Why Do Consumers Buy Counterfeit Luxury Brands?

Keith Wilcox, Baruch College/CUNY
Hyeong Min Kim, Baruch College/CUNY
Sankar Sen, Baruch College/CUNY

This research investigates why consumers buy counterfeit luxury brands. The authors find that consumers’ are more likely to buy a counterfeit brand when their luxury brand attitudes serve a social-adjustive function and that moral beliefs about counterfeiting affect counterfeit purchases only when luxury brand attitudes serve a value-expressive function. The authors also demonstrate that the primary function served by luxury brand attitudes is not merely a consumer characteristic but can also be influenced by elements of the marketing mix (e.g., product characteristics and advertisements), which suggests that marketers can influence people’s reactions to counterfeit brands through specific marketing mix actions.

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EXTENDED ABSTRACT

Counterfeit goods, as opposed to pirated goods, are illegal, low-priced and often lower quality replicas of products that typically possess high brand value (Lai and Zaichkowsky 1999). The global market for counterfeit products today is estimated to exceed $600 billion, accounting for approximately 7% of world trade (World Customs Organization 2004). Interestingly, the anti-counterfeiting forces seem to be fighting a losing battle, particularly in luxury goods markets. Despite intensified anti-counterfeiting efforts by marketers of most major luxury brands, estimates suggest that this industry is losing as much as $12 billion every year to counterfeiting (International Chamber of Commerce 2004). Yet, while much research has focused on how to best control the supply of counterfeit goods (Penz and Stottinger 2005), a clear and actionable understanding of the motivations underlying consumers’ purchase of counterfeit luxury brands remains largely elusive.

Given that the market for counterfeit brands relies on consumers’ desire for real luxury brands (Penz and Stottinger 2005), extant insights into why people purchase luxury brands in the first place are particularly relevant to understanding the motives underlying counterfeit brand purchases. Luxury products are typically both well-crafted and cultivate a highly desirable image of exclusivity (Bearden and Etzel 1982). Much research suggests that the quality of luxury brands notwithstanding, consumers typically consume such brands in the service of numerous important social goals (Grubb and Grathwohl 1967). The central premise of this paper is that these social motivations guide consumers’ propensity to consume counterfeit brands. Specifically, we draw on the functional theories of attitudes (Katz 1960; Smith, Bruner and White 1956) to propose that both consumers’ desire for counterfeit brands and the extent to which the availability of such counterfeits alters their preference for the real brands are determined by the social functions underlying their attitude towards luxury brands.

Functional theories of attitudes (Katz 1960; Smith et al.1956) suggest that attitudes serve a number of psychological functions, such as helping people organize and structure their environment (the knowledge function) and maintain their self-esteem (the ego defense function). Attitudes also serve important social functions such as allowing self-expression (a value-expressive function) and facilitating self-presentation (a social-adjustive function). Attitudes serving a social-adjustive function (i.e., social adjusting attitudes) help people maintain relationships (DeBono 1987). When consumers have a social-adjustive attitude towards a product, they are motivated to consume it to gain approval in social situations. Attitudes serving a value-expressive function (i.e., value-expressive attitudes), on the other hand, help people communicate their central beliefs, attitudes and values to others (Katz 1960). When consumers hold a value-expressive attitude towards a product, they are motivated to consume it as a form of self-expression (Snyder and DeBono 1985). Prior research suggests that consumers’ attitudes toward luxury brands may serve either a social-adjustive, a value-expressive function or both (Shavitt 1989).

Research by Snyder and DeBono (1985) suggests that consumers respond more favorably to image or product form appeals when they hold attitudes serving a social-adjustive function because such appeals are consistent with their social goal of projecting a particular image in social settings. In contrast, consumers are more responsive to messages promoting intrinsic aspects of products such as quality or reliability when they hold attitudes serving a value-expressive function because such messages are more readily interpretable in terms of their underlying values and dispositions. We expect these differences to carry over to luxury brand contexts as well: social-adjustive attitudes towards luxury brands will motivate consumers to consume such products for form or image related reasons whereas value-expressive attitudes towards luxury brands will motivate them to consume such products for product function or quality related reasons. Thus, compared to value-expressive attitudes, social-adjustive attitudes towards luxury brands should be associated with a higher preference for counterfeit brands because they are designed to look like luxury brands, but are often associated with lesser quality.

Notably, this does not imply that value-expressive attitudes will always be associated with counterfeit avoidance. Given that consumers holding such attitudes are guided by their desire to maximize the consistency between the products they consume and their central beliefs, attitudes and values (Snyder and DeBono 1985), their preference for counterfeit brands is also likely to vary with their values and beliefs regarding counterfeiting per se. In particular, a growing body of research (Tom et al., 1998) suggests that consumers vary widely in their beliefs regarding the morality of counterfeit consumption (i.e., moral beliefs about counterfeit consumption). Thus, when consumers’ attitudes towards luxury brands serve a value-expressive function, we expect their preference for counterfeits to be moderated by their moral beliefs about counterfeit consumption.

Through three studies, we demonstrate that consumers’ likelihood of buying a counterfeit brand is greater when their luxury brand attitudes serve a social-adjustive function rather than a value-expressive one. Perhaps more interesting, consumers’ moral beliefs about counterfeit consumption affects their likelihood of consuming a counterfeit brand only when their luxury brand attitudes serve a value-expressive function. As well, exposure to a counterfeit brand has a stronger negative effect on consumers’ preference for the real brand when their luxury brand attitudes serve a social-adjustive function. In establishing these relationships, we demonstrate that the primary social function served by consumers’ luxury brand attitudes is not merely a consumer characteristic but can also be determined by elements of the marketing mix (e.g., product characteristics and advertisements). This points to the ability of marketers to influence people’s reactions to counterfeit brands through specific marketing mix actions.

References


