COUNTERFEIT INDUSTRY AND THE LINK TO TERRORISM

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ABSTRACT

The purpose of this research study is to explore whether consumers would be complicit in the purchase of counterfeit goods once becoming aware of the counterfeit industry being linked to terrorism. Counterfeit goods are defined as identical copies of authentic products and they are produced without the permission of the registered owner (Carpenter & Lear, 2011). Almost any product can be counterfeited from clothing, shoes, jewelry, handbags and even medicines. Counterfeit products are sold at a fraction of the cost of the authentic product. This study identifies the 'why' to consumer complicity to purchase the counterfeit items. There are legalities involved with the selling of the copied products, and this research identified the underlying connections to terrorism along with the damaging effects on the U.S. economy. This study examined the variables of consumer knowledge of counterfeits and link to terrorism and willingness to purchase counterfeit products.

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LIST OF ABBREVIATIONS

CBP…….Customs and Border Patrol

DHS…….Department of Homeland Security

FBI……...Federal Bureau of Investigation

ICE……...Immigration and Customs Enforcement

PO…….Post Test

PR…….Pre Test

SD…….Standard Deviation

UNODC……United Nations Office on Drug and Crime

CHAPTER 1. INTRODUCTION

The marketing practice of branding products dates back to ancient Rome, when caps on wine bottles revealed the maker's mark. The main focus of brand development even back then was to distinguish the products from any imitations that would appear in the marketplace (Cordell, Wongtada, & Kieschnick Jr., 1996). Counterfeiting has been an economic problem for decades in the United States and it continues to expand into more illegal activities to include terrorism connections, drug trafficking and labor abuse issues internationally.

Despite attempts to defend property rights, counterfeiting remains widespread, and the impact on the U.S. economy is more profound than one might believe. Counterfeit goods cost the American economy as much as $250 billion a year, and counterfeiting is responsible for the loss of over 750,000 American jobs (Cheek & Easterling, 2008; Commuri, 2009; Lewis, n. d.). Unfortunately, the manufacture and sale of counterfeit merchandise continues to grow during tough economic times in the U.S. and even worldwide (Stravinskiene, Dovaliene, & Ambrazevicuite, 2013; Tucker, 2005; Zimmerman, 2011).

A shopper who purchases a designer handbag at a fabulous price may wonder if that new handbag is "real" or "fake". Counterfeiters have become so skilled at exact replication of some products that it is actually hard to tell the authentic item from the fake item. Even the lining inside some of the "knock off" designer handbags is the exact replica of the authentic designer handbag.

Consumers who purchase counterfeit goods probably do not think about the moral or ethical side of counterfeiting. Therefore, it would seem that the lower price of counterfeit goods may be a motivating factor in complicity to purchase (Kim & Karpova, 2010; Stoner & Wang, 2014; Wilcox, Kim, & Sen, 2009). People who are willing to purchase counterfeit products are unaware of the connection to terrorism and the effects on legitimate businesses.

One approach of the study was to look at linking hedonic shopping experience to consumer complicity. Consumers may be aroused by their illicit acts of engaging in the counterfeit trade in both physical and virtual marketplaces. Studies have found that consumers do find the purchase of luxury products to be fun and worth the price regardless if it is a counterfeit product. (Chaudhry & Stumpf, 2011; Cheek & Easterling, 2008).

Crimes that routinely make the headlines and attract the attention of the media outlets, government agencies and citizens are focused on murder, rape, robbery and other violent crimes. These crimes do have a significant impact on the community and are detrimental to our economy. Consequently, if consumers were made aware of the link between counterfeit goods and terrorism, complicity to purchase may subside once knowing the dangers of the replicated products (Pipes, 2000; Pollinger, 2006; Shelley, 2012).

Purpose Statement

The purpose of this study was to explore the connection between counterfeit merchandise, terrorism and the consumers' complicity to engage in this illicit activity. Past studies have indicated a direct link with terrorism funding and the sale of counterfeit goods (Pipes, 2000; Pollinger, 2006; Shelley, 2012; Tucker, 2005; Zimmerman, 2011). Several organizations are involved in the fight against counterfeit goods and terrorism. However, the general public is unaware of this because the media does not report such cases on a regular basis.

Would the willingness to purchase the fake goods be deterred if consumers had more knowledge of the counterfeit industry, the connection to terrorism and other abuses associated with counterfeiting? Marcketti and Shelley (2009) found that younger consumers are more likely than older consumers to engage in the unethical behavior of purchasing counterfeits products. Two variables to examine are the age demographic of consumers and attitudes towards

counterfeits. Once learning of the link to terrorism, would the younger demographic change their attitudes towards purchasing the fake goods?

Integrity, as related to lawfulness, is linked to responsibility, honesty, and self-control. Although purchasing counterfeits is not criminal or illegal in the U.S., the consumer may realize that because counterfeiting involves illegal activities, the lawfulness and integrity side of consumers may prevail. As consumers become more educated and aware of the dark side of counterfeits, it is expected the less complicit they will be in the future (Cordell et al., 1996; Kim & Karpova, 2010; Marcketti & Shelley, 2009).

Previous researchers have questioned whether attitudes towards counterfeits would change once given the proper information on the background of counterfeits, association with terrorism and related illegal acts that occur with the manufacture, sale and purchase of counterfeit goods.

CHAPTER 2. LITERATURE REVIEW

Many Americans truly do not understand the significance, scope, or consequences of the illicit activities associated with the counterfeit industry. There are suggestions that counterfeiting is connected to terrorism, drug trafficking and organized crime. Probably the most troubling impact that the counterfeit industry poses is the health and safety risks to the public. Consequently, the pharmaceutical trade still involves post-Soviet organized criminals. Also, the Colombian drug cartels, Chinese Triads, and Mexican drug gangs have been linked to the counterfeiting of pharmaceuticals (Chaudhry, Chaudhry, Stumpf & Sudler, 2011; Shelley, 2012).

If consumers are given the knowledge and information about the counterfeit industry, in turn, this can result in higher levels of not supporting the purchase of counterfeit goods. Consumers who purchase counterfeit goods probably do not think about the moral or ethical side of counterfeiting. Few consumers are aware of the connection to terrorism and the effects on American businesses.

Connection to Terrorism

Counterfeiting and terrorism seem to have a strong connection. More connections to Hezbollah have been reported with counterfeiters in Los Angeles County. Authorities found case-specific evidence of these connections in the form of Hezbollah flags, tattoos, and pamphlets in the homes of convicted counterfeiters. In another incident, a woman found to be a retailer of counterfeit cigarettes was arrested in an airport on her way to Lebanon with $230,000 in cash strapped to her body. The woman stated she was on “vacation”, but authorities believed her to be funneling money to Hezbollah militants. Some other terrorist incidents appear to be funded by counterfeit operations. The FBI compiled evidence that the terrorists who bombed the World Trade Center in 1993 financed their activities with counterfeit textile sales from a store located on Broadway in New York City. Three years later, FBI confiscated 100,000 counterfeit

products manufactured for sale at the summer Olympics. This organization was funded by Sheik Omar Abdel Rahman (Pollinger, 2006).

Sheik Omar Abdel Rahman, commonly known as the "Blind Sheikh", is a blind Egyptian Muslim leader who is currently serving a life sentence at the Butner Medical Center in Butner, North Carolina. Sheik Rahman was a former resident of New York City and was convicted of seditious conspiracy, which requires only that a crime be planned. His prosecution was derived from the investigations of the World Trade Center 1993 bombings. Sheik Omar Abdel Rahman is known as being the leader of "The Islamic Group", a militant Islamist movement in Egypt that is considered a terrorist organization by the United States and Egyptian governments. This group is responsible for many acts of violence, terrorism and links to the counterfeit industry (Lance, 2016).

Moreover, another case that focused on Lebanese immigrants who lived in North Carolina and Detroit, Michigan involved transporting cigarettes back and forth to Michigan to avoid taxes; they sought donations from Hezbollah to fund their operations. The interesting point of this smuggling scam is they started to send large sums of money to Hezbollah. The time period for this was during 1996-1999 when the ringleader, Hammoud finally was arrested. Authorities pulled him over for traffic violations and noticed large amounts of cigarettes in the vehicle. It turns out that nearly all the Lebanese suspects reached the U.S. through deception, forgery, and other counterfeiting activities (Pipes, 2000).

Counterfeiting continues to increase globally because of the high profit margins associated with the sale of these goods. Companies that produce counterfeit goods have been linked to terrorism, international drug trade, sweatshop conditions and, as mentioned earlier, child labor abuses, especially in China where the largest percentage of counterfeit products are produced. The U.S. Trademark Counterfeiting Act of 1984 made counterfeiting a criminal

offence, with jail terms and fines for business offenders (Marcketti & Shelley, 2009). According to the UN Office on Drugs and Crime (UNODC), Chinese, South Asia, and European criminal groups are deeply involved in distributing counterfeit goods. An example would be the pharmaceutical trade as it still involves post-Soviet organized criminals, Colombian drug cartels, Chinese triads, and Mexican drug gangs. Furthermore, Hezbollah and al-Qaeda are suspected of being involved in counterfeits. Terrorist groups from the former Soviet Union are key figures in the marketing of counterfeit pharmaceuticals on the Internet (Chaudhry, Chaudhry, Stumpf, & Sudler, 2011; Shelley, 2012).

The U.S. Department of Homeland Security has been a diligent force in the seizure of counterfeit goods. The department's U.S. Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) are a counterfeiter's worst nightmare. These organizations are committed to stopping criminals who attempt to profit from the sale of illegal and potentially harmful merchandise, according to W. Ralph Basham, Commissioner, U.S. Customs and Border Protection ("Counterfeit goods seizures up", 2007).

Countries Involved in Counterfeiting

Several countries are notorious for rampant counterfeiting, terrorist acts and intellectual property violations including China, Russia, India, Brazil, Indonesia, Vietnam, and Ukraine. These countries regularly copy brand names and trademarks of goods, and their governments frequently do not get involved in monitoring the counterfeit problem. Many governments in these countries actually will encourage the production and sale of counterfeit goods to increase employment or capitalize on the success of American businesses (Lewis, n.d.; Pollinger, 2006; Zimmerman, 2011).

Of the countries listed above, China is the worst offender of counterfeit goods production. U.S. Customs reported that over 80% of all counterfeit goods seized by this agency

in 2006 originated in China (Lewis, n.d.). The International Labor Organization has reported that millions of children are forced to work in counterfeit manufacturing plants in China, where most of the counterfeit goods headed for the U.S. are produced (Carpenter & Lear, 2011).

The work conditions of these children are sad and horrific in China where these counterfeit goods are manufactured. There have been instances where children were handcuffed. If people knew where their dollars were directed when buying that fake handbag or other item, they would think twice before purchasing the fake (Carpenter & Lear,2011; Shelley, 2012).

Cases Related to the Counterfeit Industry

In March 2012, federal authorities cracked one of the largest counterfeit goods smuggling operations in history, involving fake products valued at more than $300 million. The goods, which involved some of the best-known brands in apparel and accessories as well as a large amount of drugs, were smuggled in from China through the Port Newark-Elizabeth Marine Terminal in New Jersey (Friedman, 2012).

Some of the brand merchandise seized in this recent bust in New Jersey included UGG boots, Timberland boots, Nike shoes, Burberry scarves, Lacoste shirts, Coach handbags, Louis Vuitton handbags and much more. This is part of a total amount of more than $325 million of Chinese counterfeit goods imported into the U.S. through Port Newark and Port Elizabeth over the last several years by two different criminal conspiracies. This was one of the largest counterfeit goods cases ever prosecuted by the Department of Justice. The conspirators concealed the counterfeit goods by using generic outer lids on boxes and generic labels on products to hide the counterfeit brand name beneath. Most of the conspirators were from Hong Kong, Taiwan and Manila (Friedman, 2012).

The Department of Homeland Security (DHS) is countering the growing trade in counterfeit products that adversely impacts the American economy. One of the major cases

executed in 2006 included an organization based in the Detroit area which was importing counterfeit Zig Zag cigarette papers with estimated value of $16 million and selling this item well below the cost of the registered brand ("Counterfeit goods seizures up," 2007).

Another interesting legal case involved True Religion Apparel, Inc. which won a cybersquatting suit. Cybersquatting is defined as the registration of a commercially valuable Internet domain name, as a trademark, with the intention of selling it or profiting from its use (FindLaw, 2013). The history of cybersquatting dates back to the late 1990's when a few business people realized the potential of the Internet for marketing purposes. This was long before the massive volume of traffic that the Internet could bring to their business. However, the Anti-Cybersquatting Consumer Protection Act was passed in 1999 to allow businesses to win back their domain name without having to go to court at all if they choose this method. The other method to gain back their domain name would be to sue in the court system to get the rights back and obtain money damages (FindLaw, 2013).

With the dawn of technology and the Internet comes a form of 21st century piracy that involved cybersquatting counterfeiters operating out of China. True Religion, the Vernon, California-based domestic jeans marketer, was awarded a total of $863.9 million as 106 different defendants were hit with damages of $8.15 million each. The 282 Web sites operated by the network with names as varied as truereligionjeansweb.com and cheapjeansoutlet.com were ordered disabled and their domain names transferred to True Religion (Karr, 2012).

In addition to an investigative firm that assisted in "cybersleuthing" activity, True Religion retained outside counsel from the law firm of Greenberg Traurig, which represented Ralph Lauren and The North Face in their 2010 suit (Karr, 2012). In light of counterfeit seizures and busts over the years, most of the blame is placed upon the manufacturers of the fake merchandise. Campaigns rarely focus on the curbing of counterfeiting from the consumers'

demand side. It is basically a 'buyer beware' on the consumer's part to participate in the purchase of counterfeit goods.

A case study by Zimmerman (2011) suggested that counterfeiting over the decades continues to grow. Over the years, U.S. Customs has increased the number of counterfeit product seizures and is putting a small dent into the problem. In 1994, U.S. Customs seized about $38 million worth of counterfeit goods. In 2006, Customs seized about 15,000 different shipments valued at about $155 million. The dollar amount of seizures continued to increase, moving to nearly $200 million in 2007 and over $270 million in 2008 with number of seizures at approximately 19,000 into 2010. However, the dollar amount slipped to about $190 million in 2010 due to a drop in the average value of seizures (Zimmerman, 2011).

Although there was a drop in value in seized counterfeit goods in 2010, U.S. Customs has made significant strides to curb this type of illicit business practice. The U.S. cannot afford to let their guard down on counterfeit merchandise being sold due to the link to terrorism and other illicit activities associated with this industry.

The list of seizures continues as The Dispatch-Ocean City Maryland Newspaper reported on one case that involved dozens of businesses in Ocean City along the Boardwalk which were under suspicion of selling counterfeit retail goods. The U.S. Immigration and Customs Enforcement (ICE) Department executed search and seizure warrants to as many as 24 downtown Ocean City businesses along the Boardwalk. The warrants were issued for businesses suspected of displaying and selling counterfeit replicas of high-end merchandise. (Soper, 2011).

Sources also reported that the raid resulted in the discovery of illegal immigrants as well as other prohibited items being sold in the stores. Several of the stores in Ocean City, mostly on the Boardwalk, have had a long history of selling counterfeit merchandise (Soper, 2011). Suits were filed after a Coach investigator entered several stores in June 2011 and discovered the

counterfeit goods displayed and offered for sale. In fact, during that same time period, 11 of the defendants were found in default after not responding to the civil suit and were ordered to pay $10,000 each to Coach (Soper, 2011).

Moreover, the average consumer remains unaware of how the counterfeit industry penetrates certain regions of the United States. People usually think of major metropolitan areas such as New York City or Los Angeles as having problems with the proliferation of counterfeits into their cities. The counterfeit industry has started moving into rural areas of the United States to set up shop. This may be due to the lack of law enforcement in rural areas being aware of this sort of illegal activity than law enforcement in major metropolitan areas. The people involved in this activity may go undetected for a longer period of time in smaller communities and can gain huge profits before being detected.

According to The Forum-Fargo, North Dakota, on March 22, 2016, an assistant professor at Valley City State University was arrested after more than 200 credit and gift cards were discovered in his apartment. Valley City is a small community in North Dakota where no one would suspect any illicit activity like this to occur. However, Long Man Ram Lau, age 33, who teaches economics, could face charges of possession of stolen property and unauthorized use of personal information (Glass-Moore, 2016). Valley City State University placed Lau on administrative leave and banned him from using the school's computers. Lau joined the faculty in fall 2012. He is in the United States legally on a visa from China and is now under investigation by Immigration and Customs Enforcement (ICE). Also, the North Dakota Bureau of Criminal Investigation and the Department of Homeland Security are investigating. Valley City Police Chief Fred Thompson indicated that along with the credit and gift cards, police seized computers, electronic storage devices, suspected counterfeit merchandise, medicines and

financial paperwork from Lau's apartment. More credit and gift cards were seized from the professor's university office (Glass-Moore, 2016).

The investigation of Lau began when police received photos from an anonymous tipster, who noticed a large number of counterfeit credit cards bearing various names. A list of names and numbers are being compiled by police to notify victims. Several victims had already contacted the Fargo Police Department to make a report. According to Chief Thompson, Lau's operation was probably very profitable. However, a forensic examination of all the evidence will take months (Glass-Moore, 2016).

Coincidently, this case involving professor Lau is a prime example of the illicit activities associated with counterfeits occurring in rural communities even in the Upper Midwest region of the United States. Like the drug trade, the counterfeit industry is spreading to smaller communities to gain profits and remain undetected for a longer period of time. Law enforcement in rural areas of the U.S. will have to remain vigilant and focus on this illicit activity as it spreads into these smaller communities.

Social Shame Game

A new twist in social media public opinion might be just as effective as the legal system when it comes to protecting a designer's creation from counterfeiters. "Social shaming" as it is referred to tends to happen in-season when fashions are still in play and can help consumers rally against the counterfeit design. The power of social shaming happens as consumers send out multiple tweets and posts in outrage that go viral on social media either through Twitter or Instagram. This new "shaming" can be questionable, but, when it works, it is very effective (Strugatz, 2016). Social media might just prove to be a useful tool for small, independent designers who cannot afford a legal defense team to protect their designs and copyrights.

For example, in January 2016, social media followers of K-Deer, an independent active wear line that's become known for its striped pants and leggings, started "social shaming" the active wear retailer Athleta for leggings that looked almost identical to a style from K-Deer. Athleta, owned by The Gap, was selling the leggings for $79 or $9 to $19 less than K-Deer's version (Strugatz, 2016). Social shaming can be a powerful mechanism that doesn't involve a court system or lawyers. A little shaming can go a long way in a fast-moving market where the lines between acceptable and illegal counterfeits can be blurry. Legal cases are long, expensive and social media will continue to play a major role when it comes to shaming a designer who is infringing on another's copyright.

Kristine Deer, founder of K-Deer, did not take any legal action against Athleta and had no contact with them. K-Deer has almost 51,000 followers on Instagram social media site and they continued to show support for the independent active wear company by posting on Instagram their positive messages. Social media continues to project designer brands out to millions of consumers, yet, it can put the design under the microscope (Strugatz, 2016).

Another interesting mode to social shaming would be through a soft approach of discouraging the general public from buying counterfeit goods on social media sites. This persuasion is aligned more to the idea that social media sites attempt to 'shame' consumers and attach a social stigma to purchasing counterfeit goods on designer Websites. For social shaming to become more prevalent in the future, consumer complicity to not buy the illicit goods needs to be influenced by social media (Large, 2014). This can be accomplished by popular sites such as Facebook or Twitter promoting authentic goods and continue to 'shame' the counterfeit goods discovered on their sites.

Furthermore, with the growing millennial population and their use of social media not slowing down, the subject of "social shaming" would be an excellent topic for future studies as

this new social trend grows to protect independent designers. Research on this topic would make an interesting case study to see if "social shaming" continues to provide benefits to small, independent companies and protect them against counterfeiters.

Museum of Counterfeit Goods

A person may often wonder what happens to all that counterfeit merchandise after the Federal agents seize it. There are the stories that some of the counterfeit goods go to the homeless, or the goods are destroyed or burned. One might like to believe that some "good" could come out of such an illicit crime as counterfeiting and connection to terrorism.

The law firm, Tilleke & Gibbins, own and operate The Museum of Counterfeit Goods in Thailand. The museum is comprised of more than 3,500 goods that infringe on trademarks, patents, and copyrights. The museum is also one of the largest of its kind in the world and has a collection covering 14 broad categories of goods including clothing, footwear, eyewear, drugs, alcohol, cigarettes and more. Many of the counterfeit goods were seized in raids conducted on behalf of the firm's clients (Museum of Counterfeit Goods, 2012).

The Museum of Counterfeit Goods has attracted media attention from at least four major foreign television broadcasting companies (including CNN and BBC). Tilleke and Gibbins' IP attorneys provide free lectures and guided tours of the museum to students of all ages, clients, diplomats and intellectual property practitioners. A person can view the counterfeit item alongside of the legitimate item for comparison at the museum (Museum of Counterfeit Goods, 2012).

Morals and Ethics

The significance of this study is to educate consumers about the illegal activities, dangers and the link to terrorism that is associated with counterfeiting. Literature provided will support the study and enable consumers to become less complicit in purchasing counterfeit merchandise

in the future. Also, retailers can benefit from the study by learning methods to avoid the illegal practice of selling counterfeit items. Furthermore, retailers may discover how to examine the labels, quality, and packaging of products to determine if the wholesale goods they are buying to re-sell are legitimate. Once retailers become aware of the pitfalls of selling counterfeit merchandise and penalties associated with it, options for consumers will be limited.

Studies have indicated that younger males of lower income are slightly more complicit in the purchase of counterfeit goods. Others have tried to determine the impact of cultural variations on consumer complicity, such as whether consumers from an individualistic (Western) versus collectivist (Eastern) culture are more likely to be complicit. Some differences were found, but no strong conclusions were reached (Stumpf, Chaudhry, & Perretta, 2011).

Consumers who value honesty and responsibility at a higher level tend to hold negative attitudes toward counterfeit luxury products. Even if the purchase of counterfeit goods is not illegal, the consumer with ethics and morals will feel like they are "stealing" from the genuine product name (Carpenter & Lear, 2011; Chaudhry, 2012).

CHAPTER 3. METHODS AND PROCEDURES

A quantitative research approach was selected to understand consumer complicity to purchase counterfeit goods once they are provided information on the background of terrorism connected to the counterfeit industry. Creswell (2014) describes quantitative research as a method where a researcher tests a theory by specifying a narrow hypothesis and the collection of data to support or refute the hypothesis. Usually a small sample size is utilized using a questionnaire as the instrument of measure. The information is analyzed using statistical procedures and testing.

Upon approval from the university Institutional Review Board, a survey was administered to 164 undergraduate college students at North Dakota State University to determine their knowledge of counterfeits/link to terrorism and ethics of complicity to purchase such goods. The subjects were both male and female—with an age range of 18-25. Sixty-one percent of the students were enrolled in majors that included Pharmacy, Nursing, Hospitality, and Consumer Science among others. The remaining 39% of the sample were students enrolled in the apparel, retail merchandising, and design major. The survey was conducted in selected classes and administered in a pre and post-test format using a five point Likert scale. For example, here are examples of questions asked:

- How familiar are you with counterfeits?
- Have you been exposed to or had an opportunity to purchase counterfeits in a retail setting?
- How concerned are you with the infringement rights that counterfeits impose upon the legitimate brand name product?

The survey included 13 items with responses ranging from one (not at all) to five (very much). At the end of the survey, space was provided for respondents to write short comments or questions regarding the topic of counterfeiting. The scales used in the study were adapted from Bang, Ellinger, Hadjimarcou, & Traichal (2000) and from existing literature regarding knowledge and complicity to purchase counterfeit goods. In the Bang et al. (2000) study, questions concerning the environment and renewable energy were asked of participants, for example, 'How concerned are you about the environment when making purchases?'

The subjects watched two short videos from YouTube that provided information linking terrorism to counterfeits. The video links were:
https://www.youtube.com/watch?v=OcYBgdn3vEw and
https://www.youtube.com/watch?v=Is9Hxn7Wr5w
The post-test asked the same questions to see if opinions and attitudes on buying counterfeit merchandise changed as a result of learning more information from the videos.

The study focused on determining the attitudes and knowledge of the subjects initially, and determine changes in attitudes after watching the videos. It was hypothesized that as consumers are provided knowledge of how counterfeiting, terrorism and other illegal activity are connected, they will become less complicit to purchase counterfeit goods.

Data were analyzed using a paired t-test run on SPSS. The paired t-test method was chosen to compare measurements taken from the same subjects twice, with the 'before' and 'after' scores being the paired data (McDonald, 2014). The paired t-test compares the means of two paired groups, which in this study would be the pre-test and the post-test responses of participants. The P value establishes whether the difference between the two groups will likely be due to chance and also, if the difference is "statistically significant". In an adequate paired t-

test experiment, a P value of <0.05 is considered a significant change and the null hypothesis is rejected (McDonald, 2014).

CHAPTER 4. RESULTS

Pre-test and post-test results were examined using the paired t-test on a 5-point Likert scale format ranging from one(not at all) to five (very much) in the 13 questions of both pre and post-tests. The questions used in both tests were identical to see if attitudes and complicity to purchase counterfeit goods would change after watching the two videos on counterfeits and connection to terrorism. Overall, familiarity with counterfeit goods increased slightly after viewing the videos. Also, respondents were more concerned over child labor abuses, and level of acceptance to purchase counterfeit goods once knowing the link to terrorism was extremely unacceptable.

Familiarity with counterfeit products on pre-test showed moderate familiarity (Mean=2.842; Standard deviation (SD) =0.981). Post-test results (Mean=3.737; SD=0.741) indicated respondents became more familiar with counterfeits after watching the videos. Familiarity on efforts to stop counterfeiting on pre-test (PR) (Mean=1.824; SD=0.975) compared with post-test(PO) results (Mean=3.371; SD=0.815) shows that respondents became more aware of efforts to stop counterfeiting through knowledge gained in the videos. Illegal activities associated with counterfeit products on pre-test (Mean=2.218; SD=1.036) and post-test (Mean=3.542; SD=0.786) is an important factor, followed by familiarity with counterfeit products and connection to terrorism/organized crime PR (Mean=1.557; SD=0.899) and PO results show increase in familiarity of counterfeit products-connection to terrorism/organized crime (Mean=3.286; SD=0.957). All of these results were significant with p values of <0.0001 (see Table 1).

Respondents indicated that concern over child labor abuses related to counterfeiting (PR Mean=3.339; SD=1.181) and (PO Mean=4.225; SD=0.922) is a very important concern in the counterfeit industry. Also, the effects of counterfeit goods on legitimate retailers' sale of

authentic brand-name products PR (Mean=2.945; SD=1.159) compared to PO (Mean=3.908; SD=0.925) showed a moderate level of concern. In addition, respondents showed concern over retailers selling counterfeit goods on PR (Mean=3.169; SD=1.197) with a higher level of concern over retailers selling counterfeit goods after watching the videos PO (Mean=3.817; SD=1.010).

According to the data collected on the questionnaire, the majority of respondents were from rural communities and the lack of exposure to counterfeits is reflected on PR (Mean=2.266; SD=1.088) and the PO (Mean=2.469; SD=1.070) there was not much of a change. The high probability to pay more for authentic designer products was reflected on both the PR (Mean=4.000; SD=1.093) and PO (Mean=4.134; SD=1.137). The respondents show a willingness to pay more for authentic goods over counterfeits is a positive indicator to good consumer practices in ethical shopping. This was not a significant change in attitude from the pre to the post test (p value =0.09). When asked about recognizing a counterfeit product next to an exact 'original' of the same product, respondents were slightly likely to recognize on PR (Mean=2.775; SD=1.144) and on PO (Mean=3.250; SD=0.974) there was a slight increase in recognizing a counterfeit product next to the exact 'original' product (p value =0.0001).

On the subject of buying counterfeit products, respondents on the PR (Mean=2.23; SD=0.825) deemed it inappropriate to purchase counterfeit goods with a rating of '1' on the scale as 'absolutely inappropriate' to '5' being 'absolutely appropriate'. The PO results show (Mean=1.756; SD=0.837) also indicate that is it absolutely inappropriate to purchase counterfeit products. Moreover, respondents' level of acceptability when it comes to manufacturing/purchasing of counterfeits and link to terrorism, the PR results show that this was totally unacceptable (Mean=1.569; SD=0.682) with '1' representing ' totally unacceptable' and '5'representing 'absolutely inappropriate'. The PO results (Mean=1.451; SD=0.685) show the attitudes of respondents was consistent before and after the videos. Once the respondents

connect the counterfeit industry with terrorism and organized crime, complicity to purchase counterfeits become more unacceptable. The respondents had strong views on the importance of ending the abuses, illicit activities and connection to terrorism with the counterfeit industry. The PR results show (Mean=4.236; SD=0.993) and PO results (Mean=4.493; SD=0.868) with '1' ranking 'Not at all important' to '5' ranking 'Extremely important' to end the abuses and illicit activities associated with counterfeit goods and connection to terrorism/organized crime. Table 1 shows the pre-test and post-test mean scores for ranking of items along with standard deviations, mean differences and p values. Results show significant changes between the pre-test and post-test instruments for nearly all items in the survey.

These results show interesting relationships among respondents' willingness to pay more for an authentic designer product over a counterfeit product. Furthermore, factors indicate complicity to purchase counterfeit goods is totally unacceptable once knowing the connection to terrorism and organized crime. Also, the child labor abuses were a concern among the respondents.

When all the factors considered, respondents are willing to pay more for authentic designer goods over counterfeit products. It is proven that once the respondents are made aware of the dangers and pitfalls of the counterfeit industry, complicity to purchase counterfeit products becomes an unacceptable practice.

Table 1

Mean values of items on pre- and post-test, standard deviations, mean difference

Items	Pre-test Mean	SD Pre-test	Post-test Mean	SD Post-test	Mean Difference	P Value
Familiar with counterfeits	2.842	0.981	3.737	0.741	0.8963	<0.0001*
Efforts to stop counterfeits	1.824	0.975	3.371	0.815	1.5488	<0.0001*
Familiar with illegal activities	2.218	1.036	3.542	0.786	1.3293	<0.0001*
Familiar with connection to terrorism	1.557	0.899	3.286	0.957	1.7317	<0.0001*
Concern over child labor abuses	3.339	1.181	4.225	0.922	0.8963	<0.0001*
Concern of counterfeit products/ effects on retailers selling authentic brands	2.945	1.159	3.908	0.925	0.9695	<0.0001*
Concern over retailer selling counterfeit goods	3.169	1.197	3.817	1.010	0,6524	<0.0001*
Exposed/ opportunity to purchase counterfeit goods	2.266	1.088	2.469	1.070	0.2012	0.0002*
How likely to pay more for authentic designer goods over counterfeits	4.000	1.093	4.134	1.137	0.1402	0.0962
How likely to recognize ‘original’ from counterfeit goods	2.775	1.144	3.250	0.974	0.4756	<0.0001*
How do you feel about buying counterfeit goods	2.236	0.825	1.756	0.837	-0.4878	<0.0001*
Level of acceptability of counterfeits/ link to terrorism	1.569	0.682	1.451	0.685	-0.1220	0.0134*
Importance of ending abuses, illicit activities, connection to terrorism	4.236	0.993	4.493	0.868	0.2622	<0.0001*

CHAPTER 5. CONCLUSION

The study found that respondents' complicity to purchase counterfeit goods became more unacceptable after watching the two videos from YouTube. Familiarity with counterfeit products showed a moderate increase with PR (Mean=2.842; SD=0.981) and PO results (Mean=3.737; SD=0.741). The study findings have several important contributions and implications.

The two videos from YouTube provided the knowledge and information needed to gain the results supporting the hypothesis. More specifically, concerns over child abuses and illicit activities connected to terrorism were rated at a highly concerned level with PR results show (Mean=4.236; SD=0.993) and PO results (Mean=4.493; SD=0.868). These findings suggest that the respondent beliefs about the counterfeit industry as a whole are pre-determined by a certain moral and ethical foundation of behaviors that are considered acceptable in society. The respondents also showed that they had a willingness to pay more for an 'authentic' designer product over the counterfeit product of the same design with the results of PR (Mean=4.000; SD=1.093) and PO results (Mean 4.134; SD=1.137). This indicates that before viewing the videos, the respondents were willing to pay more for an authentic designer product and after watching the two videos, the post-test shows a similar willingness to pay more for the authentic product over the counterfeit product. The study also indicated that respondents' level of acceptability when it comes to the manufacturing/purchasing of counterfeits and link to terrorism to be totally unacceptable on the PR (Mean=1.569; SD=0.682) and PO results (Mean=1.451; SD=0.685).

Overall, the current research concludes that persuasive efforts should focus on building consumer knowledge on the use of children in the manufacturing of counterfeit goods. Moreover, consumers need to be made aware of the abuse they suffer at the hands of

unscrupulous counterfeiters as well as the connection the counterfeit industry has with terrorism and organized crime. The counterfeit industry damages the fabric of America and costs the economy millions of dollars in lost jobs and lost revenue. The safety and health of the consumer is another reason to fight back against the illegal activities associated with the counterfeit industry and connection to terrorism. The study indicates that the respondents' attitudes towards the counterfeit industry were social unacceptable at a higher level after gaining the knowledge from the two videos on YouTube.

Based on the results, educational and promotional campaigns that focus on the illegal activities connected with the counterfeit industry may be an effective means of fortifying consumer beliefs concerning the negative consequences of purchasing counterfeit goods. Moreover, the study reflects that once consumers become knowledgeable on the negative consequences of the counterfeit industry and link to terrorism, complicity to purchase becomes unacceptable.

Furthermore, future research conducted could reveal if 'social shaming' on the Internet becomes the next 'hot button' method to dissuade consumers from complicity to purchase counterfeit products from Websites. As the millennial generation continues to expand in numbers, this newfound way of 'shaming' on social media could prove to be an effective tool against large designer corporations from copyright infringement of a smaller designer firm's creation.

Limitations to the Study

There are limitations to this study. To gain a more diverse, broad viewpoint, a larger age/ethnic demographic should considered. Social norms and values of the participants may have influenced their responses.

Another limitation was lack of participant exposure to counterfeit products according to the results as compared with participants who live in larger, urban cities where these products are more prevalent. Small sample size and lack of ethnic diversity is an additional limitation of the study.

Future studies could focus on larger universities in an urban setting where counterfeits may be found at local swap meets, flea markets, and sundry shops. Also, these studies could determine if income levels would affect the complicity to purchase the counterfeit goods. Therefore, future studies could ask consumers to state income and percentage they spend on apparel items.

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APPENDIX. 13 ITEM QUESTIONNAIRE: 5 POINT LIKERT SCALE

Counterfeit products are defined as identical copies of the authentic product. Almost any product can be counterfeited from shoes, clothing, handbags, jewelry and even medicines. Counterfeits are sold at a fraction of the cost of the authentic product.

Note: This survey would be given to the subjects before and after watching a short video on counterfeit products.

1) How familiar are you with counterfeit products?

1—Not at all familiar
2—Slightly familiar
3—Somewhat familiar
4— Moderately familiar
5—Extremely familiar

2) How familiar are you with efforts to stop counterfeiting?

1—Not at all familiar
2---Slightly familiar
3---Somewhat familiar
4---Moderately familiar
5---Extremely familiar

3) How familiar are you with the illegal activities associated with counterfeit products?

1—Not at all familiar
2---Slightly familiar
3---Somewhat familiar
4---Moderately familiar
5---Extremely familiar

4) How familiar are you with counterfeit products and connection to terrorism/organized crime?

1—Not at all familiar
2---Slightly familiar
3---Somewhat familiar
4—Moderately familiar
5—Extremely familiar

5) How concerned are you about child labor abuses related to counterfeiting?

1—Not at all concerned
2---Slightly concerned
3—Somewhat concerned
4—Moderately concerned
5—Extremely concerned

6) How concerned are you about counterfeit products and the effects on sales of legitimate retailers selling authentic brand-name products?

1—Not at all concerned
2---Slightly concerned
3---Somewhat concerned
4---Moderately concerned
5---Extremely concerned

7) How concerned are you about a retailer selling counterfeit goods?

1---Not at all concerned
2—Slightly concerned
3---Somewhat concerned
4---Moderately concerned
5---Extremely concerned

8) How often have you been exposed to or had an opportunity to purchase counterfeit products?

1—Never
2—Rarely
3—Occasionally
4---Sometimes
5---Frequently

9) How likely would you be to pay more for authentic designer products over counterfeited products?

1—Not at all likely
2—Slightly unlikely
3—Somewhat unlikely
4—Somewhat likely
5—Extremely likely

10) If a counterfeit product and exact 'original' of the same product were side-by-side, how likely would you be to recognize the difference?

1—Not at all likely
2—Slightly likely
3— Neutral
4—Moderately likely
5—Extremely likely

11) How do you feel about buying counterfeit products?

1—Absolutely inappropriate
2----Inappropriate
3----Neutral
4----Appropriate
5----Absolutely appropriate

12) What is your level of acceptability when it comes to the manufacturing/purchasing of counterfeits and link to terrorism?

1---Totally unacceptable
2---Unacceptable
3---Slightly unacceptable
4---Acceptable
5—Perfectly acceptable

13) How important is it to end the abuses, illicit activities and connection to terrorism with the counterfeit industry?

1---Not at all important
2---Slightly important
3---Neutral
4---Moderately important
5---Extremely important