UNIVERSITY OF NAIROBI

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FACTORS CONTRIBUTING TO TRADE IN COUNTERFEIT PRODUCTS IN NAIROBI CITY COUNTY: A CASE OF HP TONER CARTRIDGES

BY

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DECLARATION

I declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

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Arum George James Omondi

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This research project has been submitted for examination with my approval as the university supervisor.

Signature……………………..   Date………………………..

Prof. Edward K. Mburugu

DEDICATION

To my beloved late sister Miriam Akinyi Arum, who sacrificed her meagre income to pay my first semester college fees.

ACKNOWLEDGEMENTS

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ACRONYMS

ACA   Anti-Counterfeit Agency

BSA   Business Software Alliance

EAC   East African Community

EU   European Union

FDA   Food and Drug Administration

GAO   Government Accountability Office

GOK   Government of Kenya

HP   Hewlett Packard

IPR   Intellectual Property Right

KAM   Kenya Association of Manufacturers

KEBS   Kenya Bureau of Standards

OECD   Organization for Economic Co-operation and Development

RIAA   Recording Industry Association of America

W.H.O   World Health Organization

WTP   Willingness to Purchase

ABSTRACT

Counterfeit trading in the City of Nairobi has been on the rise owing to a myriad of factors as explained in this paper. The study dwelled on four factors that influence counterfeit trading. Against this background, the main objective of this study was to determine the factors contributing to trade in counterfeit HP toner cartridges in Nairobi City. The specific objectives of the study were to examine the effects of brand popularity on trading of counterfeit HP toner cartridges, to determine the relationship between the pricing strategy and trading of counterfeit HP toner cartridges, to investigate the role of consumer awareness of counterfeits on trading of HP toner cartridges, and to establish the influence of current legislations on trading of counterfeit HP toner cartridges. The study adopted the rational choice theory and enterprise theory of crime to explain this phenomenon. In terms of methodology, the study adopted a descriptive research design and targeted top and middle level managers working at the Anti-Counterfeit Agency (ACA), wholesalers and retailers of HP toner cartridges (distribution channels), end users of HP toner cartridges, and dealers of counterfeit HP toner cartridges, (n =125). The study adopted stratified random sampling technique and used a questionnaire to collect quantitative data, while interview guide was applied to collect qualitative data from key informants. The researcher used SPSS version 20 programme to analyse quantitative data and employed applied descriptive statistics that included frequency and percentages. The qualitative data derived from unstructured questions were grouped into various thematic areas and applied to reinforce quantitative data. Analysis of the collected data established that brand popularity of HP toner cartridges significantly influenced counterfeit trading of genuine products and that the price of HP toner cartridges significantly determined the extent of imitation of the product. In addition, the study established that consumer awareness predicates consumer willingness to purchase counterfeit products and that the current legislations on anti-counterfeit trading are not effective to deter counterfeit. In terms of recommendations, the researcher recommended that companies should enhance product reputation/quality, increase company reputation, and boost brand value and that organizations involved in production of consumer goods should enhance the availability and affordability of genuine products. Furthermore, the researcher recommended that organizations should conduct awareness campaigns as a tool to make the public aware on the demerits of consuming counterfeit products, while government authorities and agencies such as ACA and other trans-border agencies, should legislate stringent laws that daunt counterfeit trading.

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Counterfeiting is defined as the manufacture, production, packaging, repackaging, labelling or making, whether in Kenya or elsewhere, of any goods whereby those protected goods are imitated in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods (Walters, 2017). According to Ross (2017) "counterfeiting it is an infringement upon protected intellectual property rights or imitation thereof so that the other goods are calculated to be confused with the original one."

A report by the Organization for Economic Co-operation and Development, as cited by Kenavy (2013) indicates "up to two hundred billion dollars of international trade could have been in counterfeit and illegally copied goods in 2005. In the same year of 2005, EU customs seized more than 75 million dollars' worth of counterfeited and pirated goods. In November 2009, the OECD updated these estimates, concluding that the share of counterfeit and pirated goods in world trade had increased from 1.85% in 2000 to 1.95% in 200, which is a great increase worldwide".

The U.S. federal auditors released a study in 2010 titled "Intellectual Property: Observations on Efforts to Quantify the Economic Effects of Counterfeit and Pirated Goods." The document from the Government Accountability Office (GAO) stated, "the actual financial losses, jobs lost, and economic impact associated with piracy and counterfeiting is difficult to quantify. With the launch of the Commission's Customs Action Plan in Europe to combat counterfeiting and piracy, a number of actions have been initiated. These include targeted time limited Operational customs actions at major ports and airports in Europe".

Bian and Moutinho (2011) observed, "Counterfeits of almost anything can be found, from apparels to pharmaceuticals, electrical goods, bleach and dyes, books, food etc. It may include trademark infringing goods, as well as copyright infringements. Counterfeiting can apply to both branded and generic products. Counterfeit products may include products with the correct ingredients or with the wrong ingredients, without active ingredients, with insufficient active ingredients or with fake packaging." According to the World Health Organization (WHO) definition, "what makes a

medicine counterfeit is the deliberate or intentional (criminal) nature of the mislabelling of a product."

Anti-Counterfeit Congress, (2004) contended "the reality is that the international trade in counterfeit products was estimated to exceed six per cent of global trade. It is not only damaging to businesses and investment opportunities but also has a negative impact on society and the global economy." Trade in counterfeit goods is a lucrative and growing area. Pollinger (2008) wrote "a paper showing how profits made from counterfeiting are used to finance terrorist activities. Therefore, not only is counterfeiting damaging to businesses, but rather its existence breeds other adverse effects on the society".

Findings by the European Commission in November 2003 indicated, "China is the world's largest source of counterfeit goods (Lin, 2011). Sixty-six per cent of goods seized in Europe in 2002 came from Asia, that is, Thailand and China in particular. According to the U.S. Customs and Border Patrol, most of seized counterfeit goods in the U.S were dominated by goods from China. During fiscal years 2004 through 2009, China accounted for seventy-seven Percent of the aggregate value of goods seized in the United States, with the closest competitor being Hong Kong, a special administrative region of China, which accounted for seven Percent. India ranked third, accounting for only two Percent". Brander, Cui, and Vertinsky (2017) cited "Research by the Organization for Economic Cooperation and Development, an inter-governmental group based in Paris, and confirmed China to be the number one offender when it came to counterfeiting of goods."

Asongu (2015) argued, "The East African Community Partner States fall under the category of emerging markets in global trade. The problem of counterfeiting and piracy is most prevalent in such regions due to a combination of some factors. For example, 80% of the world's population and 70% of the world's small businesses reside in these regions." Schultz (2017) observed that "Due to the fact that the EAC states have high population densities and the cost of genuine products being unaffordable, counterfeiting and piracy become almost acceptable and the only means of enjoying the delights of modern technology."

In Kenya, according to Omolo (2018), "it has been estimated that in some of the most affected industries, counterfeit trade accounts for more than 70% of the trade while the rest consists of trade in genuine products and/or services. Counterfeit trade costs Kenya an estimate of around twenty billion Kenya shillings yearly in lost revenue and employment opportunities, according to estimates by the Kenyan government". According to Gastrow (2011), "Among the counterfeit goods in the market in Kenya are drugs which account for about 130 million dollars, textiles about 6.5 million dollars, tyres and tubes at about 4 million dollars and soaps and detergents at about 260,000 dollars, and computer products at about 14 million dollars. This is according to a workshop on Anti-Counterfeiting and Intellectual Property Strategies in Kenya held in Nairobi Safari Club hotel on 19th-20th September in 2006. In fact, Kenya loses over Sh30 billion in revenue annually because of tax evasion, counterfeiting and unlicensed products."

The Business daily Newspaper dated November 30, 2017 ran a story where American tech firm HP and Kenyan Anti-Counterfeit officials intercepted over 1000 ready-for-sale fake HP toner cartridges in a market sweep that also saw them confiscate 8,400 other components used in manufacturing fake products. The counterfeit goods were found in a hidden warehouse in Nairobi after the HP officials were tipped off by customers during a routine market inspection. Analysts estimate that the Palo Alto (California) based H.P's imaging and printing group lost more than 1 billion U.S dollars in revenue to illegal counterfeits last year. The company is concerned that shoddy products will do even more damage to its reputation. Although there are limited researches that have been conducted to measure the increase in cases of counterfeiting in Kenya, the magnitude and effects of counterfeiting are of such significance that they compel strong and sustained action from the government, businesses and consumers, (GOK, 2010).

To date, no rigorous quantitative analysis has been carried out to measure the overall magnitude of counterfeiting. While most studies have focused on how to control the supply side of counterfeits, few studies have investigated the influencing factors of increased influx in counterfeited goods. Opiyo (2006) "identified three of such factors as weak legal framework, consumers' attitude towards counterfeit goods and higher prices charged on such imported goods. This still leaves a knowledge gap of

researchable area. It is in view of this gap that this study was constructed to explore other factors that contribute to trade in counterfeit HP toner cartridges in Kenya".

1.2 Statement of the Problem

Like other developing countries, Kenya experiences the impact of counterfeit and piracy activities as well. Counterfeiting affect legitimate businesses due to loss of sales, lower profits and loss of brand trust and value. Rapid changing technology has greatly contributed to the rise in counterfeits of HP toner cartridges and this has resulted to an influx of such items into the market. The counterfeiters are so fast in updating their products to be confused with the original brands (Wilson, 2015).

Counterfeit products exist in the Kenyan market and they have negative effects on the economy, which include financial, social and political. The financial effects of counterfeiting include losses, which are on both the government and manufacturing companies. According to a study conducted in 2012 by the Kenya Association of Manufacturers, KAM, on the vice of counterfeiting in Kenya, Kenyan manufacturers are losing at least 40% of their market share to counterfeiters. It is estimated that annually, Kenyan manufacturers lose Kshs 30 billion while the government loses Kshs 6 billion annually as potential tax revenue (KAM, 2014). Counterfeiting discourages entrepreneurship, manufacturing companies lose brand names and company image, the company is forced to make cut backs due to losses and in some cases, close down (Mutua, 2011). Companies experience unfair competition and reduced investments while governments are forced to redirect resources to fighting counterfeiting which would be utilized in more activities that are beneficial.

In light of this, the Kenyan government has formed several organizations to fight counterfeiting in the country, and formulated policies and yet we still find that the vice persists. One such organization is the Anti-Counterfeit Agency (ACA) which despite its formation in 2010, has had very little effect in countering the counterfeiting menace. The Anti-counterfeit Act of 2008 was passed in parliament with the principle aim of prohibiting trade in counterfeit goods and dictate penalties for non-conformists as a way of discouraging the vice. Nevertheless, we still find that despite these efforts, counterfeiting is still rampant. The Kenya Bureau of Standards is also another government body mandated to among other things stem out the counterfeit menace in the country by ensuring standards and quality of goods.

To date, several primary dimensions among them innovativeness, pricing, legislation and consumers' attitude have been found useful in determining demand for counterfeits and in turn influencing their influx. Of these, weak legislation factor has been noted to play an influential role in determining influx of counterfeit products (Qian, 2010). Wanjau and Muthiani (2012) examined the "factors influencing influx of counterfeit medicines in Kenya and their roles in combating counterfeits. The study found out from a response rate of 80.3%, that legislation, popularity of a brand, pricing strategy and various perceived risks had influence on the influx of counterfeit medicines." In light of the above discussion, the topic on counterfeit goods has been inconclusive, which prompts the need to conduct further research on the factors that contribute to trade in counterfeit HP toner cartridges' in Nairobi City, Kenya.

1.3 Research Questions

i. How does brand popularity affect trading of counterfeit H.P toner cartridges in Nairobi City?

ii. What is the relationship between the pricing strategy of H.P toner cartridges and counterfeit trading?

iii. How does consumer awareness of counterfeiting affect trading in HP toner cartridges.

iv. What is the influence of current anti-counterfeit legislations on trading of counterfeit H.P toner cartridges?

1.4 Objectives of the Study

1.4.1 Main Objective

The main objective of this study was to determine the factors contributing to trade in counterfeit HP toner cartridges in Nairobi City.

1.4.2 Specific Objectives

The specific objectives that guided this study were:

i. To examine the effect of brand popularity on trading of counterfeit H.P toner cartridges.

ii. To determine the relationship between pricing strategy of H.P toner cartridges and counterfeit trading.

iii.   To establish the role of consumer awareness of counterfeit products on trading of counterfeit H.P toner cartridges.

iv.   To investigate the influence of current anti-counterfeit legislations on trading of counterfeit HP toner cartridges.

1.5 Justification and Significance

The study is of value to both authorized genuine HP toner cartridges distributors and retailers who wish to sustain their businesses and remain competitive since they will adopt ways of combating trade in H.P counterfeit toners and train the consumers on ways of detecting the counterfeit toners. The research is also useful to the marketers to realize the buying behavior of the consumers who buy counterfeit products. The IPR holder will benefit from this study as strategies will be developed to counter trade in counterfeit HP toner cartridges based on the findings thereof. The Intellectual Property Rights holder will need to formulate more effective strategies to diminish the counterfeiting problem in Kenya and piracy of all products that are in the market hence making sure the businesses of the genuine products are not affected.

Likewise, findings of this study will contribute to the growth in scholarly understanding and knowledge on the factors that influence consumers to buy counterfeit HP toner cartridges in Nairobi City as well as recommend areas for further research in the computer products sector. For academicians, this study formed the foundation upon which other related and replicated studies could be based on.The study was constructed with a view to increase awareness of issues of counterfeiting therefore encouraging the distributors to play their roles in combating counterfeit HP toner cartridges. The recommendations of this study will form part of the action plans that the printing/manufacturing industries should adopt to remain competitive.

The Kenya anti-counterfeit agencies can also use the studies to explain to the printing/manufacturing industry, the public and all printing industry players, on the effects of trade in counterfeit HP toner cartridges to their future and current businesses. The study is also of value to the Ministry of Industry, Trade and Cooperatives, when making policies on counterfeiting since they can also include the roles of the printing/manufacturing industry when amending the anti-counterfeit act. The Kenya Association of Manufacturers will also be interested to know the reasons why a majority of people would prefer to purchase counterfeit HP toner cartridges instead of genuine

ones. With the knowledge that counterfeit trade affects manufacturing, KAM will definitely want to put in place strategies that will reduce this vice.

1.6 Scope and Limitations of the Study

The study only focused on counterfeit trade in counterfeit HP toner cartridges in Nairobi City, therefore no information was captured on the state of counterfeiting of other products in other Counties within the country. It is assumed that the information collected is a reflection of what is happening in other areas within the country. The study examined specific pieces of legislation that addresses counterfeiting and why despite having such laws, counterfeiting is still rampant. The study sought to determine whether the public has been sensitized enough on the negative effects of counterfeiting. Finally, the study investigated the pricing strategy of HP toner cartridges and its correlation to counterfeiting of HP toner cartridges. The respondents were dealers in H.P toner cartridges, who included both retailers and wholesalers; employees of the Anti-counterfeit Agency in Kenya, ACA, and end users of H.P toner cartridges in Nairobi County. For purposes of this study, end users referred to institutions that buy HP toner cartridges in bulk, such as Government Ministries, Parastatals and Departments, Schools, Colleges and Universities. Agents of the intellectual property right holders in Kenya are Halliday Finch Africa Company Limited, Tango Security and Investigations GmbH and Trans-world Protection Limited.

The study was affected by the following limitations. The respondents were shy about giving information thinking it is for commercial purposes or the information was being collected by the government with a view to identifying counterfeiters and arresting them, especially for traders in electronic and printing goods business. This concern was delimited by assuring them that the study was purely for academic purposes and that confidentiality of the sources would be maintained.

Respondents especially those working for government agencies that are mandated with eradicating counterfeiting were reluctant to divulge the true picture of the current problem in the country, as it might be an indictment on their part. The high levels of corruption in such institutions hampered the study due to the sensitivity of the topic as allegations have been made in the past that the people behind this business of importing counterfeit products in the country are mostly government officers and politicians.

There has been a lot of attention and focus on the influx of counterfeit products into the country which has even caught the attention of the President and who has acted by appointing a Multi-agency task force to deal with this menace. This action meant that it was a lot difficult to get the required information as appertains to trade in counterfeit HP toner cartridges, as respondents were hesitant to freely share any information they had for fear of reprisals from the authorities or rival business entities. The researcher overcame this limitation by assuring the respondents that the study was for academic purposes only.

1.7 Definition of Key Terms

Counterfeit: -"The manufacture, production, packaging, repackaging, labelling or making, whether in Kenya or elsewhere, of any goods whereby those protected goods are imitated in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods."

Brand Piracy: - "It is the act of naming a product in a manner, which can result in confusion with other better brands, i.e. unauthorised usage of protected brand names, labels, designs or description of trade."

Brand Equity: - "The commercial value that derives from consumer perception of the brand name of a particular product or service rather than from the product itself."

Generic Brand: - "Is a type of consumer product that lacks a widely recognised name or logo because it typically is not advertised, hence less expensive as compared to the brand name products."

Infringement: - "The action of breaking the terms of a law or an agreement."

Trademark Infringement: - "Is the unauthorised use of a trademark or service mark, or a substantially similar mark, on a competing or related goods and service."

Copyright Infringement: - "Is the use of works protected by copyright law without Permission infringing certain exclusive rights granted to the copyright holder, such as the right to reproduce, distribute, display or perform the protected work."

Intellectual Property: - "Intangible property that is the result of creativity, such as patents, Copyrights."

Sub-Standard:- "Below the usual or required standard."

Economic Impact: - "A macroeconomic effect on commerce, employment, or incomes produced by a decision, event, or policy."

Trademark: - "A symbol, word, or words legally registered or established by use as representing a company or product."

Influx: - "An arrival or entry of large numbers of people or products."

Emerging Markets: - "Refers to countries with characteristics of developed countries, but do not possess the standards of developed countries as much as they are projected to achieve developed status in future."

1.8 Chapter Summary

This chapter was an introduction of the research project. It clearly introduced the subject of the study, background of study, purpose of study, and statement of problem. The chapter also showed the research questions and objectives guiding the study, the factors outlined as contributing to trade in counterfeit products globally, in Africa and in Kenya as well as the statistical projections of toner cartridges manufacturing companies. Lastly, the chapter outlined the significance, scope and the limitation of study.

Chapter 2 presented the literature review, both theoretical and empirical, thematically on the factors outlined as contributing to trade in counterfeit of HP toner cartridges in Nairobi City. Chapter 3 presented the methodology on how the research was conducted. Chapter 4 presented the results and findings of the research that was conducted. Finally, chapter 5 gave the discussions and conclusions from the research and further presented recommendations for further research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discussed the relevant literature according to the objective of the study. In addition, the chapter covered the relevant theories and outlined the conceptual framework.

2.2 Empirical Literature Review

This section contains the review of literature in relation to the specific objectives of the study, which were to examine the influence of Brand Popularity, Consumer awareness, Pricing Strategy, and influence of legislation on counterfeit trading. The researcher pointed out knowledge gaps that provided a basis for further research.

2.2.1 Brand Popularity and Counterfeit Trading

Suraj (2009) conducted a study on "the impact of counterfeiting on genuine-item consumers' brand relationships and suggested that an often-overlooked constituent in the debate on counterfeiting is the consumer of the genuine product. These consumers are drawn to premium brands in part because of the exclusivity and connotation of prestige associated with them. These characteristics are also the reason such brands are attractive targets of counterfeiting." Suraj (2009) "referred to an investigation involving premium brands in Thailand and India which reveals that consumers of genuine items adopt one of three strategies when faced with the prospect of their favorite brands being counterfeited: flight (abandoning the brand), reclamation (elaborating the pioneering patronage of a brand), and abranding (disguising all brand cues)." The author examined these strategies in detail, revealing how the potential loss of exclusivity and prestige can either drive genuine item consumers away from the brand or compel them to make strong claims to their patronage, while the current study sought to delineate the influence of brand popularity on counterfeit trading.

Hidayat, Mizerski, and Ogilvie (2008) suggested that "both brand loyalty and purchase of a famous maker brand could act to reduce overall consumer perceived risk. This has been demonstrated with common products as well as with products such as automobiles. In most purchase situations, brand loyalty or the purchase of a famous maker brand was found to be the most helpful strategy in preventing monetary loss from

product purchases. Moreover, consumers consider that brand image, product reputation, company reputation and brand equity are directly related to the appearance of the brand name on a product, particularly with a famous branded product, because this kind of product is closely associated with a consumer's social status."

Ergin (2010) conducted a study on the "rise in the sales of counterfeit brand on Turkish consumers and observed that counterfeiting activity is a worldwide phenomenon rapidly increasing in every country. Accounting for about 7% of global trade, counterfeit brands resemble the genuine goods but are typically of lower quality in terms of performance, reliability or durability. The size of the counterfeit brands market in Turkey is reported to be around 3 billion dollars. The prevalence of counterfeit manufacturing, the wide availability and the increase in the sales of counterfeits in the Turkish market make it imperative to address the nature of the demand. Analysis of study findings indicate that prestige, brand popularity, wide availability and low prices of counterfeit products as the four main motivator factors for consumers purchasing counterfeits." Romani, Gistri, and Pace (2012) examined the "point at which counterfeits raise the appeal of luxury brands and argued that counterfeiting is a widespread practice throughout the world. The conventional wisdom is that it affects branded goods negatively. However, the authors suggest that counterfeiting may actually benefit certain luxury brands".

Mourad and Valette-Florence (2011) examined the "effects of counterfeit on luxury brand buying behavior, in terms of consumption experience. The analysis of study findings indicated that counterfeiting is a real inhibitor to luxury goods industry volume growth. It distorts brand loyalty and destroys brand equity, and results in important revenue losses. Further, the results showed that counterfeiting affects competition among brand owners, develops underground economies and impacts hundreds of thousands of jobs." To this end, it is arguable the results of the current study produced different generalizations as the study Mourad and Valette-Florence (2011) focused on luxury brands, while this study sought to examine the relationship between brand popularity and counterfeit trading of HP toner cartridges.

2.2.2 Pricing Strategy and Counterfeit Trading

Staake, Thiesse, and Fleisch (2012) investigated "the existence of strategic groups among counterfeiters based on an empirical examination of counterfeited products using cluster analysis. The study established that counterfeit trade is a multi-billion dollar industry affecting an ever-wider range of goods and markets. Despite the diversity of counterfeit products in terms of complexity, manufacturing techniques, investments in production facilities, potential dangers or value for the users, and degrees of conflict for the counterfeit producers with the local authorities, current academic literature still refers to counterfeit producers as one homogeneous group. Analysis of the study findings pointed out that brand owners are confronted with five different groups of counterfeiters: (1) Dis-aggregators, (2) Imitators, (3) Fraudsters, (4) Desperados, and (5) Smugglers." The study by Staake et al. (2012) focused on the main motivation for individuals and/or companies to engage in counterfeit trading/production, while the current study sought to draw the relationship between pricing strategy and counterfeit trading.

Hidayat, Mizerski, and Ogilvie (2008) examined "the Indonesian consumers' willingness to buy counterfeit products and argued that counterfeiting is one of the fastest growing industries in the world with actual losses extremely difficult to predict but estimated to be in excess of $10 trillion." The author "concentrated on supply-side issues, which included product extrinsic cues, that is, brand and price, and product involvement and examined their influence on consumers' willingness to purchase known counterfeit goods." The results indicate "that brand name provides consistent effects across involvement levels, but that price is an effective indicator only in the high involvement purchase circumstances."

2.2.3 Consumer Awareness on Trading of Counterfeit

Davidson, Nepomuceno, and Laroche (2017) conducted a study "on when materialism leads to purchase intentions toward counterfeit products and observed that in recent years, counterfeiting has grown exponentially and has now become a grave economic problem. The acquisition of counterfeits poses an ethical dilemma as it benefits the buyer and illegal seller at the cost of the legitimate producer and with fewer taxes being paid throughout the supply chain. Previous research reveals inconsistent and sometimes inconclusive findings regarding whether materialism is associated,

positively or negatively, with intentions to purchase counterfeits. Analysis of study findings established that materialism negatively predicts counterfeit purchase intentions as mediated by risk of embarrassment. Second, this relationship only holds when the counterfeit can be easily detected. When it is not easily detected, materialism instead leads to positive purchase intentions. Third, these positive effects can be offset when the product is not highly visible."

Herstein, Drori, Berger, and Barnes (2015) through mixed research methods approach conducted a study on "anti-counterfeiting strategies and their influence on attitudes of different counterfeit consumer types. The findings suggest that counterfeit purchasing may be reduced if a specific strategy is adapted to suit each typology. Overall, positive rather than negative strategies were found to be more effective for the spurious consumers as compared with indifferent and liberated consumers. The findings also reveal that the acquisition of affordable genuine merchandise may be the key to preventing counterfeit purchasing." The study by Herstein et al. (2015) focused on the strategies to counter use of counterfeit goods in different groups of consumers, while the current study sought to delineate the role of consumer awareness and counterfeit trading.

2.2.4 Influence of Anti-counterfeit Legislations

Lai and Chan (2013) examined "legislations put in place to combat counterfeit drugs in Hong Kong and indicated that trade Marks Ordinance, Patents Ordinance, Trade Descriptions Ordinance, and Pharmacy and Poisons Ordinance were current legislative items combating counterfeit drugs. In addition, the authors posited that sentencing criteria depended on intention to deceive, quantity of seized drugs, presence of expected therapeutic effect or toxic ingredients, previous criminal records, cooperation with Customs officers, honest confessions, pleas of guilt, types of drugs, and precautionary measures to prevent sale of counterfeit drugs." To this end, it is arguable that the current study may produce different results in comparison with Lai and Chan (2013)'s work, as the latter focused on drugs industry, while this study focused on the electronics industry.

Dégardin, Roggo, and Margot (2014) examined "the fight against the medicine counterfeit market and inferred that medicine counterfeiting is a serious worldwide issue, involving networks of manufacture and distribution that are an integral part of industrialized organized crime. Despite the potentially devastating health repercussions involved, legal sanctions are often inappropriate or simply not applied. The difficulty in agreeing on a definition of counterfeiting, the huge profits made by the counterfeiters and the complexity of the market are the other main reasons for the extent of the phenomenon. Above all, international cooperation is needed to thwart the spread of counterfeiting." The study established that effort is urgently required on the legal, enforcement and scientific levels. The study by Dégardin et al. (2014) concentrated on the need to have proper legislation to curb counterfeit trading, while the current study endeavored to establish the implication of the existing legislation on counterfeit trading. In addition, Dégardin et al. (2014) concentrated on the pharmaceutical industry, while this study will focus on the electronics and printing industry.

Von Braun and Munyi (2010) through secondary data examined "the emergence of anti-counterfeiting legislation in East Africa and observed that further to substantive changes to intellectual property law put forward through a range of different mechanisms at the international, regional and national level over the last few years, another trend has emerged. This new trend seeks to increase the level of enforcement of intellectual property laws in national jurisdictions in two broad ways. The first, aiming to deter piracy, seeks to increase the level of penalty associated with, for example, copyright infringement or the distribution of pirated goods. It also includes the empowerment of custom officials to engage in border inspections with or sometimes even without any official complaint expressed by the intellectual property right holders. The second is the inclusion of traditionally exempted forms of intellectual property rights (IPRs), such as patents and plant breeders' rights into anti-counterfeiting legislation."

Ongola (2014) examined the "efficacy of anti-counterfeit laws in Kenya and argued that lack of proper legal and enforcement mechanism in Kenya provides a thriving environment for counterfeit trade. Despite not having proper legal and enforcement mechanism in place, public awareness is also necessary to combat counterfeit trade. The intellectual property right owner's should be educated about their rights so that

they can be aggressive enough to protect them and report its infringement to the proper institutions. The public at large should also be made aware of the genuine products so as not to be misled by the counterfeits. They should be educated on the dangers of counterfeit products to avoid purchasing them. This will reduce the market for counterfeit trade thus assists in combating it. The ACA should be more aggressive in educating the public on the dangers of counterfeit products." To this end, Ongola (2014) put emphasis on how the public could suppress counterfeit trading, but did not provide a basis on how the existing legal and regulatory framework ought to be strengthened as a means to containing counterfeit trading, which this study seeks to provide.

2.3 Theoretical Framework

This section reviewed relevant theories in relation to the objective of the study. The study adopted the Rational Choice Theory and the Enterprise Theory of Crime.

2.3.1 Rational Choice Theory

"Rational choice theory was first developed by Adam Smith in 1776. Decades later, Becker (1968) resurrected this theme and developed a neoclassical economic theory of crime which applied the traditional expected utility model of choice to offending, suggesting crime is an outcome of an agent's rational consideration of the risks and pains of punishments as well as the gains of crime." According to Paternoster, Jaynes, and Wilson (2017), "rational choice theory assume that human actions are based on rational decisions, that is, they are informed by the probable consequences of that action."

Rational choice was further developed and popularized in the study of crime through the work of Cornish and Clarke (2014) who established "a rational choice perspective of criminal involvement and criminal events targeted toward policy relevant research. While there may be variation in criminological approaches to rational choice theory." Simpson and Paternoster (2017) acknowledged three common elements: "The decision to commit a crime is rational and involves the weighting of perceived costs and benefits, rational choice models should be crime-specific, and the decision to offend is influenced by immediate contextual characteristics."

Rational choice theory is relevant to this study because it describes individuals' decision to indulge in criminal activities, such as counterfeit trading. Moreover, the theory is applicable to the current study as it explains the willingness of people to engage in crime, which is influenced by people's preferences, their attitudes toward risk and time discounting, and their estimates of an illegal opportunity's availability, costs and benefits, versus a legitimate opportunity's availability, costs and potential for realizing the same or comparable return.

2.3.2 The Enterprise Theory of Crime

The Enterprise theory of crime was posited by Smith (1980), where the theory attempts "to describe the stake of organizations in criminal acts as reflective of specific environmental factors-market or economic forces, influencing the motivations of criminals, how they interact, their perceptions or risk versus benefit, and the efficiency and efficacy of their modus operandi." According to this theory as argued by Lyman and porter (2007), "organized crime exists because legitimate markets leave many customers and potential customers unsatisfied."

Lyman and porter (2007) suggested that "High demand for a particular good or service, low levels of risk of detection and high profits, lead to a conducive environment for entrepreneurial criminal groups to enter the market and profit by supplying those goods and services." The enterprise theory of crime is relevant to this study as it describes how organizational crimes discourage competition to ensure criminal monopolies are maintained to sustain profits.

Furthermore, the enterprise theory of crime is appropriate for this study as it can be used to explain well the counterfeit phenomena by rich merchants and organizations. The theory further explains that economic enterprises involve both legitimate and criminal activities. In fact, Smith (1980) argues "that market dynamics operating past the point of legitimacy tend to establish the primary context of the illicit entrepreneur. Simply put, a high-level demand for a particular form of products combined with relatively low-level risk of detection and considerable high profit margins provides the ideal condition for illicit business groups to enter the market."

2.4 Conceptual Framework

The study applied the conceptual framework as an approach to describe the dependent and independent variables of the study. For this study, the independent variables included brand popularity, pricing strategy, and consumer awareness; whereas the intervening variable was the Anti-counterfeit legislations. The dependent variable for the study was trading in counterfeit products.

Figure 2.1:- Conceptual framework showing logical relationship between sets of independent variables, intervening variable, and the dependent variable.

Independent Variables   **Intervening Variable**   **Dependent variable**

Brand Popularity
• Brand Loyalty
• Perceived Brand Quality

Pricing Strategy
• Cost leadership strategy
• Differentiation Strategy

Consumer Awareness
• Availability of Information
• Attitudes and behaviours

Anti-counterfeit Legislations
• Legal Framework
• Institutional Framework

Trading of Counterfeit Products
• Motivation
• Perceived returns
• Counterfeit purchasing behaviour
• Low risk

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter detailed the methodological approach that the study adopted in data collection and analysis. Accordingly, this chapter constituted the site of the study, research design, target population, sampling procedure and sample size, data collection techniques, ethical considerations, and data analysis and presentation.

3.2 Site of the Study

The study was conducted in the City of Nairobi within Nairobi County. The researcher selected Nairobi City because it is a commercial hub, which receives a large assortment of electronic goods before distribution to other parts of the country as the headquarters of major multinational corporations are domiciled here. In fact, prevention of counterfeit trading can only stop if it is prevented at the points of distribution compared to going after retailers. Moreover, the researcher chose Nairobi City as the headquarters of Hewlett-Packard (HP) is located in Kilimani area of Nairobi. The City of Nairobi was an ideal site of study because it enabled the researcher to easily access and collect data from employees of the Anti-counterfeit Agency (ACA), which has its headquarters in the capital, and easily reach established wholesalers and retailers of HP toner cartridges.

3.3 Research Design

This study adopted a descriptive research design. In the words of Kothari (2004), "a descriptive study is a study concerned with describing the characteristics of a particular individual or of a group." Against this background, the researcher deemed a descriptive research design to be appropriate for this study because it enhanced description of phenomena under study with a view to making generalized and validating results (Creswell & Creswell, 2017).

3.4 Units of Analysis and Units of Observations

According to Neuendorf (2016), "Units of analysis refer to social units whose social characteristics are relevant to the study." In the current study, the units of analysis were the factors contributing to trade of counterfeit HP toner cartridges in Nairobi County. On the other hand, units of observation refer to data sources (Babbie, 2015). In this

light, the units of observation were personnel from the Anti-Counterfeit Agency, HP distribution channels (wholesalers and retailers), end users of HP toner cartridges, and dealers in counterfeit HP toner cartridges.

3.5 Target Population

Mugenda and Mugenda (2003) defined "target population as that population to which a researcher wants to generalize the results of the findings." The target population of this study consisted of top and middle level managers working at Anti-Counterfeit Agency (ACA), wholesalers and retailers of HP toner cartridges (Distribution Channels), end users of HP toner cartridges, and counterfeit dealers of HP toner cartridges. For the study, end users refer to users of HP products who buy in bulk, such as Government Ministries/Departments/Parastatals, Universities, Colleges and Schools. Table 3.1 provides a breakdown for the target population.

Table 3.1: Target Population

Category	Population	Percent
ACA	50	11.1
Distribution Channels	100	22.2
End Users	200	44.5
Counterfeit Dealers	100	22.2
Total	**450**	**100.0**

3.6 Sample Size and Sampling Procedure

3.6.1 Determination of Sample Size

Denscombe (2014) defined "a sample as a part of an assembly or group, which is derived from the accessible population. Therefore, a sample is meticulously selected with a view of ensuring that it represents the entire population and it must have the appropriate characteristics". According to Mugenda and Mugenda (2003), "sample size of 30% of the target population is adequate." Table 3.2 provides a detailed breakdown of the sample size that was deemed adequate in data collection. The categories of the respondents refer to individuals working in the industry or proprietors of organizations that have relevant counterfeit information. For instance, proprietors, managers, and/or

employees of outlets selling HP toner cartridges, were deemed appropriate to provide relevant information to the study.

Table 3.2: Sample Size

Category	Population	%	Sample to Interview	%
ACA	50	11.1	14	11.2
Distribution Channels	100	22.2	28	22.4
End Users	200	44.5	55	44.0
Counterfeit Dealers	100	22.2	28	22.4
Total	**450**	**100.0**	**125**	**100.0**

3.6.2 Sampling Procedure

The study adopted stratified random sampling technique because of its applicability in heterogeneous data. In stratified sampling, the researcher grouped members of a population into various strata, whereby members of the same stratum had homogenous attributes. Stratified random sampling is a sampling technique, where a researcher divides a population into strata, but the members of the strata must possess joint attributes (Denscombe, 2014).

As presented in table 3.2, it is evident that respondents have different characteristics, signifying that the researcher grouped together respondents with similar characteristics with a view to enhancing unanimity of the collected data. Simply put, the different categories of respondents, that is, ACA, distribution channels, end users, and counterfeit dealers were clustered into various strata, where the researcher ensured that every member of the group/strata had an equal chance to participate in the research. From the various strata, the researcher sampled the research participants from different categories as indicated in table 3.2

3.7 Data Collection
3.7.1 Collection of Quantitative Data
The researcher used a questionnaire to collect quantitative data, as the use of questionnaires reached many respondents in a short period and researcher was able to

allow more time for research participants to fill and respond to questions. Furthermore, questionnaires guaranteed confidentiality of the respondents, as they were not required to indicate their identities unless specified. In addition, use of questionnaire eliminated gathering biased information because respondents did not indicate their names on the questionnaires. In fact, questionnaires were easier to administer to a large sample population/size.

3.7.1 Collection of Qualitative Data

The researcher used an interview guide to collect qualitative data from key informants because the key informant interview guide was unstructured, implying that respondents had the freedom to provide an array of answers. Interview guides were used to collect information from individuals with in-depth information in relation to counterfeit trading. Key informants included senior and middle level management officers of the Anti-Counterfeit Agency, ACA, working in the Legal and Enforcement department, and proprietors/owners and managers of leading HP distribution channels. Face-to face interview approach was applied to solicit data from key informants.

3.8 Pre-test

Validity and reliability of the data collection instruments (interview guide and questionnaire) were established through pre-testing technique. Pre-test was done by administering 10 questionnaires and undertaking one interview to establish accuracy and aptness of data collection instruments. However, the results of the pre-test were not part of data analysis for this study.

3.9 Ethical Considerations

The university letter of introduction was used to explain to the respondents that the research was purely for academic purposes only and respondents' privacy was protected by a strict standard of anonymity. Likewise, the researcher also got a permit from the Executive Director of the Anti-counterfeit Agency, to collect information from identified key informants within the organization. The research observed ethics as outlined in the University of Nairobi ethical standards, which encompasses originality and referencing/citation. The administered questionnaires were distributed to the respondents and collected after a mutually agreed time. Follow-ups were done using telephone calls, email or personal appearance in the event that the questionnaire was not received, hence additional copies of the questionnaire were administered.

3.10 Data Analysis

The researcher used SPSS version 20 programme to analyse quantitative data. The programme enabled the researcher to run descriptive statistics, such as frequencies, tables and percentages. The researcher applied descriptive statistics that included frequency, percentages, standard deviation, and mean. The researcher presented data using graphs, charts, and tables. The qualitative data derived from unstructured questions were grouped into various thematic areas and applied to reinforce quantitative data.

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presented the findings from both quantitative and qualitative methods. The quantitative data illustrated the socio-demographic characteristics of the respondents as well as the responses from the questionnaires. The qualitative data explored the deeper meanings of data from the perceptions of key informants interviewed on the factors contributing to trade in counterfeit HP toner cartridges in Nairobi City. The study used mixed methods (quantitative and qualitative techniques) of research because it enhanced the comparison of quantitative and qualitative data. Mixed methods are especially useful in understanding contradictions between quantitative results and qualitative findings.

Mixed methods provided a voice to study and ensured that study findings were premised on the experiences of respondents. In fact, quantitative and qualitative techniques enabled the researcher to collect wide-ranging data, which was used to reach valid conclusions. Statistical Packages for Social Sciences (SPSS) aided analysis of quantitative data, while qualitative data was thematically analysed and presented together with quantitative data. This chapter presents data analysis, interpretations, and discussions on the factors contributing to trade in counterfeit HP toner cartridges in Nairobi City.

4.2 Response Rate

The sample size of this study was 125 respondents. Those who filled and returned questionnaires were 116 respondents making a response rate of 92.8%, while the non-response sample was 9 respondents who constituted 7.2% as presented in table 4.1. Some of the respondents who did not return their questionnaires gave various reasons such as lack of time to fill them and misplacement of questionnaires. Other requested respondents claimed that such information was private and that they were not sure if the results would be used for academic purposes only.

There is no consensus among scholars on the ideal response rate that should inform data analysis and reaching of valid conclusions. For instance, According to Mugenda and Mugenda (2003), "a 50% response rate is adequate, 60% good and above 70% rated very good. This also concurs with Kothari (2004) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good." This implies that based on this assertions; the response rate in this case of 92.8% is very good since it was above 50%, and that this would provide sufficient information for analysis and drawing of valid generalizations.

Table 4.1: Response Rate

Category	Frequency	Percent
Response	116	92.8
Non-Response	9	7.2
Total	**125**	**100.0**

4.3 Social and Demographic Characteristics of the Respondents

Various demographic attributes of the respondents were collected with a view to establishing how each characteristic of the respondents influenced trade in counterfeit HP toner cartridges in Nairobi City. The demographic characteristics collected in the study included: gender of the respondents, age of the respondents, level of education, and years in service and/or in business. Data in this section was collected through quantitative methods with the aid of questionnaires. Questionnaires were only administered to respondents upon consent, implying that there was no coercion on the part of respondents to provide data.

4.3.1 Gender of the Respondents

The researcher sought to establish the gender distribution of the respondents as outlined in table 4.2. From the analysis of the collected data majority (53.4%) of the respondents were female, while 46.6% were male. The researcher collected data on gender to test whether there were valid perceptions of trade in counterfeits in gender distribution.

Table 4.2: Gender of the Respondents

Gender	Frequency	Percent
Male	54	46.6
Female	62	53.4
Total	**116**	**100.0**

4.3.2 Age of the Respondents

The researcher collected data on the age of the respondents because it enhanced the study of the relationship between the age of an individual and the level of perceptions in terms of trade in counterfeit goods/products. The researcher anticipated that the relationship between an individual's age and views on counterfeit trading would provide new insights into the ways age and counterfeit trading perceptions intertwined to affect counterfeit trading. Findings in this sub-section are presented in table 4.3.

Table 4.3: Age of the Respondents

Respondents' age	Frequency	Percent
Below 45	43	37.1
46- 50 years	27	23.3
51- 55 years	25	21.6
56-60 years	8	6.9
Above 60 years	13	11.2
Total	**116**	**100.0**

It was evident from the collected data that majority (37.1%) of the respondents were below 45 years of age, nearly a quarter (23.3%) were 46-50 years, while 21.6% were 51-55 years, whereas, 11.2% and 6.9% of the respondents were above 60 years and 56-60 years respectively. The large percentage of respondents below 45 years was attributed to the higher number of young people working in technology related jobs.

4.3.3 Respondents' Level of Education

The researcher chose to collect information pertaining to the level of education because of the anticipated relationship between the level of education and understanding of the implications and motivation for counterfeit trading. In other words, the level of education enabled the researcher to deduce the influence of consumer willingness to

purchase counterfeit goods if there is availability of counterfeit information. In addition, education was considered important because it is assumed that education makes an individual to understand the legislations and consequences of counterfeit trading. The study hypotheses that education level has an influence on individuals' capability to comprehend factors that contributes to trading in counterfeit goods. Analysis of the data in this sub-section is presented in Figure 2.

Figure 2: Respondents' Level of Education

N=116

	Secondary	College/Diploma	Degree	Masters
Frequency	19	33	39	25
Percent	16.4	28.4	33.6	21.6
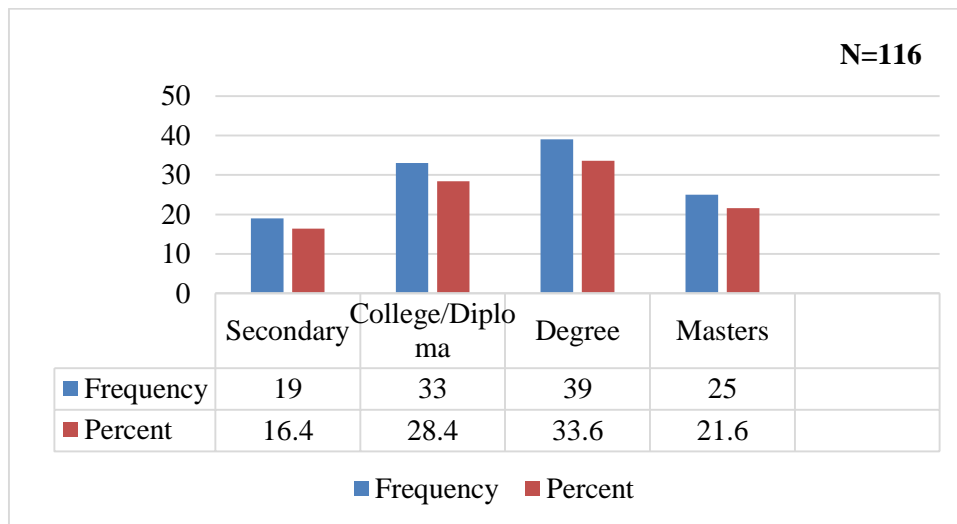
As detailed in figure 2, it is clear that majority (33.6%) of the respondents had University Bachelor's degree, 21.6% had Master's degree, while 28.4% and 16.4% had College Diploma and Secondary education respectively. None of the respondents had a PhD or Primary education. A superior response rate for Bachelor degree was attributed to job specifications that required respondents to have university education as a basis of finding employment in Government departments, Ministries, and Parastatals.

4.3.4 Respondents' Years of Service/Business

The study collected and analysed respondents' years in service and/or business because individuals with extensive experience in counterfeit field and technology would easily demystify and/or differentiate a genuine product from an imitated one. Analysis of the collected data is detailed in table 4.4.

Table 4.4: Years of Service/Business

Years of service	Frequency	Percent
Below 10 years	43	37.1
11-15 years	24	20.7
16-20 years	30	25.9
above 21 Years	19	16.4
Total	**116**	**100.0**

As presented in table 4.4, majority (37.1%) of the respondents indicated that they had either worked or conducted business below 10 years, while slightly more than a quarter (25.9%) of the respondents observed that they had been in business/service for 16-20 years, whereas 20.7% and 16.4% were in business/service for 11-15 years and above 21 years respectively. A greater response rate for below 10 years was attributed to technical skills needs in ICT, implying that employers and business owners employed individuals with ICT skills and competence who happen to be young people.

4.4 Brand Popularity and Counterfeit Trading

This section covered the first objective of the study, which sought data on the effect of brand popularity on trading of counterfeit HP toner cartridges in Nairobi City, Kenyan capital. The various sub-sections were covered in the sections below.

4.4.1 Influence of Brand Popularity

The researcher sought to investigate the influence of brand popularity on counterfeit trading of genuine product. The question posed to the respondents was structured, implying that respondents were required to select aspects of brand popularity and their influence on counterfeit trading, which included exclusivity of the brand, perceived prestige of the brand, and attractive targets of counterfeiting. Analysis of collected data in this sub-section are tabulated in table 4.5.

Table 4.5: Influence of Brand Popularity

Influence of brand popularity	Frequency	Percent
Exclusivity of the brand	52	44.8
Perceived prestige of a brand	34	29.3
Attractive targets of counterfeiting	30	25.9
Total	**116**	**100.0**

As detailed in table 4.5, it is evident that majority (44.8%) of the respondents contended that exclusivity of brand as an aspect of brand popularity most influenced counterfeit trading, 29.3% observed that perceived prestige of the a brand aggravates counterfeit trading, while 25.9% indicated attractive targets of counterfeiting as a critical predictor of trading in counterfeits. This finding agrees with a study done by Suraj (2009) who argued that consumers are attracted to prestigious and exclusive goods.

4.4.2 Implications of Counterfeit Trading

There is unanimity among scholars that counterfeit trading has implications on popular brands, where some of the implications include but not limited to abandoning the brand, change of brand, disguising brand labels, reclamation, and no adverse implication. The question posed to the respondents required them to select from the implications captured on the questionnaires. Analysis of the collected data is captured in table 4.6.

Table 4.6: Implications of Counterfeit Trading

Effects of counterfeiting on consumer	Frequency	Percent
Abandoning the brand	64	55.2
Change of brand	18	15.5
Abranding (disguising brand labels)	19	16.4
Reclamation (charge back)	7	6.0
No adverse implication	8	6.9
Total	**116**	**100.0**

It is evident from table 4.6 that majority (55.2%) of the respondents were of the considered view that abandoning a brand was the most critical implication of

counterfeit trading, 15.5% indicated change of brand, while 16.4% indicated disguising brand labels (abranding), whereas 6.9% and 6.0% indicated no adverse implication and reclamation respectively. A higher response rate was attributed to consumers abandoning a brand once they get information that a given product is easily imitated by groups of counterfeiters, such as fraudsters and imitators. To support this assertion, a key informant who was a proprietor of one of the leading HP retailers in Nairobi recounted that:

> *"Once consumers doubt HP toner cartridges are imitates, they turn to other brands until they are contended that the counterfeits are out of the market" (K.I 1, 2018)*

Analysis of the responses from key informants revealed that suppliers and retailers of genuine HP toner cartridges suffered the brunt of imitation/counterfeiting as bulk consumers, such as government ministries and departments, sought alternatives. Evidently, it was clear that most consumers were apprehensive of products whenever there was negative news pertaining to counterfeiting of HP toner cartridges. As detailed in table 4.6, majority of the key informants opined that consumers were risk-averse, implying that consumers were committed to derive fully utility of the items they purchase from the market leading to abandonment of a brand when they deem running into the risk of procuring counterfeited goods. The finding in table 4.6 concurs with a study done by Suraj (2009) who suggested that when consumers face the likelihood of their preferred brands being counterfeited, they abandon the brand (flight).

4.4.3 Brand Loyalty and Counterfeit Trading

The study sought to investigate the extent to which brand loyalty cushioned genuine HP toner cartridges from the general threat of trading in counterfeits in the capital of Kenya, Nairobi. The question posed to the respondents was a 5-point Likert scale, signifying that the researcher sough to test perceptions of the respondents on the extent to which brand loyalty prevented counterfeit trading. Analysis of the responses from the field are tabulated in figure 3.

Figure 3: Brand Loyalty and Counterfeit Trading

	No extent	Small extent	Moderate extent	Large extent	Very large extent	
■ Percent	49.1	18.1	12.1	9.5	11.2	
■ Frequency	57	21	14	11	13	

■ Percent ■ Frequency
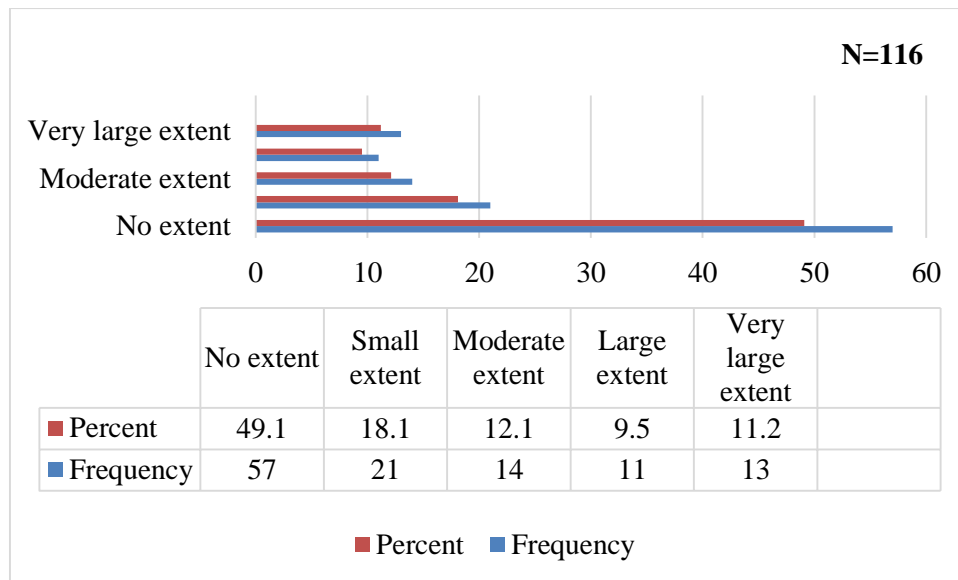
It is evident from figure 3 that majority (49.1%) of the respondents indicated 'No extent', implying that loyalty to HP toner cartridges did not significantly reduce the general threat of counterfeit trading, 18.1% indicated 'Small extent', while 12.1% indicated 'Moderate extent', whereas 11.2% and 9.5% indicated 'Very large extent' and ' Large extent'. Thus, it can be concluded that brand loyalty to HP toner cartridges does not significantly influence and/or reduce the general threat of counterfeit trading of the original product. The finding by this study in this sub-section is incongruent by a research sanctioned by Hidayat et al. (2008) who argued purchasing of a well-known brand and coupled with loyalty to the brand reduced the risk/threat of its counterfeiting. In fact, one of the managers from the regional HP headquarters in Nairobi who was a key informant in this study observed that:

> *"Counterfeiting and imitation of HP products stems from brand loyalty that is occasioned by brand popularity of products notwithstanding the basis that we are protected by IPR laws" (K.I 3, 2018)*

4.4.4 Reduction of Counterfeit Trading through Brand Popularity

Through a structured question, the researcher sought to examine how HP could leverage its popularity as a means to minimizing counterfeit trading. Choices provided to the respondents included enhanced product reputation/quality, increased company reputation, and boost of brand equity (brand value). Analysis of the collected data is presented in table 4.7.

Table 4.7: Reduction of Counterfeit Trading

Minimizing counterfeit trading	Frequency	Percent
Enhance product reputation/quality	80	69.0
Increase company reputation	12	10.3
Boost brand equity (brand value)	24	20.7
Total	**116**	**100.0**

It is evident from table 4.7that majority (69.0%) of the respondents indicated that HP could reduce counterfeit trading of its toner cartridges by enhancing product reputation/quality, while 20.7% and 10.3% contended that HP could minimize counterfeit trading through boosting brand value and increasing company reputation respectively. This finding is in tandem with a study done by Hidayat et al. (2008) who suggested that companies could minimize counterfeit trading of their genuine products by enhancing the quality of the product, increasing company reputation and brand value.

The question posed to the key informants required them to provide approaches on how HP could use brand popularity as means to minimizing counterfeit trading of its toner cartridges. Analysis of the responses from the key informants revealed that HP ought to manufacture unique products for particular markets and liaise with wholesalers and retailers by protecting them with IPR laws. Furthermore, key informants revealed that it is critical for HP to have unique, but easily recognizable features, which will make it possible for the consumers to distinguish genuine products from counterfeits. In addition, the study established that for firms to minimize counterfeiting, it is important to undertake market surveillance, enlighten the consumers, and frequently change the packaging of the toner cartridges.

4.5 Pricing Strategy and Counterfeit Trading

This section covered the second objective of the study, which sought data on the effect of pricing strategy on trading of counterfeit HP toner cartridges in Nairobi City, Kenyan Capital. The various sub-sections were covered in the sections below.

4.5.1 Influence of Price on Counterfeit Trading

There is considerable amount of literature and discourse, which postulates that price of products considerably determines the extent of counterfeit trading of the genuine product (Vida, 2007; Hidayat et al., 2008). Against this background, the study sought to determine whether the price of a product determined whether it would be counterfeited. The question posed to the respondents required a 'Yes' or 'No' answer. Findings of the analysed data are presented in figure 4.

Figure 4: Influence of Price on Counterfeit Trading
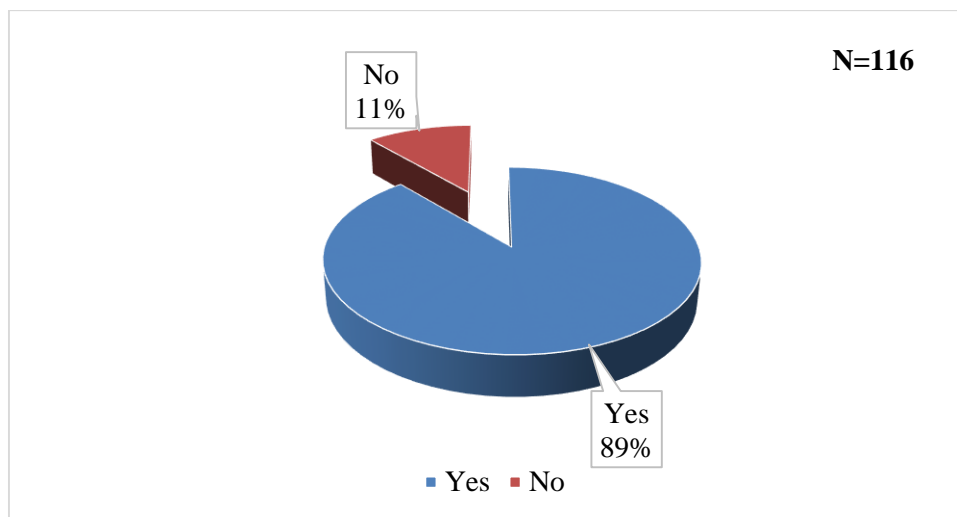
It is evident from figure 4 that majority (89%) of the respondents were of the opinion that the price of HP toner cartridges significantly determined the extent of imitation of the product, while 11% of the respondents disagreed that price determine counterfeit trading. This finding is consistent with a study conducted by Hansen and Møller (2017) who contended that highly priced goods are more likely to be imitated owing to the prestige associated with the goods. Respondents who indicated 'Yes' were required to answer a follow up question that sought to determine the influence of pricing strategy on counterfeit trading of genuine products. The question posed to the respondents was semi-structured, where respondents would either select the choices given in the questionnaire or specify the influence of factors related to pricing strategy on counterfeit trading of HP toner cartridges. Findings of the analysed data in this sub-section are captured in table 4.8.

Table 4.8: Pricing and Counterfeit Trading

Influence of price	Frequency	Percent
Availability of product	48	46.6
Affordability	55	53.4
Total	**103**	**100.0**

As indicated in table 4.8 this, was a follow-up question, meaning the number of responses analysed were those that had indicated 'Yes'. It is evident that majority (53.4%) of the respondents were of the considered view that pricing strategy determined the affordability of HP toner cartridges because original HP toners are expensive, implying that there are cluster of consumers who would buy counterfeits because of the affordability. On the other hand, 46.6% of the respondents argued that HP toner cartridges are available, implying that consumers can easily access the imitated products.

Thus, it can be concluded that pricing strategy significantly contributes to counterfeit trading of HP toner cartridges given that pricing strategy determines affordability and availability of imitated products. Furthermore, analysis of the responses from the key informants, revealed that higher pricing of genuine HP toner cartridges means that most consumers are unable to afford them and groups of counterfeit traders, such as fraudsters, smugglers, and imitators, exploit the market gap through cost leadership strategy. In fact, the study revealed that most retail and bulk consumers prefer HP toner cartridges, but they do not possess significant knowledge on how to differentiate genuine products from the imitated ones. A legal and enforcement officer from ACA who was a key informant in the study recounted that:

> *"Consumers can check the genuineness of a product by scanning the QR codes provided on items as an approach to ascertain their authenticity and/or check for other features, such as holograms and seals" (K.I. 6, 2018)*

4.5.2 Groups of Counterfeit Traders

Counterfeit trading is globally recognized economic activity that disadvantages companies that produce genuine products (Staake et al., 2012). In view of this context, the researcher sought to determine group of counterfeit traders that most influence

counterfeit trading. Prevalent groups of counterfeit traders posed to the respondents included imitators, fraudsters, smugglers, and desperados. Respondents had the discretion to point out any group of counterfeit traders not captured in the questionnaire. Analysis of the field responses are captured in figure 5.

Figure 5: Groups of Counterfeit Traders
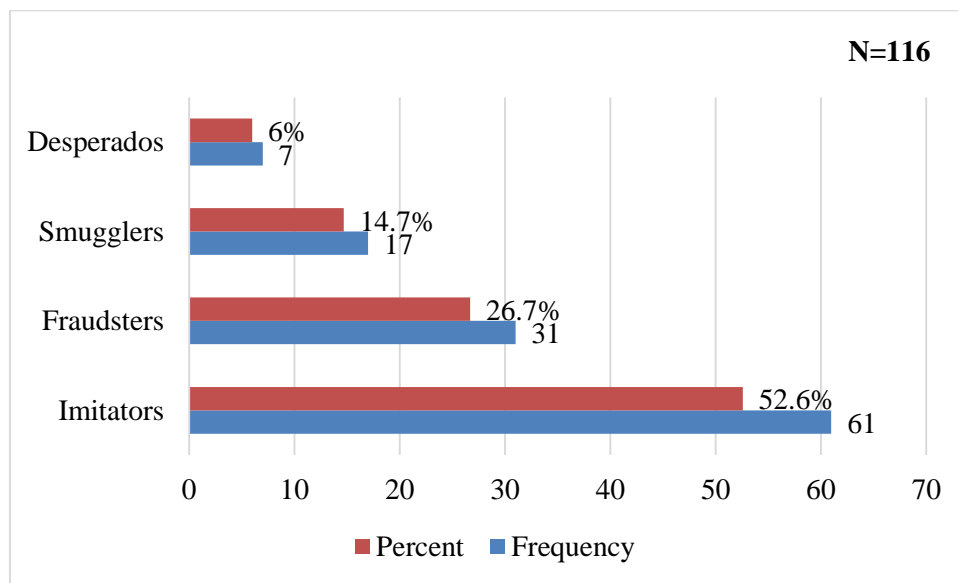
It is precise from figure 5 that majority (52.6%) of the respondents were of the view that imitators as a group of counterfeit traders most influenced counterfeit trading of HP toner cartridges, while 26.7% indicated that fraudsters most propelled counterfeit trading. On the other hand, 14.7% and 6% of the respondents were of the view that smugglers and desperados aggravated counterfeit trading respectively. This finding agrees with Staake et al. (2012) who argued that counterfeit traders belong to different groups, where each set conducts counterfeit trading in a distinct manner.

4.5.3 Determinants of Pricing Strategy

The researcher sought to evaluate determinants of pricing strategy that influence counterfeit trading. The question posed to the respondents was semi-structured (open and close ended question), where respondents were required to select from the choices provided. The determinants of pricing strategy posed to the respondents included socio-economic attributes of buyers, socio-psychological characteristics, and price of genuine products. Analysis of the study findings in this sub-section are detailed in table 4.9.

Table 4.9: Determinants of Pricing Strategy

Elements of pricing strategy	Frequency	Percent
Socio-economic attributes of buyers	63	54.3
Socio-psychological characteristics	19	16.4
Price of genuine products	34	29.3
Total	**116**	**100.0**

As indicated in table 4.9, majority (54.3%) of the respondents were of the opinion that socio-economic attributes of buyers determines HP's pricing strategy, while 29.3% and 16.4% indicated price of genuine products and socio-psychological characteristics as critical determinants of pricing strategy, which ultimately influences counterfeit trading of genuine HP toner cartridges. Accordingly, it is imperative to argue that various buyers' characteristics determine the extent to which counterfeit trading of the genuine products is likely to occur. This finding agrees with a study conducted by Vida (2007) who suggested that a combination of social, economic, and psychological attributes of buyers significantly determines the willingness of consumers to purchase counterfeited products of the genuine item.

Qualitative analysis of responses provided by key informants revealed that consumers from economic disadvantaged backgrounds are twice willing to buy counterfeit HP toner cartridges. In fact, the responses pointed out that the social standing of an individual in the society/workplace predicates/defines their inclination to buy imitated HP toner cartridges. Psychological factors, such as perceptions, attitudes, motivation, and beliefs, define the enthusiasm of an informed consumer to purchase counterfeit products. A combination of social factors with psychological and/or economic factors translates into socio-economic and socio-psychological factors that significantly determine the disposition of a consumer to purchase counterfeited HP toner cartridges. A proprietor from one of the leading electronic retail stores recounted that:

> *"Consumers can buy a genuine product depending on their level of income or social standing in the society. There are consumers who are motivated by the prices of counterfeits due to affordability and availability of the toner cartridges" (K.I 9, 2018)*

4.5.4 Consumer Willingness to Purchase Known Counterfeits

The researcher sought to determine factors that determine consumers' willingness to purchase known counterfeit HP toner cartridges. The question posed to the respondents was open-ended (unstructured), implying that respondents had the discretion to provide general factors that support the willingness of consumers to purchase acknowledged counterfeits. Responses from the field were thematically grouped to yield quantitative data, which was analysed in table 4.10.

Table 4.10: Consumer Willingness to Purchase Known Counterfeits

Factors for counterfeit trading	Frequency	Percent
Quality	18	15.5
Availability	20	17.2
Affordability	69	59.5
Corruption	9	7.8
Total	**116**	**100.0**

As detailed in table 4.10, it is evident that majority (59.5%) of the respondents argued that affordability of counterfeit HP toner cartridges was the most critical factor that contributed to consumers' willingness to purchase known counterfeit products. On the other hand, 17.2% of the respondents argued that availability of counterfeit HP toner cartridges was a significant predictor on willingness by consumers to buy imitated products, while 15.5% and 7.8% indicated quality of the genuine product and corruption as factors that dispose consumers to purchase identifiable counterfeit HP toner cartridges.

4.6 Consumer Awareness and Counterfeit Trading

This section covered the third objective of the study, which sought data on the effect of consumer awareness on trading of counterfeit HP toner cartridges in Nairobi City, Kenyan Capital. The various sub-sections were covered in the sections below.

4.6.1 Influence of Consumer Awareness

The study sought to investigate the influence of consumer awareness on consumer readiness to pay for counterfeit products. The question posed to the respondents was semi-structured, where aspects of consumer awareness included psychological

mechanisms, quality perceptions, and pleasure at being envied. Analysis of the study findings in this sub-section are detailed in figure 6.

Figure 6: Influence of Consumer Awareness

	Psychological mechanisms	Quality perceptions	Pleasure at being envied
■ Frequency	51	45	20
■ Percent	44	38.8	17.2

N=116
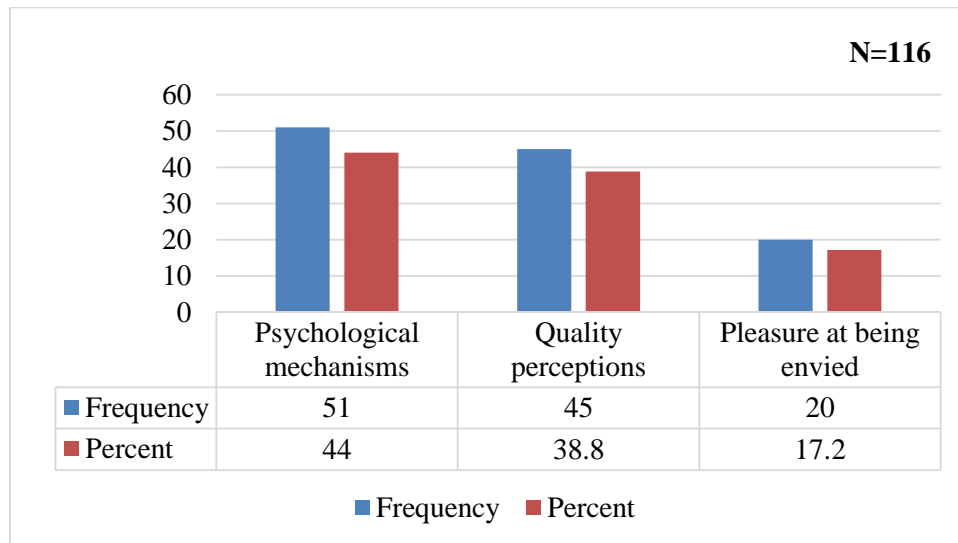
As detailed in figure 6, majority (44%) of the respondents argued that psychological mechanism, such as cognitive and behavioural traits, considerably determine consumer willingness to purchase counterfeit products. On the other hand, 38.8% of the respondents indicated that quality perceptions was a critical predictor of consumers' willingness to pay for counterfeit products, while 17.2% were of the view that pleasure at being envied contributed to buyers' disposition to purchase counterfeit products, as their peers do not have the capability to differentiate between genuine and imitated products. This finding agrees with a study done by Romani et al. (2012) who contended that brand awareness moderates the positive relationship between counterfeiting and willingness to pay, where psychological mechanisms play a critical role in terms of increasing willingness to pay by consumers. A public relations officer in the consumer awareness department of ACA noted that:

> *"There are consumers who want to distinguish themselves from the rest and one of the ways they do this is by buying high-end imitated products as a means to being envied" (K.I 9, 2018)*

4.6.2 Availability of Counterfeit Information

The researcher sought to investigate whether availability of counterfeit information influence consumers to purchase counterfeit goods. The question posed to the

respondents required them to 'Agree' or 'Disagree' that availability of information pertaining to counterfeit influences consumers'' willingness to pay for counterfeit goods. Results of the analysed data are captured in figure 7.

Figure 7: Availability of Counterfeit Information
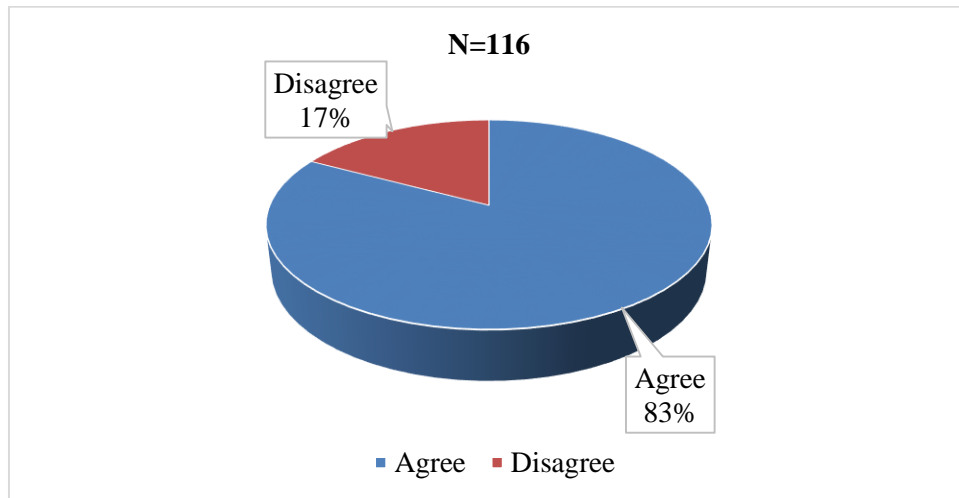
As detailed in figure 7, it is evident that majority (83%) of the respondents agreed that counterfeit information availability predicts counterfeit trading, while 17% disagreed that availability of counterfeit information influences trading of counterfeits. Thus, it can be concluded that information disposal on counterfeit trading supports trading of counterfeit products. An officer from ACA who was a key informant in this study recounted that:

> *"Availability of counterfeit information predisposes consumers to purchase counterfeit products because they know where to find the products. In addition, Information availability on the affordability of counterfeit products enhances trading of contraband goods" (K.I 10, 2018)*

4.6.3 Aspects of Consumer Awareness and Counterfeit Trading

The researcher sought to investigate the influence of various aspects of consumer awareness on counterfeit trading of HP toner cartridges. The researcher posed a semi-structured question to the respondents, where the various aspects of consumer awareness included cheap counterfeit goods, easy access to market for counterfeit goods, and consumers not criminally liable in law. Respondents were required to select the one aspect or provide aspect(s) of consumer awareness not captured in the questionnaire. Analysis of the collected data is captured in table 4.11.

Table 4.11: Aspects of Consumer Awareness

Aspects of consumer awareness	Frequency	Percent
Cheap counterfeit goods	55	47.4
Easy access to markets for counterfeits	39	33.6
Consumers are not criminally liable	22	19.0
Total	**116**	**100.0**

As indicated in table 4.11, majority (47.4%) of the respondents opined that consumer awareness on cheap counterfeit goods exacerbates counterfeit trading, while a third (33.6%) of the respondents observed that information on easy access to markets for counterfeits aggravates counterfeit trading. On the other hand, 19.0% indicated that there is a lacuna in the current legislations, where consumers are not criminally liable, but different groups of counterfeit traders are. This finding agrees with a study conducted by Herstein et al. (2015) who suggested that given aspects of consumer awareness, such as where to find counterfeit goods, laxity in laws and affordability, augments counterfeit trading.

Analysis of unstructured responses (open-ended questions) from the key informants established that consumer awareness on counterfeits reduces and/or cuts the demand side of counterfeiting leading to decreased consumption. In addition, the study established increased consumer awareness enables consumers to be aware of the existence and dangers of counterfeit goods hence reducing their consumption. Analysis of qualitative data pointed out that government authorities and institution charged with the responsibility could leverage consumer awareness as a means to counter counterfeit trading. To this end, a legal officer from ACA who was a key informant in this study recounted that:

> *"When consumers are aware of the counterfeit products, they will avoid them thus minimizing counterfeit trade" (K.I 11, 2018)*

4.7 Influence of Anti-Counterfeit Legislations

This section covered the fourth objective of the study, which sought data on the influence of anti-counterfeit legislations on trading of counterfeit HP toner cartridges

in Nairobi City, Kenyan Capital. The various sub-sections were covered in the sections below.

4.6.1 Effectiveness of Anti-Counterfeit Legislations

The researcher sought to examine the extent to which current anti-counterfeit legislations were effective in combating counterfeit trading. The question posed to the respondent pursued to test perceptions of the respondents on the efficacy of anti-counterfeit laws using a 5-point Likert scale, ranging from no extent to very large extent. Analysis of the collected data was tabulated in table4.12.

Table4.12: Effectiveness of Anti-Counterfeit Laws

Effectiveness of anti-counterfeit laws	Frequency	Percent
No extent	57	49.1
Small extent	34	29.3
Moderate extent	20	17.2
Large extent	5	4.3
Total	**116**	**100.0**

It is evident from table 4.12 that majority (49.1%) of the respondents indicated no extent, implying that the current legislations on anti-counterfeit trading were not efficacious, while 29.3% of the respondents indicted small extent, whereas 17.2% and 4.3% indicated moderate extent and large extent respectively. No respondent indicated very large extent. This finding shows that anti-counterfeit legislations in the country are not effective in terms of tackling and/or minimizing counterfeit trading. This finding is consistent with a study conducted by Chaudhry and Zimmerman (2009) who contended that liberalization of markets and expansion of world trade continues to dilute local legislations in terms of combating of counterfeit trading because of trade agreements.

4.6.2 Factors that Enhance Counterfeit Trading

The study sought to investigate factors that encourage counterfeit trading, where the question posed to the respondents was structured and respondents were required to select one most critical factor that invigorated counterfeit trading. Options provided to the respondents included collusion by custom officers with groups of counterfeit

traders, short sentences, and long court processes. Analysis of the collected data was presented in table 4.13.

Table 4.13: Factors that Enhance Counterfeit Trading

Enhancement of counterfeit trading	Frequency	Percent
Collusion by custom officers with traders	57	49.1
Short sentences	41	35.3
Long court processes	18	15.5
Total	**116**	**100.0**

Majority (49.1%) of the respondents as indicated in table 4.13 were of the view that collusion of custom officers with traders aggravated counterfeit trading, while 35.3% and 15.5% indicated short sentences and long court processes respectively. Accordingly, it is imperative to note that anti-counterfeit legislations at Kenya's points of entry are not effective to an extent of encouraging counterfeit and/or contraband goods to enter the country. This finding is consistent with findings by Degardin et al. (2014) who observed that counterfeit markets are encouraged by weak legislations because legal sanctions are repeatedly inappropriate or simply not applied

4.6.3 Implications of World Trade and Market Liberalization.

The researcher sought to investigate whether respondent agreed or disagreed that liberalization of markets and expansion of world trade posed the biggest threat to the elimination of counterfeit goods in Kenya. Respondents were required to indicate 'Yes' or 'No' as captured in figure 8.

Figure 8: Implications of World Trade and Market Liberalization.
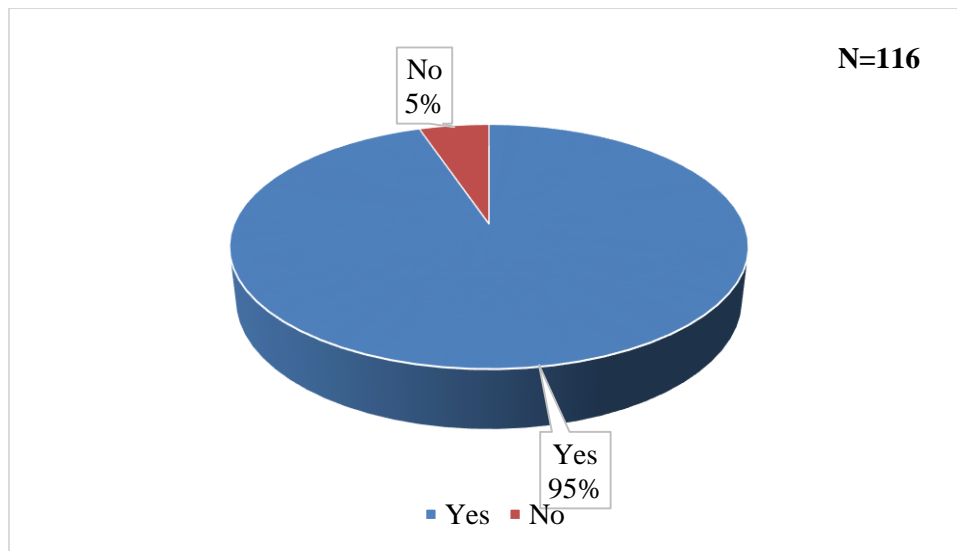
As detailed in figure 8, it is evident that majority (95%) of the respondents were of the view that expansion of world trade and market liberalization had significantly contributed to widespread of counterfeit market, while 5% of the respondents disagreed that market liberalization had proliferated counterfeit trading. This finding confirms that trade pacts and agreements and regional blocs among countries had a significant contribution in terms of entrenching counterfeit markets.

Respondents who indicated 'Yes' were required to answer a follow-up question on how international trade had hampered local legislations to fight counterfeit trading. The question posed to the respondents was semi-structured, where options presented to the respondents included contradiction of Kenya's legislations by regional trade legislations, legal void in the international anti-counterfeit legislations, cheap imports, and porous borders. Analysis of the analyzed data is presented in table 4.14.

Table 4.14: Implications of International Trade

Impact of international trade	Frequency	Percent
Regional trade legislations contradict Kenya's legislations	34	30.9
Legal void in the international anti-counterfeit legislations	51	46.4
Cheap imports	14	27.7
Porous borders	11	10.0
Total	**110**	**100.0**

As indicated in table 4.14, it is evident that majority (46.4%) of the respondents indicated that legal void in the international anti-counterfeit legislations was as a result of international trade, while contradiction of Kenya's legislations by regional trade legislations as supported by 30.9% of the respondents. On the other hand, 27.7% and 10.0% of the respondents indicated cheap imports and porous borders respectively as reasons for ingrained counterfeit trading. A high response rate for legal void in the international anti-counterfeit legislations was attributed to stalemate between countries, where imports did not meet quality standards. This finding is in tandem with a study conducted by Chaudhry and Zimmerman (2009) who suggested that the expansion of world trade translated into growth in counterfeit merchandise.

4.6.4 Implications of Weak Anti-Counterfeit Legislations

The researcher sought to rank aspects of anti-counterfeit legislations that negate efforts towards abolition of counterfeit trading. The structured question posed to the respondents had aspects, such as lack of international cooperation, huge profits made by counterfeiters, complexity of the counterfeit markets, and inappropriate legal sanctions. Analysis of the collected data was detailed in table 4.15.

Table 4.15: Implications of Weak Anti-Counterfeit Legislations

Effects of weak legislations	Frequency	Percent
Lack of international cooperation	36	31.0
Huge profits made by the counterfeiters	45	38.8
Complexity of the market	21	18.1
Inappropriate legal sanctions	14	12.1
Total	**116**	**100.0**

As tabulated in table 4.15, it was evident that majority (38.8%) of the respondents indicated that huge profits made by counterfeit traders negated the fight against counterfeit trading as the humongous profits were used to expand markets and bribe government officials. On the other hand, 31.0% of the respondents opined that lack of international cooperation exacerbated counterfeit trading, 18.1% and 12.1% observed that complexity of the counterfeit market and inappropriate legal sanctions respectively aggravated counterfeit trading. A high response rate for huge profits made by counterfeit traders was attributed to the fact that large proceeds from counterfeit trading were used to expand markets through inept acquisition of trade licences and other IPR related authorizations. This finding agrees with a study done by Ongola (2014) who argued that complexity of counterfeit markets and inappropriate legislations coupled with huge revenues in counterfeit trading impaired efforts towards obliteration of counterfeit trading.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter discussed the summary of findings, conclusion and recommendations of the research study; this entailed a detailed explanation on thefactors contributing to trade in counterfeit HP toner cartridges in Nairobi City. The answers to the research questions were deliberated upon from the study findings and a determination to deliver an in-depth discussion of thefactors contributing to trade in counterfeit HP toner cartridges in Nairobi City was provided with a view to establishing the strength of each factor in relation to the proliferation of counterfeit trading.

5.2 Summary

This section provided the summary of the findings in light of the respective study objectives.

5.2.1 Effect of Brand Popularity on Counterfeit Trading

Analysis of collected data under the first objective, which sought data on the effect of brand popularity on trading of counterfeit HP toner cartridges, established that exclusivity of a brand, perceived prestige of the brand, and attractive targets of counterfeiting significantly influenced counterfeit trading. In addition, analysis of the collected data revealed that counterfeit trading influenced counterfeited brand, where consumers abandoned a brand, changed brand, and disguised brand labels. Furthermore, the researcher established that brand loyalty to HP toner cartridges did not significantly reduce the general threat of counterfeit trading. The study established that for HP to reduce counterfeit trading of HP toner cartridges there was need to enhance product reputation/quality, increase company reputation, and boost brand equity (brand value).

5.2.2 Relationship between Pricing Strategy and Counterfeit Trading

Analysis of collected data under the second objective of the study, which sought data on the relationship between pricing strategy and counterfeit trading, found that the price of HP toner cartridges significantly determined the extent of imitation of the product, where availability and affordability of the counterfeit products contributed to

counterfeit trading of the genuine HP toner cartridges. In addition, the study established that various groups of counterfeit traders aggravated the abolition of counterfeit market, where these groups included desperados, smugglers, fraudsters, and imitators. In fact, it was established that imitators were the biggest perpetrators of trade in counterfeit products. The study found that socio-economic attributes, socio-economic characteristics of buyers determines HP's pricing strategy, while the quality, availability, affordability, and corruption influenced the willingness of consumers to purchase known counterfeits.

5.2.3 Role of Consumer awareness and Counterfeit Trading

Analysis of collected data under the third objective of the study, which sought data on the role of consumer awareness on trading of counterfeit HP toner cartridges in Nairobi City, Kenyan Capital, revealed that psychological mechanism, such as cognitive and behavioural traits, considerably determine consumer willingness to purchase counterfeit products. The study revealed that other factors, such as quality perceptions and pleasure at being envied translated into consumers' willingness to pay for counterfeit products. Furthermore, analysis of the field responses noted that counterfeit information availability predicate counterfeit trading, while aspects of consumer awareness, such as cheap counterfeit goods, easy access to market for counterfeit goods, and consumers not criminally liable in law were critical predicators of counterfeit trading.

5.2.4 Influence of Legislations on Counterfeit Trading

Analysis of collected data under the fourth objective of the study, which sought data on the influence of anti-counterfeit legislations on trading of counterfeit HP toner cartridges in Nairobi City, Kenyan Capital, found that current legislations on anti-counterfeit trading were not efficacious. Analysis of the collected data revealed that collusion of custom officers with traders coupled with short sentences and long court process aggravated counterfeit trading. The researcher established that expansion of world trade and market liberalization had significantly contributed to the rapid increase of counterfeit market and that legal void in the international anti-counterfeit legislations was as a result of international trade. In addition, it was established that contradiction of Kenya's legislations by regional trade legislations, cheap imports, and porous borders exacerbated the abolition of counterfeit trading, while weak legislations was

because of lack of international cooperation, huge profits made by counterfeiters, complexity of the counterfeit markets, and inappropriate legal sanctions.

5.3 Conclusions

In light of the objectives of the study, the researcher makes the following conclusions:

  i. The study concludes that brand popularity of genuine HP toner cartridges significantly influences trade in counterfeit HP toner cartridges.

  ii. The study concludes that the price of genuine HP toner cartridges significantly determines the extent of imitation of the cartridges.

  iii. The study concludes that consumer awareness predicates consumer willingness to purchase counterfeit HP toner cartridges.

  iv. The study concludes that current legislations on anti-counterfeit trading are not effective to curb trade in counterfeit HP toner cartridges.

5.4 Recommendations

5.4.1 Policy Recommendations

The following is a list of policy recommendations that the researcher established upon critical evaluation of the study findings:

  i. Analysis of study findings established brand popularity of HP toner cartridges significantly influences counterfeit trading of the genuine cartridges. Against this background, the researcher recommends that companies should enhance product reputation/quality, increase company reputation, and boost brand value.

  ii. Findings of the study reveal that the price of genuine HP toner cartridges significantly determined the extent of imitation of the products. Accordingly, the researcher recommends that organizations involved in production of consumer goods should enhance the availability and affordability of genuine products.

  iii. It was evident that consumer awareness predicates consumer willingness to purchase counterfeit products. Against this backdrop, the researcher recommends that companies should conduct awareness campaigns as a tool to make the public aware on the demerits of consuming counterfeit products.

  iv. The study found that current legislations on anti-counterfeit trading are not effective. Accordingly, the researcher recommends that government authorities,

such as ACA and other trans-border agencies should legislate stringent laws that daunt counterfeit trading.

5.4.2 Recommendations for Further Studies

The study focused on four variables that influence counterfeit trading, that is, brand popularity, consumer awareness, pricing strategy and anti-counterfeit legislation. The researcher recommends further research involving other variables not captured in the current study to ascertain their influence on counterfeit trading within Nairobi County. Furthermore, the study was conducted in Nairobi City, implying that it is imperative to undertake a study in other counties in Kenya to establish whether the results will be in tandem or different.

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APPENDICES

Appendix I: Letter of Introduction

George James Omondi Arum

University of Nairobi

Box 30197- 00100

Nairobi, Kenya

July 2018

To Whom It May Concern

Dear Sir/Madam,

RE: REQUEST TO PARTICIPATE IN AN ACADEMIC RESEARCH

I am a student at the University of Nairobi, currently undertaking a Masters of Arts in Sociology and Social Order (Criminology Cluster). As a key requirement to completing my studies, the university expect me to conduct a research in an area of my choice but relevant to my course. I have chosen a study entitled; **"Factors contributing to trade in counterfeit goods in Nairobi City: A case of HP toner cartridges".**

In order to gather the relevant data to address the research objectives and benefit from your vast knowledge/experience, i have selected you to form a part of this study. Subsequently, a questionnaire has been designed and is hereby attached for completion.

Kindly answer all the questions as honestly as possible. The information provided will exclusively be used for academic purposes only and will be treated with utmost confidence.
A copy of the final report will be provided to you upon request.

Sir/madam, forwarded for your kind consideration.

Yours faithfully,

George J. O. Arum

University of Nairobi

Appendix II: Questionnaire

SECTION A: BACKGROUND INFORMATION

1. **Gender**

Male [ ] Female [ ]

2. **Age**

Below 45 [ ] 46- 50 [ ] 51- 55 [ ] 56-60 [ ] above 60 years [ ]

3. **Level of Education**

Primary [ ] Secondary [ ] College/Diploma [ ] Degree [ ] Masters [ ] PhD [ ]

4. **Years of Service/Business**

Below 10 years [ ] 11-15 [ ] 16-20 [ ] above 21 Years [ ]

SECTION B: BRAND POPULARITY AND COUNTERFEIT TRADING

5. In which aspects do you think the popularity of a given brand influences counterfeit trading of the genuine product?

Exclusivity of the brand   [ ]

Perceived prestige of the brand   [ ]

Attractive targets of counterfeiting [ ]

Others (specify)………………………

6. What is the implication of counterfeit trading of a popular brand on consumers?

Abandoning the brand   [ ]

Change of brand   [ ]

Abrading (disguising brand labels)   [ ]

Reclamation (charge back)   [ ]

No adverse implication   [ ]

Others (specify)………………………

7. To what extent do you think brand loyalty helps to reduce general threat of counterfeit trading?

No extent   [ ]

Small extent   [ ]

Moderate extent   [ ]

Large extent   [ ]

Very large extent   [ ]

8. How best can organizations use brand popularity to minimize counterfeit trading?

Enhance product reputation/quality   [ ]

Increase company reputation   [ ]

Boost brand equity (brand value)   [ ]

Others (specify)………………………

SECTION C: PRICING STRATEGY AND COUNTERFEIT TRADING

9. Do you think the price of a product determines whether it will be counterfeited or not?

Yes   [ ]

No   [ ]

10. If yes above (9), how does the pricing strategy influence counterfeit trading of genuine products?

Availability of product   [ ]

Affordability   [ ]

Others (specify)………………………

11. Which of the under-listed group of counterfeit traders most enhances counterfeit trading?

Imitators   [ ]

Fraudsters   [ ]

Smugglers   [ ]

Desperados   [ ]

Others (specify)………………………

12. In your view, what are some of the determinants of pricing strategy that determine counterfeit trading?

Socio-economic attributes of buyers   [ ]

Socio-psychological characteristics   [ ]

Price of genuine products   [ ]

Others (Specify) ………………...

13. Generally, what are the factors that determine consumers' willingness to purchase known counterfeit goods?

…………………………………………………………………………………

………………………………………………………………………………..

SECTION D: CONSUMER AWARENESS ON TRADING OF COUNTERFEIT

14. What is the influence of consumer awareness on consumer willingness to pay for counterfeit products?

    Psychological mechanisms   [ ]

    Quality perceptions   [ ]

    Pleasure at being envied   [ ]

    Others (specify) …………………………………….....................................

15. In your view, does availability of counterfeit information influence consumers to purchase counterfeit goods?

    Agree   [ ]

    Disagree   [ ]

16. In what aspects does consumer awareness lead to counterfeit trading?

    Cheap counterfeit goods   [ ]

    Easy access to markets for counterfeits   [ ]

    Consumers are not criminally liable   [ ]

    Others (Specify) …………………………………………….………….

SECTION E: INFLUENCE OF ANTI-COUNTERFEIT LEGISLATIONS

Please give your honest opinion on the following set of questions;

17. To what extent do you think the current legislations are effective in combating counterfeit trading?

    No extent   [ ]

    Small extent   [ ]

    Moderate extent   [ ]

    Large extent   [ ]

    Very large extent   [ ]

18. In your opinion, which of the following factors encourages counterfeit trading?

    Collusion by custom officers with traders   [ ]

    Short sentences   [ ]

    Long court processes   [ ]

    Others (specify)……………………………………………………………

19. Do you think expansion of world trade and liberalization of markets is the biggest threat to elimination of counterfeit goods in Kenya?

Yes   [ ]
No   [ ]

20. If yes above (19), how has international trade hampered local legislations to fight counterfeit trading? (select appropriately)

Regional trade legislations contradict Kenya's legislations   [ ]
Legal void in the international anti-counterfeit legislations [ ]
Cheap imports   [ ]
Porous borders   [ ]
Others (specify)………………………………………………….……………

21. Generally, which aspect of anti-counterfeit legislations most negates efforts towards abolition of counterfeit trading?

Lack of international cooperation   [ ]
Huge profits made by the counterfeiters   [ ]
Complexity of the market   [ ]
Inappropriate legal sanctions   [ ]
Others (specify)……………………

Thank you.

Appendix III: Key Informant Interview Guide.

1. Do you think there is laxity among relevant anti-counterfeit agencies in eliminating counterfeit trading?

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2. Do you think the current legislations are effective in combating counterfeit trading?

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3. In your opinion, what factors encourage counterfeit trading?

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4. Do you think international trade has the greatest bearing on counterfeit trading?

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……………………………………………………………………………..

5. How does brand popularity influence counterfeit trading?

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……………………………………………………………………………..

6. What is the implication of counterfeit trading of a popular brand on consumers?

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………………………………………………………………………………

……………………………………………………………………………..

7. How best can organizations use brand popularity to minimize counterfeit trading?

    …………………………………………………………………………………
    …………………………………………………………………………………
    …………………………………………………………………………………

8. How does pricing strategy influence counterfeit trading?

    …………………………………………………………………………………
    …………………………………………………………………………………
    …………………………………………………………………………………
    …………………………………………………………………………………

9. What is the influence of consumer awareness on counterfeit trading?

    …………………………………………………………………………………
    …………………………………………………………………………………
    …………………………………………………………………………………
    …………………………………………………………………………………

10. Do you think the fight against counterfeits has been hampered by political interference?..
    ....
    ....
    If so, how?
    ....
    ....
    ....

Thank You.

Appendix IV: Time Plan

WEEK	1-2	3	4-15	16-20	21	22-30	31-40	41-45	46
Concept paper									
Meeting the supervisor									
Writing proposal paper									
Making correction on proposal paper									
Defense									
Data collection									
Data analysis and presentation									
Finalizing the project									
Binding final project									

UNIVERSITY OF NAIROBI
DEPARATMENT OF SOCIOLOGY AND SOCIAL WORK

INTERNAL MEMO

FROM: The Coordinator, Module II Programme   **DATE: 12 /6/2018**

TO: Arum GergeJames Omondi - C50/82970/2015   **REF** UON/CHSS/FA/SOC/ADM/5/VL.3

SUBJECT: ALLOCATION OF M.A. PROJECT SUPERVISORS

Through this memo and in response to your request, I wish to inform you that the Department has appointed **Prof.Mburugu** as Supervisor for your M.A. Project Paper entitled; **"Factors Contributing to Trade in Counterfeit Goods in Nairobi City: A Case Study of HP Toner Cartridges."**.

You are advised to contact him immediately after the receipt of this memo to discuss the modalities of supervision as you write the paper.

Please note that you are expected to complete your paper within a minimum of one (1) semester and a maximum of two (2) semesters.

Thank you.

Mr. Allan Korongo
Coordinator, Module II Programme, Sociology

Copy to: **Prof.Mburugu**

UNIVERSITY OF NAIROBI
DEPARTMENT OF SOCIOLOGY & SOCIAL WORK

Fax 254-2-245566
Telex 22095
Varsity Nairobi Kenya
Tel. 318262/5 Ext. 28167

P.O. Box 30197, Nairobi
Kenya
Email: dept-sociology@uonbi.ac.ke

12/7/2018

TO WHOM IT MAY CONCERN

RE: ARUM GEORGE JAMES OMONDI- C50/82970/2015

Through this letter, I wish to confirm that the above named is a bonafide postgraduate student at the Department of Sociology & Social Work, University of Nairobi. He has presented his project proposal entitled; **"Factors Contributing to Trade in Counterfeit Goods in Nairobi City: A Case of HP Toner Cartridges."**

Omondi is required to collect data pertaining to the research problem from the selected organization to enable him complete his thesis which is a requirement of the Masters degree.

Kindly give him any assistance he may need.

Thank you
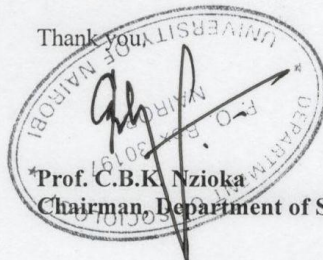
*Prof. C.B.K. Nzioka
Chairman, Department of Sociology & Social Work

Mr. George J.O. Arum,

P.O. Box 10182-00100

Nairobi, Kenya

13th July, 2018

The Executive Director,

The Anti- Counterfeit Agency,

NWCPC building, Dunga Road,

P.O. BOX 47771-00100

Nairobi

REF: REQUEST TO COLLECT RESEARCH DATA IN YOUR INSTITUTION

I am a bonafide postgraduate student at the Department of Sociology, University of Nairobi, undertaking a Master's programme in Criminology and Social order. As part of the requirement to enable me graduate, I am required to collect data pertaining to the research problem and I have chosen your organisation as I believe I will get the relevant information needed to complete my thesis. My Project Proposal is entitled: *"Factors Contributing to Trade in Counterfeit Goods in Nairobi City: A Case of HP Toner Cartridges"*.

I kindly request that you allow me collect the required information from members of staff of the Agency, who will be chosen through purposive sampling.

Yours faithfully,

George Arum

Our Ref: ACA/R&A/2VOL.2/(22)   Date: 6th August, 2018

George J.O. Arum
P.O. Box 10182 – 00100
NAIROBI

Dear George,

RE: REQUEST TO COLLECT RESEARCH DATA

This is to acknowledge receipt of your letter dated 13th July, 2018 with the above referenced subject.

Kindly provide a letter from your university authorising you to carry out this research. Since this is very sensitive information touching on an Intellectual Property Rights holder, you can directly collection such information from the industry.

Please be advised.

Yours sincerely,

E. Halake, SS
EXECUTIVE DIRECTOR

Tel:+254-(20)-2280000 / 0775390668 / Email: info@aca.go.ke Website: www.aca.go.ke
National Water Conservation & Pipeline Corporation Building, 3rd Floor, Dunga Rd· P.O Box 47771-00100- Nrb., Kenya
Promoting Genuine

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Mr. George J.O. Arum,

P.O.Box 10182-00100,

Nairobi.

13/8/2018.

The Executive Director,

The Anti-Counterfeit Agency,

P.O.Box 47771-00100,

Nairobi.

REF: REQUEST TO COLLECT RESEARCH DATA IN YOUR ORGANIZATION

Your letter dated 6th, August, 2018 and Ref: ACA/R&A/2 VOL.2 (22) on the above subject matter refers.

I wish to confirm that i am a post-graduate student at the University of Nairobi as per the attached letter from the Chairman of department of Sociology and Social work. I currently work as a senior investigator for TANGO SECURITY AND INVESTIGATIONS GmbH, who are vendors for HP (the IPR holders) in the region. I have previously worked for HALLIDAYFINCH AFRICA and SALAMA FIKIRA AFRICA in the same position, and have covered both EAST and West Africa as a brand protection officer for HP. I have already collected data from some selected staff from the above organizations which has been very helpful.

I consider your organization crucial in the fight against counterfeit trade hence my decision to also seek permission from you to allow me interview a few selected members of staff as key informants. I acknowledge the sensitive nature of this research and reiterate that the information gathered will be for academic purposes only. I further undertake to uphold confidentiality during the entire research period.

Hoping for a favourable reply from you Sir,

Yours Sincerely,

George J.O. Arum

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Our Ref: ACA/R&A/2VOL.2/(25)   Date: 13ᵗʰ August, 2018
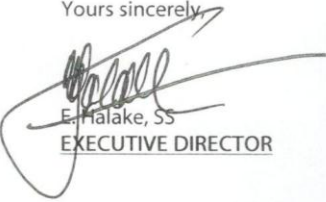
George J. O. Arum
P.O. Box 10182-00100
NAIROBI

Dear George,

RE: REQUEST TO COLLECT RESEARCH DATA IN ACA

This is to acknowledge receipt of your letter dated 13ᵗʰ August, 2018 whose contents have been noted.

In this regard, you have been granted permission to collect the data from the Agency for academic purposes only.

Yours sincerely,

E. Halake, SS
EXECUTIVE DIRECTOR

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

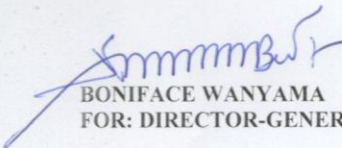Ref: No. **NACOSTI/P/18/88628/24250**   Date: **18th August, 2018**

George James Omondi Arum
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Factors contributing to trade in counterfeit goods in Nairobi City: A case of HP Toner Cartridges,"* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **17th August, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

THIS IS TO CERTIFY THAT:
MR. GEORGE JAMES OMONDI ARUM
of THE UNIVERSITY OF NAIROBI,
10182-100 NAIROBI,has been permitted
to conduct research in *Nairobi County*

on the topic: "FACTORS CONTRIBUTING
TO TRADE IN COUNTERFEIT GOODS IN
NAIROBI CITY:A CASE OF HP TONER
CARTRIDGES."

for the period ending:
17th August,2019

Permit No : NACOSTI/P/18/88628/24250
Date Of Issue : 18th August,2018
Fee Recieved :Ksh 1000

....
Applicant's
Signature

Director General
National Commission for Science,
Technology & Innovation

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No.A 20106

CONDITIONS: see back page

ORIGINAL

OFFICIAL RECEIPT

AC: 20165

Station ......Nairobi...... Date 15/08/18

RECEIVED from ....George James Onanyo....

Shillings ....One Thousand Kshs only....

..............................cents ....

on account of ....Research Permit....

....

Vote
Head ....R - 43........................

USD	
Kshs	1000
AC	
No.	

Item ....Asita....

Cash
Cheque No. ....Direct deposit....

Signature of Officer receiving remittance

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UNIVERSITY OF NAIROBI
Towards World Class Excellence

P.O.BOX 30197-00100 NAIROBI TEL: 318262
Website: www.uonbi.ac.ke

POSTGRADUATE STUDENT ID CARD

ARUM GEORGE JAMES OMONDI
Reg. No:C50/82970/2015
ID/PP NO:9951138
MASTER OF ARTS IN CRIMINOLOGY
FACULTY OF ARTS

Holder's Sign   Director Graduate School Sign
This ID/Card is valid up to 28-JUL-2019   ISO 9001:2008 Certified

Issued : 28-JUL-2018   Expires : 28-JUL-2019
C50/82970/2015

9 6 7 4 3 6 2 7

This card is the property of the University of Nairobi and should be
surrendered on request or expiry.

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Mr. George J.O. Arum,

P.O. Box 10182-00100

Nairobi, Kenya

Dear Sir/Madam

13th July, 2018

REF: RESEARCH ASSISTANCE

I am a bonafide postgraduate student at the Department of Sociology, University of Nairobi, undertaking a Master's programme in Criminology and Social order. As part of the requirement to enable me graduate, I am required to collect data pertaining to the research problem. My Project Proposal is entitled: *"Factors Contributing to Trade in Counterfeit Goods in Nairobi City: A Case of HP Toner Cartridges"*.

I therefore kindly request you to assist in generating the above information by answering the questions in the questionnaire as honestly as you can. Your assistance will be very much appreciated.

Yours Sincerely,

George J.O. Arum

C50/82970/2015

University of Nairobi