Impact of Lifestyle on Brand Preferences
(Genuine versus Counterfeits Smartphones)

Mudassir Husnain¹ & M Waheed Akhtar¹

¹ MS Student, international Islamic university, Islamabad, Pakistan

Correspondence: Mudassir Husnain, Faculty of Management Sciences, International Islamic University Islamabad, Islamabad, Pakistan. Tel: 92-332-8044-585. E-mail: mudassirhusnain@yahoo.com

Received: August 17, 2015 Accepted: September 4, 2015 Online Published: October 15, 2015
doi:10.5430/jbar.v4n2p30 URL: http://dx.doi.org/10.5430/jbar.v4n2p30

Abstract
The objective of this paper is to investigate the lifestyle of Pakistani consumers and their effect on brand preferences (genuine vs counterfeits brands). This is basically an empirical study and a scale was developed to find out the impact of three variables namely; Status consciousness, Price consciousness, and need for uniqueness on brand preferences (genuine vs counterfeits). The questionnaire was distributed among the respondents on the basis of convenience sampling. The results showed that Pakistani consumers having different lifestyles exhibited very different pattern in their purchase behavior regarding counterfeits or genuine brands. For example, consumers with salient “Need for Uniqueness” are found to quiet contingent on consuming products to look different and most likely to prefer counterfeits brands. Findings from this study provide a useful framework for marketers to link their products to various lifestyle groups of Pakistani consumers, thus enhancing their productivity and profitability in the Pakistani market. In order to increase the external validity of results future research can be done using longitudinal designs.

Keywords: Status consciousness, Price consciousness, Need for uniqueness, Brand preferences, Pakistan

1. Introduction
Brand has paramount importance and intangible asset of company which occupies prominent position in customer minds. Without these intangible assets (brands) companies’ tangible assets have less value because customer demand largely depends on brand equity. Therefore, company takes several steps to protect their brand as these valuable assets are constantly facing risk. Risk either comes outside or inside the firm. Inside risks are associated to less effective response to customer complaints e.g. when Mitsubishi tires were found to be dangerous and cause of several auto accidents (The Economist 2001). Whereas outside risks are associated with imitation of successful brands, these imitations are made externally and illegally by an unauthorized producer which then sells these counterfeit products in market (Robbert & Smith, 2002). Illegal counterfeits involve health and safety risk for society and consumers. Counterfeits brand take advantage of trust by consumer on original/genuine brands. Counterfeits flourish rapidly and at increasing rate in developing countries because of weak legal infrastructures and corruptible public officials (Robbert & Smith, 2002).

In Pakistan telecom sector has a high potential for growth. Business Monitor International (BMI) ranked Pakistan as key destination for telecom as a high growth sector. 20% sales of smartphones are increasing on yearly basis, but there is 40% sales of smartphones are counterfeit and this is threatening the potential for growth in sector (Blue Chip Magazine, 2009). Pakistani consumers have different preferences so companies have to mold their strategies according to customer needs and wants. In order to understand these customers spending patterns marketers have to find out some affective ways. Lifestyle analysis could serve such purpose, as lifestyle analysis of consumers provide an effective approach to understand customer needs and wants (Michman and Mazze, 2009).

Lifestyle helps the customer during their purchase process; customer buys product that suits their lifestyles. Customer preferences for products or services are largely depend on the lifestyle of customer. In past research it has been proved that lifestyle is very useful or valuable in predicting the needs of customers & it also provide a solid base for customer segmentation for a particular products or services (Fournier et al., 1992). Moreover lifestyle analysis provide a mechanism that helps in making positioning strategies for product or services & it also allows the customer to gain the desired lifestyle by using the products or services (Michman & Mazze, 2009). Lifestyle analysis
can be very useful for the companies in making their managerial decision. A lifestyle analysis can help the companies to understand the needs of the customer whose needs are affected by social, environment and cultural changes (Jin et al., 2010). Marketers use lifestyle characteristics of customers in complex & competitive marketplace because it provides more accurate and practical information about customer needs (Kamakura and Wedel, 1995).

Lifestyle is very important in modern marketing activities. According to (Solomon, 1999) products are building blocks of lifestyle. Bahn et al. (1982) found that people use the products to show particular lifestyle in society. Some people use the products to differentiate themselves from others (Tian et al., 2001). The need for uniqueness has a very strong impact on consumer purchase process (Simonson & Nowlis, 2000). Several researchers have concluded that strong need for uniqueness people tend to adopt innovative products more than those peoples with less need for uniqueness (Amaldoss & Jain, 2005; Zimmer et al., 1999). Kim et al. (2001) found that there is a significant relationship between internet user’s lifestyle segments and product purchase intentions.

There are number of research has been established regarding the impact of lifestyle on customer purchase process (Divine et al., 2005; Jin et al., 2010). Even though a large body of lifestyle studies but there is less research in Asian countries regarding lifestyle (Tai & Tam 1997). In Asia the lifestyle study has been done in developed country like China (Jin et al., 2010), & it is very hard to find lifestyle study in developing country like Pakistan. According to (Jin et al., 2010), lifestyle impact should be examined in other cultures or countries.

The current study aims to fill this gap by making contribution to both Marketing literatures & field literature. First, as mention above that very little research has been done in developing country. Second, this study will provide the marketer a unique perspective to understand the needs of customers (Michman & Mazze, 2009). Third, it will help the companies to link their investment to various lifestyles of the consumers, because this study examines the three dimensions of lifestyles & their impact on consumption variables such as brand preferences thus they can enhance their productivity and profitability in Pakistani markets. Fourth, as counterfeits are damaging the economy of Pakistan so it will help the genuine brand marketers to understand the key reason to buy counterfeits, and then they can make appropriate strategies for reducing the demand of counterfeits and increasing the demands of genuine brands.

This current study will seeks to gain a better understanding of customer needs by examining the different dimensions of lifestyle & their impact on consumption variable like brand preference.

2. Literature Review

In early 1970’s the researcher started to examine the brand preference across several products (Mulyanegara & Ylenah, 2008). “Brand preference (or attitudes) can be regarded as a consumer's tendency toward a brand that varies depending on the salient beliefs that are activated at a given point in time (Fishbein & Ajzen1975; Mitchell and Olson 1981).

The result of brand preferences is the loyalty of brand (Punj & Hillyer, 2004). Brand preferences can be used to measure the brand loyalty which in turn provides information that helps in market segmentation (Grapolis, 1998). For gaining strong brand preferences and brand loyalty the marketer must develop strong relationship with customer through the positive association between brand and customer (Fournier, 1998). Customer brand preferences can be determine through brand positioning. Brand positioning helps the customer to identify the uniqueness and strength of brand (Aaker, 1991), and the customer perception about brand helps the marketer to develop long term relationship (Fournier, 1998). Consumer preferences and behavior are largely influenced by lifestyle (Boyd et al., 1995). Some customer having different lifestyle, they may prefer counterfeits or genuine brands.

2.1 Counterfeits products

Bian and Moutinho (2009) define counterfeits as products bearing a trademark that is identical to a trademark registered to another party, which is very similar to the authentic products. In other words counterfeits products that are deliberately and fraudulently mislabeled with respect to identity and / or source or these products are copied in illegal way. Counterfeits products does not exist without the existence of the higher value brand. The growth of counterfeits has been increase since in the 1970’s (Bian & Veloutsou, 2005), when levi’s discovered that in large amount of the jeans bearing its name, trademark logo were produced in south Asia and distributed throughout the Western Europe (Walker, 1981). Since then, counterfeits have been flooded in the market and increase at excessive rate (Phau & Teah, 2009). Globally the sales of counterfeits have been reached approximately to US$ 300 billion in a year (Gentry et al., 2006). Counterfeits offers price advantage over the genuine brands and that is the key determinant for the success for the counterfeits products (Bloch et al., 1993). Counterfeits products are harmful for both the society and economic growth (Bush et al., 1989). According to the Furnham and Valgerisson, (2007) due to
the counterfeits there is lost in jobs, unpaid taxes and the sales reduced, this brings loss about US$200 billion in a year. Firms make lots of expenditures on developing new product and counterfeit product reduce the returns of that owner on large investment as such financial returns are not coming so further inventions are less likely to occur (Grossman & Shapiro, 1988a).

2.2 Genuine/Authentic Brands

Authenticity is generally defined as the condition of being “genuine,” “trustworthy” or “real” (Arther, 2006). Genuineness can also be defined as process of formation and the physical resources used in the formation process or by constructive values that are subjective and derived from users’ perceptions of authenticity (Chhabra, 2005). Authenticity is a very important element for brand identity and it helps the marketing manager to create a strong brands. Due to increase competition in marketplace the marketers spend millions of dollars to protect their trademarks by which their various products and services are to be recognized and on which customer can trust or relied on having certain level of quality (Levy & Rook 1981). Mostly the buyers of genuine brands seek value, prestige and image benefits from brand (Bloch et al., 1993). In terms of product perspective customers believes that genuine brands are more trustworthy and reliable than counterfeit brands (Bian & Veloutsou, 2006). Customers prefers the genuine brands as a means to communicate self accomplishment to others (Hoe et al., 2003). Status consumers want to have those types of product that can reflect their self identity.

2.3 Lifestyle

To get success in the marketing field it is very important for the marketer to understand and predict the consumer behavior. Lifestyle concept has been very widely used to explore the consumer behavior. Solomon (2002) defines lifestyle as a consumption pattern that reflects a person’s choice of how to spend time and money. In marketing field lifestyle concept was first introduced by William Lazer in 1963 and the methods of measuring lifestyle of individuals and their relationship with buying behavior has been developing since then (Plummer, 1974). According to Lazer Lifestyle pattern as a system concept, it refers to distinctive mode of living in its aggregate and broadest sense; it embodies the pattern that develops and emerges from the dynamics of living in a society. There are different dimensions of lifestyle which are

1. Need for uniqueness
2. Price consciousness
3. Status consciousness

2.4 Price conscious and counterfeit products

Price consciousness can be defined as “the extent to which consumer focuses exclusively on paying low price” (Lichtenstein et al., 1999). To get even small item these consumers check the prices of all the related products (Aliawadi et al., 2001). Price consciousness customers always seeks best or lowest price for products. They just want value for the money. People buy counterfeit products because they are less expensive than the real or genuine products, people can get these products easily in the absence of authentic product (Gentry et al., 2001). Tom et al. (1998) point out that while buying cheaper counterfeit Rolex watch customer does not feel any hesitation. Earlier research had shown that price is the most important variable on the basis of which customer choose counterfeit products (Cespedes et al., 1988; Cordell et al., 1996). Huff and Alden, (1998) and (jin et al., 2010) conclude that price consciousness consumers shows positive attitude toward counterfeit brands. Price consciousness customers considered counterfeits as a value for money because it offers slightly substandard quality products at low prices than genuine brands (Bloch et al., 1993; Lichtenstein et al., 1999; Ang et al., 2001; Wang et al., 2005). On the basis of above literature it can be hypothesized that

H1: price consciousness has positive effect on the preferences of counterfeit products

2.5 Need for Uniqueness and counterfeit products

Consumer need for uniqueness is individual desire to look different from rest of society through using such type of products or brand that increase their self and social image (Tian et al., 2001). For getting unique self image the need for uniqueness helps the customer through consumption of products (Tian et al., 2001). These customers have curiosity to try new things so they have a positive attitude toward counterfeits of luxury products, as counterfeits are less costly than genuine products so it best suited these customer needs of curiosity and experiment of new things (Wee et al., 1995). Additionally, the growth of this illegal activity has been encouraged due to the consumer choice for “status laden” products at quite low prices. According to Wilcox et al., (2009) customer with strong need for uniqueness have social-adjustive attitude toward a product, and they just consume the product to gain the approval
from other people. People with strong need for uniqueness having social-adjustive attitude shows positive attitudes towards counterfeits products (jin et al., 2010). According to Wee et al. (1995) novelty seeking and risk taking characteristics of a person are most important antecedents of buying counterfeits. Novelty seeking consumers have curiosity to seek differences and varieties and they would probably want to try new products, they have positive attitude toward counterfeits because it offers low purchase risk as compared to genuine brands (Hawkins et al., 1980; Wang et al., 2005). On the basis of above literature it can be hypothesized that

**H2**: Need for uniqueness have positive effect on preferences for counterfeits product.

### 2.6 Status consciousness and non-counterfeits products

According to Eastman et al, (1999) status conscious is “The motivational process by which individual strives to improve their social standing through conspicuous consumption of consumer products that confer or symbolize status for both individual and surrounding others”.

As these peoples want to improve their status so their decision about which product to buy is dependent on both product characteristics and desire to maintain status in society. Brands are important means through which people can communicate facet’s of one person identity and to interact with others (Sirgy, 1982). Status conscious peoples express or show their status or prestige through the products which they consume (Behn et al., 1982). These peoples are more self conscious and more concerned on the impression which they want to make on others (Bushman, 1993). The status conscious people do not buy counterfeits because they think that it does not create a social image and impression (Boonghee & Seung, 2004). These consumers are motivated to buys luxury and branded product because it can meet their psychological needs by symbolizing a certain consumption pattern, communicating their certain social class, and communicating a certain meaning about their self image (Arghavan & Judith, 2000). Status conscious people have very less acceptance for counterfeits (jin et al., 2010). On the basis of above literature it can be hypothesized that

**H3**: Status consciousness has a positive effect on the branded product preferences.

### 3. Theoretical Framework

```
Need for uniqueness

Price consciousness

Status consciousness

Brand preferences
- Genuine Brands
- Counterfeits Brands
```
4. Research Methodology

4.1 Measure

The first part of the questionnaire measures the lifestyle of consumers. For that purpose we develop the questionnaire consisting of three lifestyles, i.e.:

1. Need for Uniqueness
2. Price consciousness
3. Status consciousness

For measuring need for uniqueness, we used two items from (Donthu & Gilliland, 1996), two items from (Shoham et al., 1998) and one item from (Jin et al., 2010). For measuring price consciousness, we used three items from (Aliawadi et al., 2001) and one item from (Lastovicka et al., 1999). For measuring status consciousness, we used two items from (Herche, 1994) and four items from (O'Cass & Frost, 2002). Customer purchase intentions towards counterfeit products were measured with three items and customer purchase intentions towards genuine products were measured with four items and these seven items were adapted by Wang et al. (2005). Responses of all items were measured by agreement with statements, which range from 1=strongly disagree to 5=strongly agree on a five-point Likert scale.

4.2 Population and sample size

Smartphone users are the population of this study in the city of Islamabad, capital of Pakistan which is recognized as dense and ethnically diverse city (people with different background from all over the country are living there). We can’t argue that the smartphone users in this city completely represent the Pakistani sample, but we can draw up a general picture of how lifestyle impacts on customer brand preferences in Telecom sector. Sampling technique that was used to select respondents was convenience sampling. Respondents filled up a survey questionnaire during the period of May-June 2012. Responses were analyzed in this study from almost 250 customers.

4.3 Demographics of respondents

Demographic data shows that majority of respondents were male: 218, to 12 percent female. Just more than three quarters (79 per cent) were under 40 years of age. Graduates accounted for 43 per cent of all respondents. 64 percent among the respondents are unmarried.

4.4 Analysis used

Multiple regression analysis was carried out to examine the association among the three key dimensions of lifestyle and brand preference, in this perspective.

5. Results and analysis

Table 1. Mean, Slandersed Deviation, Reliability, Correlations

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>NFQ</th>
<th>PC</th>
<th>SC</th>
<th>GBP</th>
<th>CBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFQ</td>
<td>3.21</td>
<td>1.06</td>
<td>(0.909)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PC</td>
<td>3.49</td>
<td>1.001</td>
<td>.726**</td>
<td>(0.873)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC</td>
<td>3.82</td>
<td>.811</td>
<td>.441</td>
<td>.502</td>
<td>(0.877)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>3.95</td>
<td>.936</td>
<td>.591</td>
<td>.512</td>
<td>.694**</td>
<td>(0.765)</td>
<td></td>
</tr>
<tr>
<td>CBP</td>
<td>3.35</td>
<td>1.33</td>
<td>.929**</td>
<td>.664**</td>
<td>.631</td>
<td>-.002</td>
<td>(0.850)</td>
</tr>
</tbody>
</table>

**, Correlation is significant at the 0.01 level (2-tailed). N=218, α values in parenthesis, NFQ=need for uniqueness, PC=price consciousness, SC=status consciousness, GBP=genuine brand preferences, CBP=Counterfeits brand preferences

We computed means and standard deviations for each variable and created a correlation matrix of all variables used in hypothesis testing. Means, Standard deviations, reliabilities, and correlations among all scales used in the analyses are shown in Table 1. The constructs of the entire variables were tested for reliability analysis using cronbach alpha scores, and the values of cronbach alpha for all the variables were above the minimum level of 0.70 which was
recommended by (Nunnally, 1978). After analyzing the Table 1, we can see that the Need for Uniqueness and counterfeits brand preferences is positive correlated at the level of 0.929, the price consciousness and counterfeits brand preferences is positive correlated at the level of 0.643, the Status consciousness and counterfeit brand preferences are positive correlated at the level of 0.63. Price Consciousness and genuine brand preferences are positive correlated at the 0.51. Need for uniqueness and genuine brand preferences are positive correlated at the 0.59. Status consciousness and genuine brand preferences are positive correlated at the 0.69.

5.2 Regression analysis

5.2.1 Regression analysis between need for uniqueness, Price consciousness and counterfeits brand preferences:

Table 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.020</td>
<td>.252</td>
<td>-.081</td>
</tr>
<tr>
<td></td>
<td>NFQ</td>
<td>1.108</td>
<td>.081</td>
<td>.944</td>
</tr>
<tr>
<td></td>
<td>PC</td>
<td>.970</td>
<td>.090</td>
<td>.735</td>
</tr>
</tbody>
</table>

a. Dependent Variable: counterfeits brand preferences

The result shows that need for uniqueness had significant (p<0.05) effect on counterfeits brand preference (β=0.944). The β value of H2 shows that one unit increase in need for uniqueness will bring 94.4 percent increase in counterfeits brand preferences. The results provide a sufficient evidence to support H2. Our finding confirms the finding of Jin, et al., (2010). The result shows that price conscious had significant (p<0.05) effect on counterfeits brand preference (β=0.735). The β value of H1 shows that one unit increase in price conscious will bring 73.5 percent increase in counterfeits brand preferences. The results provide a sufficient evidence to support H1. Our finding confirms the finding of Jin, et al., (2010), Huff and Alden, (1998).

Table 3

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.864</td>
<td>.406</td>
<td>2.129</td>
</tr>
<tr>
<td></td>
<td>SC</td>
<td>.809</td>
<td>.107</td>
<td>.694</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Genuine brand preferences

5.2.2 Status consciousness and genuine brand preferences

The result shows that status consciousness had significant (p<0.05) effect on genuine brand preference (β=0.694). The β value of H3 shows that one percent increase in status consciousness will bring 69.4 percent increase in genuine brand preferences. The results provide a sufficient evidence to support H3. Our finding confirms the finding of Jin, et al., (2010) and (Arghavan & Judith, 2000).

6. Discussion and conclusion

Generally, we found sensible and fine support for many of the hypothesis. Particularly, all of the three predictions regarding brand preference were confirmed, with “price consciousness” and “need for uniqueness” exposed to counterfeits smartphone brands, and smartphone users who are more “status consciousness” favors to buy genuine smartphone. Price consciousness was found to be the most important predictor of lifestyle for counterfeits smartphones at least in Pakistan. While, status consciousness influence consumer attitude towards genuine smartphone brands. Status conscious smartphone users who are more dedicated to their favorite genuine brands do not wish for brand equity/image to be diluted by counterfeits. The demand for counterfeit in turn increases the supply of them (Grossman & Shapiro, 1988). As more smartphone users use the similar genuine smartphones will decrease...
the “image/status” of that brand, then they will seek towards other smartphone brands which they still considered as status brands. Current study reflects that individual having strong need for self respect or status consciousness in Pakistan tended to believe that original smartphones have better quality, more fashionable and more appropriate for high status class then counterfeits brands. They believe that they can get the desired status through the usage of branded smartphones. They want to express their self image through

- Becoming an early user of smartphones having innovative features
- Buying products that are socially acceptable
- Choosing that type of smartphones that suits their status

Price consciousness was found to be significant with counterfeit smartphones brands and this shows that the consumer thinks that counterfeit smartphone brands should perform at same standard and with similar utilitarian functions to that of the genuine smartphone brands. One issue that was much discussed in the past is differences in quality, reliability and functionality between counterfeits and originals (Eisend & Schuchert-Güler, 2006). Counterfeits of china are unexpectedly of high quality because they attach “grading system” to separate the better quality products from lower quality products (Gentry et al., 2006). Therefore it offers consumer a bigger incentive to buys counterfeits whose prices are lower and attributes are compatible with original products (Wee et al., 1995). China also captures a big market for its counterfeits smartphones in global market, and also in Pakistan with less legislative issues (e.g. Pakistani importers import these counterfeits brands through black channel for the sake of paying custom duty). Consumers believe that purchase intentions of genuine smartphones do not affect negatively by accessibility of counterfeits smartphones easily.

The desire of need for uniqueness customers is to communicate their individuality to others, and for that purpose they use exceptional means. In Pakistan Customers with strong need for uniqueness consult with others before making their own purchase decision; these consumers do not recommend the products to others. They do not care about the brand, while buying counterfeit brands they considers it could bring them the sense of uniqueness.

6.1 Managerial Implications and theoretical contribution

Theoretically, this study makes valuable contribution in existing literature by examining key predictors of consumer brand preferences for genuine and counterfeits brands. It also identifies the importance of each predictor in predicting purchase intentions of consumers.

The study result also suggests several managerial implications for genuine smartphone marketers.

- First, this study discuss different lifestyles of consumers that include different ways in which Pakistani consumers live and interact with each other, and it provide comprehensive information about the consumers to market to better understand what kind of lifestyle leads to buy counterfeits brands, on the basis of this information they make an appropriate strategies to reduce the demand of counterfeits and increase the demands of genuine smartphones.
- Second, it provides very useful information to the marketers with which they can formulate segmentation strategies effectively.
- Third, the manufacturers of genuine smartphones can keep their customers through brand extensions by doing this they can satisfy each customer having different lifestyle.
- Fourth, as basic reason for buying counterfeits is it easily available in the absence of genuine brands so genuine brand marketers have to sure that consumers have easy access to these genuine products.
- Fifth, Genuine smartphone manufacturers can apply anti-counterfeits tactics by bringing periodic changes like changes in shapes.

6.2 Limitations and Future Directions

The findings of current study constrained by a number of limitations that are relevant to the future research directions that concern on lifestyle and consumption pattern. First, the current study uses just one instrument for data collection i.e. Questionnaires, to increase the validity of study future research can be conduct by using consumers behavioral data such as actual purchase data. Second, this study was conducted at one point in time, to increase the external validity of results, longitudinal designs could be incorporated.
References


