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COMBATTING THE “FAKE ONE”: A CASE STUDY OF COUNTERFEIT SITI KHADIJAH TELEKUNG

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Abstract: Counterfeit goods purchase issues have become severe due to the tremendous consumer demand causing the mushrooming counterfeit markets. The dark markets pose the most substantial challenge for fashion manufacturers in preventing consumers from participating in counterfeiting activities as the growth of online marketplace enables the anonymous identity of both the seller and buyers. Based on the Siti Khadijah brand case study, this preliminary study sought to uncover insight into counterfeit goods purchased through the lens of fashion manufacturers through in-depth interviews. The data were analysed using inductive thematic analysis, and four themes emerged from this analysis: legal action, responsible consumers, unreachable audience, and lengthy process. The Siti Khadijah brand has taken serious measures to combat this illegal and unethical consumption practice. The conclusions confirmed that fashion manufacturers believe that educating and changing consumers' mindsets in respecting intellectual property rights are more sustainable prevention strategies than legal action and enforcement, which require many resources from fashion manufacturers. This preliminary study contributes knowledge to counterfeit branded fashion goods and consumer behaviour as the emerging themes described the insights captured from the Siti Khadijah brand, representing the Malaysian fashion industry, which has continuously become a victim of counterfeiters. This research contributes to scholarly and managerial knowledge in the Malaysian context through more cognizance of comprehending the actual cases of counterfeit consumption phenomena.

Keywords: Counterfeit goods, Fashion brand, Case study, Thematic analysis

1. Introduction

Malaysia is one of the Asian countries struggling to combat the supply of counterfeit goods, as escalating consumer demands have led the Malaysian counterfeit market to hit a whopping RM464 million in business value (Nik Hashim et al., 2018). According to the Ministry of Domestic Trade and Consumer Affairs, 340 cases of counterfeit clothing confiscation were recorded across the country, and the confiscation value amounted to RM5.81 million in the year 2021 (The ASEAN Committee on Consumer Protection, 2022). Despite few regulations and acts have been established to monitor counterfeiting activity (Dahlan & Rosmin, 2022), globalisation facilitates the movement of counterfeit products across borders, which become a challenge for the authority bodies to enforce intellectual property rights in dealing with cross-border trade and online transaction (New Straits Times, 2023).

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Accordingly, the anti-counterfeiting programmes enforced in Malaysia are more concerned with removing counterfeit goods from the shelves and the market.

1.1. *Overview of Counterfeit Goods Purchase*

Malaysia has been positioned as number three rank in Asia for selling counterfeit goods; around

1,249 websites have been blocked, and 729 social media accounts with postings containing counterfeit products concern about security among Malaysian consumers as they have been exposed to and encountered fake online shops when shopping online (e-Commerce Consumers Survey, 2022).

Siti Khadijah "telekung" is one of the eminent Muslim brands that has been counterfeited and sold widely across Malaysia (Berita Harian, 2016; Harian Metro, 2019; Malaysia Gazette, 2019; New Straits Times, 2018). A past investigation discovered that Malaysian consumers prefer calling counterfeit goods with some terms, including "grade," "premium," "high-grade," and "copy-ori", which denote counterfeit branded fashion goods. Furthermore, consumers know that their purchasing behaviour of counterfeit fashion goods is illegal and unethical. However, they can still "excuse" their behaviour and compensate themselves for making the best purchase decision.

2. **Literature Review**

Counterfeiting refers to the unauthorised production of goods that imitate unique features, such as names, contents, or signs, legally recognised and protected by intellectual property rights (Bian & Veloutsou, 2007). Counterfeiting of logos, trademarks, colours, emblems, or any visual element is prohibited by law in all countries. Research on counterfeit goods has shifted focus from consumers' general attitudes towards counterfeiting and piracy to investigating supply chains and examining the legality of consumers' voluntary participation in counterfeit consumption (Eisend & Schuchert-güler, 2006; Large, 2014). Two requirements are present in the context of acquiring counterfeit goods, as identified by Eisend and Schuchert-güler (2006) and Phau et al. (2015). Grossman and Shapiro (1998) recognised two types of counterfeiting: deceptive and non-deceptive. Deceptive counterfeiting occurs when uninformed or unknowing people are tricked into buying counterfeit luxury fashion items. On the other hand, non-deceptive counterfeit purchase refers to a situation where a buyer knowingly and with sufficient knowledge chooses to buy counterfeit goods despite being able to differentiate them from genuine products (Eisend & Schuchert-güler, 2006; Wiedmann & Hennigs, 2017).

The emergence of online marketplaces and social media, which allow consumers to be anonymous, promotes counterfeit consumers to be irresponsible in their consumption practices. Research has shown that Malaysian consumers prioritise their economic interests rather than feeling obligated to safeguard the nation and the industry's capacity to endure (Harun et al., 2020; Koay, 2018). Hence, consumers believe that the luxury brand market has contributed to an unequal distribution of wealth in society, making consumers the "victims" in this situation (Koay, 2018; Thaichon & Quach, 2016), and to some extent, feelings of hatred and envy drive consumers to engage in counterfeit goods purchase (Marticotte & Arcand, 2017). Consumers rationalised their purchase of counterfeit goods as morally acceptable, indicating a lack of integrity in their purchasing habits (Teo & Mohd Yusof, 2017; Ting et al., 2016). As pointed out by prior literature, research on counterfeit goods purchase is long due and paramount as the online marketplace has multiplied its size (Chaudhry, 2022) and generation has shifted, but consumers perception as being a "smart shopper" and savvy consumers through the purchase of counterfeits is still unquestionable (Kumar et al., 2020; Singh et al., 2021). Some scholars claim that it is unjust to expect consumers to be responsible for addressing the issue of counterfeit fashion goods (Large, 2014).

3. **Methodology**

This preliminary study strives to explore the insights of counterfeit goods from the lens of fashion goods manufacturers and uses case study analysis. Data were collected through in-depth interviews with Siti Khadijah Apparel Group to uncover their strategy for combating counterfeit Siti

Khadijah "telekung." Semi-structured interviews were used, which were conducted for around 45 minutes with the Siti Khadijah Group. The data were analysed into thematic analysis as it offers a way of recognising and tapping the underlying themes in a given dataset, flexible enough to be modified for the needs of many studies, and non-intricate, besides providing rich and elaborate data (Braun & Clarke, 2019; Vaismoradi et al., 2016). In an attempt to empower a holistic perspective, researcher triangulation was attended to validate the data analysis and findings. The interchange and discussion of interpretations helped the researchers to define and redefine the direction of analysis. The researchers examined data categorisation and comparisons between the informant's reports to identify the primary themes.

4. Findings and Discussion

Four themes emerged related to the Siti Khadijah brand strategy in combating the counterfeit market: legal action, responsible consumers, unreachable audience and lengthy process. Hence, it validated that the Siti Khadijah brand has endeavoured to prevent the sales of fake versions of Siti Khadijah on social media platforms and collaborate with Shopee, Tik Tok and KPDNHEP. Nevertheless, counterfeit platforms seem onerous to combat due to the high commitment and long process related to the legislation on intellectual property rights, which requires a lot of cost and time. Consequently, Malaysian societal norms legitimise counterfeit consumption practices and explain the reasons behind futile awareness and educational campaigns combating counterfeiting activities. Despite the awareness campaign accomplished by the Siti Khadijah brand, consumers' resistance to changing mindset and unreachable audience to amplify the awareness message on negative consequences of counterfeits become a barrier for the brand to educate consumers on the essence of stopping purchasing counterfeit Siti Khadijah "telekung."

This finding verified the gravity of educating Malaysian consumers to appreciate intellectual property rights and sustainable strategies in enhancing awareness or education campaigns. Instead of relying on legislation and legal enforcement, the fashion industry needs to consider practical strategies to reduce the level of ignorance of the consumers on their consumption practice as, over time, encourage generational shifts; nonetheless, consumers' mindsets and attitudes towards counterfeits are still unwavering.

5. Conclusion

This preliminary study goes beyond simply by investigating counterfeit Siti Khadijah "telekung" consumption among Malaysian consumers. Siti Khadijah has made considerable efforts and initiatives to protect their intellectual property. Nevertheless, consumers' purchase behaviour and psychological rationalisation on the purchase of counterfeit Siti Khadijah is a challenge for this brand in achieving business sustainability. Therefore, future studies should be conducted to explore further valuable insights from the perspective of consumers, which is unknown to the industry, and to assist Siti Khadijah in devising a mechanism for managing the counterfeit problem.

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