies, but they don't present them with feasible options, the way the pirates do. An average movie ticket here costs six times as much as a DVD, so for most Chinese the choice between a high-priced movie ticket and a cheap DVD becomes obvious."*

In conclusion, the present chapter set out to offer a degree of context to the data accrued during the empirical phase of this thesis, the underlying logic being that if consumer behaviour toward counterfeit products was consistent with that in more orthodox market situations and amenable to operant interpretation, then the behaviour of the vendor of those counterfeit goods should equally be operant in character and able to be accommodated within the bilateral contingency that is the central tenet of the theory of the marketing firm. The outcome of this conceptual exercise, however, has been an albeit brief insight into the true complexity of the counterfeiting industry, a competitive environment populated by a vast array of behaving entities whose behaviour patterns are equally contingent upon one another. Thus, although systematic investigation of this broader supply-side network of interrelationships is clearly beyond the scope of the current thesis, the chapter has nonetheless revealed something of the behaviouristic topography of that environment and the forces at work which may shape the consumer response, serving as a potential skeletal framework with which to undertake further research in this area in a behavioural-ecological manner.

CHAPTER SIX

FAKING IT: TRADE SECRETS?

1. Counterfeiting as Marketing Behaviour

1.1 Introduction

This thesis set out to examine consumer behaviour toward counterfeit products, the multi-dimensional nature of such less "socially unacceptable" forms of illicit consumption, and the extent to which the behaviour observed is a product of a transaction between person and environment. The principle goal was to shed light upon the consumer selection of counterfeit products via adoption and systematic application of a contextual approach to consumer research, framed within the radical behaviourist paradigm. More specifically, the thesis has sought to add a new level of analysis to an emergent counterfeit consumption phenomenon, constructing an account of consumer use of counterfeit products by means of applied behaviour analysis.

By way of consolidation, this final chapter reviews the work undertaken and evaluates the degree to which the conceptual and empirical narrative presented succeeds in addressing the specified research objectives, together with the extent to which the thesis informs current discourse on the counterfeiting phenomenon. To this end, the chapter is organised around three specific intended contributions of the research: a contribution to academic understanding of the psychology of consumer behaviour towards counterfeit goods, achieved through systematic application of a radical behaviourist perspective; a contribution to the development of the behavioural perspective model itself, previously employed only in the study of orthodox buying activities, via its application to illicit consumer behaviour analysis also; and a contribution to knowledge in respect of extant knowledge in respect of the consumer's position in the complex environment within which counterfeiting flourishes, achieved by means of a behaviouristic account of the operant nature of that environment framed within the central principles of the theory of the marketing firm. Each proposed contribution is evaluated in turn, the accompanying discussion seeking to highlight both the strengths and weaknesses of the empirical work undertaken. The

chapter then concludes by assessing the viability and validity of the radical behaviourist perspective as a means of informing understanding of illicit consumer behaviour, outlining potential directions for future research in this area.

2. Illicit Consumer Behaviour in Operant Perspective

The primary intended contribution of this research was to develop a clearer understanding of consumer behaviour toward counterfeit products. As noted from the outset, previous work in this area has been dominated by supply-side considerations, with little attention being paid to how consumers actually select and use counterfeit goods and the psychology of that buying process. What work has been forthcoming in respect of the demand-side of the equation has tended to address pre-behavioural aspects of the buying process only, such as the role of geodemographic and psychographic factors in determining whether someone becomes a procurer of illicit goods, together with accompanying lifestyle and dispositional (personality factors, attitudes, motivations) variables, or else it has sought to present the key decision-making stages leading up to a counterfeit purchase in a traditional cognitive manner. While recognising the value of such perspectives, however, the thesis sought to offer a more complimentary and behavioural-ecological account of this phenomenon via operant analysis, seeking to understand the behaviour itself and the extent to which that behaviour is environmentally contingent at the situational level of analysis. Through inclusion of a more grounded "real-time" account of consumer buyer within this context, the rationale was thus to augment existing accounts through adoption of an alternative conceptual and empirical orientation.

The findings of the study of counterfeit buying presented in the empirical chapter of the thesis suggest that consumer choice behaviour within the context of counterfeit buying can be understood as a function of the interaction of the scope of the current behaviour setting and the individual's learning history. This interaction motivates counterfeit product selection behaviour by prefiguring the utilitarian/hedonic and informational consequences it is likely to produce. Consumers in the present study have been found to be directed toward attainment to positive reinforcement in both its utilitarian and informational forms, particular counterfeit products being associated with particular patterns of reinforcing outcomes from relatively high to relatively low utilitarian/hedonic reinforcement and/or informational reinforcement levels. The

results of both the initial quantitative analysis and their subsequent qualitative interpretation indicate that Pleasure and Accumulation shopping are more likely to result in the purchase of a counterfeit product, relative to Accomplishment and Maintenance shopping, by virtue of the particular patterns of reinforcement they yield. Furthermore, the trends observed in purchase tendency also map onto the diffusion of innovation curve, which suggests that particular market segments may be more likely to engage in particular operant classes of behaviour depending upon the priority these segment members assign to acquisition of novel consumer goods/experiences over the product-market life cycle.

As the phenotypic emphasis of a behavioural-ecological perspective would anticipate, such associations emerge in a developmental manner through a process in which the role of the individual consumer's own unique learning history is pivotal, both in terms of the extent to which the likely reinforcing consequences of the current choice situation can be anticipated by reference to the outcome of identical/similar choice decisions in the past, and by the manner in which consumers appear to further enhance this predictive process by reference to aspects of the prevailing retail behaviour setting, the learning history being applied in that setting in order to identify discriminative signals of available choice responses and their likely consequences. The discriminative stimuli that compose the setting may be physical, temporal, social or regulatory in form. The findings imply that certain classes of environmental factor within the behaviour setting are especially salient in situations where particular counterfeit products are preferred, discriminative stimuli directing the individual towards acquisition of the available purchase option that may most reliably and efficiently deliver the patterns of reinforcement currently required; a purchase option which may be either counterfeit or legitimate in status, depending upon the current buying situation. That is, consumers seeking particular patterns of reinforcement in a particular retail shopping situation may be shaped by environmental stimuli to direct the purchase response toward acquisition of a counterfeit product, rather than a legitimate one. In this study, aspects of the physical and temporal environment were found to be especially salient in such counterfeit purchase situations. Moreover, utilitarian reinforcement associated with the functional benefits of a product, its use/value and its potential economic benefits, proved more effective as a purchase-shaping cue than informational reinforcement and aversive consequences during the consumer choice process.

Examination and interpretation of the aggregated core elements of the BPM further highlighted this observation that different counterfeit products tend to be favoured in different purchase situations. Consumer behaviour towards counterfeit products can be attributed to control by dominant environmental contingencies, varying with the closedness of the setting, whilst self-instructions (rules) vary with the openness of the setting in which a behaviour takes place. The data and its interpretation can form the basis on which to predict the contingency categories (CCs) in which specific counterfeit products tend to be favoured and become dependent upon environmental factors – a particularly important managerial observation, especially in those "closed" consumer choice situations in which the behaviour setting of the consumer is more likely to be amenable to a marketer's control.

The results show that CC2 (fulfilment shopping) had highest likelihood of a counterfeit purchase being made, followed by CC6 (token-based consumption), CC3 (popular entertainment), CC5 (saving and collecting), CC7 (routine consumption), CC4 (inescapable entertainment consumption), CC8 (mandatory consumption) with CC1 (status consumption), reporting a relatively lower level of counterfeit purchase likelihood. The most common situation in which a counterfeit product may be purchased thus appears to be in the case of fulfilment buying, defined by the BPM as engagement in Accomplishment shopping in a closed setting. Counterfeit goods appear to be most likely to be purchased in situations where the consumer is seeking to engage in conspicuous consumption activities, reinforced by high levels of both utilitarian/hedonic and informational reinforcement, but in circumstances where choice is constrained. In these situations, the consumer wishes to enjoy consumption of the latest fashions and innovations, but is somehow prevented from doing so; perhaps as a result of limited availability and/or disposable income. A fake, in effect, allows the individual to enjoy using such items and being regarded as an "expert consumer" in the process, the data suggesting that the purchase decision within such contexts is guided by a moderate application of his/her learning history relative to in other CCs and a moderate reliance upon discriminative stimuli. In other words, to successfully employ counterfeit products in such situations, the consumer needs to have developed some degree of experience in the use of such purchase options and have acquired some degree of skill in relying upon environmental "clues" in order to make an appropriate product selection.

The second most common situation in which a counterfeit purchase is most likely is that of the

token-based consumption situation, defined by the BPM as Accumulation shopping in a closed setting, a behaviour associated with high levels of informational reinforcement and relatively low levels of utilitarian/hedonic reinforcement. Within such situations, positive feedback on a person's performance as a consumer is a key motivating factor. In its most basic sense, this translates into a preoccupation with saving money and can be attributed to the "bargain-hunting" aspects of counterfeit buying; consumers are seeking to save money here, perhaps because of economic circumstances and/or to release funds to engage in more hedonic shopping activities later, with the actual quality and lifespan of the fake item purchased being a secondary consideration so long as the purchase represents a "good deal". Of course, such tendencies are also characteristic of open Accumulation shopping situations too, but the defining factor here is undoubtedly the aforementioned constraints on purchase choice. This could, of course, be an artefact of the geographical context within which the research was undertaken; it should be recognised that in Shanghai, counterfeit goods are sold alongside genuine items in what are considered locally to be quite "reputable" retailers, so there are often opportunities for consumers to acquire such items and participate in retailer loyalty schemes at the same time; token-based consumption in its most literal sense. In reaching such purchase decisions, consumers appear to again make moderate use of learning history elements, suggesting some degree of expertise is necessary to perform this shopping act (e.g. "bargain-hunting" skills), but reliance upon cues in the behaviour setting is greater than in the previous CC examined, implying that the individual is quite willing to "take a chance" and engage in more impulse-style buying probably due to the lower expectation of utility.

Throughout the hierarchy of shopping situations defined by the eight CCs of the BPM, the same patterns of buyer behaviour could be observed. Variations in the reinforcing outcomes available within the CCs lead to differentials in the extent to which a counterfeit purchase is likely to occur, each CC in itself being associated with a particular pattern of environmental factors shaping the purchase response and a different level of consumer expertise being required in order to identify those environmental predictors of purchase outcome.

Interestingly, least common in respect of counterfeit purchase frequency sit two CCs almost at polar extremes of the CC taxonomy, the mandatory consumption and status consumption categories respectively. The former, it will be recalled, is represented by Maintenance shopping in a closed setting, strongly associated with activities such as paying taxes or utility accounts or

other aspects of consumption associated with minimal requirements to the social system. The low incidence of counterfeit buying in this CC is almost certainly attributable to the lack of clear parallels with orthodox consumption practises – it is unlikely that anyone would seek out and pay a fake electricity account, for instance – and what purchasing that does take place in this category is perhaps accounted for by individuals with limited resources or availability of choices procuring copies of essential medicines, everyday commodities in short supply, etc.

In contrast to the above, status consumption represents Accomplishment shopping in an open setting, characterised by high levels of both hedonic and informational reinforcement. Again, this is conspicuous consumption, the individual enjoying both the shopping experience itself and the status derived from public display of the high-fashion or high-technology items procured. At first glance, the low incidence of counterfeit buying appeared paradoxical; after all, these are goods that are reputably among the biggest targets for counterfeit manufacturers to seek to exploit. Upon consideration, however, the low uptake of such "pirated" offerings within a relatively *open* market situation should not be surprising – widespread availability means increased consumer knowledge and therefore increased likelihood that, say, a fake *Rolex* watch will be detected no doubt contributes to consumer reluctance to risk the embarrassment and deflation of public esteem that may logically follow such detection. Thus, what counterfeit goods are sold within such situations are probably largely attributable to those consumers who perhaps elect to wear such items in an ironic way and/or instances where the goods procured are being sought for very short-term effect (e.g. a suit for a job interview or a designer fashion item for a less important social occasion).

Overall, a striking feature of the empirical evidence present in this thesis is the extent to which the data suggest that an operant explanation of consumer behaviour towards counterfeit products is possible. Consumer choice of a counterfeit product appears to be directed toward the reinforcing consequences yielded, as an operant perspective would predict, discriminative stimuli in the current behaviour setting serving to prime emission of an appropriate behavioural response; a process embodied within Skinner's classical formulation of the three-term contingency.

Despite the apparent success of the explanation yielded, however, certain limitations in the empirical work undertaken must be added at this point. In particular, as noted above, a certain

degree of trade-off was necessary in the selection of a geographical context for this research. To permit data collection, it was essential that the work be grounded in a setting within which counterfeit buying is widespread and where such product purchases options have acquired a degree of near-ubiquity. To this end, the selection of Shanghai permitted a degree of primary investigation to be undertaken that would be impossible to conduct in a context such as the United Kingdom for a variety of reasons, not least the more covert nature of the activity in other territories, together with accompanying legal and ethical constraints that may be placed upon the researcher herself. Quite simply, it is much easier to ask consumers about their experiences of counterfeit goods in Shanghai, where such products are readily available in even the most reputable of outlets, and are purchased on an almost routine basis, than it would to find consumers willing to admit their use of counterfeit brands in the UK and to describe their more illicit buying experiences in contexts such as, say, flea markets, car boot sales and the toilets of a local public house! Socio-cultural context, both in terms of the activity and the ability to research that activity, is clearly an important consideration. On the one hand, this may inevitably mean a degree of geographical specificity is inherent within the data obtained, some of the key findings that appear applicable in Shanghai being less relevant in locations such as Durham, for instance; a possibility exemplified by the above example of counterfeit buyers being able to accrue "loyalty card" points in the process, a facet of the phenomenon unlikely to as yet be evident within the UK. At the same time, however, the opportunity to conduct this research with the degree of intensity possible in Shanghai makes such risks of geographical specificity at least tolerable on the basis that the richness of the data potentially accessible was far greater than would be possible in another setting. It was, in the final analysis, a necessary limitation to accept in order to be able to study counterfeit buying in a systematic manner; an undertaking which, in any event, may in itself represent a valuable "glimpse of the future" in respect of likely future buying patterns in the UK, given the status of Shanghai as a more developed market for the counterfeit industry and the extent to which the background data reviewed in Chapter One appeared to suggest that Europe is perhaps following China's "lead" in respect of consumer acceptance of counterfeit goods.

On a methodological level, adoption of a survey-based empirical strategy brings with it a series of strengths and limitations all of its own. The benefits of a quantitative survey in this context included its ability to gain access to a larger sample size, which also meant that the results are

more representative, specifically, and it was a valuable tool in terms of the illicit nature of counterfeit buying, anonymised self-report questionnaire leaving scope for participants to be relatively honest and frank in their willingness to share information and experience because of the questionnaire's confidential nature. Such surveys also have the advantage in allowing researchers to test propositions through both open ended and closed ended questions, as well as allowing multiple items scales and/or multiple questions to be included, and to extrapolate from the responses given quantifiable metrics with which to statistically explore the research propositions under investigation. Due to the nature of counterfeiting, gathering real-world data on such behaviour is usually difficult.

At the same time, however, certain limitations did become apparent during the course of the primary data collection process. In particular, it become apparent early on in the empirical stage that there was an inherent problem in the construction of the consumer learning history metric such that it became difficult to track changes in counterfeit products usage over time period, a difficulty arising from the decision to request that participants self-report their behaviours in the questionnaire on a "one-off" basis which, ultimately, thus constitutes no more than a "snap-shot" temporal dimension only. This effectively meant that there was a lack of evidence available in respect of the rate-of-response toward counterfeit products and its variance over time. Although this did not affect the results of the investigation and its theoretical application, it may in hindsight have been desirable to adopt a longitudinal research design to permit verification of actual changes over time.

Concerns also became evident in respect of both the composition and size of the specific scale employed to simulate purchase decisions across the eight contingency categories (CCs) defined by the BPM. With regard to the former, the researcher sought to encompass a broad spectrum of product categories typically associated with counterfeit goods. Thus, the items relating to CC1 (status consumption) asked respondents to report purchase likelihood in respect of counterfeit watches and luxury goods, for example, whilst CC6 (token-based shopping) related to counterfeit software, DVDs and music products. During data analysis, however, it was at times difficult to determine whether any differences in purchase tendency observed between CCs was the result of the patterns of reinforcement operating and the scope of the setting in which they operate, as the BPM would predict, or whether they were simply an artefact of the product class differentials. Put another way, were the differences observed between CC1 and CC6 due to the nature of those

CCs themselves, or were they simply a result of one category being evaluated with largely physical products and the other with predominantly digital ones? Although there are precedents in the literature for employing multiple product categories in questionnaire measures of buying across the eight CCs (e.g. Foxall, 1999a; Foxall & Greenley, 1999; Soriano & Foxall, 2002), it may therefore have been advisable to have constructed the metric around one particular class of counterfeit goods only in order to reduce the likelihood of the latter possibility arising. Similarly, in respect of scale size, it must also be acknowledged that two items per CC hardly constitutes a comprehensive scaled instrument and the reliability and internal consistency may have been greatly improved had a more comprehensive scale been developed (Parameswaran, Greenberg, Bellenger, & Roberson, 1979). Again, the approach adopted *was* consistent with the extant literature in this area, the measure itself having been adapted from (Soriano & Foxall, 2002; Soriano, Foxall, & Pearson, 2002), and in any event some degree of "trade-off" was inevitable in order that inclusion of this metric did not make the overall metric too long, with a corresponding negative impact on respondent completion. Nevertheless, upon reflection, it may be advisable in any future work in this area to employ a lengthier simulation of CC-related counterfeit buying; a refinement which in many ways would also permit the aforementioned concerns over product class representation within the questionnaire to also be addressed.

Following on from the above, language emerged as another potential problem in the construction of the questionnaire, the language being assumed to be unambiguous and benign, without reference to the implications of gender, class, race and ethnicity. This undoubtedly led to certain biases becoming evident in the type of questions the researcher asked and the participant responses to those questions, such as the tendency to select purchasing of counterfeit digital media products (DVDs, software etc) more than counterfeit physical (e.g. apparel) goods due to a gender imbalance becoming evident in the sample, thus limiting the data available for analysis in respect of the product classes captured. It may have been advisable to seek an equal balance of males and females, as well as a more diverse array of ages, in order to counter this potential bias. Some degree of further empirical data collection may also have been advisable, such as a series of subsequent interviews or focus groups, in order to allow issues such as linguistic difficulties to be examined; a strategy that would also have allowed a degree of explanation of the trends evident in the statistical data to have been offered by participants, thus aiding the process of operant interpretation.

On a broader level, however, some degree of reflection is clearly warranted in respect of the overall strategy of employing survey techniques within a behaviourist research context to begin with. After all, is this not the complete antithesis of the traditional view of the behaviour-analytical approach to inquiry, with its emphasis upon the measurement only of overt behavioural responses that can be directly and independently observed? At first glance, employing any form of questionnaire within a behaviourist investigation would appear inconsistent with the traditional view of behaviourism, resplendent as it is with images of operant chambers, puzzle boxes and a nefarious array of laboratory animals, and would seem to contravene all of the guiding principles embodied within Watson's famous "manifesto" of the 1920s:

> *"Psychology as the behaviorist views it is a purely objective experimental branch of natural science. Its theoretical goal is the prediction and control of behavior. Introspection forms no essential part of its methods, nor is the scientific value of its data dependent upon the readiness with which they lend themselves to interpretation in terms of consciousness. The behaviorist, in his efforts to get a unitary scheme of animal response, recognizes no dividing line between man and brute. The behavior of man, with all of its refinement and complexity, forms only a part of the behaviorist's total scheme of investigation."* **(Watson, 1920; p158)**

The question of the validity of survey methods in behaviourist inquiry ostensibly arises, however, because the prevailing stereotypical view of the discipline is associated with only *one* particular "brand" of behaviourism; specifically, Watson's own *methodological behaviourism*. The reality, of course, is that behaviourism is no more an integrated set of principles to which all behaviourists would subscribe than cognitive psychology, social psychology or the study of individual differences. Every school of though within psychology may be characterised by subtle differences in respect of what data may be deemed to admissible and inadmissible, together with the means via which such data should be collected, each in turn a function of the particular view of "science" and what it means to be "scientific" that prevails. Behaviourism is no exception to this tendency toward intra-paradigmatic disagreement and the fact of the matter is that Watson and Skinner departed from one another markedly at times in respect of their particular formulations of *methodological* and *radical* behaviourism respectively (Mowrer, 1960).

By way of elaboration, Watson and Skinner shared the view that a truly scientific psychology should omit data gained via introspective means from its sphere of investigation, holding that explanations should only be constructed on the basis of data that can be directly observed and independently and impartially verified. Both also initially favoured experimental method, the manipulation of variables within the controlled environment of the learning laboratory been deemed the only acceptable scientific method via which research should be undertaken.

Despite this basic level of agreement, however, Watson rigidly adhered to the traditional logical positivist view of scientific inquiry, regarding pursuit of the hypothetico-deductive method as the only valid empirical strategy to employ. Thus, in Watson's methodological behaviourism, there is a continuing emphasis upon what Popper (1972) would later characterise as the evolutionary approach to the acquisition of objective knowledge: i.e. a problem becomes apparent with an existing theory or prediction; proposed revisions to that theory are developed, or occasionally an entirely new theory is constructed; specific hypotheses are formulated that may be confirmed or refuted via established objective methods; and a preference is finally established between the competing theoretical explanations available. Watson firmly subscribed to this particular brand of positivism and, as a consequence, believed that truly scientific explanations emerged over time via hypothetico-deductive processes. On this basis, he thus favoured experimental rigour, defined here in terms of clearly defined metrics of directly observable and verifiable phenomena. In Watson's terms, data gained via techniques such as introspection had no scientific validity because they relied upon information that resided in "some other place"; that is, within the mentalistic inner world of the individual that could not be directly observed. Indeed, Watson would later accuse cognitive psychology of exactly this charge, suggesting it had merely substituted the myth of the soul with the equally unverifiable construct of consciousness and associated information-processing activities (Toates & Slack, 1990). Within Watson's schema, use of a questionnaire as a data collection tool would therefore have little validity as its completion was apparently designed to capture mentalistic concepts; i.e. the reflecting, evaluating and information-processing activities that may typically be subsumed under the folk definition of "thinking".

The BPM framework at the heart of the present thesis, however, locates itself firmly within Skinner's own particular formulation of the discipline, *radical behaviourism*, which differs philosophically from Watson's methodological behaviourism in a number of important respects.

In particular, although Skinner shared Watson's view that data gained via introspective means were inadmissible due to the absence of direct observation and independent verification, his particular definition of science departed markedly from the orthodox logical positivist standpoint. Skinner did not accept the traditional Popperian view of scientific inquiry because he firmly believed that it held a capacity to lead to the emergence and perpetuation of what he termed "explanatory fictions".

To elaborate, Skinner suggested that the fundamental weakness of the hypothetico-deductive method lay in the tendency for rejection of the null hypothesis to be assumed to be supportive of the underlying theoretical construct from which the research hypotheses were derived, despite the fact that an alternative explanation for the effects witnessed may be entirely possible. For instance, consider the example of a personality researcher interested in measuring individual differences in a characteristic such as the trait of extraversion. One common research strategy employed in such circumstances might be to develop a questionnaire measure of behaviours associated with extraversion (e.g. going to parties, talking in class), formulate a correlational hypothesis predicting a positive relationship between scores on such a questionnaire and peer observations of actual participation in such behaviours by respondents, any statistically significant effect being assumed to supportive of the hypothesised differences in degree of extraversion evident among the experimental sample (Thomas, 1990).

The problem, of course, is that "evidence" of this nature does *not*, in fact, prove that extraversion exists at all, let alone that the questionnaire developed is a reliable and valid metric of that personality characteristic. All the data really confirm is that a questionnaire measure of behaviours typically labelled as being "extravert" does indeed produce a significant correlation with participation in such behaviours. In other words, the rejection of the null hypothesis under such circumstances simply confirms this is a good questionnaire – it does *not* establish that the extraversion trait the questionnaire purports to measure actually exists and the fact remains that there may well be some equally valid alternative explanation for the individual differences observed that is not embodied within the theory underpinning the questionnaire's design. Yet, because the data observed are consistent with previous work involving the extraversion construct, it is assumed that it is a valid theoretical explanation for behaviour when, in reality, it may be little more than an explanatory fiction because other influences upon respondent behaviour are in fact generating the effects observed but have not been defined within the explanatory framework.

To circumvent this tendency toward the generation and perpetuation of these so-called explanatory fictions, Skinner instead framed his own radical behaviorist formulation within the pragmatic positivist philosophical standpoint. Specifically, rather than regarding scientific inquiry as a hypothetico-deductive process *a la* Popper, pragmatic positivism instead considers science to be a process of *exploration,* the goal being to observe and explain behaviours in their naturalistic settings. General laws may emerge as a result of numerous observations of identical/similar behaviours over time, but this is not the primary objective of the exercise. Prgamatic positivistic investigation merely seeks to observe and explain phenomena in an exploratory manner, relying upon as few theoretical constructs as possible in the interests of developing an economically expedient account of the behaviour observed with little risk of perpetuating explanatory fictions (O' Donohue & Ferguson, 2001; Richelle, 1993).

Skinner's adoption of the pragmatic positivist standpoint is significant because it changes the nature of how science may be undertaken and what evidence may or may not be deemed as admissible in the construction of an explanation. In respect of the latter, whilst sharing the methodological behaviourist assertions that direct observation and measurement are the preferred mode of inquiry, radical behaviourists accept that this is not always feasible where research is undertaken in naturalistic contexts and, as a consequence, some degree of interpretation may be required. Thus, if the occurrence of a behaviour cannot be directly measured, but nevertheless two or more observers witness that behaviour and independently agree as to the manner via which it has occurred, then an explanation may be constructed through the application of radical behaviourist constructs such as the classic three-term contingency at the heart of the BPM.

This more pragmatic acceptance of interpretation in turn permits inclusion of previously excluded indirect methods of observation within the behaviourist's research "toolkit". Human beings have a unique capacity for language, seen in radical behaviourist terms as verbal behaviour, and this linguistic ability allows the researcher access to previously inaccessible internal events, provided that they may be independently observed and verified. Thus, whereas methodological behaviourists would exclude the questionnaire methodology on the basis that it was the output of a mentalistic process of thinking, radical behaviourists adopt the position that *completing a questionnaire is a current act of behaviour in its own right* – an act of verbal behaviour that will be shaped by the individual's unique learning history of past experiences of the

phenomena depicted in the questionnaire and their reinforcing outcomes. Put another way, rather than seeing a completed questionnaire as an introspective report, Skinnerian behaviourists simply regard it as the end product of an act of behaviour toward the questionnaire itself which may be analysed for evidence of relevant behaviourist concepts such as the learning history.

From the standpoint of the present thesis, then, it is argued that use of a questionnaire instrument in the investigation of key BPM elements within an illicit consumption context is *not* inconsistent with the central tenets of the radical behaviourist approach to science. Completing a questionnaire is an act of behaviour in its own right, shaped by both the current behaviour setting and the respondent's unique learning history of past experiences of the events depicted in the scale items and their reinforcing outcomes, the items themselves constituting stimuli to which the individual completing the questionnaire will respond in an evaluative manner on the basis of learned orientations toward the stimuli content. In other words, the unique human capacity for verbal behaviour renders the questionnaire a valid tool via which to explore previously inaccessible events, provided that it is administered in a systematic and scientific manner; an observation consistent with the increasingly numerous previous applications of survey methodologies within recent radical behaviourist investigations of a diverse range of human behavioural phenomena (e.g. Bell, 1999; Birtwistle & Shearer, 2001; Cliffe, 1977; Fleming & Lardner, 2002; Foxall, 1999a; Geraets et al., 2004; Grey, Honan, McClean, & Daly, 2005; Hastings, Remington, & Hopper, 1995; Hildebrandt, 1988; Hopkinson & Neuringer, 2003; Jones, Cox, & Rycraft, 2004; Leek, Maddock, & Foxall, 1998; Leenaars, 2005; Mairal, 2004; Newman & Foxall, 2003; Nicholson, 2005; Peterson & Kerin, 1983; Sorce, Perotti, & Widrick, 2004; Soriano & Foxall, 2002; Soriano et al., 2002; Stanley, Murray, & Stein, 2004; Teo, Ling, & Ong, 2005; Tomanik, Harris, & Hawkins, 2004; Widrick & Fram, 1992).

In sum, in respect of the research reported in the present thesis, it can therefore be claimed with at least some degree of justification that the employment of a questionnaire *does* have a basis in behaviourist approaches to empirical inquiry, at least within the pragmatic-positivist formulation inherent in the radical behaviourist philosophy underpinning the BPM framework, and is wholly consistent with recent research in this area.

This is not to say that the application of the questionnaire in the current work has been perfect, of course, nor that the pragmatic positivist stance itself is successful in its circumvention of

Skinner's perceived limitations of the more orthodox hypothetico-deductive approach. Far from it. In respect of the former, in addition to the limitations which became apparent in the author's application of the questionnaire instrument discussed previously within this chapter, it must also be acknowledged that the use of a questionnaire as the *only* research method employed may represent a not insignificant limitation in respect of the generalisability of the data and explanations accrued. With hindsight, it may have been preferable to seek to triangulate the results observed via the deployment of complementary techniques, such as focus group discussions with respondents in order to further explore the effects observed in the statistical analysis. In practice, however, the nature of the *illicit* consumption environment under investigation was always going to necessitate some degree of trade-off between what it was possible to examine and the experimental ideal. The fact remains that this is not an orthodox retail environment and that obtaining evidence of the behavioural tendencies of consumers toward goods that are, after all, products of IPR theft was never going to be as amenable to systematic investigation as, say, the behaviour of consumers in the supermarket purchasing groceries or the choices exhibited by individuals selecting between available motor car insurance options across a range of different websites. Some degree of partial triangulation *was* attempted in the thesis – most notably through the attempts in Chapter Five to relate the survey data to interpretive evidence in respect of the operant character of the counterfeiting marketplace – but it must nevertheless be acknowledged that the "survey-only" strategy should necessitate a degree of caution in respect of seeking to generalise the findings beyond the current population and spatial-temporal context. That said, it must equally be recognised that the data themselves yield important insights into the operant nature of consumer behaviour toward counterfeit products and that these insights may thus serve as a useful basis for future research in this area via other methodological means.

Finally, it must also be acknowledged that Skinner's deviation from the traditional logical positivist standpoint does not in itself mean that the approach adopted necessarily succeeds in overcoming the perceived limitations of that more orthodox approach to inquiry. It will be recalled that Skinner rejected the use of hypothesis-testing in particular on the basis that it led to the acceptance of "explanatory fictions" whereby inaccurate accounts of the causes of a behavioural response came to be regarded as "fact" purely because null hypotheses were repeatedly rejected in a range of successive replications and extensions. The whole logic of

substituting research propositions for hypotheses, the data from which must be both quantitatively and qualitatively amenable to operant interpretation for a specific proposition to be accepted, was designed to reduce the risk of such explanatory fiction and render the economically expedient explanations generated more "reliable" and "objective" than an alternative Popperian approach would allow.

The reality, of course, is that neo-Skinnerian research propositions bear a striking resemblance to traditional experimental hypotheses, albeit with the qualification that statistical analysis alone does not necessarily lead to their acceptance. Such propositions emerge from behaviourist theory – or at least embody predictions consistent with the extant literature – and they are subsequently confirmed/disconfirmed to contribute to an evolving body of knowledge. The whole process closely mirrors orthodox hypothetico-deductivism and, as a consequence, it is unclear as to whether this goes any way toward reducing the risk of perpetuating some explanatory fiction. On one level, it may perhaps be claimed that deriving these propositions purely on the basis of the three-term contingency, then seeking to interpret the results obtained using that contingency, at least means that the conceptual constructs generating the propositions are fewer in number and simpler in form; an observation which *may* mean that at least highly complex "fictional" accounts of a phenomenon are excluded and that the explanation constructed at least in part fulfils the pragmatic positivist strive toward economic expediency. At the same time, however, it must be recognised that the neo-Skinnerian approach leaves the propositions open to the charge that they are constructed according to preconceived conceptual criteria and that the data are assembled with such criteria in mind; exactly the charge that Skinner himself levied at the more orthodox logical positivist hypotheses!

In the final analysis, this is a broader issue that the present thesis cannot definitively resolve. In the work documented herein, propositions have been formulated rather than hypotheses in order to render the methodological strategy employed consistent with the radical behaviourist philosophy inherent in the BPM explanatory framework. To deviate from such an approach would be to leave the results obtained more problematic in respect of the ease with which they may be related back to the extant literature and, more broadly, leave the researcher open to the charge that she had deviated from the fundamental pragmatic-positivist standpoint upon which the research was founded. The results obtained via the use of such propositions appear promising and will serve as a useful basis for subsequent research in this area. However, no

assumption is made whatsoever that the explanations constructed are not in themselves prone to Skinner's much-despised "fictionalism". Indeed, it is only through subsequent future work on the operant nature of consumer behaviour toward counterfeit products that the researcher can hope to begin to establish the validity of the explanations constructed – an observation that may be considered symptomatic of *any* positivist approach to inquiry, whether logical or pragmatic in orientation.

Overall, and with these limitations in mind, the empirical strategy as a whole can be considered at least a qualified success in respect of the broad array of data it permitted to be accumulated and the opportunities afforded for subsequent rigorous testing of the research propositions formulated through both statistical analysis and systematic interpretation.

In the final analysis, and with the above qualifiers in mind, perhaps the most striking feature of the empirical investigation undertaken was the extent to which it was possible to construct an account of consumer behaviour within an illicit market context in operant terms, mirroring the studies reviewed in Chapters Two and Three of more orthodox purchase situations. As noted previously, investigations of illicit consumption practices in general typically regard such activities as being "special cases" of consumer behaviour, requiring their own conceptual frameworks and empirical strategies in order to capture the multiple dimensions of what are presented as "aberrant acts" (Albers-Miller, 1999; Hirschman, 1992; Schmidt, Sturrock, Ward, & Lea-Greenwood, 1999). However, the amenability of the behaviour patterns captured by the data in this study to neo-Skinnerian operant interpretation suggests that, rather than regarding illicit consumer behaviour as deviant or aberrant behaviour, it may be more instructive to adopt a more value-free standpoint and to seek to develop explanations of such activities in normative consumer psychology terms – an approach within which the BPM framework adopted in this thesis would seem a potentially valuable tool to employ in seeking to construct a comprehensive explanation of any illicit consumption act.

3. The Behavioural Perspective Model and Consumer Deviance

The second intended contribution of the thesis concerned the ongoing development of the research framework adopted; namely the behavioural perspective model of purchase and

consumption. The research documented has drawn upon the BPM formulation of operant theory, derived from radical behaviourism, as its principle research model in order to conduct an investigation of consumer behaviour toward counterfeit goods, directed toward analysis of the person-environment interaction.

The BPM framework offers considerable insight into the factors influencing consumer behaviour within its environmental context and how these influences change over time in a phenotypic manner. It presupposes that actual consumer behaviour is shaped by the consumer situation, which is the interaction of an individual's learning history and the current behaviour setting. The empirical study of this thesis manifest that the BPM model is an integrative interpretive device that endeavours to accommodate disparate forms of consumer behaviour within a broad explanatory framework that directs empirical attention firmly towards the situational interface between consumer and retailer – a strategy that appears as amenable to accommodating illicit consumer behaviours as it does orthodox ones. At the same time, the BPM provides an understanding of how marketing management itself works, what it does, which, at least, supplements existing accounts which do not consider the context in which behaviour occurs, and, at most, supplies an alternative general theory of marketing. The Marketing Firm theory derived from the BPM's operant formulation asserts that marketing management is effectively the logical and deliberate arrangement of the discriminative and reinforcing stimuli in the retail environment which, in traditional conceptualisations of the discipline, compose the so-called marketing mix (Foxall, 1995b, 1998a).

As the summative account of the empirical data in the previous section illustrates, application of the BPM within this thesis has offered a number of key insights into those precise shopping situations in which a consumer may, or may not, make a counterfeit purchase. The investigation of the operant behaviour classes, for instance, revealed the primary reinforcers associated with counterfeit buying and the types of shopping they are manifest in, whilst the analysis of data in respect of behaviour setting influence and – albeit with the qualifications previously stated – learning history demonstrated the extent to which past experiences of counterfeit product purchasing prime current consumer choices through the identification of discriminative stimuli. Most significantly of all, perhaps, the allocation of forms of counterfeit buying to the BPM's eight clearly defined contingency categories suggested that a useful taxonomy of illicit shopping situations can be developed, highlighting the extent to which environmental scope both enables

and constraints decision-making, with variable consequences for participation in illicit forms of consumption experience. Taken in aggregation, the BPM can thus generate an integrative account of consumer behaviour in context and the work documented in this thesis suggests that this account enjoys a degree of validity irrespective of the legal, ethical and social status of the goods and services being consumed.

Despite the richness of the account of counterfeit buying generated by the BPM, however, the long-established qualifications in respect of behaviourist approaches to consumer research must not be overlooked. In particular, it must be recognised that the BPM's emphasis on the person–environment interaction, together with the role of learning mechanisms during that interaction, largely underplays more subjective elements of the purchase and consumption process because radical behaviourism itself specifically excludes many cognitive (e.g. decision-making) and dispositional (i.e. personality) factors from the analysis as they are deemed to exist "elsewhere" and considered "inaccessible". Indeed, as Mackintosh (1995) observes, although classical conditioning offers alerts us to the ways in which stimuli within the environment become associated with particular behavioural and emotional responses, and operant learning theory directs research attention toward the forms of information which individuals acquire about the likely consequences of behaviours under particular conditions, neither approach reveals much as to quite *how* such stimuli/information are processed, nor to the ways in which this processing may be biased by both intrinsic and extrinsic factors. Therefore, the account presented as a result of adoption of a radical behaviourist standpoint must be acknowledged as a *partial* one only, enhancing rather than superseding alternative perspectives in psychology, though the "parts" of the behavioural process it directs attention toward are nevertheless not insignificant ones.

In any event, validation of the radical behaviourist standpoint was not the primary objective of this research. As discussed in Chapter Two, the BPM is an emergent explanatory framework that has been the focus of much conceptual and empirical attention in recent years, serving as a basis through which to investigate a diverse range of consumer behaviours (e.g. Foxall, 1992a; Foxall, 1992b, 1993, 1994, 1995a, 1998b, 1999a, 1999b, 1999c; Foxall & Greenley, 1999; Foxall & James, 2003; Foxall & Yani-de-Soriano, 2004; Leek, Maddock, & Foxall, 2000; Newman & Foxall, 2003; Nicholson, 2005). Thus far, however, the BPM had largely been applied in the investigation of behaviour patterns in respect of legitimate goods and services only, with little work of a radical behaviourist nature in general being evident within the illicit consumption literature. Yet, given

that counterfeit goods differ from legitimate ones more in terms of status, rather than in kind, there appeared no logical reason to presuppose that the BPM would not be equally capable of offering a viable account of consumer behaviour within illicit market contexts also.

This is not to say that the behaviourist paradigm itself has been neglective of so-called "abnormal" patterns of behaviour, of course. Indeed, the impetus behind Watson and Rayner's (1920) infamous series of experiments on the infant "Little Albert" was precisely to demonstrate a potential role for classical conditioning in the acquisition of human phobias and associated learned emotional responses to environmental stimuli. In the wake of "Little Albert", learning theorists have subsequently sought to apply both classical and operant learning principles in an attempt to better understand a range of deviant human behaviour patterns, within contexts as diverse as substance abuse, sexual dysfunction, anxiety disorders, compulsive disorders, eating disorders, "bed-wetting", relational problems, criminal behaviour, aggression, physical/sexual abuse, and sociopathy (e.g. Azrin, Sisson, Meyers, & Godley, 1982; Bemis, 1978; Dietz, Hazelwood, & Warren, 1990; Emery, 1982; Horowitz, 1975; Houts, 1991; Lykken, 1957; Malamuth & Check, 1983; Rachman, 1966; Rosenberg & Reppucci, 1985; Wolpe, 1958). Similarly, within a marketing context, there has been a long history of the application of Pavlovian and operant principles in the investigation of a range of illicit consumption activities, including: gambling, celebrity obsession, Internet addiction, consumer theft, pornography consumption, consumer fraud, obsessive-compulsive shopping, and the illicit marketing of controlled drugs (e.g. Carter, Holmstrom, Simpanen, & Melin, 1988; Delfabbro & Winefield, 1999; Hansen & Graham, 1991; McCutcheon, Lange, & Houran, 2002; Meyer, 1966; Simkova & Cincera, 2004; Zabriskie, 1973).

Despite this not insubstantial body of literature directing the behaviourist paradigm towards the analysis of deviant aspects of human behaviour, including of consumer behaviour, however, the tendency to date has been to apply particular aspects of that paradigm only and in a somewhat univariate manner, such as investigations of the classical conditioning of environmental stimuli as "triggers" of relapse in reformed alcoholics or the roles of reinforcement and reward in compulsive buying. The BPM, by contrast, can be seen as innovative for two key reasons: firstly, it represents an attempt at an integrative and comprehensive model of human action in radical behaviourist terms, rather than merely a framework with which to assess the contribution of particular operant principles to that human action; secondly, and related to this, it has been developed specifically for the description and analysis of consumer behaviour, with elements

directed toward the principle components of that behaviour and the retail settings within which it occurs. On this basis, the BPM can be regarded as a more ambitious attempt at an application of radical behaviourism within a consumer research context than is evident elsewhere within the marketing and psychology literatures. By illustrating for perhaps the first time that the BPM can offer an integrative account of consumer behaviour toward counterfeit goods, and not just toward legitimate ones, the empirical work documented in this thesis thus represents a not insubstantial contribution to the development of that explanatory framework through extension of its sphere of applicability; an observation which, in itself, suggests that the BPM may be a viable technology via which to interpret other forms of illicit consumer behaviour, opening up further research possibilities in the process.

4. The Counterfeiting Industry in Operant Perspective

Finally, although the primary focus of this thesis has been upon the study of consumer behaviour toward counterfeit goods, a demand-side phenomenon, a necessary parallel outcome of adopting behaviourism as a contextualised perspective is the potential for insight to be gained into the nature of the environment within which that behaviour is located; in this case, the competitive environment within which IPR theft flourishes. Initially, such insight was manifest in the stimuli to which consumers came to rely upon in an illicit shopping situation and the types of reinforcement forthcoming from particular counterfeit goods and the contexts within which they are acquired and used. However, as the conceptual extension of that person-environment relationship in Chapter Five illustrated, adoption of an operant perspective also holds a capacity to inform current understanding of the behaviouristic nature of the marketing management process itself.

Informed by an exploratory content analysis of discourse surrounding the counterfeiting industry, Chapter Five applied the theory of the marketing firm (Foxall, 1998a) in an attempt to make sense of the marketplace within which individuals seek, buy and use counterfeit products. It is a theory which regards marketing not as a function within an organisation, nor as some overarching customer-oriented philosophy, but as a *behaviour* firms engage in as they endeavour to derive competitive advantage from an ability to anticipate and satisfy customer wants, needs and desires more effectively and efficiently than market competitors (Foxall, 1997; Hutt & Speh,

1992).

At the heart of this behaviouristic view of marketing is the neo-Skinnerian construct of the bilateral contingency, a construct that acknowledges that marketing behaviours also conform to behaviourist principles. The marketing firm seeks to maximise positive market outcomes and minimise aversive consequences, management of the marketing mix representing the range of behavioural responses – strategic and tactical – that the firm may emit as it applies its own business learning history upon the current marketing setting in pursuit of reliable signals of how the market will respond to particular actions. Moreover, this behaviour by the firm is informed by the behaviours of both customers and competitors which, in themselves, represent aspects of the firm's behaviour setting and discriminative stimuli in their own right.

If consumer behaviour within the context of the counterfeiting industry conforms to the same operant principles as in orthodox buying situations, then it follows from the theory of the marketing firm that this behaviour should be contingent upon that of the counterfeit vendor, just as it would a legitimate vendor in a traditional market context. The data from both the empirical phase of the thesis and the subsequent documentary analysis strongly supports this operant view of the market process. The counterfeit vendor is seeking to close the behaviour setting of its customers, the objective being to increase the likelihood of a purchase response, drawing upon all of those marketing behaviours that an orthodox retailer would. In turn, this marketing behaviour is contingent upon the behaviour of the counterfeiter's customers, consumer wants, needs and desires priming the illicit firm's market response.

What had not been anticipated when undertaking this final stage of conceptual development, however, was the complex web of bilaterally contingent behaviouristic relationships engagement with the documentary material would reveal. In addition to being dependent upon consumer buying patterns, for instance, the counterfeiter's behaviour is also bilaterally contingent upon the actions of the brand owner whose intellectual properties the illicit marketing firm seeks to exploit. The counterfeiter, for instance, seeks to shadow product developments and innovations, the goal being to offer an illegitimate copy in the marketplace that can compete with the legitimate one, or perhaps even substitute for it in markets where the genuine article is unavailable or inaccessible to the consumer. At the same time, however, the legitimate brand owner endeavours to "stay one step ahead" of the pirates and to reduce the likelihood of a successful copy being

manufactured and distributed; a behaviour which in itself relies upon continuous evolution of market behaviours and/or lobbying of other key parties – governments, legislature, anti-counterfeiting agencies, etc. – in an attempt to close the behaviour settings of the counterfeiters and make IPR theft more difficult.

What emerges from this application of the marketing firm theory, then, is a portrait of a complex and multi-dimensional competitive environment; an environment that is inherently behaviouristic and which operates according to predictable market forces. The counterfeiter is, on one level, just another competitor in the marketplace with which a brand owner must contend. Thus, just as illicit consumer behaviour can be informed via an operant perspective, so there is a potential for the strategic and tactical behaviours of all of the key actors within the competitive environment within which IPR theft occurs to be similarly conceptualised in operant terms. The consumer is located at the centre of a complex web of inter-dependent contingent relationships within the marketplace and, by applying the theory of the marketing firm in order to better understand those relationships, a substantive opportunity clearly exists for knowledge of the illicit marketplace to be advanced through further behavioural analyses; analyses within which radical behaviourism may yet hold a potential to enlighten current understanding of how and why firms behave as they do.

5. A Consumer Psychology of Counterfeiting

In sum, this thesis has sought to examine counterfeit buying and consumption from a behaviourist perspective, the principal objective being to better understand consumer behaviour toward counterfeit products, the environmental contingencies shaping such behaviour and the influences – both upon the consumer and each other – of key actors within the competitive environment within which this illicit market activity flourishes.

As noted from the outset, counterfeiting activities have spread increasingly in recent years and become a major international problem, affecting a large quantity of products in every industry since the 1990s. Part of the reason for this lucrative business is the fact that the high margins of products, and associated multinational marketing, has created a high worldwide demand for "known" brands. Moreover, the widespread availability of technology has enabled counterfeiters

to produce brand-named goods more easily and it is now generally accepted that the value of counterfeit goods has become a significant percentage of all world trade (AGMA, 2004; ICC, 2004; Asian time online, Miyazaki, 2004; Nill & Schultz II, 1996). Despite this proliferation of activity, however, research to date in this area has been somewhat sporadic and can be characterised by a strong supply-side emphasis, the economic, social and organisational dimensions of IPR theft and their market consequences attracting greater attention than demand-side investigations of quite how and why customers increasingly come to favour counterfeit goods and the psychological processes underpinning illicit consumer choice.

With this apparent gap in knowledge in mind, this thesis has sought to construct an integrative account of consumer behaviour toward counterfeit goods, supplementing the limited existing decontextualised accounts of this near ubiquitous form of illicit consumption practice with a grounded application of radical behaviourism. Through systematic application of the BPM explanatory framework as its research model, the thesis has presented an account of a behavioural analysis of consumer choice within this context. Subject to the qualifications and limitations presented in this chapter, it is account which appears viable and comprehensive, yielding considerable insight into the motivations underpinning pursuit of a counterfeit product option, the environmental factors encouraging and discouraging such a purchase response, and the nature of those situations in which an individual will or will not become a procurer of illicit goods. In the process, the thesis has offered contributions to both current understanding of illicit consumption in general, and counterfeit buying in particular, and to the ongoing development of the BPM formulation of radical behaviourism itself via extension of its sphere of applicability. Furthermore, in the subsequent conceptual discussion of the theory of the marketing firm and its accompanying content analyses, the thesis has endeavoured to ground the account of illicit consumer behaviour generated within its environmental (i.e. market) context, shedding light upon the complex nature of the counterfeiting industry – an industry that appears inherently behaviouristic in character and thus amenable to operant interpretation.

In conclusion, perhaps the most important contribution of the thesis lies not in the account of consumer behaviour it offers, nor in the portrait of an illicit market environment it paints, but in its illustration that, rather than being some historical curiosity best consigned to the past, behaviourism continues to hold a capacity to provide unique insights into complex aspects of the human experience. If regarded not as an alternative to existing dominant paradigms but as a

complimentary layer of insight, applied behaviour analysis may thus continue to survive as a valuable research domain in its own right and to extend current understanding of consumer behaviour within a variety of both legitimate and illegitimate market contexts.

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APPENDIX I

Pilot Questionnaires

Behaviour Setting Questionnaire

For each of the following statements, please indicate the extent to which you either agree or disagree with the statement made by marking ONE response on the scale provided

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1 *I like to visit the counterfeit market because it is in the town centre*	☐	☐	☐	☐	☐
2 *The larger the counterfeiter retailer's product range, the further I am willing to travel*	☐	☐	☐	☐	☐
3 *Price is the main factor determining where I buy counterfeit goods*	☐	☐	☐	☐	☐
4 *It is important that the products I buy make me physically attractive, whether they real or counterfeit brands*	☐	☐	☐	☐	☐
5 *I would not buy a high quality product if it didn't make me feel good*	☐	☐	☐	☐	☐
6 *I would not buy a branded product if a copy is available cheaply in the counterfeit market*	☐	☐	☐	☐	☐
7 *It is important that the products I buy look like the original products*	☐	☐	☐	☐	☐
8 *It is important that the things I buy convey a feeling of physical excitement*	☐	☐	☐	☐	☐
9 *I like to visit counterfeit market because it is an open market and has a free-trade style*	☐	☐	☐	☐	☐

10 *I like music websites with free MP3 downloads*	☐	☐	☐	☐	☐
11 *It is important that I can get advance information and add to my collection in a cheap way*	☐	☐	☐	☐	☐
12 *It is important that a counterfeit product is a substitute for the real product (features or quality)*	☐	☐	☐	☐	☐
13 *Wearing real well-known branded products provides prestige*	☐	☐	☐	☐	☐
14 *Wearing designer products gives me social status, whether real or counterfeit*	☐	☐	☐	☐	☐
15 *I rarely purchase the latest fashion styles until I am sure my friends approve of them*	☐	☐	☐	☐	☐
16 *I like to know what brands and products make good impressions on others after browsing counterfeit markets or websites*	☐	☐	☐	☐	☐
17 *I achieve a sense of belonging by purchasing the same products and brands that others purchase*	☐	☐	☐	☐	☐
18 *I often identify with other people by purchasing the same products and brands they purchase*	☐	☐	☐	☐	☐
19 *To make sure I buy the right product or brand, I often observe what others are buying and using*	☐	☐	☐	☐	☐
20 *I often consult other people to help choose the best alternative available from a product class or marketplace*	☐	☐	☐	☐	☐
21 *If I have little experience with a product, I often ask my friends about the product*	☐	☐	☐	☐	☐
22 *I try to purchase products that will make others want to be with me.*	☐	☐	☐	☐	☐

23 *It is important that I can share some information, experience and good things via websites*	☐	☐	☐	☐	☐
24 *Most people I know copy software or buy counterfeit products (e.g. clothes, CDs, DVDs, MP3...)*	☐	☐	☐	☐	☐
25 *I like to buy counterfeit products after they appear on ads because the copy products are available quicker than real ones*	☐	☐	☐	☐	☐
26 *I download pop music and films online because of the short life of these products*	☐	☐	☐	☐	☐
27 *I like to devote time to looking for good bargain products for my collection*	☐	☐	☐	☐	☐
28 *I like to go to a counterfeit market because open outside regular store hours*	☐	☐	☐	☐	☐
29 *I would like to be rich enough to buy any brands or products I want*	☐	☐	☐	☐	☐
30 *I prefer counterfeit products because I can afford to buy more things*	☐	☐	☐	☐	☐
31 *I download free music from the internet, and buy counterfeit products near the end of the month when I am short of money*	☐	☐	☐	☐	☐
32 *People who buy pirated CDs have no morals*	☐	☐	☐	☐	☐
33 *Counterfeiters violate the intellectual property laws*	☐	☐	☐	☐	☐
34 *Only unethical people buy pirated CDs*	☐	☐	☐	☐	☐
35 *I will not buy counterfeit products because it is against the law*	☐	☐	☐	☐	☐
36 *I do not think buying counterfeit goods is unethical behaviour because of lax policies toward them*	☐	☐	☐	☐	☐

37 *I trust the store I usually go to that sells counterfeit product because of their refund policy*	☐	☐	☐	☐	☐
38 *I always visit counterfeit stores that I know or from word of mouth*	☐	☐	☐	☐	☐

Learning History Questionnaire

For each of the following statements, please indicate the extent to which you either agree or disagree with the statement made by marking ONE response on the scale provided.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1 *Counterfeit products are really good value.(e.g. CDs, DVDs, software, cloth, perfume, watches, etc)*	☐	☐	☐	☐	☐
2 *Counterfeit products are poor quality*	☐	☐	☐	☐	☐
3 *There are lots of different, high status varieties of counterfeit goods*	☐	☐	☐	☐	☐
4 *Counterfeit goods are readily available in the market in the town centre*	☐	☐	☐	☐	☐
5 *Stores that sell counterfeit CDs, DVDs, software etc are usually quite sleazy*	☐	☐	☐	☐	☐
6 *The quality of counterfeit CDs, DVDs, and software is acceptable*	☐	☐	☐	☐	☐
7 *The quality of other counterfeit branded goods is acceptable (except medicine)*	☐	☐	☐	☐	☐
8 *Counterfeit goods are a real bargain at such a low price (except medicine)*	☐	☐	☐	☐	☐
9 *Counterfeit goods have the same image and design as genuine goods*	☐	☐	☐	☐	☐
10 *Counterfeit goods do not need after-sales service*	☐	☐	☐	☐	☐
11 *Using counterfeit goods gives the same experience as using genuine goods (such as jeans , shampoo, perfume, software, gray market goods)*	☐	☐	☐	☐	☐
12 *Counterfeit digital goods have the exact same functions as genuine goods*	☐	☐	☐	☐	☐

13 *Counterfeit goods are often available earlier than real goods (e.g DVDs, CDs, software)*	☐	☐	☐	☐	☐
14 *I am very concerned about low prices, but I am equally concerned about product quality*	☐	☐	☐	☐	☐
15 *When grocery shopping, I compare the prices of different brands to be sure I get the best value for the money*	☐	☐	☐	☐	☐
16 *When purchasing a product, I always try to maximize the quality I get for the money I spend*	☐	☐	☐	☐	☐
17 *When I buy products, I like to be sure that I am getting my money's worth.*	☐	☐	☐	☐	☐
18 *I generally shop around for lower prices on products, but they still must meet certain quality requirements before I will buy them.*	☐	☐	☐	☐	☐
19 *When I shop, I usually compare the "price per ounce" information for brands I normally buy*	☐	☐	☐	☐	☐
20 *I always check prices at the grocery store to be sure I get the best value for the money I spend.*	☐	☐	☐	☐	☐
21 *Original software or other branded products are too expensive.*	☐	☐	☐	☐	☐
22 *I want to try out software or other branded products.*	☐	☐	☐	☐	☐
23 *Software or other branded products are too expensive, I can't afford them.*	☐	☐	☐	☐	☐
24 *It is quite risky to buy or use counterfeit apparel products and digital goods.*	☐	☐	☐	☐	☐
25 *Fashionable high status goods quickly lose their status value*	☐	☐	☐	☐	☐
26 *I do not trust stores that sell counterfeit goods*	☐	☐	☐	☐	☐
27 *Only unethical people buy counterfeit goods*	☐	☐	☐	☐	☐
28 *I do care about products' after-sales service*	☐	☐	☐	▭	▭

29 *Counterfeit goods are not fair to the artists or genuine manufacturers because it robs them of their royalties*	☐	☐	☐	☐	☐
30 *Counterfeit CDs, DVDs and software help the music, film, and software industry*	☐	☐	☐	☐	☐
31 *Counterfeit goods have an unpleasant reputation (e.g. bad quality, bad material, etc)*	☐	☐	☐	☐	☐
32 *Genuine branded goods are too expensive to buy*	☐	☐	☐	☐	☐
33 *I will not buy genuine products if something is available in counterfeit market*	☐	☐	☐	☐	☐
34 *Counterfeit products help me obtain a good social status and image*	☐	☐	☐	☐	☐
35 *Counterfeit goods provide an alternative to real goods*	☐	☐	☐	☐	☐
36 *I like to wear or use counterfeit branded product to impress my friends or partner*	☐	☐	☐	☐	☐
37 *I prefer always to know what is popular or high status (e.g. clothes, watch, sportswear, software, music) because of the rate of change for these goods is fast in the counterfeit market, more westerns there.*	☐	☐	☐	☐	☐
38 *Counterfeit goods always give me new information about fashion and other popular trends*	☐	☐	☐	☐	☐
39 *I am pleased to hear people appreciate my physical appearance even I wear counterfeit branded goods*	☐	☐	☐	☐	☐
40 *I am happy people know I am an informed (knowledgeable) person although I obtain that knowledge from counterfeited products or websites*	☐	☐	☐	☐	☐
41 *Counterfeit products benefit society because large numbers of people can use/acquire them*	☐	☐	☐	☐	☐
42 *Without counterfeit goods, many people would not be able to enjoy listening to music or watching films or getting knowledge or other fun*	☐	☐	☐	☐	☐
43 *I enjoy exchanging CDs, DVDs, or software with my friends*	☐	☐	☐	☐	☐

44 *I prefer to share knowledge or happiness with other people despite the knowledge coming from counterfeit goods*	☐	☐	☐	☐	☐

Experience

Have you ever purchased or acquired counterfeit products?
(e.g. CDs, DVDs, MP3,Software, branded clothes, handbag,, watch, sportswear etc)
Yes ☐ No ☐

If you answer YES, how often do you purchase or acquire counterfeit products?
(1) Every day ☐
(2) A few time a week ☐
(3) A few times a month ☐
(4) A few times a year ☐
(5) Almost never ☐
(6) Never ☐

How often do you go window shopping in a retail counterfeit market
or browse a free music/film website?
(1) More than one a week ☐
(2) Once a week ☐
(3) A few times a month ☐
(4) A few times a year ☐
(5) Almost never ☐
(6) Never ☐

Will you buy or use counterfeit digital products in future?
(CDs, DVDs,MP3, Software, data base)
Yes ☐ Maybe ☐ No ☐

Will you buy or use counterfeit wearing products in future?
(e.g. clothes, handbags, sportswear, watches, wallet)
Yes ☐ Maybe ☐ No ☐

http://www.dur.ac.uk/hong.xiao/chinasurvey1.htm

APPENDIX II

Final Questionnaires

Section 1

Experience Data

For each of the following statements, please choose ONE provided answer.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

Have you ever purchased or acquired counterfeit products?
(e.g. CDs, DVDs, MP3,Software, branded clothes, handbag,, watch, sportswear etc.)
Yes ☐ No ☐

If you answer YES how often do you purchase or acquire counterfeit products?
(1) Every day ☐
(2) A few time a week ☐
(3) A few times a month ☐
(4) A few times a year ☐
(5) Almost never ☐
(6) Never ☐

How often do you go window shopping in a retail counterfeit market or browse a free music/film website?
(1) More than one a week ☐
(2) Once a week ☐
(3) A few times a month ☐
(4) A few times a year ☐
(5) Almost never ☐
(6) Never ☐

Will you buy or use counterfeit digital products in future?
(CDs, DVDs,MP3, Software, data base)
Yes ☐ Maybe ☐ No ☐

Will you buy or use counterfeit wearing products in future?
(e.g. clothes, handbags, sportswear, watches, wallet)
Yes ☐ Maybe ☐ No ☐

Section 2

Behaviour Setting Questionnaire

For each of the following statements, please indicate the extent to which you either agree or disagree with the statement made by marking ONE response on the scale provided.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1 *I like to visit the counterfeit market because it is in the town centre*	☐	☐	☐	☐	☐
2 *The larger the counterfeiter retailer's product range, the further I am willing to travel*	☐	☐	☐	☐	☐
3 *Price is the main factor determining where I buy counterfeit goods*	☐	☐	☐	☐	☐
4 *It is important that the products I buy make me physically attractive, whether they real or counterfeit brands*	☐	☐	☐	☐	☐
5 *It is important that the products I buy look like the original products*	☐	☐	☐	☐	☐
6 *It is important that the things I buy convey a feeling of physical excitement*	☐	☐	☐	☐	☐
7 *I like to visit counterfeit market because it is an open-air market and has a free-trade style*	☐	☐	☐	☐	☐
8 *I like music websites with free MP3 downloads*	☐	☐	☐	☐	☐
9 *It is important that I can get advance information and add to my collection in a cheap way*	☐	☐	☐	☐	☐
10 *It is important that a counterfeit product is a substitute for the real product (features or quality)*	☐	☐	☐	☐	☐
11 *Wearing designer products gives me social status, whether real or counterfeit*	☐	☐	☐	☐	☐

12 *I rarely purchase the latest fashion styles until I am sure my friends approve of them*	☐	☐	☐	☐	☐
13 *I like to know what brands and products make good impressions on others after browsing counterfeit markets or websites*	☐	☐	☐	☐	☐
14 *I achieve a sense of belonging by purchasing the same products and brands that others purchase*	☐	☐	☐	☐	☐
15 *I often identify with other people by purchasing the same products and brands they purchase*	☐	☐	☐	☐	☐
16 *To make sure I buy the right product or brand, I often observe what others are buying and using*	☐	☐	☐	☐	☐
17 *I often consult other people to help choose the best alternative available from a product class or market place*	☐	☐	☐	☐	☐
18 *If I have little experience with a product, I often ask my friends about the product*	☐	☐	☐	☐	☐
19 *I try to purchase products that will make others want to be with me.*	☐	☐	☐	☐	☐
20 *It is important that I can share some information, experience and good things via websites*	☐	☐	☐	☐	☐
21 *Most people I know copy software or buy counterfeit products (e.g. clothes, CDs, DVDs, MP3...)*	☐	☐	☐	☐	☐
22 *I like to buy counterfeit products after they appear on ads because the copy products are available quicker than real ones*	☐	☐	☐	☐	☐
23 *I download pop music and films online because of the short life of these products*	☐	☐	☐	☐	☐
24 *I like to devote time to looking for good bargain products for my collection*	☐	☐	☐	☐	☐
25 *I like to go to a counterfeit market because open outside regular store hours*	☐	☐	☐	☐	☐

26 *I prefer counterfeit products because I can afford to buy more things*	☐	☐	☐	☐	☐
27 *I download free music from the internet, and buy counterfeit products near the end of the month when I am short of money*	☐	☐	☐	☐	☐
28 *People who buy pirated CDs have no morals*	☐	☐	☐	☐	☐
29 *Only unethical people buy pirated CDs*	☐	☐	☐	☐	☐
30 *I will not buy counterfeit products because it is against the law*	☐	☐	☐	☐	☐
31 *I trust the store I usually go to that sells counterfeit product because of their refund policy*	☐	☐	☐	☐	☐
32 *I always visit counterfeit stores that I know or from word of mouth*	☐	☐	☐	☐	☐

Section 3

Learning History Questionnaire

For each of the following statements, please indicate the extent to which you either agree or disagree with the statement made by marking ONE response on the scale provided.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1 *Counterfeit products are really good value.(e.g. CDs, DVDs, software, cloth, perfume, watch ,etc)*	☐	☐	☐	☐	☐
2 *There are lots of different, high status varieties of counterfeit goods*	☐	☐	☐	☐	☐
3 *Counterfeit goods are readily available in the market in the town centre*	☐	☐	☐	☐	☐
4 *The quality of other counterfeit branded goods is acceptable (except medicine)*	☐	☐	☐	☐	☐
5 *Using counterfeit goods gives the same experience as using genuine goods (such as jeans , shampoo, perfume, software, gray market goods)*	☐	☐	☐	☐	☐
6 *Counterfeit digital goods have the exact same functions as genuine goods*	☐	☐	☐	☐	☐
7 *Counterfeit goods are often available earlier than real goods (e.g. DVDs, CDs, software)*	☐	☐	☐	☐	☐
8 *I generally shop around for lower prices on products, but they still must meet certain quality requirements before I will buy them.*	☐	☐	☐	☐	☐
9 *It is quite risky to buy or use counterfeit apparel products and digital goods.*	☐	☐	☐	☐	☐
10 *I do not trust stores that sell counterfeit goods*	☐	☐	☐	☐	☐

11 *I do care about products' after-sales service*	☐	☐	☐	☐	☐
12 *Counterfeit goods are not fair to the artists or genuine manufacturers because it robs them of their royalties*	☐	☐	☐	☐	☐
13 *Counterfeit goods have an unpleasant reputation (e.g. bad quality, bad material, etc)*	☐	☐	☐	☐	☐
14 *Counterfeit products help me obtain a good social status and image*	☐	☐	☐	☐	☐
15 *Counterfeit goods provide an alternative to real goods*	☐	☐	☐	☐	☐
16 *Counterfeit goods always give me new information about fashion and other popular trends*	☐	☐	☐	☐	☐
17 *I am happy people know I am an informed (knowledgeable) person although I obtain that knowledge from counterfeited products or websites*	☐	☐	☐	☐	☐
18 *Counterfeit products benefit society because large numbers of people can use/acquire them*	☐	☐	☐	☐	☐
19 *Without counterfeit goods, many people would not be able to enjoy listening to music or watching films or getting knowledge or other fun*	☐	☐	☐	☐	☐
20 *I prefer to share knowledge or happiness with other people despite the knowledge coming from counterfeit goods*	☐	☐	☐	☐	☐

Section 4

LOC-TP Questionnaire

Instructions
Indicate for each statement whether it is T (true) or F (false) for you. There is no right or wrong answers.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Yes	No
1 *I usually get what I want in life*	☐	☐
2 *I need to keep informed about news events.*	☐	☐
3 *I never know where I stand with other people*	☐	☐
4 *I do not really believe in luck or chance*	☐	☐
5 *I think that I could easily win a lottery*	☐	☐
6 *If I do not succeed on a task, I tend to give up*	☐	☐
7 *I usually convince others to do things my way*	☐	☐
8 *People make a difference in controlling crime*	☐	☐
9 *The success I have is largely a matter of chance*	☐	☐
10 *Marriage is largely a gamble for most people*	☐	☐
11 *People must be the master of their own fate*	☐	☐
12 *It is not important for me to vote*	☐	☐

13 *My life seems like a series of random events*	☐	☐
14 *I never try anything that I am not sure of*	☐	☐
15 *I earn the respect and honours I receive*	☐	☐
16 *A person can get rich by taking risks*	☐	☐
17 *Leaders are successful when they work hard*	☐	☐
18 *Persistence and hard work usually lead to success*	☐	☐
19 *It is difficult to know who my real friends are*	☐	☐
20 *Other people usually control my life*	☐	☐

Section 5

Situated Consumer Behaviour Questionnaire

For each of the following statements, please indicate the extent to which you either purchase or not purchase with the statement made by marking ONE response on the scale provided.

Your frank answer to each of the questions below will be greatly appreciated. Thank you!

	Contingence	Expected CBS scope	Consumer Situation	Description	Definitely	Yes, but with thought	Not sure	Probably not	Definitely not
A	**Accomplishment (CC2)**	Close	Kazar (Baidu) music free website	You are surfing on the KaZar (Baidu) music website. You have found your favourite album or film. It is free, and the download icon is flashing. Will you download it?					
B	**Maintenance (CC7)**	Open	Toiletry shopping	You are doing your weekly/monthly toiletry shopping in a large open-air market. You are browsing every stall, slowly picking up the items you need (e.g. perfume). You see the counterfeit branded perfume (Sunglasses) which you want to buy for a trip. Will you buy it?					
C	**Hedonism (CC4)**	Close	Travelling entertainment	You are outside your own city travelling. You are browsing a new city. The tour guide tells you that he will take you to the big counterfeit market it's fun. Will you buy anything from that					

				market?
D	**Accumulation (CC5)**	Open	Saving up	You are saving up to buy a major item (e.g. flat, computer). You want to save more money to put in your account. Will you buy cheap branded counterfeit clothes, bags, etc.?
E	**Accomplishment (CC2)**	Close	Gray market	You are in a factory which makes famous branded sportswear (or other products you like) for Original companies. These products may not be available in your city and the factory is much cheaper than markets. Will you buy it?
F	**Accomplishment (CC1)**	Open	Wearing well-known designer counterfeit watch at a party	You are attending the party in a exclusive club with your friends, you have a well-know designer counterfeit watch, will you wear or not?
G	**Accumulation (CC6)**	Close	Burn CDs	You have borrowed CDs/DVDs from your friend, which are your favourite albums or films. Would you burn a copy with a CDRW or DVDRW if you have/had one?
H	**Accomplishment (CC1)**	Open	High quality counterfeit luxury goods shopping	You are wandering from stall to stall in a counterfeit market, such as Xiangyang Market, or you are on the Internet, looking for an expensive treat for yourself which you feel you deserve and can well afford. You see a very good quality Gucci Watch or Rolex Watch. Will you buy it?
I	**Accumulation (CC6)**	Close	Frequent upgrading/collecting of music/software	You make a note of how close you are getting to your goal of swapping music or academic articles you want with other people online or with friends. You find a number of items which you have not got and they can be downloaded or burned from a website or other source. Will you download or burn them?

J	**Accumulation (CC5)**	Open	Buying or sharing pirate CDs, DVDs, Games, Software	You are hanging out with your friends on a weekend. You want buy some CDs, DVDs and software. You see some street stalls in which they sell pirated copies and they have a lot of CDs, DVDs and software you want. Will you buy them?
K	**Hedonism (CC4)**	Close	Collecting favourite DVDs from a series of TV soaps	You know a counterfeit shop well which sell copy CDs DVDs, Tapes, etc. You are collecting episodes from a TV soap, released four years ago, but you cannot find certain episodes anywhere. This shop you are familiar with and always frequent can get them for you. Will you order or buy from it?
L	**Hedonism (CC3)**	Open	Listening the MP3 online etc.	You are listening to pop music on the Internet, you change to a different site and find similar music. Will you download from this site and/or visit it more often?
M	**Accumulation (CC6)**	Close	Buying DVDs, CDs, or Software	You are collecting ' loyalty points' when you buy at a certain shop (when you reach a certain number of points, you will have the right to exchange them for products, or request a discount on your next purchase), will you continue to shop in this shop?
N	**Hedonism (CC3)**	Open	Printing a pirate e-book on Internet	You are doing an assignment (work). You find an e-book(e-article) that is useful. Will you download and/or print it from this website, regardless of any copyright warning?
O	**Maintenance (CC8)**	Close	Pirate qualification	The personnel department asks to see an educational certificate before giving you a highly paid job, but you have lost it. If you can find a counterfeit one so that you can get the job without suspicion, will you buy one?

P	**Maintenance (CC7)**	Open	Free websites, counterfeit markets	You are doing your routine new years (Christmas) shopping in a big open air counterfeit market (or free website), there are lots of CDs, branded perfume, clothes, handbag etc, in that market. You go around the market (website) and see some branded new clothes (or shoes, CDs, DVDs), you really like it, will you buy it?
Q	**Hedonism (CC4)**	Close	Buying an imitative product in a credible shop	You are buying branded jeans in a credible shop. You do not know if the jeans are fake, but the price is much cheaper than you have paid in the past. Will you buy them?
R	**Maintenance (CC8)**	Close	Counterfeiting pharmaceutics	You are buying a prescription medicine. You don't know if the medicine is fake, but you have to use it. Will you buy it?

Section 6

Personal Data

In order to help with the analysis of data, please give the following information about yourself.
The information will be used confidentially

Sex

Male ☐
Female ☐

How old are you?

15-18 ☐
19-24 ☐
25-34 ☐
35-44 ☐
45 or above ☐

What is the highest level of education you have achieved?

Secondary ☐
High school ☐
College ☐
First degree ☐
Master or above ☐
Oversea (First degree) ☐
Oversea (Master or above) ☐

What is your occupation?

Administrative ☐
Professional ☐
White-collar ☐
Blue-collar ☐
Student ☐
Unemployed ☐
Self-employed ☐
Other ☐

How much do you earn each month?

RMB999 or below ☐
RMB1,000-RMB1,999 ☐
RMB2,000-RMB3,999 ☐
RMB4,000-RMB5,999 ☐
RMB6,000-RMB7,999 ☐
RMB8,000-RMB9,999 ☐

RMB10,000 or above ☐

Where do you live?

Centre city ☐
Other district in Pu Xi ☐
Pu Dong ☐

Ownership of Computer or pertinent products (e.g. MP3 music machine)

Private ☐
Company ☐
Public café's ☐

Housing tenure

Private ☐
Rent ☐
Company owned ☐
Living with parents ☐