Is the Internet a New Eldorado For Counterfeits?
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This research explores to what extent reputation and type of retailer affect consumers' evaluation and purchase intention of original goods, counterfeits and imitations in the luxury industry. Two exploratory studies investigate consumers' attitude toward counterfeits and imitations and highlight barriers of purchasing those types of products. The next step of our research consists in a new experiment, including four different types of distribution channels (original vs. well known vs. unknown website vs. an illustration of a market) and personal variables in order to describe more precisely the counterfeit buyer. The main contribution lies in the identification of who buys counterfeits and through what channel much more than why.

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This research explores to what extent reputation and type of retailer affects consumer’s evaluation and purchase intention of original goods, counterfeits and imitations in the luxury industry. In the last decade, the counterfeit phenomenon passed from a handcrafted and regional stage to an industrial and worldwide one, accounting for 5-9% of world trade and representing losses around 200-300 billion euros (Guillemin 2006). One of the factors responsible for this rapid evolution is the possibility to buy counterfeits over the Internet, as around 30% of counterfeit items seized within the European Union come from this distribution channel (Ducourtieux 2006). Although several scholars (e.g. d’Aoust and Gargouri 2001; Warlop and Alba 2004; Eisend and Schuchert-Güller 2006, de Matos et al. 2007) studied counterfeits and imitations, past research remains scarce concerning the effects of retailer type.

In this research, we distinguish original products from counterfeits (strict and less expensive copies of genuine products (Kay 1990), designed to be like the original) and from imitations (designed “to look like and make consumers think of the original brand”, d’Aoust and Gargouri 2001, 153). According to Penz and Stöttinger (2005), products with a high brand image and low production technology are the preferred targets of counterfeiters. The luxury industry is therefore particularly adapted for this study.

Our main proposition resides in the influence of type of retailer on consumers’ attitude and buying intention of originals, counterfeits and imitations. First, we investigate consumers’ attitude toward originals, counterfeits and imitations and examine which factors generally hinder a consumer from buying a counterfeit or an imitation. Then, we examine to what extent distribution channel may moderate buying intention or potential factors hindering the purchase. The effects of personal variables like innovativeness, risk aversion or integrity are included in the research, in order to characterize the counterfeit buyer.

Therefore, our first research question concerns the way consumers perceive counterfeits and imitations compared to original products. By describing counterfeits as products that offer good value for money (Grossman and Shapiro 1988) and “satisfy buyers' appetite for symbolic meanings” (Dubois and Duquesne 1993, 37), consumers may buy counterfeits for labels (logo, brand) or design characteristics which are themselves valuable for them (Tom et al. 1998). The second research question refers to factors that could hold back a consumer from purchasing counterfeits. Is it the same to buy a counterfeit on a market during holidays or to buy it on a website? Therefore, type of distribution channel and trust in the seller may interfere in the purchasing process of counterfeits and imitations on the Internet. Previous research already explored the role of retailer type, but concentrated mainly on shopping malls and flea markets (Bloch et al. 1993; Cordell et al. 1996; Tom et al. 1998).

Our final research question handles with personal characteristics. Can we say that a person buying counterfeits or imitations is less risk averse, more brand conscious or less integer?

**Research methodology and results of two exploratory studies**

Two exploratory studies with identical designs were carried out to experimentally test the possible mechanisms at play. The three stimuli of the experiment were composed of a scenario and an illustration (visual/semantic) describing one of the three studied type of products. Respondents were asked to rate their prior attitude toward the brand (Sujan and Bettman 1989), their attitude toward the product in the scenario and their purchase intention. Manipulation checks indicated that counterfeits and imitations were perceived as having different levels of similarity compared to the original product. In addition, we asked respondents to rate eight items which could possibly hinder their purchase of the evaluated product. These items were chosen based on a literature review and on personal considerations emanating from the authors.

In the first data collection, 62 undergraduate students evaluated two brands (handbags, polo shirts) and 79 undergraduate students in the second data collection evaluated two out of three brands (handbags, polo shirts and watches) from the luxury industry. For both studies, results indicate that attitude toward original products, counterfeits and imitations is different *(Study 1: M_{original}=4.44, M_{counterfeit}=3.75, M_{imitation}=3.11, F(1,102)=7.38, p<.01; Study 2: M_{original}=5.90, M_{counterfeit}=3.23, M_{imitation}=2.69, F(1,125)=87.31, p<.01)*. Planned contrasts reveal a significant difference between originals/imitations and counterfeits/imitations for the first study and between the three types of products for the second study.

Multiple regression analyses with purchase intention as a dependent variable were performed in order to determine which of the eight pre-selected items could hinder a consumer to buy either a counterfeit or an imitation. Results indicate that, in the first study, external aspect of the product was of particular importance for consumers in determining not to buy counterfeits \( R^2_{adj.}=.255, \beta=-.505, t=-3.463, p<.01) and imitations \( R^2_{adj.}=.191, \beta=-.460, t=-3.192, p<.01) in the second data collection, legal issues influenced negatively intention to purchase counterfeits \( R^2_{adj.}=.231, \beta=-.498, t=-3.814, p<.01) for imitations, the image perceived by others during purchase appeared to be a stumbling block for purchase intentions \( R^2_{adj.}=.237, \beta=-.503, t=-3.951, p<.01) .