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ABSTRACT

The research examined the effect of three groups of variables on purchase intention of luxury fashion designer brands and their corresponding counterfeits: past behavior (past purchases of counterfeits and originals), attitudes toward buying counterfeits (by economic and hedonic benefits), and individual characteristics (materialism, perception of future social status, and self-image). Data of 324 Korean female students confirmed that the variables were determinants of purchase intention of counterfeits and originals and that purchase intention of counterfeits was positively related to purchase intention of originals whereas purchase intention of originals was negatively related to purchase intention of counterfeits.

INTRODUCTION

Counterfeiting prevails throughout the world, accounting for about ten percent of the world trade or worth of about 500 billion dollars, and the U.S. loses a quarter of a trillion dollars due to global piracy and counterfeiting (Heffes 2008). The most popular counterfeit market is clothing, followed by shoes, watches, leather goods, and jewelry. Louis Vuitton, Gucci, Burberry, Tiffany, Prada, Hermes, Chanel, Dior, Yves St Laurent, and Cartier are frequently pirated. Knockoffs of fashion brands are usually manufactured in China, South Korea, Taiwan, and South America (Ritson 2007). While most studies have focused on how to control the supply side of counterfeits, few studies have investigated the demand side, in particular, what factors explain purchase decision-making between counterfeits and originals (see Penz and Stöttinger 2005). The last statement is very true for luxury fashion designer products, whose counterfeits are popular among individual consumers across countries, poor or wealthy. Therefore, the purpose of this research was to examine the impact of three groups of antecedents on intent to buy luxury fashion designer brands versus their corresponding counterfeits. The three groups of interest refer to past behavior (represented by past purchases of counterfeits and originals), attitudes toward buying counterfeits (by economic and hedonic benefits), and individual characteristics (materialism, perception of future social status, and self-image). Figure 1 summarizes the research framework of the study.

RESEARCH HYPOTHESES

Past Behavior

Past behavior is found to be a more significant predictor of later behavior than the effects of intentions and perceptions of behavioral control (Bagozzi 1981; Ouellette and Wood 1998). As long as circumstances remain stable, past behavior forms a habit with repeated performance and later behavior relies more on past behavior than cognitive consideration (Bamberg, Ajzen, and Schmidt 2003). Therefore, past purchases of counterfeits are supposed to result in purchase intention of counterfeits whereas past purchases of originals are supposed to result in purchase intention of originals. In particular, the strong brand equity of luxury fashion brands that has been established over years provides stable image and prestige, which would consequently make consumers rely heavily on their

habit of purchasing luxury fashion brands. Therefore, we hypothesize:

- H1: Past purchases of counterfeits positively affect purchase intention of counterfeits.
- H2: Past purchases of originals positively affect purchase intention of originals.

Attitudes toward Buying Counterfeits

As the theory of planned behavior predicts, attitudes toward an act positively affect behavioral intentions (Ajzen 1991; Ajzen and Fishbein 1980). Attitudes refer to the degree to which a person has a favorable appraisal of the behavior in question and are an immediate indicator by which her/his intention of conducting the specific behavior can be predicted. Therefore, positive attitudes toward buying counterfeits are expected to affect purchase intention of counterfeits positively whereas they are expected to affect the opposite act (purchase intention of originals) negatively.

We recognize economic benefits and hedonic benefits of counterfeits as two major reasons that make consumers develop positive attitudes toward buying counterfeits. First, because counterfeits' prices are a mere fraction of genuine items' prices, consumers enjoy economic benefits and feel values (Albers-Miller 1999). A counterfeit is a lower-quality, lower-price choice whereas a genuine item is a higher-quality, higher-price choice (Gentry et al. 2006; Prendergast et al. 2002). However, counterfeit consumers do not mind low quality and poor materials because they do not see counterfeits as inferior choices when they experience budget constraints and appreciate economic benefits of counterfeits (Dodge et al. 1996; Nia and Zaichkowsky 2000). They perceive purchase of counterfeits to be worthier and enhance societal welfare (Ang et al. 2001; Van Kempen 2003). On the other hand, as consumers are likely to buy originals when they can afford, economic benefits of counterfeits would not necessarily affect their intention to buy originals.

Second, consumers view that the brand name, the label, and identifying design characteristics such as logo, color, pattern, and accessories are themselves valuable. Such hedonic benefits value a product for its own sake (Babin, Darden, and Griffin 1994). When consumers pursue hedonic rather than utilitarian needs, they will easily accept counterfeits. Furthermore, they are not much concerned about low quality. Even in case others notice they consume counterfeits, consumers who do so for a pure hedonic reason will not feel embarrassed. They do not consider a consumer image built on fake products an issue of fragility. Therefore, hedonic benefits of counterfeits are expected to be linked positively to purchase intention of counterfeits and negatively to purchase intention of originals. Therefore, we hypothesize:

- H3: Attitudes toward buying counterfeits by economic benefits positively affect purchase intention of counterfeits.
- H4: Attitudes toward buying counterfeits by hedonic benefits positively affect purchase intention of counterfeits.
- H5: Attitudes toward buying counterfeits by hedonic benefits negatively affect purchase intention of originals.

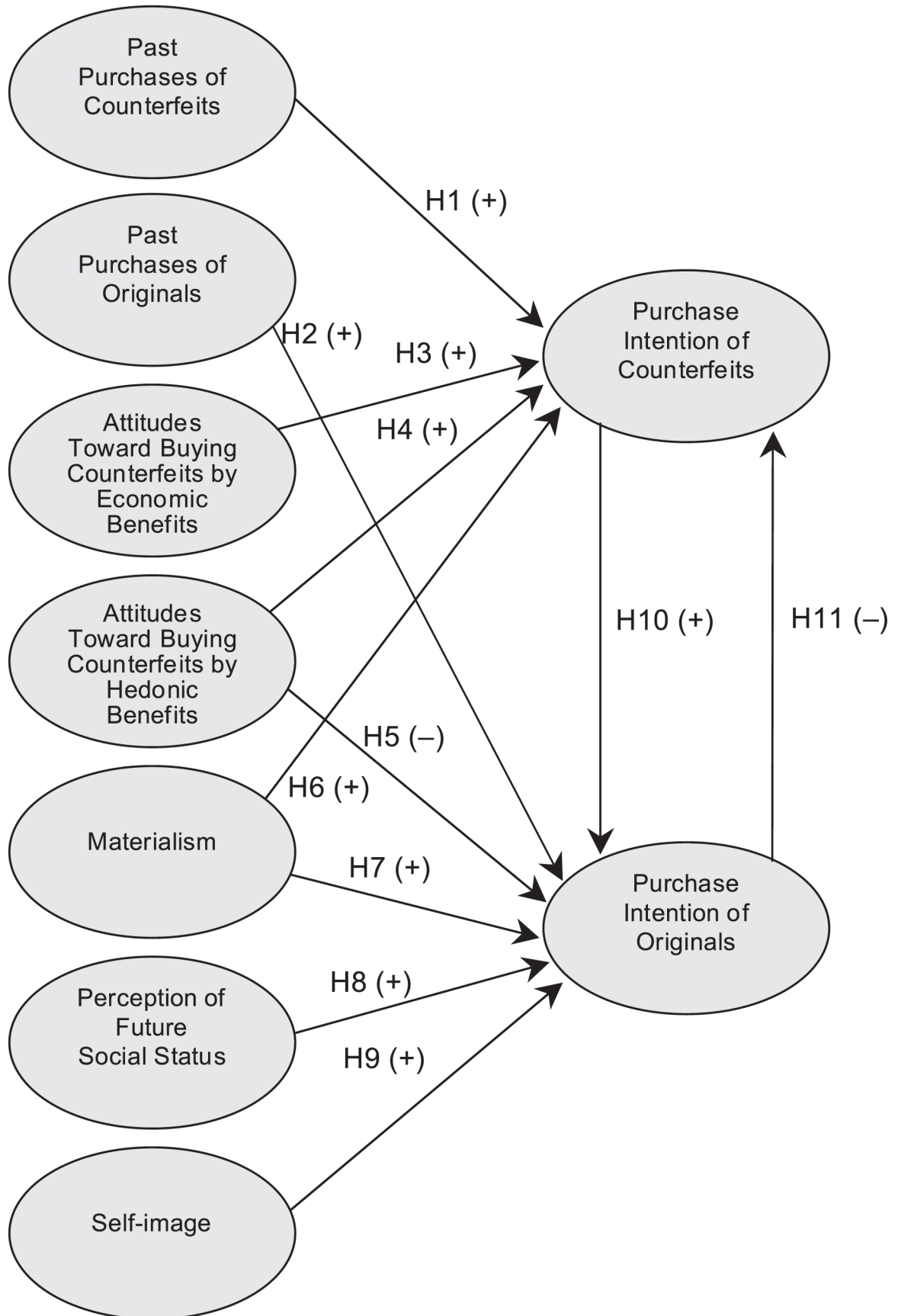
Individual Characteristics

Among many other individual characteristics, we examined the impact of materialism, perception of future social status, and

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FIGURE 1

Antecedents of Purchase Intention of Counterfeits versus Genuine Luxury Fashion Brands



self-image on purchase intention of counterfeits and originals. Materialists place “possessions and their acquisition at the center of their lives” and view them “as essential to their satisfaction and well-being in life.” (Richins and Dawson 1992, p. 304). Their primary goal of material possessions is to impress others rather than themselves. From that perspective, both counterfeits and originals fit the purpose of consumers’ external physical vanity because they provide the image of prestige through the display effect despite significant quality differences. External physical vanity refers to “an excessive concern for, and/or a positive (and perhaps inflated) view of, one’s physical appearance” (Netemeyer, Burton, and Lichtenstein 1995, p. 612). Consumers will have the identical appearance whether they wear a counterfeit or an original. The only difference is that consumers for originals purchase originals for what luxury brands mean, whereas consumers for counterfeits, who need only verisimilitude, purchase just the prestige of the originals without paying for it (Penz and Stöttinger 2005). Nevertheless, both products provide identical appearances, satisfying the materialistic mind.

One major element of social status is personal economic power (Sorokin 1959). When a consumer evaluates her or his future social status to be high, she or he will become less price-sensitive and select genuine fashion products whose prices are, for instance, ten times more expensive than those of corresponding counterfeits. That way, perceived future social status is positively linked to intention of buying the genuine products.

Consumers purchase products whose image matches their self-image to impress others. Self-image concerns itself with issues like “how I am seen by others” (Sirgy and Danes 1982). Therefore, status consciousness and high self-image positively affect purchase intention of originals because genuine products convey the image of affluence, wealth, and social class that match high self-image (Wee, Tan, and Cheok 1995). Therefore, we hypothesize:

- H6: Materialism positively affects purchase intention of counterfeits.
- H7: Materialism positively affects purchase intention of originals.
- H8: Perception of future social class positively affects purchase intention of originals.
- H9: Self-image positively affects purchase intention of originals.

Reciprocal Causation between Purchase Intentions of Counterfeits and Originals

In this section, we examine the reciprocal relationship or feedback-loop between the two types of intention: the intent to buy the counterfeits and the intent to buy the originals. First, counterfeit experiences are expected to cause consumers to develop more preference of genuine luxury fashion products through perceived risks involved with counterfeits. For instance, consumers would realize a high social risk as a result of the discomfort that they would feel if others might notice their use of counterfeits. That risk is derived from the poor physical quality, materials, and delicate design differences of counterfeits. According to Nia and Zaichkowsky (2000), the dominant majority of consumers disagrees that the value, satisfaction, and status of originals are devalued by the counterfeits available in the market. Counterfeits do not decrease the sense of ownership of originals because consumers strongly believe in the inferiority of counterfeits, and, therefore, counterfeits do not affect the demand for originals, which provide the exclusivity, durability, better quality, after-sales service, status, ethicality, and legality (Cheung and Prendergast 2006). Contradictory to the

concerns of luxury brand name manufacturers, consumers are well aware of key attributes and quality of genuine luxury brand names. This is even more true when consumers purchase counterfeits as a trial before committing to the originals (Gentry, Putrevu, and Shultz 2006). Therefore, consumers desire genuine luxury even when buying counterfeits. In a report, a third of consumers for counterfeits wanted to buy the original in the future as a result of negative counterfeit experiences (Ritson 2007). Consumers believe that being counterfeited attests to the fact that the counterfeited brands are well recognized, valued, and desired (Bian and Veloutsou 2007).

Second, consumers who buy originals do not desire counterfeits. Nia and Zaichkowsky (2000) found that owners of originals, perceiving counterfeits as inferior, believe the ownership of genuine luxury brands bring them admiration, recognition, and acceptance by others; thus these consumers demand counterfeits less. Once consumers earn an income high enough to afford genuine luxury fashion items, they are less likely to purchase counterfeits (Wee, Tan, and Cheok 1995). When consumers are highly involved with the product category, care about brands, and are brand-loyal, they are also less likely to purchase counterfeits (d’Astous and Gargouri 2001). Consumers who prefer legitimate originals do not desire counterfeits because they are more satisfied with the originals than the counterfeits in every aspect, except price (Tom et al. 1998). Experiences of originals provide more satisfaction through better physical quality and interpersonal approvals of the products, and, accordingly, make consumers lose interest in counterfeits. Originals serve social and psychological motives better in improving social standing and prestige. Therefore, we hypothesize:

- H10: Purchase intention of counterfeits positively affects purchase intention of originals.
- H11: Purchase intention of originals negatively affects purchase intention of counterfeits.

METHODS

Sample

Female college students in South Korea voluntarily participated. We selected South Korea because it is a major fashion counterfeit manufacturing and consuming country and female college students because they are active buyers and consumers of both counterfeits and originals of luxury fashion brands. We obtained 324 eligible responses.

Measures

Table 1 shows the measure items. All measures, except those for past purchases and future social class, were measured in a seven-point scale format. We developed a six-item scale of positive attitudes toward buying counterfeits by economic benefits and a five-item scale of positive attitudes toward buying counterfeits by hedonic benefits. These two scales measured how positively the consumer considers buying the counterfeits thanks to economic and hedonic benefits, respectively. Reliability of the scales was 0.84 and 0.71. As for materialism, we used Richins and Dawson’s (1992) 18-item scale of materialism. Reliability of the scale was 0.81. We used Ahn et al’s (2001) 19-item scale of self-image to measure a consumer’s self-image. Reliability of the scale was 0.84.

We examined five different luxury fashion products: handbags, designer shoes, apparel, sunglasses, and jewelry. The purchase intention of counterfeits was measured by the mean score of the participant’s responses to the questions worded, “How much would you like to purchase x counterfeits in the future?” in which x represented the most popularly counterfeited brands from each of

TABLE 1
Constructs Measured

Purchase Intention of Counterfeits (Reliability=0.88)

How much would you like to purchase x counterfeits in the future? (Five-item scale)

Where x=a group of selected brands for each of handbags, designer shoes, apparel, sunglasses, and jewelry.

Purchase Intention of Originals (Reliability=0.91)

How much would you like to purchase x originals in the future? (Five-item scale)

Where x=a group of selected brands for each of handbags, designer shoes, apparel, sunglasses, and jewelry.

Positive Attitudes toward Buying Counterfeits by Economic Benefits (Reliability=0.84)

1. I buy counterfeit products if I think genuine designer products are too expensive.
 2. I buy counterfeit products if I cannot afford to buy designer products.
 3. I buy counterfeit products without hesitation if I have a chance to buy the counterfeits.
 4. I buy counterfeit products, instead of the designer products, if I prefer specific brands.
 5. I boast about counterfeit products as if they are the genuine brand products.
 6. I usually purchase counterfeits when it is difficult to distinguish between the counterfeits and the genuine products.
-

Positive Attitudes toward Buying Counterfeits by Hedonic Benefits (Reliability=0.71)

1. I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters.
 2. I buy counterfeit products because counterfeiters are "little guys" who fight big business.
 3. Buying counterfeit products demonstrates that I am a wise shopper.
 4. I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products.
 5. I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.
-

Materialism (Reliability=0.81)

1. I admire people who own expensive homes, cars, and clothes.
 2. Some of the most important achievements in life include acquiring material possessions.
 3. I do not place much emphasis on the amount of material objects people own as a sign of success.*
 4. The things I own say a lot about how well I am doing in life.
 5. I like to own things that impress people.
 6. I do not pay much attention to the material objects other people own.*
 7. I usually buy only the things I need.*
 8. I try to keep my life simple, as far as possessions are concerned.*
 9. The things I own are not all that important to me.*
 10. I enjoy spending money on things that are not practical.
 11. Buying things gives me a lot of pleasure.
 12. I like a lot of luxury in my life.
 13. I put less emphasis on material things than most people I know.*
 14. I have all the things I really need to enjoy life.*
 15. My life would be better if I owned certain things I do not have.
 16. I would not be any happier if I owned nicer things.*
 17. I would be happier if I could afford to buy more things.
 18. It sometimes bothers me quite a bit that I cannot afford to buy all the things I would like.
-

Perception of Future Social Class (9-point single-item measure)

How would you rank your future socio-economic class? Upper-Upper (= 9), Upper-Middle, Upper-Low, Middle-Upper, Middle-Middle, Middle-Low, Low-Upper, Low-Middle, Low-Low (= 1)

Self-Image (Reliability=0.84)

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Modesty / not modesty 2. Intelligent / not intelligent 3. Mature / not mature 4. Sophisticated / not sophisticated 5. Neat / not neat 6. Sexy / not sexy 7. Feminine / not feminine 8. Classic / not classic 9. Intense / not intense | <ol style="list-style-type: none"> 10. Bold / not bold 11. Gorgeous / not gorgeous 12. Simple / not simple* 13. Fashionable / not fashionable 14. Comfortable / not comfortable 15. Individuality / not individuality 16. Active / not active 17. Cute / not cute 18. Sporty / not sporty 19. Young / not young |
|--|---|
-

* Reverse-coded.

TABLE 2
Construct Intercorrelations and Reliability

	1	2	3	4	5	6	7	8.	9
1. Purchase Intention of Counterfeits	1								
2. Purchase Intention of Originals	0.11	1							
3. Past Purchases of Counterfeits	0.57	0.20	1						
4. Past Purchases of Originals	-0.03	0.44	0.22	1					
5. Positive Attitudes toward Buying Counterfeits By Economic Benefits	0.33	0.05	0.27	-0.09	1				
6. Positive Attitudes toward Buying Counterfeits By Hedonic Benefits	0.43	-0.20	0.28	-0.17	0.40	1			
7. Materialism	0.20	0.45	0.22	0.28	0.13	0.02	1		
8. Perception of Future Social Status	-0.01	0.32	0.08	0.22	0.13	-0.03	0.25	1	
9. Self-image	0.07	0.25	0.09	0.23	0.07	-0.00	0.12	0.21	1
Reliability alpha	0.88	0.91	n.a.	n.a.	0.84	0.71	0.81	n.a.	0.84
Number of items	5	5	1	1	6	5	18	1	19
Mean	2.89	4.47	1.35	1.46	3.85	2.35	3.97	7.34	4.30
Standard deviation	1.48	1.68	1.26	1.50	1.33	0.90	0.71	1.15	0.72
Minimum value	1.00	1.00	0.00	0.00	1.00	1.00	1.85	4.00	2.36
Maximum value	7.00	7.00	5.00	5.00	6.50	5.20	6.55	9.00	6.68

$p < .01$ for correlation of 0.14 or greater.

the five luxury fashion product categories. Likewise, the purchase intention of originals was measured by the mean score of the responses to the five purchase-intention questions worded for originals. Reliability of the purchase-intention scale was 0.88 for counterfeits and 0.91 for originals. Perceived future social status was measured by a nine-point single item: one (low-low status) to nine (high-high status). Participants were also asked to answer yes or no as to whether they had ever purchased counterfeits or originals of the selected brands for each of the five product categories. The count of yes answers, ranging from zero to five, was the measure of past purchases of counterfeits and originals. Participants' counterfeit and genuine item purchase experiences were 54% and 20% for the selected handbag brands respectively; 17% and 13% for the designer shoes brands; 25% and 50% for the apparel brands; 7% and 26% for the sunglasses brands; and 34% and 38% for the jewelry brands. Table 2 shows the intercorrelations of the scales and summary information.

RESULTS

We ran a path analysis to test the research hypotheses simultaneously. A completely standardized solution, produced by the maximum likelihood method of LISREL 8.8 (Jöreskog and Sörbom 1993), showed adequate overall goodness-of-fit statistics of the path model. Specifically, chi-square was 6.01 (d.f.=13, $p=0.95$). AGFI was 0.99. CFI and NFI were 1.00 and 0.99, respectively. Both of RMSEA and SRMR were 0.01. Table 3 summarizes the results of hypothesis testing, which find all hypotheses supported at the significance level of lower than 0.05.

The results showed that purchase intention of luxury fashion counterfeits was positively predicted by past purchase experiences of counterfeits (H1: Estimate=0.49, $p<0.0001$), positive attitudes toward buying counterfeits by economic benefits (H3: Estimate=0.10, $p<0.05$), positive attitudes toward buying

counterfeits by hedonic benefits (H4: Estimate=0.21, $p<0.0001$), and materialism (H6: Estimate=0.17, $p<0.01$). Purchase intention of genuine luxury fashion products was positively predicted by past purchase experiences of originals (H2: Estimate=0.26, $p<0.0001$), materialism (H7: Estimate=0.27, $p<0.0001$), perceived future social status (H8: 0.17, $p<0.001$), and self-image (H9: Estimate=0.10, $p<0.05$) and negatively predicted by positive attitudes toward buying counterfeits (H5: Estimate=-0.2, $p<0.0001$). In addition, the reciprocal paths were supported as hypothesized: purchase intention of counterfeits was positively related to purchase intention of originals (H10: Estimate=0.30, $p<0.0001$), whereas purchase intention of originals was negatively related to purchase intention of counterfeits (H11: Estimate=-0.21, $p<0.01$).

GENERAL DISCUSSION

This study provides insights into what factors make consumers purchase luxury fashion product counterfeits (versus originals) and how successfully managers can handle the counterfeiting troubles and market the genuine brands more successfully. First, past purchase behavior is the strongest antecedent of purchase intention of counterfeits. Manufacturers have focused on developing technologies making counterfeiting difficult and policing counterfeit manufacturers, distributors, and sellers, but these measures are relevant mainly to businesses but irrelevant to individual consumers. A new, effective measure should focus on consumers and discourage them to buy counterfeits and consequently form a habit of buying counterfeits. In other words, luxury brand-name manufacturers need to promote buying or consuming of counterfeits as something similar to a crime. Note that the same logic has been applied to consumption of illegal drugs, weapons, and music downloading. Counterfeit buying behavior is indeed anti-social, illegal, and unethical in a sense. For instance, terrorist organizations and regimes are often involved with counterfeiting as a means of

TABLE 3
Path Model Estimates: Completely Standardized Solution

Hypothesized Relationship and Sign	Estimate	t-value	Conclusion
H1: Past Purchases of Counterfeits → Purchase Intention of Counterfeits (+)	0.49	9.79	Supported****
H2: Past Purchases of Originals → Purchase Intention of Originals (+)	0.26	5.62	Supported****
H3: Positive Attitudes toward Buying Counterfeits by Economic Benefits → Purchase Intention of Counterfeits (+)	0.10	2.16	Supported*
H4: Positive Attitudes toward Buying Counterfeits by Hedonic Benefits → Purchase Intention of Counterfeits (+)	0.21	3.88	Supported****
H5: Positive Attitudes toward Buying Counterfeits by Hedonic Benefits → Purchase Intention of Originals (-)	-0.28	-5.09	Supported****
H6: Materialism → Purchase Intention of Counterfeits (+)	0.17	2.98	Supported**
H7: Materialism → Purchase Intention of Originals (+)	0.27	5.50	Supported****
H8: Perception of Future Social Status → Purchase Intention of Originals (+)	0.17	3.67	Supported***
H9: Self-image → Purchase Intention of Originals (+)	0.10	2.22	Supported*
H10: Purchase Intention of Counterfeits → Purchase Intention of Originals (+)	0.30	3.77	Supported****
H11: Purchase Intention of Originals → Purchase Intention of Counterfeits (-)	-0.21	-2.42	Supported**

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$; and **** $p < 0.0001$.

fundraising. Counterfeiters also damage tax revenues by not reporting their production and transactions. The new legal measures targeting buyers and consumers would certainly create strong negative social norms toward buying counterfeits once a society develops a consensus on the seriousness of the social damage due to counterfeits. Manufacturers should pursue this measure to create fear among consumers for a possible legal penalty. This measure, when implemented, will also help consumers to develop negative attitudes toward buying counterfeits.

Second, luxury fashion product manufacturers should investigate the possibility that they might benefit from counterfeits. As H10 and H11 were supported, purchase intention of luxury fashion counterfeits positively affects purchase intention of originals while purchase intention of originals negatively affects purchase intention of counterfeits. This finding clearly implies that counterfeit consumers are very likely to become ultimate consumers for originals over time and do not return to counterfeits, a likelihood that is consistently found in pirated software or illegal music file downloading research, where counterfeits aid a full and fast market penetration of the originals (Haruvy, Mahajan, and Prasad 2004). Likewise, fashion counterfeits might function as a risk-free trial version, generate interest among consumers, and make them spread positive word-of-mouth to other consumers. This could be an immature conclusion, but it is one that is worth investigating.

Third, for luxury fashion brands, social status and self-image must be better promotional themes than materialism because social status and self-image are linked to purchase intention of originals whereas materialism is linked to purchase intention of both originals and counterfeits. This strategy would make consumers buy originals over counterfeits because originals better serve and match their social status and self-image. However, when fashionability or physical appearance is emphasized as the promotional theme,

consumers will choose either counterfeits or originals depending, for instance, on their income, shopping convenience, and hedonic purposes because both provide a good look despite a significant difference in product and service quality.

Limitations and Future Research

Some limitations to this study should be noted, and efforts to resolve them would serve as avenues for future counterfeiting research. First, the findings of the study may have limited generalizability. The sample, which seemed appropriate for a fashion brand counterfeit study, was South Korean female college students. However, it would be more meaningful if the same findings hold consistent in different types of consumers (professional females, high-income females, or older females), in different regions (far more or far less developed countries than South Korea), in different cultures (East versus West; collectivist versus individualist societies), and in functional product categories (cameras, golf clubs, or cell phones). Second, the factors investigated were limited to behaviors and characteristics of individual consumers. Future research needs to examine other factors to explain counterfeit behaviors. Examples include marketing activities (advertising, pricing, store image, warranty, and after-purchase services), brand characteristics (brand quality, brand image, and market leadership), and environmental factors (regulations related to counterfeiting activity, market availability of counterfeits, and national-level animosity against the manufacturing country of the luxury brand). Third, the study used cross-sectional survey data to test the hypotheses whose nature was causal. However, survey data provide correlational, not causal, data at best. Therefore, to overcome this limitation, future research needs to adopt experiments to test the hypotheses properly. Such an approach would bring confident answers to luxury-brand manufacturers and researchers. For instance,

it is yet to be examined whether luxury fashion counterfeit experiences indeed increase the sales of the originals. Not survey data, but experimentation, would answer the question without raising unnecessary controversy or doubt.

CONCLUSION

Responding to the call for investigation of consumer-side explanations of buying behavior of fashion counterfeits, this study found that past purchase experiences, attitudes toward buying counterfeits by economic and hedonic benefits, and individual characteristics (that is, materialism, perception of future social status, and self-image) are major determinants of the purchase intention of counterfeits and originals. In addition, the study confirmed that purchase intention of originals decreases purchase intention of counterfeits, whereas purchase intention of counterfeits increases purchase intention of originals.

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