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Attitudes Toward Counterfeit Fashion Products: A South Dakota State University Case Study

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ABSTRACT

Ethically, morally, and legally people know it is wrong to produce and use counterfeit money, but why do we not think twice when it is a fashion product? The business of counterfeiting fashions is a growing problem with no end in sight. Over the past few decades, the problem has been increasing to an ultimate high. Purchasing a counterfeit product reflects on a person's ethics and morals. There is a difference between a knock-off version of a designer's product and a counterfeit product; the terms will be defined and evaluated. The ethical and legal dilemma that consumers are in will also be discussed. After a review of the current literature, I look into the attitudes and beliefs of students at South Dakota State University and interpret what the data from the case study reflects about the counterfeit fashion industry.

Key words: counterfeit, fashion, attitudes, beliefs

INTRODUCTION

Ethically, morally, and legally, people know it is wrong to produce and use counterfeit money or copy music CDs and video DVDs, but why do we not think twice when it is a fashion product? Spotting counterfeit items can be a designer's worst nightmare. Designers work hard to create the merchandise they sell. On the other hand, some consumers cannot afford the merchandise of designers.

The purpose of this paper is to review current literature that examines the difference between knock-off and counterfeit merchandise, to look at the counterfeit fashion business, the effects counterfeits have on society, how to spot counterfeit items, and the ethical dilemma with counterfeit fashion purchases. I also look at a case study of attitudes and beliefs of apparel merchandising students at South Dakota State University (SDSU).

For the purpose of this paper, a counterfeit product is defined as a product that has been illegally duplicated to appear identical to the genuine product (Ha & Lennon, 2006). Knock-off products are defined as products that are similar, but not identical to, the original designer version of the product and made with cheap materials, then sold at a lower price point (Calasibetta & Tortora, 2003). Both counterfeit and knock-off products may have similar appearances to the original, such as packaging, trademarks, and labeling

(Ha & Lennon, 2006). When performing a web search for counterfeit fashion, almost one million pages come up for review. Most of those pages use the terms “knock-off” and “counterfeit” loosely but mean the same thing when using both words. Most sites just mean that a product is not the original, authentic designer’s version of a product but a reproduction of the original.

It is important to analyze the topic of counterfeit fashion products because the range of items being counterfeited is infinite: anything from dresses, shoes and purses, to watches and jewelry. Designers find it difficult to protect their merchandise because U.S. patent laws require designers to prove their work is “original and novel” while copyright laws do not protect the apparel industry (Marcketti & Parsons, 2006). The trend toward counterfeit merchandise has grown throughout history and predictably will continue to increase.

After a review of the literature that provides a comprehensive understanding of the background and current state of counterfeit designer merchandise, I look at attitudes and beliefs of 60 SDSU students. Through a student survey of 48 SDSU apparel merchandising majors and 12 non-majors, I have been able to interpret the attitudes toward counterfeit fashion among a small group of students at SDSU. The survey contains basic definitions for the terminology used for the study, as well as an introduction of my research objectives. Five of the eight questions discuss knowledge and beliefs about counterfeit fashion products, and the remaining three questions were used to establish student demographics (Frerichs, 2008a; see Appendix A: Student Survey and Appendix B: Demographics of Research Participants).

With 21 of the 60 total students who participated in the survey, I also conducted additional research with small focus group discussions (Frerichs, 2008b; see Appendix C: Focus Group Discussion Questions). They were asked four main questions with some additional sub-questions. Each session was recorded on paper and a digital tape recorder. Each participant granted permission to me to record the discussions anonymously (see Appendix D: Form Used for Obtaining Permission for Audio Recording). The findings discussed in this paper emerged after thorough deliberation of the attitudes and beliefs of SDSU apparel merchandising students.

LITERATURE REVIEW

The Growing Problem

Counterfeit fashion products and merchandise are not new to anyone. The \$600 billion annual industry (Dimet, 2006; Nanda, 2007) continues to grow every year and increases as the most serious threat facing the national economy. Philips (2005) reported that the counterfeit business as a whole would be the world’s largest business if it were recognized as a business. In 1985, about \$60 billion was spent on counterfeit merchandise; in 1994, sales were about \$200 billion and in 2002 about \$376.2 billion (Ha & Lennon, 2006). The Organization for Security and Cooperation in Europe (OSCE) found that 7% to 10% of the total world trade (\$450 billion) is from counterfeit goods (Dimet, 2006; Sforza, 2006; Thomas, 2006c). Both the International Anti-Counterfeiting Coalition (IACC) and OSCE agree that much of the counterfeit industry is made up of fashion

items. About 18% of the \$98 million worth of counterfeit products detained by the U.S. customs in 2002 were apparel, sunglasses, watches, handbags, and headwear. Much of the counterfeit fashion industry comes from foreign countries. About 70% comes from Asian countries, including China, Korea, and Taiwan with top counterfeit production and sales, respectively (Nellis, 2003).

Counterfeit purchases deprive the U.S. of more than \$200 billion each year in tax revenue (Hathcote, Crosby, & Rees, 2005; Kelleher, 2006; Nellis, 2003). That money could be used, instead, for programming in such places as schools, hospitals, and communities. Less revenue equals less money, which in turn means fewer resources for Americans. Selling counterfeit products is a cash, tax-free business. Ordinary citizens are required to pay taxes but dealers fill their pockets with the tax dollars instead of paying the government. According to Ha and Lennon (2006), counterfeiters contribute to the "economic black market" because governments lose money with no tax revenue.

Serious threats and terrorist acts have been linked to the counterfeit industry. For example, handbags can be lined with illegal drugs and used for smuggling. Groups such as Al-Qaeda, the Mafia, the Irish Republican Army, and Chinese Triad profit from selling counterfeit goods. There is evidence to show links between terrorism and counterfeit goods (Ha & Lennon, 2006). Evidence from the Federal Bureau of Investigation (FBI), other federal officials, and anti-counterfeit investigators shows the bombing of the World Trade Center in 1993 was funded by the sale of counterfeit fashion goods (Ha & Lennon, 2006; Henry, 2003; Kelleher, 2006; Nanda, 2007; Nellis, 2003). Counterfeiting businesses are threatening society; every time someone purchases a counterfeit product, he/she supports illegal activities of some kind, somewhere in the world (Kelleher, 2006).

Not only has the counterfeit business reduced the amount of tax revenue and posed serious threats to security, but also the business has eliminated numerous jobs for people around the world. The Counterfeiting Intelligence Bureau studied the number of jobs lost in recent years due to counterfeiting and discovered between 1988 and 1997 over 200,000 jobs have been lost worldwide; over 100,000 jobs were lost in European countries alone, and 30,000 fashion and apparel related jobs have been lost worldwide (Fighting Counterfeit, 2007; Ha & Lennon, 2006; Sforza, 2006).

Some research has been done to track the number of purchases of authentic products versus counterfeit products from particular designers. Ledbury (2006) conducted a study on brands that consumers purchase most in the UK. The study compared the percent of genuine product purchases to the percent of counterfeit product purchases and found that Louis Vuitton, Gucci, Prada, and Tiffany have nearly the same amount of consumers purchasing the genuine product as consumers purchasing the counterfeit version. On the other hand, Yves Saint Laurent, Chanel, and Burberry have more consumers purchasing the genuine products than the counterfeits.

Spotting the Counterfeit Fashion Product

Counterfeit fashion products are nearly identical to the designer version in aspects of appearance, packaging, trademarks, and labeling (Ha & Lennon, 2006), but the difference lies in the price and quality (Kelleher, 2006). The purpose of selling counterfeit goods is to deceive buyers into purchasing something that they think is authentic. Over 5,000

websites have been created to sell counterfeit purses (Kelleher, 2006) and thousands of other sites sell counterfeit sunglasses, accessories, or apparel. Every website claims they are selling “genuine” and “authentic” products, but there is no way to be sure the customer is getting the real deal without extensive research on the company and its website.

Designers work hard to release the trendiest fashions for the fashion-savvy individual. Researching a company to find out which specific aspects make the particular designer unique is the most beneficial way for consumers to educate themselves before making a purchase. Certificates of authenticity or identification cards are included with every designer product purchase. Authentic designer merchandise will only be sold at authentic dealers for the designer and official retailers such as Nordstrom, Neiman Marcus, Bloomingdales, or Saks Fifth Avenue (Nellis, 2003; Thomas, 2006a).

The fabric quality of a designer bag will be exceptional. Designers do not use low quality fabrics and materials in the production of their products. Bags and purses should stand up under their own weight. Neither the handles nor the bag itself should collapse when the bag sits empty on a table (Thomas, 2006a). The logo will never run into the seams of a bag. The pattern of the fabric is intricately designed and placed so it is aesthetically pleasing (Thomas, 2006a). For example, logo fabrics such as Louis Vuitton, will never run into the seams and letters will not be misplaced. The fabric or leather should not pucker at the seams. Stitches on designer products are small and precise. Poor quality leather and fabrics as well as shoddy stitching, are indicators of a fake (Kelleher, 2006).

The details on the bag should be of the highest quality and have designer name imprints. The zipper pulls will have the name of the designer imprinted on them as well. The handles, buckles, and other trimmings will be of excellent quality. A bag with kinks in the straps, flimsy trimmings or cheap, generic zipper pulls and metal studs are indicators of a fake (Kelleher, 2006; Nellis, 2003; Thomas, 2006a).

Overall construction of a product plays a large role; designers are meticulous and precise. Leather is always of the highest quality and all zippers, buckles, and other decorations will match the product. Designers usually have small color runs of a particular design. Counterfeiters often sell products in more colors than the designer actually makes. The logo is often the most important part of the product; it will never be misspelled, smudged, or misplaced (Thomas, 2006a).

The price is the first and easiest factor to determine if a product is counterfeit. If the price is “too good to be true,” it probably is. Designers do not typically discount their merchandise; for example, if a seller on EBay lists an “authentic” bag for \$9.99, it is likely to be fake. On the other hand, a product with a high price tag is not necessarily genuine. Consumers need to look at all aspects of a product before committing to a purchase. There is no guarantee that a product found on the Internet and the attached description and picture will actually turn out to be the real item (Fighting Counterfeit, 2007).

Finding a genuine designer bag can be a hard task, especially if customers are trying to order one on the Internet. With thousands of websites available, everyone claims to have authentic designer merchandise. Some sites will tell shoppers that the items sold on the site are “look-alikes” or “knock-offs,” both of which are not the original designer products. Many websites on the other hand will not tell shoppers if the products are fake. One way to guarantee that the product is real is to buy directly from the designer’s

website. Other websites such as Overstock.com and Bluefly.com also sell designer merchandise at practical prices (Tew, 2007). These sites include a certificate of authenticity, style numbers, and a detailed description of the designer merchandise. Bluefly.com has a strict return policy of no returns unless the security tag is still attached; Overstock.com's return policy is less strict.

BuySAFE.com is another website that guarantees the authenticity of products on their site. Its goal is for every online transaction to be problem-free. BuySAFE verifies the seller's identity, financial stability, and ability to honor the sales terms and conditions. BuySAFE also guarantees a full replacement or refund of up to \$25,000 if the purchase is not satisfactory. The service of BuySAFE is completely free to consumers.

Mall kiosks, purse parties, street vendors, and specialty mall shops are other examples of places to purchase knock-off and/or counterfeit designer merchandise. One kiosk in a mall in Omaha, Nebraska, actually promotes fake Chanel bags and trains its employees to sell the bags to customers by telling them to cut off an extra tab on the logo. The bag appears to look the same as the authentic designer's version with the exception of the cut-off tab. Other people encourage women to take part in purse parties and buy discounted designer merchandise. The party host is not at risk, but the person selling the merchandise is buying the items from people supporting serious criminal activities as previously discussed (Dimet, 2006; Kelleher, 2006).

Canal Street in Manhattan, Xiangyang Road in Shanghai, and Silk Alley in Beijing are all examples of major locations of serious counterfeit sales (Thomas, 2006c). In December 2005, Burberry, Gucci, Louis Vuitton, Prada, and Chanel filed a lawsuit against the Xiushui Haosen Clothing Market in Beijing because of the massive amount of "made in China" counterfeit products (Sforza, 2006). The company knew the goods were pirated, but did not stop vendors from selling them. They were sued by five designer companies for copyright violation and selling counterfeit merchandise (Western Brands, 2006; Xinhua News, 2005). The designer companies won the lawsuit. According to Xinhua News (2005), the property owner and vendors who sold the merchandise were ordered by the court to stop selling the merchandise and pay nearly \$13,000 in compensation to the designers. This lawsuit was the first of its kind to be filed in China.

Ironically, in 2004 commerce officials in Beijing posted signs on a building standing next to the entrance of the Xiushui Market. Trademark protection was the message of the signs and warned violators that they could face fines, seizure of merchandise, and/or lawsuits (Plafker, 2004). On the other hand, in November 2007, California's seizures of counterfeit goods increased 24%, compared to November 2006, at the largest U.S. port, Los Angeles-Long Beach (Casabona, 2007).

Of all goods sold globally, over 10% are illegally copied or counterfeited (Fighting Counterfeit, 2007). About 20% of the sales of knock-off merchandise come from street vendors, flea markets, and auctions. Internet sites sell approximately 14% of the fake merchandise (Dimet, 2006). The statistics prove it is a difficult process but with knowledge, all consumers can beat the growing business of counterfeit and fake goods. Finding the perfect real designer handbag can be a difficult process, but consumers will be highly rewarded with their purchase and the hard work will pay off (Thomas, 2006b).

As mentioned previously, much of the counterfeit goods arrive from China, Korea, and Taiwan, primarily because of easy access to labor. Sweatshop labor in China is cheap (Sforza, 2006) and over 50% of the counterfeit goods imported in the first half of 2005 were traced back to Chinese factories (Kelleher, 2006). The Chinese factories consist of nearly 20% child workers, some as young as age 12. Factory employees are forced to work long hours at less than the minimum wage pay of the United States (Kelleher, 2006). By purchasing counterfeit goods, consumers are promoting child labor and cheap labor in foreign countries.

An Ethical and Legal Dilemma

Ethical decisions deal with an individual's choice in deciding between something morally right or wrong. Making ethical decisions is a common daily occurrence for all individuals. When people are faced with an ethical problem and need to make a decision, they go through three stages: recognizing an ethical issue, making an ethical judgment, and formulating behavioral intentions according to the Hunt-Vitell Theory (Ha & Lennon, 2006). When faced with an ethical decision, people acknowledge the problem, determine alternatives and solutions, and then choose the best option. Consumers are free to make decisions and must deal with the consequences of whatever decision they make.

Ethically, everyone knows manufacturing, using, and dispersing counterfeit money is illegal. Many people also agree it is also unethical to manufacture, use, or distribute counterfeit prescription drugs and airplane or cars parts, but this happens more frequently than consumers would expect. About 2% (or 520,000 pieces) of all airline parts installed each year are counterfeit, according to the Federal Aviation Administration (International, 2007). According to Heather McDonald, an anti-counterfeiting specialist at a law firm in New York, "there have been counterfeit perfumes tested by laboratories that have found that a major component was feline urine" (Thomas, 2008). Many consumers do not think it is a big problem to purchase a counterfeit fashion product, but if a consumer purchased a pair of counterfeit sunglasses, the lenses could shatter, or eyes could develop vision problems due to little or no UV protection. There are numerous examples of instances where consumers could be hurt by the counterfeit products they purchase, such as a garment that is flammable or allergenic, toys that contain hazardous material or parts that break easily, car and airline parts could malfunction and/or cause accidents, electronics could short-circuit, and medications could kill. If consumers knowingly purchase counterfeit products, they are responsible for the consequences (Fighting Counterfeit, 2007).

There is not a difference between using or purchasing counterfeit money, car or airplane parts, prescription drugs, or fashion merchandise. Why do people think it is ok to sell a counterfeit purse when they know making counterfeit money will get them into a lot of trouble? The consequences are different, but the concept is the same: it's counterfeit. Money counterfeiters, if caught, could be fined up to \$15,000, spend up to 15 years in prison, or both (United States, 2007). On the other hand, counterfeit fashion laws are not as stringent. Patent and copyright laws are firmly in place in the United States, but fashion designers find it hard to prosecute counterfeiters on the terms of copyright and patent violation (Marcketti & Parsons, 2006).

Research shows that people who purchase fashion items do not believe that counterfeit goods are an alternative to purchasing the genuine product. Fashion purchasers also feel guiltier about buying a counterfeit than non-fashion buyers (Lee, Cheng, & Breseman, 2003). They believe the counterfeit fashion products are poorer quality, and therefore have a negative attitude toward counterfeit products (Shim & Lee, 2005).

METHODOLOGY

After reviewing current literature, I began to wonder: What are the attitudes and beliefs about counterfeit fashion of students at SDSU? According to Janesick (1994),

Qualitative researchers design a study with real individuals in mind, and with the intent of living in the social setting over time. They study a social setting to understand the meaning of participants' lives in the participants' own terms. (p. 210)

In my attempt to understand the attitudes and beliefs toward counterfeit fashion products at SDSU, I began an interpretive analysis of the research. Rather than setting specific parameters for analysis, I was interested in exploring themes that would emerge from the surveys and focus group discussions. The preliminary study of the surveys and focus group discussions revealed similar feelings among most of the students. The interpretation presented here is structured around the themes and is based on an interpretive approach to textual data that focuses on understanding the meaning assigned to experiences of everyday life (Taylor & Bogdan, 1984; van Manen, 1990).

Demographics and Data Collection

A student survey was handed out in three apparel merchandising classes at SDSU during the spring 2008 semester. Sixty students answered the survey; 45 of the students were apparel merchandising majors, three students were apparel merchandising minors, and 12 were non-majors. The survey included basic definitions for counterfeit products, knock-off products and original designer products (see Appendix A: Student Survey). There were eight total questions on the survey; five questions focused on specific details pertaining to counterfeit fashion and three questions asked for student demographic information. The entire survey took about five minutes to complete.

Of the apparel merchandising students surveyed, 16 were freshmen, 17 were sophomores, seven were juniors, and eight were seniors. Of the non-majors surveyed, one was a freshman, four were sophomores, four were juniors, and three were seniors. All students were females over the age of 18.

Due to the complexity of the subject matter and confusion that could be caused by numerous controversial words, definitions for counterfeit, knock-off, and designer products were given at the top of the survey. For the purpose of the survey, *counterfeit products* were defined as illegally made replicas of designer products portrayed to be the exact designer product, while *knock-off products* were defined as a legally made products similar to the designer's but not portrayed as the exact designer product. In contrast,

original designer products were defined as designer products made and distributed by the designer. In addition to the survey, I also conducted small focus group discussions with 21 of the 60 students surveyed.

DATA ANALYSIS

For the interpretive analysis of this qualitative research, three themes surfaced from the survey and focus group discussions. These themes reflect the opinions and beliefs of students at SDSU: identifying the difference, making the purchase, and ethics/acceptability. The responses were reinforced by experiences and personal feelings from the focus group discussions.

Two points must be kept in mind when reading the themes and supporting materials. Each statement made by the students is coded with a number corresponding to the person as well as survey (S) or focus group (F) to indicate where the data came from (see Appendix B: Demographics of Research Participants). The themes are not written in any order of importance, but rather stated as they emerged from the data collected. No theme is more important than other themes.

Identifying the Difference

When I asked students if they knew the difference between counterfeit, knock-off and designer products, 54% strongly agreed they knew the difference while 46% agreed they knew the difference. General definitions for counterfeit, knock-off, and designer products were given at the top of the survey, but this question was meant to find out if students understood the difference, rather than if they could read the definitions.

While all of the students in the focus group discussions were apparel merchandising students, they all knew what they were purchasing when they bought the counterfeit item. These students have been educated on counterfeits and know what to look for to determine if it is counterfeit, but many have bought items they knew were fakes. In response to a discussion on why consumers, other than themselves or other apparel merchandising students, purchase counterfeits one student said,

- 1F: How can you not know the difference [between counterfeits and genuine products]?

She did not understand that many people who do not study fashion do not know the difference between a real Louis Vuitton purse and a counterfeit.

When students commented on their personal feelings for counterfeit fashion merchandise in general some called it “ugly,” “pointless,” “obviously fake,” and “gross.” One student said when a fake and a real item sit next to each other it is easy to see the difference. Others commented that some people might not know the difference between a knock-off, counterfeit, and a genuine item if they have never seen a designer product.

- 2F: People just don't understand...

Many apparel merchandising students said they get upset and mad when high school students and other people buy the fake purses to "look cool," when the apparel merchandising students have the real designer purse. Individuals also get upset when strangers walk up and ask, "Is that real?" Apparel merchandising students at SDSU have felt the sting of those insulting words.

Making the Purchase

To find out personal opinions and motivations, one question on the survey asked students if they had ever purchased a counterfeit product. Twenty-seven percent of the apparel merchandising students admitted they had purchased a counterfeit product. Eleven of the 13 women who had purchased a counterfeit product have only purchased a product one to three times. The remaining people who have purchased a counterfeit product did not answer how many times they had made a counterfeit purchase. On the other hand 73% said they have never purchased a counterfeit product. When looking at the ages of the students, most who said they had purchased a counterfeit product were juniors and seniors. In contrast, most of the students who said they have never purchased a counterfeit product were freshmen and sophomores. Age and experience may play a part in consumers' lives relating to counterfeit purchases.

During the focus group discussions, almost all students said they had visited a large city and encountered the vendors on the street persuading them to purchase a counterfeit product. Some students felt uncomfortable and "creeped out," while others felt bad for the people who were selling the merchandise. With their own feelings in mind, many of the students also said they followed the vendors and salespeople:

- 3F: I walked down the dark alley and up to their apartment to purchase a counterfeit item.

Some students bought purses while others purchased earrings. Even though several students made the purchases, they knew that it was not real and that they were promoting a bad cause. One student even stated that she felt bad immediately after her purchase and no longer wanted the items she bought:

- 7F: After she slipped the earrings in my purse, I immediately had a bad feeling in my stomach and didn't want the earrings I just bought.

The survey revealed that the group of students questioned do not often receive gifts of counterfeit merchandise. Only 8% of the apparel merchandising students surveyed had received a counterfeit product from someone else in the last year. The remaining 92% have never received a gift of a counterfeit product. One individual did not answer the question.

Shoppers want the status that comes with certain items and if that means they have to buy a cheap counterfeit purse in order to appear to have status that is what they will do, according to one group of students. Some consumers feel they can trick other people:

- 4F: They want the status of people who don't know the difference.

One student brought up her recent trip to China and talked about what it means to carry a counterfeit purse in China:

- 5F: There are fakes all over in China, but no one from China would be caught with a fake. They just don't buy them there. They save for the real one.

Ethics and Acceptability

When I asked students about their own personal feelings regarding ethics of the counterfeit business, most students agree that the business and purchase of counterfeits is unethical and morally unacceptable. Twenty-three percent of the apparel merchandising students felt strongly that purchasing a counterfeit product is ethically and morally unacceptable, while 63% felt the business was unacceptable. In contrast, one person strongly agreed that it was ethically and morally acceptable, and the other 13% felt the purchase of a counterfeit product is acceptable.

- 5S: I hadn't learned some facts about it [counterfeit fashion business] until recently.

Students were also questioned about their peer groups' views. Fifty-six percent of the apparel merchandising students surveyed said that their respective peer group views the purchase of counterfeit products as unacceptable, while 42% said their peer group would view purchasing counterfeit products as acceptable. One student did not answer the question.

Students in the focus group discussions emphasized that people want to appear to have a high status by carrying a designer product. Some individuals cannot afford to purchase a designer purse, so having a counterfeit purse is the equivalent in their minds. People want to have the high status, no matter what it takes to get it.

- 6F: People want to feel confident and carrying a Chanel purse is one way that a woman feels confident.

Some individuals agreed that selling and purchasing counterfeit products is degrading to designers. They felt that by participating in the act they were putting down the designers and is not fair to them. For that reason, those students have not purchased counterfeit products.

Looking the part and having the "image" is also part of the trend. Numerous individuals from separate focus groups said the purse or bag has to go with the person. For example, the bag is likely a fake if the person who owns it is wearing ragged clothes and does not care about the rest of her appearance. Someone who owns a genuine designer handbag will likely hold herself to a higher standard and dress in a more chic and sophisticated style. Another individual brought up a story about a middle school aged girl carrying a Louis Vuitton handbag. She said she knew the girl was carrying a fake because no one at that age could afford a real Louis Vuitton. Someone else said she may

have received it as a gift, but others in the group concluded that it was not likely that someone so young would be carrying a designer purse. The interpretation of this scenario was provided after a thorough look at the comments made during the focus group discussions.

DISCUSSION AND CONCLUSIONS

The research that I conducted suggests implications and ways to further the understanding of the counterfeit fashion business. This research study does not represent the population at large, but only apparel merchandising students at SDSU in 2008. In order to understand the population at large, additional research would be required.

Counterfeit fashion merchandise has been an increasing problem over the past decade. The business of selling counterfeits in general, which in turn costs taxpayers money, is not a new problem. At this time, the problem is not decreasing but the number of counterfeit bags has increased 368% during 2003 and 2004 (Betts, 2004). The counterfeit fashion business is a serious problem in today's society, resulting in numerous research studies. The problem is not decreasing, so researchers are studying the business to find out more information that could potentially change the future. If counterfeit products are available anywhere in the world, people are going to purchase them (Lee & Workman, 2007; Kim & Karpova, 2007).

Many people claim to know the difference between counterfeit, knock-off, and genuine designer products. Even though people know what they are buying, they continue to purchase fakes. This leads me to believe that people do not care that they are purchasing a counterfeit. Individuals who travel to large cities and purchase a counterfeit product just buy it to buy something that connotes status, not thinking whether it is right or wrong.

Many individuals surveyed and questioned feel that if everyone could see a genuine designer bag next to a fake bag, whether counterfeit or knock-off, they would be able to tell the difference between real and counterfeit. As a result people may realize the differences in quality and choose not to purchase the fake bag.

Educating consumers on the differences between a genuine and a fake product is a practical first step toward shaping attitudes. Education should be as basic as possible, and consumers should evaluate the design, fabric, details, workmanship, and price to see if the product might be a counterfeit or genuine (Kelleher, 2006; Thomas, 2006a).

Education and knowledge play a large role in the psychology of why people purchase the products they do, but after thorough analysis of the data, it seems that travel experiences and geographic location also have an impact on the number of counterfeit products purchased. For example, an individual who has lived in the Midwest and has never traveled beyond the bordering states probably will not have had the opportunity to see many counterfeit products being sold, and therefore, probably will not own a counterfeit product. On the other hand, an individual who lives in New York is exposed to the counterfeit industry on a regular basis. Therefore, a New Yorker is more likely to own a counterfeit product.

Age and experiences may also play a role in consumers' lives relating to counterfeit fashion purchases. Young girls want to look like the people they see on television, so they

will do anything to get that “look.” Not many 15 year old girls have \$1,000 to spend on a handbag to look like her favorite celebrity, so she might pay \$20 for the cheap knock-off at the mall kiosk or the misspelled counterfeit on the street.

Apparel merchandising students at SDSU feel they know the difference between counterfeit, knock-off, and genuine designer products, but 13 out of the 48 people surveyed have purchased a counterfeit product one to three times. It is hard to figure out why people buy the things they do, but when the opportunity presented itself and the salespeople were trying to convince the students to purchase something, the students ignored their knowledge and education, and bought a counterfeit product just to say they bought something. Numerous students admitted they only did it to have the experience and to tell their peers they participated in the counterfeit fashion business. The thrill of doing something illegal seemed to be intriguing enough for students to engage in such a transaction.

People face ethical decisions everyday, but a socially responsible shopper will think more seriously about the consequences of purchasing a counterfeit. Some shoppers may feel pressure from their peers who do not approve of counterfeits. Other shoppers will be faced with an ethical decision if they want to purchase a counterfeit, but are aware of the consequences (Ha & Lennon, 2006). Socially responsible shoppers know the result of counterfeit purchases; they have done their research and know the problems the world faces because of the growing industry.

When attempting to educate consumers in general, college-aged consumers should be targeted. One ethical study on college students showed that students agreed that counterfeit money is illegal, but thought purchasing counterfeit purses, shoes, and watches was ethical and did not hurt themselves in any way (Ha & Lennon, 2006). The study also stated that college students should know that designer names are not the only thing that can be counterfeited. School logos, mascots, slogans, and advertising campaigns can also be counterfeited (Ha & Lennon, 2006). Any product containing the school’s logo, mascot, or slogan is generating revenue for the school. If the goods are counterfeited by another company or individual and sold for a cheaper price, the revenue is not going to the school, but into someone’s pocket. It is important to give the revenue to the school to be used on school-funded events, buildings, and other supporting efforts.

Exploring the attitudes of students is just the beginning of understanding the basics of the counterfeit fashion industry. This study in no way is a complete explanation of the business. Additional research is needed to explore why people purchase counterfeits, how the business can be stopped, and whether legislation to decrease the effects of the counterfeit fashion business is likely to be successfully implemented. This is a growing problem that will not be easily fixed. It is an industry that is spinning out of control.

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APPENDIX A: STUDENT SURVEY

Purpose Statement

As the author, I will explore the thoughts and choices of South Dakota State University Apparel Merchandising students. The goal of the original research conducted is to find out what students believe about counterfeit fashion and how it relates to each person individually. The research will suggest implications and ways to further the understanding of counterfeit fashion.

Definitions

Counterfeit products – An illegally made replica of a designer product that is portrayed to be the exact designer product

Knock-off products – A legally made product similar to the designer’s that is not portrayed as the exact designer product

Original designer products – A designer product made and distributed by the designer

Questions for Student Survey

1. I know the difference between counterfeit, knock-off, and original designer products.
Strongly agree Agree Disagree Strongly disagree
2. I have purchased a counterfeit product.
Yes 1-3 times 4-6 times 7 or more times No
3. Someone else has given me a counterfeit product in the last 12 months.
Yes 1-3 times 4-6 times 7 or more times No
4. I believe that purchasing a counterfeit product is ethically and morally acceptable.
Strongly agree Agree Disagree Strongly disagree
5. My peer group views the purchase of counterfeit products as an acceptable practice.
Strongly agree Agree Disagree Strongly disagree
6. Year in school
Freshman Sophomore Junior Senior
7. Age
16-18 19-20 21-22 23-24 25 +
8. Is apparel merchandising your major or minor at South Dakota State University?
Major Minor

APPENDIX B: DEMOGRAPHICS OF RESEARCH PARTICIPANTS

Student Survey Participants-60

Students 1-30: Apparel Merchandising Majors

Students 31-48: Apparel Merchandising Minors

Students 49-60: Non-Apparel Students

Focus Group Participants-21

1. Apparel Merchandising Student
2. Apparel Merchandising Student
3. Apparel Merchandising Student
4. Apparel Merchandising Student
5. Apparel Merchandising Student
6. Apparel Merchandising Student
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8. Apparel Merchandising Student
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10. Apparel Merchandising Student
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19. Apparel Merchandising Student
20. Apparel Merchandising Student
21. Apparel Merchandising Student

APPENDIX C: FOCUS GROUP DISCUSSION QUESTIONS

Focus Group Questions

1. How many people have gone to a large city (such as New York City, Los Angeles, Chicago, or a foreign city, etc) and experienced nagging by the vendors on the streets trying to selling products?

[If yes:]

- How did you feel about it?
- What did you do?
- What was your reaction?

2. Why do people purchase counterfeit products? What is the motivation behind the purchase of a counterfeit product?
3. Why would you choose *to* purchase or choose *not* to purchase a counterfeit product? Have you ever purchased a counterfeit product?
4. What types of thoughts run through your mind when you are shopping?
 - What worries or concerns do you have when shopping?
 - Is your purchase in impulse buy?
 - Do you consider “needs” versus “wants”?
5. Do you have anything other comments you would like to add?

APPENDIX D: FORM USED FOR OBTAINING PERMISSION FOR AUDIO RECORDING

Focus Group Discussions Audio Recording Permission

I, _____ understand that my responses will be anonymously recorded and used for a research study conducted by Amy Frerichs, South Dakota State University student. Anything I say may be used in the final paper.

Signature

Date