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## IT'S FAKE, BUT I BUY IT! A STUDY ON THE Consumption of pirated and counterfeit products in the brazilian border cities of Santana do Livramento/BR and Rivera / Uy

É FAKE, MAS EU COMPRO! UM ESTUDO SOBRE O CONSUMO DE PRODUTOS PIRATAS E FALSIFICADOS NAS CIDADES FRONTEIRIÇAS SANTANA DO LIVRAMENTO/RS E RIVERA/UY

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# ABSTRACT

**Purpose** – This study seeks to identify the behavior of buying pirated and counterfeit products in the border towns of Santana do Livramento/RS and Rivera/UY.

**Design/methodology/approach** – In order to achieve the proposed objective, a quantitative, descriptive research was undertaken using the survey method. The study sample comprised 562 observations, 274 of respondents from the city of Santana do Livramento/RS and 288 from residents of the city of Rivera/UY.

**Findings** – The main results show that there are not many differences in the opinions of buyers and Uruguayan respondents in relation to the consumption of pirated and counterfeit products, and issues related to price and belonging to a social group do not seem to be the main motivations for the family of types of products.

**Research limitations/implications** – The study was limited with regard to the sample, which did not have a probabilistic nature. Thus, it is suggested that new studies that seek to represent the population, and that are carried out in other borders of countries, in order to understand the way in which cultures can interact and spread habits among them.

**Practical implications** – As practical implications, the need to develop marketing objectives with the intention of minimizing the interest and purchase of counterfeit and pirated products is highlighted.

**Social implications** – Regarding the social implications, the potential effects of the purchase and consumption of counterfeit products for individuals are highlighted, since such behavior can reflect negative aspects both for the physical health of consumers and for the economy of the losing country. millions in taxes.

**Originality/value** – The originality of the study lies in the fact that it strengthens the findings on the subject in academics, in addition to bringing a comparison of consumer professionals of two nationalities.

Keywords: Fake; Counterfeit; Consumer; Border.

# RESUMO

**Objetivo** - O presente estudo busca identificar o comportamento de compra de produtos piratas e falsificados nas cidades fronteiriças Santana do Livramento/RS e Rivera/UY.

**Metodologia** – Para alcançar o objetivo proposto, empreendeu-se uma pesquisa de cunho quantitativo, do tipo descritivo, por meio do método survey. A amostra do estudo compreendeu em 562 observações, sendo 274 de respondentes do município de Santana do Livramento/RS e 288 de moradores da cidade de Rivera/UY. **Resultados** - Os principais resultados apontam que não existem muitas diferenças nas opiniões dos respondentes compradores e uruguaios em relação ao consumo de produtos piratas e falsificados, sendo que questões relacionadas a preço e pertencimento a grupo social, parecem não ser as maiores motivações para a família tipos de produtos.

**Limitações / implicações da pesquisa** - O estudo se limitou no que se diz respeito à amostra, que não possuiu cunho probabilístico. Assim, sugere-se novos estudos que busquem representatividade da população, e que sejam realizados em outras fronteiras de países, a fim de compreender a forma que as culturas podem interagir e difundir hábitos entre elas.

**Implicações práticas** – Como implicações práticas ressalta-se a necessidade de desenvolver objetivos de marketing com a intenção de minimizar o interesse e a compra de produtos falsificadas e piratas.

**Implicações Socias** – Em relação as implicações sociais, ressalta-se os aspectos potenciais efeitos da compra e do consumo de produtos falsificados para os indivíduos, uma vez que tal comportamento pode refletir em aspectos negativos tanto para a saúde física dos consumidores, quanto à economia do país que perde milhões em impostos.

**Originalidade** - A originalidade do estudo reside no fato de fortalecer os achados sobre a temática na acadêmica, além de trazer uma comparação de profissionais de consumidores de duas nacionalidades.

Palavras-chave: Fake; Falsificado; Consumidor; Fronteira.

## **1 INTRODUCTION**

The act of consuming has been present throughout human history as a way of establishing social relationships, being perennial and timeless (Bauman, 2008). Regarding consumption motivations, Bourdieu (2003) theorizes on the habitus that human beings consume as a way of being inserted in society, in constant metamorphosis, as they migrate through different levels of the social sphere.

Among the oldest and most widespread forms of consumption in different societies, the commercialization of pirated and counterfeit products has been gradually growing (Chaudhry et al., 2009; Wilcox, Kim, & Sen, 2009). According to the International Chamber of Commerce (ICC) (2017), pirated and counterfeit products pose risks to the health and safety of consumers around the world, in addition to representing a deficit of 5.4 million formal jobs by 2022. Additionally, the global economy suffered a loss of US\$ 4.2 million due to the sale of illegal products (ICC, 2017). The Brazilian National Federation Against Piracy and Illegality (FNCP) (2015) reported that the Brazilian market of counterfeit products caused a deficit of R\$ 115 billion for governmental spheres, failing to collect taxes necessary for the growth of the economy, the structure of the country, and the companies that are crippled by these illegal practices (FNCP, 2015).

The preponderance of research carried out in large commercial centers in the country is also recurrent (Diniz, Leite, & Pinto, 2017), which is an opportunity to explore different realities from those commonly analyzed, such as the case of border cities, which Machado and Steinman (2010) defined as marginalized places far from their political and economic capitals, thus possibly having different consumption situations. In this context, this study aims to identify the behavior of purchasing pirated and counterfeit products in consumers of the border cities of Santana do Livramento (Rio



Grande do Sul State, southern Brazil) and Rivera (Uruguay).

The border separating both cities is characterized as a dry frontier with shared infrastructure and an urban center that merges two cultures of different nationalities into one place (Cassanego, Bardesio, Huezo & Rossi, 2012; Flores; Bidarte, 2019). This study has its differential in seeking to understand how the trade of pirated and counterfeit products operates in a region yet to be researched, and which can, through its findings, contribute to advancing this theme in academia and incite ways to curb this illegal practice. For organizations, this study can provide new knowledge on the purchasing decisions and essential characteristics evaluated by consumers who choose to purchase goods in the informal market instead of buying from businesses legally established.

In addition, consumers of counterfeit and pirated products are known to behave heterogeneously (Casali & Costa, 2014), justifying new research aimed at explaining the motivations for acquiring such goods and not just focusing on studies based on legal and inspection perspectives. Given the above, this manuscript is structured as follows: after this introduction, the theoretical foundation discussing the themes that comprise this study is presented, followed by the methodological approach and the discussion of the results. Finally, the conclusion of this study and references are presented.

## 2 LITERATURE REVIEW

### 2.1. Pirated and counterfeit products

The terms "pirated products" and "counterfeit products" are commonly used synonymously (Martins et al., 2011), thus being relevant to differentiate these two categories. Pirated products are understood as the unauthorized copying of audio recordings, images, software, books, and other intellectual property, while counterfeiting is the reproduction of unique aspects of certain merchandise (symbols and models of a brand) without acknowledging the company that holds the copyright. This category includes clothes, accessories, and similar items (Orrico, 2004; Adipec, 2007; Houaiss & Villar, 2008; Kotler; Keller, 2012).

Lai and Zaichkowsky (1999) conceptualized counterfeiting as products illegally produced and, despite being very similar to the original goods, are of inferior quality in terms of performance, safety, and durability. Hence, pirated products are characterized as the exact copies of genuine products, and because of this, these products are often erroneously purchased by consumers as being, in fact, legitimate (Kwong et al., 2003). In line with the numerous technological advances that took place at the end of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup> century, human beings have also conceived ways to manufacture and copy products and creations without authorization from their respective owners (Barreto, 2011). The exponential increase in this activity has triggered actions seeking to expand copyright and intellectual property protection to reduce the sale of fraudulent and illegal products (Barreto, 2011; National Forum to Combat Piracy, 2014; Federal Revenue, 2016; Nunes, 2017). Barreto (2011, p. 100) further clarifies that the illegal trade of these products "has been generating enormous financial losses for the authors of the works, commerce, and society as a whole, given the taxes that are no longer collected and the jobs that cease to be effective.". In accordance with this statementMoreover, Nunes (2017) reported that the commercialization and distribution of these products have undermined the generation of millions of new formal jobs.

Studies have shown that this type of trade is often interconnected with criminal activities, including muggings and terrorism, and is included in the category of smuggling weapons and drugs in Brazilian legislation (Barreto, 2011; Almeida et al., 2017). Nonetheless, this market of pirated and



counterfeit products has become a common ordeal in the daily lives of Brazilian people due to the plethora of products readily available and moving the economy, generating income, and benefiting formal and informal workers (Almeida et al., 2017). However, the negative effects of this behavior reflect in deficits for the country, which ceases to invest in the well-being and development of its population and affects companies and their revenue, leading to cuts in the workforce and further reducing formal job openings (Almeida et al., 2017).

Combating counterfeiting and piracy has become a challenging proposition for governments around the world. Stumpf, Chaudhry, and Perretta (2012) listed that some of the reasons for such concern are due to the negative impact that the trade of these products has generated in the gains provided by the innovation of goods for the proprietary companies, in the influence, sales, reputation and brand values, and the threat they pose to consumer well-being.

Given the aforementioned negative results of the marketing of pirated and counterfeit products, doubts arise as to how and why this type of merchandise plays such a significant role in the consumer market in different parts of the globe, since, in addition to being an illegal practice, they supply risks to consumer health (Barreto, 2011; Stumpf, Chaudhry & Perretta, 2012).

Piracy has established itself as a global problem (Barreto, 2011), which according to Paes (2011) has affected numerous countries' internal and external legal security (Barreto, 2011; Paes, 2011). The harm caused by consuming pirated and counterfeit products goes beyond consumer health and physical integrity issues and causes enormous damage to both companies and the government, leading to losses of R\$ 1 billion per year (The Brazilian Association for Combating Counterfeiting; ABCF, 2021). In fact, Brazilian legislation states that counterfeiting and piracy are characterized as organized crime, in which manufacturers, brokers, intermediaries, and sellers operate, in addition to the final consumers (ABCF, 2021).

Measures to reduce and combat this practice have been created through laws and campaigns seeking to raise consumer awareness of the damage caused by piracy. Three laws in Brazilian legislation aim to apply punishments and sanctions on piracy, namely: Law No. 9609/98 (Intellectual Property of Computer Software), Law No. 9610/98 (Copyright Law), which refer to the civil sanctions applicable to repair the damage caused by commercializing pirated products, and Decree-Law No. 2848/40 (Penal Code), which covers the criminal sanctions for the crime of piracy and considers any person who distributes, sells, acquires, conceals, or possesses a copy of intellectual work or phonogram without authorization from the authors.

In addition, as a measure to combat illegality based on consumer perception, the National Forum Against Piracy and Illegality was created in Brazil. Since 2006, this organization has developed educational campaigns and other activities to raise awareness of the legal aspects of the economic and social impacts of counterfeiting. In this context, research has been carried out to understand consumer attitudes towards illegal products and the variables that can be used to sensitize this public regarding the fight against piracy. Authors including Mendes and Cavedon (2012) and Cunha et al. (2014) reported that this is a daily activity in Brazilian society, as combating piracy is a complex activity for the government and private businesses due to the low value that these products have and ease in acquiring them. In addition to *"camelódromos"* (informal markets comprised of street vendors), these goods are sold in places such as shopping malls, commercial centers, stores, among others (Mendes & Cavedon, 2012; Cunha et al., 2014).

Based on these findings, it is understood that strategies to combat piracy can be better accepted and generate more significant effects when aimed at sensitizing the morality of individuals than those that appeal to the damage caused by this illegal behavior (Casali & Costa, 2014). This is in line with Gundlach and Murphy (1993) and Tuana (2007), who demonstrated that actions to combat piracy should focus on consumer education and not be based on the assumption of punishments for

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the crime of piracy. Finally, given the objectives of this study, a brief contextualization of the market situation for pirated and counterfeit products in Uruguay is relevant. According to Vanderaa (2005, p. 338) for Uruguay, "despite the growing mobilization in favor of the fight against piracy, the organization of the fight against it is yet to be effective." Moreover, there are several campaigns and laws against this type of practice in Uruguay, including the Trademark Law (Law No. 17.011/98). However, a large number of scientific studies cannot be found that identify a more specific and detailed panorama of the behavior of consumers regarding illegal products, thus signaling the lack of research that can explain the local reality to facilitate the development of projects and programs that raise awareness and combat the trade of pirated and counterfeit products.

### 2.2. Intentions and motivations of consumers of pirated and counterfeit products

Consumer purchase intention is commonly used in surveys seeking to anticipate the launch of new products, and together with cognitive and affective dimensions, it serves as an indicator of the reaction of individuals to particular products, offering information about the acceptance or not of purchasing a given good (Matos & Ituassu, 2005). As for acquiring pirated and counterfeit products, the literature points to other characteristics capable of favoring the consumption of illicit products. Eisend and Schuchuert-Guler (2006) clarified that purchasing counterfeit products can be related to hedonic purchase values, that is, in the individual economic utility seen by consumers from affective, experimental, and symbolic domains of consumption, in which the individual sometimes uses this practice as a way to acquire status (Teixeira & Hernandez, 2012; Malik et al., 2020).

In the same sense, Ajen (1991) sought to understand the factors that influence the purchase of pirated CDs and identified a significant influence of social factors, value awareness, integrity, and income on consumers' purchase intention. Nonetheless, the authors observed that consumers who have already consumed this specific type of merchandise have a greater propensity to defend and repurchase those products at some point in their lives. In fact, Matos, Ituassu, and Rossi (2007) reported that the consumption experience has previously influenced the way the consumer perceives purchasing counterfeit products, understanding it more condescendingly, that is, the greater experience and contact with these goods, the greater the frequency of consuming in these businesses (Matos & Ituassu, 2005).

Regarding the distinction in the opinions and attitudes of consumers who already have experience in purchasing pirated and counterfeit products and those who have never bought them (Kwong et al., 2003), Solomon (2002) argued that higher behavioral negligence related to the consumption of a portion of individuals is due to technological evolution and cultural globalization, which ends up modifying the moral perception of individuals and increasing the consumption of illegal products. For Miyazaki, Rodriguez, and Langenderfer (2009), market restrictions, including rising prices or limiting the availability of original products for some social classes, correspond to factors that stimulate piracy growth.

Segabinazzi, Reale, and Martins (2017) analyzed income and social class variables and observed that individuals from the upper and lower classes have, predominantly, similarities regarding the consumption of pirated and counterfeit products. The authors emphasized that the price factor is an important motivator for purchasing these products, and this aspect is influenced by different motivations for low- and high-income individuals.

According to Souza et al. (2015), Brazilian consumers purchase counterfeit items motivated by the value of utilitarian consumption, consisting of factors such as price, practicality, and time. Furthermore, these consumers are influenced by immediate personal gratification, thus making the



purchasing of counterfeit products also have a symbolic role for consumers. The authors correlated this finding with the most consumed pirated and counterfeit products by Brazilians, with DVDs, CDs, music, movies, electronic games, software, clothing, toys, and bags being the most commonly consumed goods, followed by watches, glasses, sneakers, perfumes, electronics, among others (Novelli & Soares, 2015; Souza et al., 2015; Segabinazzi, Reale, & Martins, 2017). Likewise, a study carried out by FECOMERCIO-RJ (2019) showed that individuals who consume pirated and counterfeit products are aware of the illegality of this act and that this behavior hampers the economy, increases crime rates, and generates unfair competition for companies, which leads to lower formal job openings.

Another factor that increases the consumption of pirated and counterfeit products in different countries is fewer job openings, as individuals start opting for cheaper products. Another element that corroborates this higher consumption of pirated and counterfeit products is the high cost of starting new businesses, causing individuals to resort to alternatives to obtain income to support themselves (Fernandez, Duarte, & Ribeiro, 2017).

### **3 METHODOLOGY**

This is a descriptive study that aims to specify the characteristics of the consumption of counterfeit products among residents of the cities of Santana do Livramento (southern Brazil) and Rivera (Uruguay). This type of research aims to accurately demonstrate a phenomenon, context, or situation (Sampieri, Collado, & Lucio, 2013). As for the approach, this study is quantitative in nature (Agresti & Finlay, 2012). In order to obtain representative information about the consumption experiences of counterfeit products, a survey-type study was developed (Sampieri, Collado, & Lucio, 2013). The authors developed the data collection instrument based on the literature on the subject and structurally developed it according to the recommendations of Hair et al. (2005) and Malhotra (2006). The development of a research instrument was because, in the literature on the subject, an instrument that specifically contemplated the objectives proposed herein was not obtained. Therefore, we chose to develop a questionnaire based on the instruments of Suki, Ramayah, and Suki (2011), Casali and Costa (2014), and Santos, Gonçalves Filho, and La Falce (2017), as listed in Table 1.



Table 1 - Research tool

Question	Authors
I usually plan when I'm going to buy a pirated/counterfeit	Santos, Gonçalves Filho & La Falce (2017).
product.	
I buy pirated/counterfeit products because of the low price.	Santos, Gonçalves Filho & La Falce (2017).
I buy pirated/fake products to be in fashion.	Santos, Gonçalves Filho & La Falce (2017).
I buy pirated/counterfeit products because my friends do.	Santos, Gonçalves Filho & La Falce (2017).
I buy pirated/counterfeit products on someone's referral.	Suki, Ramayah & Suki (2011); Santos,
	Gonçalves Filho & La Falce (2017).
People in my circle of friends consume pirated/counterfeit	Santos, Gonçalves Filho & La Falce (2017).
products.	
I consume pirated/counterfeit products out of habit.	Santos, Gonçalves Filho & La Falce (2017).
If I'm passing by and I see a pirated/counterfeit product for a	Santos, Gonçalves Filho & La Falce (2017).
very low price, I end up buying it.	
I buy pirated/counterfeit products because of their benefits.	Santos, Gonçalves Filho & La Falce (2017).
I buy pirated/counterfeit products because they can be easily found.	Santos, Gonçalves Filho & La Falce (2017).
I buy pirated/counterfeit products because the real products are	Santos, Gonçalves Filho & La Falce (2017).
very expensive.	, , , , , , , , , , , , , , , , , , ,
I buy pirated/counterfeit products because I have had good	Santos, Gonçalves Filho & La Falce (2017).
experiences with these products before.	
I can recognize when the product is not the real one.	Suki, Ramayah & Suki (2011).
I only buy the pirated/counterfeit product if it is identical to the	Santos, Gonçalves Filho & La Falce (2017).
real one.	
I buy pirated/counterfeit products because I think the quality is	Santos, Gonçalves Filho & La Falce (2017)
as good as the real ones.	
I am ashamed to buy/use pirated/counterfeit products.	Santos, Gonçalves Filho & La Falce (2017).
I know it's a crime to buy pirated/counterfeit products.	Casali & Costa (2014).
I am afraid of being punished for buying pirated/counterfeit	Santos, Gonçalves Filho & La Falce (2017).
products.	
Even though I know it's a crime, I'll buy pirated/counterfeit	Casali & Costa (2014); Suki, Ramayah &
products again.	Suki (2011).
I think it's normal to buy pirated/counterfeit products.	Casali & Costa (2014).
Even though I have access to the original product, I prefer to buy	Santos, Gonçalves Filho & La Falce
pirated/counterfeit products.	(2017); Suki, Ramayah & Suki (2011).
I know that some pirated/counterfeit products can be harmful to	Santos, Gonçalves Filho & La Falce (2017).
health.	
I've suffered harm to my health due to consuming	Santos, Gonçalves Filho & La Falce (2017).
pirated/counterfeit products.	Contos Conselves Eiller 9 La Estas (2017)
The government should pay more attention to issues of	Santos, Gonçalves Filho & La Falce (2017).
counterfeiting products and encourage campaigns to combat	
them.	Santas Gancalvas Filha & La Falas (2017)
I've already regretted buying pirated/counterfeit products.	Santos, Gonçalves Filho & La Falce (2017).

Source: Prepared by the authors.

The instrument had 35 questions that were divided into two blocks. The first block consisted of structured and closed questions related to the sociodemographic profile of the respondents, covering issues related to gender, income, age, marital status, employment status, and nationality, in addition to the other questions that made up this block and aimed at identifying the most consumed counterfeit products and the places where they are usually purchased.

The second group of questions consisted of 25 items to verify the behavior of consumers regarding the quality, price, purchase motivations, legislation, and risks related to the sale and purchase of counterfeit products and scored using a five-point Likert scale ranging from "1 – totally disagree" to "5 – totally agree." The questionnaire was submitted to a pre-test with ten individuals,



and its reliability was measured using Cronbach's alpha test (Matta, 2011), reaching a value of 0.881, which is considered very good (Hair et al., 2005). Notably, as this study was carried out with population samples from two different countries, the developed questionnaire was initially written in Portuguese and then translated into Spanish by native speakers.

The target population was composed of residents of both cities (Santana do Livramento and Rivera) in the Fronteira Seca strip in southern Brazil, between Rio Grande do Sul State and Uruguay. Santana do Livramento has an estimated population of 83,324 inhabitants (IBGE, 2014), while Rivera has around 103,493 inhabitants (INE, 2011). Although it was considered non-probabilistic, the minimum sample was calculated for each population with 95% confidence and 5% sampling error. Thus, the minimum sample included 272 Brazilian residents and 288 Uruguayan residents.

Data were collected physically and online, and the physical version was applied on location in the neighborhoods and near counterfeit product sale points in both cities. Virtually, the collection instrument was made available in social network groups and via the personal profiles of the study authors on social media. At the end of data collection, 562 valid and suitable questionnaires were obtained, of which 274 were from respondents in Santana do Livramento and 288 from residents of Rivera. The information collected was tabulated in a spreadsheet editing program and analyzed using the SPSS software (version 20.0).

The data were first analyzed using descriptive statistics by central tendency (mean) and dispersion measure (standard deviation) (Hair et al., 2005). Then, exploratory factor analysis was performed to identify the relationships between the variables observed through the factors. According to Hair et al. (2009), factor analysis intends to unveil the structure of the interrelationships present in the variables of the data collection instrument by defining a series of common dimensions (i.e., factors). Thus, the application of two tests is recommended: Bartlett's sphericity test, which seeks to determine whether the correlation between variables is significant (only a few factors can reflect a large part of the data variability), and the Kaiser-Meyer-Olkin (KMO) test to verify whether the correlation between pairs of variables can be explained by other variables, with values equal to or below 0.5 indicating that the factor analysis does not satisfactorily explain the correlation of pairs of variables with the other variables.

Factorial loadings were estimated using the principal components method as it is the most suitable method and the researcher intends to define the minimum number of factors that meet the maximum variance in the data (Malhotra, 2001). The method used to delimit the number of factors was chosen as eigenvalues greater than one, and the rotation method adopted in this study was the normalized varimax (Hair et al., 2009). Finally, the degree of reliability of the factors, that is, the degree of internal consistency between the indicators of a factor, was assessed by Cronbach's alpha. According to Freitas and Rodrigues (2005), the reliability classification of Cronbach's alpha coefficient can be interpreted according to the following limits:  $\alpha \le 0.30$  (very low);  $0.30 < \alpha \le 0.60 - (low)$ ;  $0.60 < \alpha \le 0.75$  (moderate);  $0.75 < \alpha \le 0.90$  (high);  $\alpha > 0.90$  (very high). According to Field (2009), values below 0.5 are substantially low and indicate an unreliable scale.

In order to clarify the observed phenomena, the existence of differences between the respondents residing in both countries was verified, so the Student's t-test was carried out (Hair et al., 2005). Therefore, in order to compare the samples, the following research hypotheses are proposed:

H01: There is no difference in the averages between the Brazilian and Uruguayan groups regarding buying pirated/counterfeit products.

H02: There is no difference in the averages between the Brazilian and Uruguayan groups regarding the consequences of consuming pirated/counterfeit products.

To evaluate the results found from the Student's t-test, (sig < 0.05) represents differences in



the means between the groups, while (sig > 0.05) indicates equality in the means of the respondents from the groups in question (Field, 2009).

### **4 DISCUSSION**

#### 4.1 Profile of the respondents: Brazilians and Uruguayans

This topic is intended to meet the first specific objective of mapping the sample profile. Regarding gender, most of the surveyed consumers were women: 54.7% (Uruguayan) and 50.9% (Brazilian). The census carried out by INE (2011) showed that 51.31% of the population of Rivera is female, while IBGE (2010) reported that the percentage of women in Santana do Livramento is 52.25%. Hence, one can evidence a higher number of women consuming pirated and counterfeit products, just as other studies have also confirmed a slight predominance of women who consume pirated/counterfeit products (Grohmann et al., 2015, Souza et al., 2015).

As for the age of respondents, 25.6% of the Brazilian respondents were people aged 20 to 24, followed by 14.6% aged 25 to 29 years. Conversely, Uruguayans were concentrated in a younger audience, being the highest index 17.3% for 16 to 19 years old and 16.6% for 25 to 29 years old. The result corroborates FECOMÉRCIO-SC (2016), which pointed out young people as those who most admit to the consumption of pirated and counterfeit products. Regarding the marital status of respondents, 56.9% of Brazilians and 48.4% Uruguayans declared themselves single, followed by 22.1 and 24.9% as married, respectively, which is similar to the data of FECOMÉRCIO-SC (2016).

There was a difference in the level of education of respondents between countries. In Brazil, 39.9% reported having incomplete higher education, followed by 20.6% of people with complete higher education (Ribeiro, 2015). As for the Uruguayan respondents, 30.1% did not finish their high school education, and 23.2% completed high school. When asked about their employment status, 26.3% of Brazilians said they were civil servants and 21.4% declared being unemployed, while Uruguayans had the same rate of 25.3% for formal workers and those who declare themselves out of work. The income of Uruguayan respondents stands out with 26.6% declaring they have no income, followed by 22.8% who receive 1 to 2 minimum wages. However, Brazilians have the highest rate of 1 to 2 minimum wages with 26.3%, while those who receive 2 to 5 salaries are second (24.9%). Trindade (2008) stated that interest in consuming pirated/counterfeit products does not depend on the individual's income.

Lastly, the place of purchase of these products was questioned, which stands out due to a high index (79.5%) of Brazilians and (76.5%) Uruguayans who claim to shop at *"camelódromos,"* in line with what Dorfman (2007) described, highlighting the high number of street vendors on the border between Santana do Livramento and Rivera, which has intense illegal trade activity.

Regarding the products most purchased by respondents, these can be divided into two groups: fashionable items (clothes, shoes, watches, and glasses) and CDs/DVDs. Therefore, the highest index was presented in relation to CDs/DVDs, with 84.5% for Brazilians and 81.7% for Uruguayans. In comparison, fashion products for Brazilians were 43.8% for clothes, 19.5% for shoes, 34.6% for watches, and 38.9% for glasses, while for Uruguayans, these values were 47.8% for purchasing clothes, 24.2% for shoes, 28.7% for watches, and 34.3% for glasses. Gomes and Strehlau (2011) discussed that the price factor works just as another circumstance that leads to this choice, as consumers tend to neglect the damage they cause to organizations and the taxes they fail to collect, opting only for their low budget, as these products are often used as disposables (Fecomércio-RJ, 2019).



#### 4.2 Factorial analysis

The factorial analysis of the scale was performed by initially using the 35 questions of the instrument to identify possible associations between the variables and grouping them into common factors. The initial factor analysis tests were applied, including the KMO and Bartlett tests, which allow the quality of the correlations between the variables to proceed with factor analysis to be assessed (Pestana; Gageiro, 2008). Hence, the adequacy and sphericity tests were considered satisfactory, with the KMO showing a coefficient of 0.804 and the Bartlett test showing a significant result (sig 0.000).

Regarding the similarities and following the recommendations of Field (2009), variables below 0.5 should be excluded from the analysis; therefore, 13 variables were removed from the analysis. Moreover, to extract the factors, the eigenvalues criteria (eigenvalues) above 1.0 and the percentage of explained variance were used. Thus, three factors with eigenvalues greater than 1.0 were obtained, the first explained 31.021% of the variance, and the three factors together explained 61.117% of the total variance.

Table 2. Factors extracted from the factorial analysis of the scale of consumption of counterfeit/pirate products with the respective eigenvalues and explained variance

		Variance Explained		
Factors	Eigenvalues	Percentage	Accumulated	
1	3.72	31.021	31.021	
2	1.993	16.610	47.631	
3	1.618	13.486	61.117	

Source: Authors based on research data (2021).

After obtaining the distribution of the variables in the factors, Cronbach's alpha was applied to identify the reliability of the factor distribution (Table 3).

#### Table 3. Cronbach's alpha of counterfeit/pirate consumer scale

Factors	Original variables	Cronbach's alpha
Counterfeit/pirate purchase behavior	12, 13, 14, 21	0.634
Consequences of consuming counterfeit/pirate products	27, 28, 32, 34	0.617
Legality in consuming counterfeit/pirated products	29, 30, 31,35	0.566

Source: Authors based on research data (2021).

As shown in Table 3, factor 1 (i.e., purchasing behavior of counterfeit/pirated products) obtained an index that is considered moderate (Freitas & Rodrigues, 2005). In the same way, factor 2 (i.e., consequences of consuming counterfeit/pirated products) reached an index value of 0.617, which is considered moderate by Freitas and Rodrigues (2005). Factor 3 (i.e., legality in consuming counterfeit/pirated products) had a low index of 0.566 and was considered unreliable and removed from the analysis (Field, 2009).

The mean, median, and standard deviation, which correspond to the factors obtained from the scale of consumption of pirated/counterfeit products, in view of the 5-point Likert scale, is shown in Table 4.



Table 4. Mean, median, and standard deviation of the factors extracted from the factor analysis of the scale of consuming pirated/counterfeit products

Factor	Mean	Median	Standard deviation
1- Counterfeit/pirate purchase behavior	2.7934	3.000	0.86956
2- Consequences of consuming counterfeit/pirate products	3.2934	3.500	0.94603

Source: Authors based on research data (2021).

The data obtained indicate that the highest average found was in factor 2 (consequences of consuming counterfeit/pirate products), raising doubts regarding the respondents' science about certain consequences of the act of consuming counterfeit and pirated products. Nevertheless, the mean obtained indicates a certain indifference of the respondents about the outcome of their acts. The result obtained corroborates FECOMERCIO-RJ (2019), which indicated that the respondents claim to be aware of the illegality of their actions and the harm caused by pirated and counterfeit products, and that still reflect in fewer formal job openings and a deficit in the State's tax revenue.

While factor 1 (counterfeit/pirate purchase behavior) presents issues related to price, being fashionable, social group, had a mean of 2.7934, showing that respondents tend to disagree that they buying counterfeit and pirated products because of low prices and that their social group consumes and is in fashion. This corroborates Almeida et al. (2017), who denoted the naturalness with which individuals perceive pirated and counterfeit products, given the wide range of these items present in their daily life. However, this result contrasts the findings of Malik et al. (2020), who addressed that purchasing counterfeit products as an individual's behavior in search of status.

#### 4.3 Analyses of differences between Brazilians and Uruguayans

This topic sought to identify possible differences in the purchase behavior of counterfeit/ pirated products between Brazilians and Uruguayans according to the factors arising from the factor analysis through two topics: 4.2.1 Analysis of differences in factor 1: Purchasing behavior of pirated/ counterfeit products and 4.2.2 Analysis of differences in factor 2: Consequences of consuming pirated/counterfeit products.

### 4.3.1 Analysis of differences in factor 1: Purchasing behavior of pirated/counterfeit products

When undertaking the independent sample difference test (Student's t-test), the following null hypothesis (H0) was defined: There is no difference in the mean between the Brazilian and Uruguayan groups regarding the purchase behavior of pirated/counterfeit products (Table 5).

Question	Mean	Groups	Sig
12. I buy pirated/counterfeit products because of the low price.	3.70	Uruguayans	0.008
	3.98	Brazilians	]
13. I buy pirated/counterfeit products to be in fashion.	2.16	Uruguayans	0.000
	1.72	Brazilians	
14. I buy pirated/counterfeit products because my friends do.	1.97	Uruguayans	0.000
	1.58	Brazilians	
21. I buy pirated/counterfeit products as the real ones are very expensive.	3.70	Uruguayans	0.036
	3.93	Brazilians	

Table 5. Differences in purchasing behavior of pirated/counterfeit products

Source: Authors based on research data (2021).



Hence sig < 0.05 represents differences in the mean between the groups, while sig > 0.05 indicates equality in the means of the respondents in the groups (Field, 2009). In variable 12, when asked about purchasing counterfeit/pirated products, it is due to the issue of low price, Uruguayans and Brazilians show a difference in perception with a significance of 0.008, that is, when analyzing the average of the groups, Brazilians tend to show greater concern with prices. This result may reflect cultural traits related to the act of haggling, characteristic of Brazilian culture (Lourenço, 2014).

Variable 21 also showed differences among respondents, with Brazilians agreeing that original products are expensive. In this sense, corroborating FECOMÉRCIO-SC (2016), low prices are the main reason for buying pirated and counterfeit products, in addition to original and branded products having higher prices (Neto, Souza, & Bialaia, 2008; Gomes & Strehlau, 2011; Souza et al., 2014; Novelli & Soares, 2015). Variables 13 and 14 had a significance of 0.00 and sought to understand the issue of fashion and buying under the influence of friends, showing different perceptions between the groups, and, on average, Uruguayans infer indifference to the statements (for the Uruguayan consumer, fashion and the influence of their peers do not seem to be determinant in purchasing pirated/counterfeit products). Lengler (1998) had already pointed out such a distinction between Brazilian and Uruguayan consumers in a study carried out in shopping malls in both countries. Brazilians tend to totally disagree that they are influenced to purchasing counterfeit and pirated products. This result diverges from the understanding of Tidey (2015), who reported that the consumer seeks, among numerous motivations, to belong to groups and symbolically uses the goods.

### 4.3.2 Analysis of differences in factor 2: Consequences of consuming pirated/counterfeit products

We sought to understand the perception of the samples regarding the possible consequences of consuming pirated/counterfeit products. To analyze the difference in the means, the following null hypothesis (H0) was defined: there is no difference in the means between the Brazilian and Uruguayan groups regarding the consequences of consuming pirated/counterfeit products (Table 6).

Question	Mean	Groups	Sig
27. I know it's a crime to buy pirated/counterfeit products.	3.72	Uruguayans	0.000
	4.25	Brazilians	0.000
28. I am afraid of being punished for buying pirated/counterfeit	2.52	Uruguayans	0.015
products.	2.26	Brazilians	0.015
32. I know that some pirated/counterfeit products can be harmful to	3.54	Uruguayans	0.000
health.	4.05	Brazilians	0.000
35. I've already regretted buying pirated/counterfeit products.	3.17	Uruguayans	0.001
	3.53	Brazilians	0.001

Source: Authors based on research data (2021).

In this factor, there are few similarities between Brazilians and Uruguayans; the respondents presented divergent opinions, thus exposing statistically significant differences. Regarding the science that consuming counterfeit/pirates is a crime (variable 27), Brazilians have a higher average agreement and this may be related to the fact that, in Brazil, there has been government efforts to raise awareness in the population about this crime in recent years through advertising and deterrence. In addition to the data provided by FECOMÉRCIO-SC (2016) and FECOMÉRCIO-RJ (2019), in which consumers were aware of the infringement, their data showed that consumers do not see the



effectiveness of these governmental campaigns and believe they will not curb the consumption of these products. This situation was less perceived by Uruguayan respondents, with a mean of 3.72.

As for the question that sought to identify whether consumers fear being punished for purchasing pirated/counterfeit products, the mean indicates that both Brazilians and Uruguayans tend to disagree with the assertion, thus indicating that they will possibly go unpunished. This fact may be related to the Brazilian cultural trait related to trickery and is in line with Neto, Souza, and Bialaia (2008), who addressed this intention to return to buying these products as they are less aware of the negative effects that this market generates for large companies and business.

Therefore, variable 32 sought to understand whether consumers were aware of the negative health effects in using pirated/counterfeit products. According to the data obtained, Brazilians show greater agreement on the negative effects of consuming counterfeit/pirated products than Uruguayans. Hence, it can be suggested that campaigns in Brazil that seek to reduce the consumption of this type of product have an effect on raising awareness of the harm they cause (Fecomércio-SC, 2016; Fecomércio-RJ, 2019).

Finally, variable 35 asked about regret of purchasing pirated/counterfeit products, it was possible to identify a certain indifference in the respondents' opinion in both samples, although Brazilians tended to show more regret. Ahmad, Yousif, Shabeer, and Imran (2014) and Harun et al. (2020) clarified that individuals who have already consumed counterfeit products are more likely to buy them again, becoming an essential determinant of repeated purchase intention as it becomes a new habit for the consumer. This factor may reinforce the non-repentance of the act of purchasing pirated products or may be related to the low price that these products usually have, implying an excellent cost-benefit ratio.

## **5 FINAL CONSIDERATIONS**

This study aimed to understand the behavior of purchasing pirated and counterfeit products in the border cities of Santana do Livramento (southern Brazil) and Rivera (Uruguay). Given the results obtained, the stipulated objectives were achieved, revealing several differences between the respondents, and even with intertwined infrastructure and direct interaction between the residents of both cities, opinions and cultures diverge in certain points, thus being different from the findings of Flores and Bidarte (2019).

The study sample consisted of 562 respondents, 274 Brazilians and 288 Uruguayans, mostly comprising female respondents in both countries. Moreover, most respondents were aged between 16 and 34 years old and single, which is in line with authors who have already carried out studies on the subject in question. Regarding education, most Brazilians indicate incomplete higher education, while Uruguayans mainly indicate secondary education.

In addition, the general profile variables showed that the place of purchasing pirated/counterfeit products was primarily via "camelódromos," a fact that can be explained as there are many of them in the experimental area (Dorfman, 2007). Moreover, the most consumed products were CDs/ DVDs, as also reported by several other authors (Costa & Sant'anna, 2008; Martins et al., 2011; Galli & Hinz, 2006); the items most consumed refer to fashionable products (clothes, watches, glasses, etc.), corroborating other authors (Galli & Hinz, 2006; Tidey, 2015).

In order to better understand the structure of the data, factor analysis was performed to group similar variables and better understand the data. Factor analysis generated some factors, and after applying Cronbach's alpha, it was possible to remain with two factors (purchasing behavior of counterfeit/pirated products and the consequences of consuming counterfeit/pirated products).



Furthermore, we sought to investigate the differences in the purchasing behavior of pirated and counterfeit products in relation to the sample of each city on the Brazil-Uruguay border, so from the difference test of independent samples, we noticed that the low price is a reason for purchasing pirated/counterfeit products, especially in the sample of Brazilians, corroborating other authors (Neto, Souza, & Bialaia, 2008; Gomes & Strehlau, 2011; Souza et al., 2014; Novelli & Soares, 2015). Nonetheless, this consumption is already widespread in daily life and has become commonplace, especially because of the ease of finding these types of products, that is, consumers often make purchases and often do not even reflect on the impacts and losses related to their choice. The surveyed consumers also pointed out that they consider the original products to be very expensive, therefore, they end up purchasing counterfeit and pirated products as they are much more financially accessible.

In the questions that dealt with the fad, the results showed a distancing from the thoughts of Bourdieu (2007) and Tidey (2015), in which consumers tend to buy goods to belong to groups and symbolically use these products, as respondents do not they feel influenced by their social groups. However, the data corroborate Souza et al. (2015), who highlighted that consuming pirated/counterfeit products is a common practice that everyone partakes in different places, thus, indicate knowledge that the friends and family carry out the consumption

Regarding the opinion and differences of respondents regarding the factor consequences of consuming counterfeit/pirated products, the campaigns carried out in Brazil have had the effect of raising awareness among consumers, as they recognized such an act is a crime; however, campaigns and government agencies to combat piracy and counterfeiting were not seen in Uruguay, which may indicate a lack of awareness that when buying a counterfeit/pirated product, they are committing a crime. Furthermore, both samples were reticent concerning a possible punishment for consuming pirated/counterfeit products, and this result may reflect the impunity of the product manufacturers themselves in relation to this type of crime.

Previous experiences in using these products did not prove to be a significant factor for respondents not to purchase counterfeit/pirated products, even if the damage to health that such products can generate is recognized. Although aware of the poor quality, they have no regrets about buying, nor are they ashamed of the practice, however, favorable to repeat buying pirated/counterfeit products.

This study was limited with regard to the sample, which did not have a probabilistic nature and could not be representative for the populations studied, in the same way that the format of dissemination through social networks can lead to samples with a more significant number of young people since they are in contact with such media for a longer time. Another limiting factor refers to the lack of delimitation of a product, and thus, by carrying out such delimitation, it would be possible to reach a greater understanding of consumer behavior, leading to more assertive reflections and propositions. Given this scenario, we suggest that new studies be performed and seek to represent the population in other country borders in order to understand how cultures can interact and spread habits among them. Furthermore, a more in-depth study is suggested in Uruguay as it was not possible to find studies on the subject in the country, which could contribute to raising awareness and curbing the practice of trading and consuming pirated and counterfeit products in the neighboring country.



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Contribution	[Author 1]	[Author 2]	[Author 3]
1. Definition of research problem	V	V	
<b>2.</b> Development of hypotheses or research questions (empirical studies)	V	V	
<b>3.</b> Development of theoretical propositions (theoretical work)	V	V	
4. Theoretical foundation / Literature review	V	V	
5. Definition of methodological procedures		V	V
6. Data collection		V	V
7. Statistical analysis	V	V	V
8. Analysis and interpretation of data	V	V	V
9. Critical revision of the manuscript	٧	٧	V
10. Manuscript writing	V	V	V

