Consumer Watchdogs on the Internet - Protecting Consumers Against Counterfeiting

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Watchdogs on the Internet – Protecting Consumers against Online FraudL. SimpsonDepartment of Marketing,University of Otago,New ZealandCounterfeiting is one of the biggest growth industries in the world (Alcok, Chen, Ch’ng, Hodson et al 2003). The rise of the ‘super counterfeit’ has meant that consumers are often paying large amounts of money for products they believe are genuine (Nia and Zaichkowsky 2000). Some consumers have set themselves up as self-styled ‘watchdogs’, campaigning about this type of fraud by educating their more naïve counterparts. This research is concerned with two key issues – firstly the question of what motivates certain consumers to set themselves up in this way and secondly to assess how consumers in general react to such ‘watchdogs’ and to what extent they utilize these services.

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no significant influence on website satisfaction when visitors were browsing websites with sensory and emotional pleasure branding strategy, while significant effects were detected for websites with social and intellectual pleasure branding strategy, with standard coefficients equal to 0.296 and 0.211 respectively.

At the website level, we tested websites’ effectiveness in conveying the brand’s experiential positioning. To this end, Media Metrix data on traffic and information search patterns were obtained for the period extending from March to August 2003. The number of unique visitors served as a proxy for site traffic performance at the aggregate market response level. Further, based on Moe and Fader (2004) we also used indicators of visit depth and breadth such as average pages per usage day, average minutes per page, average usage days per visitor and average minutes per visitors.

Due to the censored nature of Media Metrix data, the standard Tobit Maximum likelihood estimation was adopted to explore the relationship between experiential pleasures aggregated as website level and website effectiveness. TOBIT analyses performed at the site level highlighted the central role of intellectual pleasure, more so that the site functionality, in accounting for traffic and search pattern. Sensory/emotional pleasure and social pleasure didn’t demonstrate any significant predictive power on website-level response indicators, yet the coefficients are negative and large. Further tests revealed that intellectual pleasure has the highest predictive power on website effectiveness for sensory website, and second for social website.

In this study, we attempted to trace and document the linkages between the differentiated pleasures that a brand may be attempting to convey, consumers’ responses when visiting websites for these brands, and aggregate market level responses. Overall, our research provides exploratory insights to better understand and estimate these linkages. It is clear that when using differentiated experiential branding strategies in the web environment, different types of pleasures have different influences on consumers’ responses. This suggests that brand managers and web designers should use extra care in planning their positioning and communication strategies.

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Counterfeiting is one of the biggest growth industries in the world and factors such as increased profit margins, tax free incomes and low overheads, when combined with the relative ‘safety’ from prosecution that the internet provides, has contributed to the explosion of ‘fake’ goods that consumers are offered through mediums such as E-Bay and other on-line auction sites (Alcock, Chen, Ch’ng, Hodson et al 2003). In the past it was generally accepted that consumers knowingly purchased these items as counterfeit, and were prepared to trade off inferior quality goods for the satisfaction of owning a luxury product they might not have been otherwise able to afford. The rise of the ‘super counterfeit’ however, has meant that consumers are often paying large amounts of money for products they believe are genuine (Nia and Zaichkowsky 2000). The sale of branded goods identical in nature to legitimate articles is contrived to purposely deceive naïve consumers (Ang, Cheng, Lim and Tambyah 2001) as well as capture a segment of the consumer market who are willing collaborators in the trade (Tom, Garibaldi, Zeng and Pilcher 1998).

A number of studies in recent years have examined the ability of consumers to differentiate between ‘fake’ and genuine luxury products (e.g. Ang, Cheng, Lim and Tambyah 2001), consumer demand for such products (e.g. Prendergast, Chuen and Phati 2002; Tom, Garibaldi, Zeng and Pilcher 1998), the value of these goods and consumer purchase intentions towards them (e.g. Cordell, Kieschnick and Wongtada 1996; Nia and Zaichkowsky 2000) as well as means of preventing counterfeiting at the manufacturing end (e.g. Alcock; Chen, Ch’ng, Hodson et al 2003). However, studies of this type do little to actually aid those consumers who are not willing participants in the trade of counterfeit goods–those who genuinely believe they are purchasing legitimate luxury goods.

Counterfeit products on the internet are somewhat of a hidden menace (Field 2005), particularly when they are positioned as genuine, and often sold through a team of sellers to avoid detection of large scale operations. Organisations such as the Anti-Counterfeiting Group (ACG) are useful in identifying and prosecuting large-scale offenders, however, this does not always help the individual consumer looking to buy a designer good at slightly less than retail. Firms such as Tiffany’s have launched legal action against E-Bay as a response to the high numbers of counterfeit products sold through this medium, however Rolex’s failure to successfully sue E-Bay’s German site raises questions regarding the success of any such lawsuit (Passariello 2004). Individual countries’ (such as France’s) tightening on the import of Asian-made replica products and the like has spurred the growth of sales of this type on the internet, as it becomes the most “easy way for a counterfeiter to get the product out to an end customer” (David Margolis, cited in Passariello 2004). Most luxury goods companies employ individuals to monitor representation of their products on the net, but these companies are more concerned with large scale fraud than the individual seller with one or two items on offer. In addition, programs such as VeRO (E-Bay’s Verified Rights Owner program), which shift the burden of monitoring sales to the brand holder in return for an agreement to remove all infringing items at the brand’s request, have not been successful, as the debate as to whose job it is to prevent sales of these items remains unresolved and most luxury goods brand (including Tiffany’s and LVMH) have refused to join the program.

Given that the law is still somewhat behind in effectively policing trade of this type on the internet, some consumers, frustrated by stories of friends and acquaintances bad experiences of purchasing faux luxury goods, have set themselves up as self-styled ‘consumer
watchdogs’, campaigning about this type of fraud by educating their more naïve counterparts. This research is concerned with two key issues--firstly the question of what motivates certain consumers to set themselves up in this way and give their time (and often money) to aid in the education of consumers about purchasing on the internet, and secondly to assess how consumers in general react to such ‘watchdogs’ and to what extent they utilize these services.

The research is exploratory in nature, and is designed to be conducted in two distinct phases. A number of organizations (including ‘watchdog’ sites, online auction sites and regulatory bodies) have been identified to form the basis of the initial development of this research, with depth interviews to be conducted with individuals representing these organizations. The second phase of the research involves qualitative analysis of consumer responses to a number of watchdog sites and online auction chat forums. Responses will be content analysed to determine overall themes and a guidelines for the development of watchdog sites that disseminate brand specific anti-counterfeiting related information to consumers. It is hoped that in the future such sites may be adopted by large scale trading sites such as E-bay as a consumer information resource, allowing greater protection of consumer interests than is currently provided.

References:

URLs:
http://www.mypoupette.com

Technology-Based Communication Patterns of Youth
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Extended Abstract
This paper explores the consumption practices of young consumers in relation to their use of technology. We seek to understand the use of communication technologies, the underlying motivations for these uses and how young consumers select these communication technologies.

Consumer researchers have studied consumer practices and experiences centered on technological products. Specifically, scholars have considered various aspects of technology consumption such as use-diffusion of technology (Shih and Venkatesh 2004), consumer self-presentation through websites (Schau and Gilly 2004), disappointment in consumer technology (Thompson 1994), paradoxes of technology (Mick and Fournier 1998), and intimate self-disclosure via computers (Moon 2000). Whereas the focus of most of these studies has been on adults, our study focuses on young consumers.

There are two main reasons for our focus on young consumers. First, technology occupies a central position in the lives of these consumers. They have grown up with technology such as television, video, arcade games and CD players (Sefton-Green 1998). These technologies form a ubiquitous part of their cultural environment (Hutchby and Moran-Ellis 2001, Pearce and Mallan 2003). Second, young consumers form one of the most viable segments for targeting technological products. For instance, online spending by American 18-24 year olds was four times greater than among older age groups (Pastore 2000 in Osgerby 2004).

The research reported here is part of an ongoing study. We used qualitative research methods and collected data from eight informants in Southern California. This sample size is deemed adequate for generating themes and cultural categories (McCracken 1988). The informants were all undergraduate students and their ages ranged from 18-25 years. Data were collected through semi-structured in-depth interviews which lasted from 90 to 120 minutes. We followed the general procedures of grounded theory (Strauss and Corbin 1998) in our data analysis. First, we identified conceptual categories and themes. Then we established relations among the emerging patterns. NVivo, data management software (QSR1999) was employed in the analysis.

The results indicate that there are evolving communication patterns among young consumers. They use various types of technological products for communication purposes. These communicative mediums include phones, cell phones, instant messaging, email, chat rooms, blogs and websites. Our analysis reveals that the underlying motivations for use of these mediums are guided mostly by young consumers’ need for connectedness, and to a lesser degree, by their need for self-expression and instrumental purposes. Self-expression as an underlying motivation is specifically evident in case of blogs. Blogs constitute a medium to reflect and express one’s self to others in the