FACTORS INFLUENCING INTENT TO BUY COUNTERFEITS OF LUXURY GOODS

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Abstract

Mass production and information overload, which occurred in the 21st century, has made consumers look for individuality and exclusivity in everyday life. This need can be easily satisfied by making a decision to buy and giving preference to specific brands, which helps express satisfaction in fine and exclusive goods. During the economic crisis the demand for counterfeit copies of luxury goods has increased, which made the shadow economy grow. On the other hand, a paradox has been observed where demand for these items has not reduced despite growing consumer income. Hence it is important to better understand the intents of counterfeit luxury goods consumers, stimulating an increase in counterfeit items demand, and the factors that cause it.

Different research topics are discussed in scientific literature on luxury goods counterfeit copies, however, a few main topics can be distinguished: consumers attitude towards luxury goods and their counterfeit copies; habits and causes of counterfeit copies purchasing; impact of counterfeit copies on luxury brands from the consumer’s point of view; impact of luxury items counterfeit copies consumption on consumer’s identity; factors, causing demand for counterfeit copies. The review of scientific research has shown that consumers’ intent to buy counterfeit items is influenced by personal-demographic and psychographic; product, social and buying situation factor groups.

The type of the article: Theoretical article.

Keywords: counterfeit, luxury goods, consumers, intent to buy.

JEL Classification: M31.

1. Introduction

During the economic crisis, when consumers’ income has dropped, a large proportion of consumers began looking for ways to obtain the same or similar consumer goods at a lower price, while maintaining their consumer behaviour. The resulting situation has increased demand for illegal goods and therefore stimulated the growth of shadow economy. It has been noticed that while the economic conditions in recent years have shown signs of improvement and stabilisation, demand for counterfeit and illegal goods has not reduced, and instead has even grown. According to European Commission’s report, 115 millions of items have been imported into the European Union in 2011, meaning that compared to 2010 the number has grown by 15 per cent. Counterfeit and piracy goods pose a serious threat not only to European, but also to the global economy. That emphasizes the importance of research which would allow better understanding of intents of counterfeit items consumers, causing increase in counterfeit items consumption, and the factors that influence it.

The main topics of research on counterfeit copies of luxury goods in scientific literature are as follows: consumers attitude towards luxury goods and their counterfeit copies (Doss & Robinson, 2013; Michaelidou & Christodoulides, 2011; Tom et al., 1998; Turunen & Laaksonen, 2011; Nia & Zaichkowsky, 2000; Ang et al., 2000); habits of counterfeit copies consumption (Gistri et al., 2009); impact of counterfeit copies on luxury brands from the consumer’s point of view (Nia & Zaichowsky, 2000; Hieke, 2010); impact of counterfeit luxury items consumption on consumer’s identity (Phau et al., 2001; Perez et al., 2010; Hieke, 2010; Bian & Mountinho, 2011); factors,
causing purchase decisions, demand for counterfeit copies (Wee et al., 1995; Tom et al., 1998; Ang et al., 2001; Eisend & Schuchert-Guler, 2006; Wilcox et al., 2009; Perez et al., 2010; Norum & Cuno, 2011; Bian & Moutinho, 2011; Chaudhry & Stumpf, 2011; Fernandes, 2013). However, the research is not sufficient to unanimously distinguish the factors and causes that influence consumers’ intent to buy counterfeit items. It is worth noting that not all research is representative due to respondents’ unwillingness to acknowledge purchasing of illegal items, and sellers’ reluctance to admit conducting illegal activity.

Due to the fact that the demand for counterfeit copies is constantly growing and causing losses to the makers of luxury goods, this article is raising a problem question: which factors influence the intent to buy counterfeit copies of luxury goods? The aim of the research – to theoretically substantiate the factors that influence consumer’s intent to buy counterfeit copies of luxury goods. The research is performed employing systematic and comparative analysis of scientific literature.

2. Counterfeits as an Alternative to Luxury Goods from the Consumer’s Point of View

Counterfeits and their classification. Discussing counterfeit items, scientific literature uses terms like counterfeiting, forging, brand piracy, imitation of brands or logos, fake replicas etc. Authors of this articles are using the term that is found most commonly in the reviewed literature – counterfeiting or counterfeits. Hence counterfeits are the goods that have trademarks/features that are identical or only slightly varying from those of other companies registered trademarks/features, this way infringing the registered trademarks owners’ rights (Eisend & Schuchert-Guler, 2006). Luxury or prestigious goods are traditionally described as goods that provide a sense of prestige to their owner (Husic & Cicic, 2009). Luxury goods, according to Vigneron and Johnson (2004), are characterized by their exclusivity, quality, uniqueness, self-expression and hedonism; these five dimensions differentiate luxury goods from the standard products. They are also closely related to the high price, determined by exclusivity and high quality (Gistri et al., 2009; Hudders et al., 2013) and aesthetics (Hudders et al., 2013. High price is perceived as an indicator of luxury and consequently acceptable for consumers of luxury goods (Turunen & Laaksonen, 2011). The role of price for luxury value perception was also stressed by Wiedmann et al. (2007, p.5), who excluded 4 types of customer perceived value: financial value (price value), functional value (usability value, quality value uniqueness value), individual value (self-identity value, hedonic value, materialistic value) and social value (conspicuousness value, prestige value).

Luxury goods are attractive not only to those who can afford them, but also to consumers on lower income, who cannot afford such products due to their high prices. On the other hand, although price is usually the main factor motivating consumers to choose an alternative to luxury goods – their counterfeits, it cannot always be linked to low consumer income, as consumption of luxury goods counterfeits is widely spread in economically developed countries with high consumer income. An important role in this context falls to the constantly improving counterfeit goods quality (Eisend & Schuchert-Guler, 2006), which thanks to technological advancement can be achieved with minimal cost, and determines their low price (Galazova, 2009). According to Nia and Zaichkowsky (2000) the more popular are the luxury goods, the more likely they are to be counterfeited (Nia & Zaichowsky, 2000, p.494).

Counterfeiting has existed for a rather long period of time, however, it has only become a real problem to legitimate manufacturers since the 1970s (Bian & Moutinho, 2009). Even knowing that counterfeits are illegally produced and distributed, consumers are prepared to obtain, use and share them, this way encouraging their spread even further (Chaudhry & Stumpf, 2011). From the manufacturer's point of view, counterfeiting – as an activity of some manufacturers – will last as long as it gives a higher profit than the traditional production. Besides, improved quality of counterfeits makes it harder for consumers to identify them: quite often even those consumers who do have knowledge and experience in the luxury goods consumption, are deceived and offered
counterfeit copies instead of original goods. According to Eisend & Schuchert-Guler (2006), Wilcox et al. (2009) depending on whether the consumer is aware or unaware about his purchased goods being counterfeits, it is important to separate counterfeiting into deceptive and non-deceptive.

*Deceptive counterfeiting* includes all the situations where consumer is unaware of being misled into buying a counterfeit item. Consumer thinks that he is buying an item made by a specific company, where in fact it is made by other producers; it is especially relevant in the luxury goods market. Quite often counterfeit items are sold by persons claiming to be the official representatives of luxury brands.

*Non-deceptive counterfeiting* – when consumers, due to the situation (place of purchase, price, item composition) are aware that the item is not original, but still make a conscious decision to buy it (Eisend & Schuchert-Guler, 2006, p. 2). Describing the latter category, Okonkwo (2007) distinguishes *piratic* goods (copies of luxury goods, where the buyer is aware of them being fake); *imitated goods* (products that are not identical to the original ones, but are similar in their composition, name, design, form or meaning, and the consumers of these products are aware of them being fake prior to purchase); *custom made counterfeits* (various replicas that are intended to imitate real trademark goods to the social circle of the consumer). Due to the objective of this research, the article will focus on non-deceptive counterfeits and consumers’ intent to purchase them.

*Personal characteristics of counterfeit goods consumer.* Despite the multiple research in the counterfeit luxury goods consumption, it is still difficult to create a clear picture of the counterfeit goods consumer. Scientific literature analysis shows that research in this area is rather fragmented, and the results are often contradicting. Scientific literature states that luxury brands consumer may choose counterfeit copies due to their economic benefits and hedonic benefits (Yoo & Lee, 2009). Consumers on a limited budget choose counterfeits intending to prove their ability to purchase luxury brands, show their belonging to a specific social class, etc. Due to these reasons consumers are not paying too much attention to the potentially lower quality or lack of exclusivity in these goods, or place much emphasize on ethical behaviour, moral norms, etc. On the other hand, counterfeit goods are often chosen by rich consumers, who can afford buying the original luxury goods. The study by Doss and Robinson (2013) reveals a clear difference in the perception of luxury brand and counterfeits amongst the young females of the United States. But according to other research, the young consumers are the main buyers of counterfeit goods, therefore it can be stated, that despite consumers’ awareness of the differences in benefits these goods provide and preference (when talking about the benefits) given to the original goods, consumers do not forgo a chance to buy counterfeit goods.

When discussing characteristics of consumers of luxury goods counterfeits, it is worth to analyse in more detail the demographic and psychographic factors that influence their decisions. However, the contradicting results of research (e.g. Bian & Moutinho, 2011; Eisend & Schuchert-Guler, 2006; Hieke, 2010; Tom et al., 1998; Phau et al., 2001; Wee et al., 1995) on the influence of demographic factors on counterfeiters consumer behaviour indicate a non-existence of a seamless demographic picture of counterfeit goods consumer. While some researchers (Bloch et al., 1993; Wee et al., 1995) declare that consumer’s age does not have any impact on intent to buy counterfeits, others (eg, Tom et al., 1998) state that the most likely buyers of counterfeit goods are young consumers. There is also a similar disagreement when discussing the impact of income level, education and gender.

Psychographic factors are treated as an important person related factors, which influence consumer intention to purchase counterfeits of luxury brand. According to Fernandes (2013), Ang et al. (2001) buyers of counterfeits are characterized by self-ambiguity, value consciousness, and placing emphasis on the opinion of others, but at the same time lacking consideration to ethical issues. In their research on non-price determinants of intention to purchase counterfeit goods, Wee et al. (1995) have excluded attitude, brand status, materialism, novelty seeking, risk taking.

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3. Factors influencing purchase of counterfeit luxury goods

Literature review on factors influencing intent to buy counterfeit luxury goods

Valuable research, explaining counterfeit purchases, has been performed by Eisend and Schuchert-Guler (2006, pp.5-12). They carried out a comparative systematic analysis of 30 studies about counterfeit purchases which allowed them to prove the need for further research, indicating the shortfalls in majority of previous studies: 1) absence of general framework, suitable for detailed investigation, 2) decision to use mostly quantitative research designs, not leading to broader insights into previously uncrowned determinants and mechanisms, that could help explain the intent to purchase counterfeits; 3) rather narrow geographic area of the previous research, mainly North American and South Asian countries (Eisend & Schuchert-Guler, 2006, p.3).

The analysis of scientific literature performed for this article, supports the findings of aforesaid authors and shows that despite the multitude of research on demand for counterfeits of luxury goods, a consensus has not been reached with regards to distinguishing and grouping the factors that influence consumer’s intention to purchase counterfeit luxury goods. Furthermore, results of the research are often fragmented and even contradicting, depending on the chosen luxury goods, respondents and context of the research.

In majority of studies price was indicated as the most important factor influencing intentions to purchase counterfeit luxury goods (Albers-Miller, 1999; Wiedmann et al., 2007). Low price of counterfeits allows consumers to save money, therefore the perceived value (price and quality ratio) of these goods is high (Ang, 2001).

Eisend and Schuchert-Guler (2006), studying factors that influence intents of counterfeit buyers and trying to fill the voids of other studies that they have previously identified, alongside with the extensive literature review have conducted a qualitative research of counterfeits in Germany, using focus group and in-depth interview research methods. This research has resulted in identification of four main factor groups, influencing counterfeit consumers’ intentions: personal (demographic and psychographic variables), product (price, product attributes, and scarcity), social and cultural context, purchase situation/mood. The importance of situation under which the purchase takes place earlier was depicted by Albers-Miller (1999), as well as the importance of price and the risk associated with the purchase, using these three variables to predict consumer misbehaviour, whereas Wee et al. (1995) along with psychographic factors focused on product attribute variables. Product importance was also stressed by Bloch (1993) as well as store reputation, self-image and style/fashion consciousness and finally – price. Relying on the previous research Fernandes (2013) analysed fashion consciousness, subjective norm, ethical judgement, value consciousness and self-ambiguity as well as demographic factors such as age, education, income level.

The development of theoretical model

Based on the results of scientific literature review, the following factor groups, influencing counterfeit consumers’ intentions, can be distinguished: group of marketing mix factors, i.e. product related factors; price; advertisement of branded goods; place and other situational factors; as well as personal factors. Trying to determine the influence of these factors on counterfeit consumers’ intentions, they have been linked together in the model as shown in Figure 1.

This visual model of factors, influencing intent to purchase counterfeit luxury goods, reflects the factors that influence counterfeits’ consumers intentions in general. Later conducting a thorough empirical research would benefit from a more detailed discussion of each of the depicted blocks.
Factors influencing intent to buy counterfeits of luxury goods

**Purchase intentions.** Purchase intentions in this case are being treated as consumers’ expressed willingness to buy.

**Person-related factors.** This block of factors is being analysed from two different perspectives: as a separate group of factors and as a moderator for analysing the impact of remaining factors to the intentions of counterfeits purchasers. The block person-related factors consist of two sub blocks, i.e. demographic and psychographic one. Earlier in this article mentioned controversial results of previous research on the impact of gender, age, education and income on consumers’ intention to purchase counterfeits goods, stimulate further research on demographics in this field. It is important to point out that psychographic variables in this article are analysed from marketing perspective and also relying on previous works of Fernandes (2013), Ang et al. (2001), Wee et al. (1995) discussed above, thus analysing such criteria as attitudes towards counterfeits, consideration to ethical issues, status, social class, value consciousness, novelty seeking, risk taking. Phau, Teah (2009), Vida (2007) excludes value seeking as those customers are tended to lower their risk when acquiring new products and lower price of counterfeits satisfies those needs of theirs very well. Majority of the research have confirmed the relation between attitude towards counterfeits and behavioural intentions to purchase them (Phau & Teah, 2009). Despite this, attitude is not excluded from the remaining list of psychographic variables when constructing conceptual model. On the other hand there is a possibility to analyse those determinants separately in order to determine their impact on behavioural intentions or their role as a moderators during analysis of the impact of marketing factors on purchase intentions.

**Product.** In the block of product attributes durability, quality, physical appearance (Wee et al., 1995), brand image are depicted. Tom et al. (1998), Wee et al. (1995) have confirmed that consumers intent to buy counterfeits depends on the type of product, so for the empirical research it would be necessary to select several products from status and from functional categories in order to compare the results. It was found out, that consumers’ willingness to buy counterfeit increases, if they are able to compare quality of a product before purchasing that product (Eisend & Schuchert-Guler, 2006).

**Price.** In agreement to Wilcox et al. (2009) notion about the importance to analyse the influence of marketing decisions on counterfeit consumers behavioural intentions, price as well as place and advertising was depicted as separate block of factors as one of the elements of marketing mix. In the case of counterfeits, price is associated with accessibility (Norum & Cuno, 2011) and is treated as one of the main factors influencing consumers’ intent to buy counterfeits (Albers-Miller, 1999; Wiedmann et al., 2007; Bian & Moutinho, 2011). Earlier in the majority of research in this

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**Figure 1.** Factors that influence consumers’ intent to buy counterfeits
field, price was treated as a component of product factor (e.g. Eisend & Schuchert-Guler, 2006).

**Place/Situational factors.** In marketing ‘place’ refer to availability and to the selling situation. Thus situational factors are combined with the marketing element place in this block of factors. The importance of situational factors (Albers-Miller, 1999), the mood in the selling place (Eisend & Schuchert-Guler, 2006), as well as reputation of the store and surrounding (Bian, Mountinho, 2011) should also be analysed in more detail.

**Advertisement of luxury goods.** As Wilcox et al. (2009, p.250) have noted “advertising is a crucial vehicle for building a luxury brand’s image and communicating its social/cultural meaning”. It is obvious that in such a case those who buy counterfeit of the status category, who want to demonstrate that they can afford branded goods, showing that they belong to particular social group, but are value conscious or have very limited budget will seek for counterfeits of such branded products. In another words, advertising increases demand for branded products, at the same time increasing the demand for counterfeits of these products.

In order to influence appropriately the demand of counterfeits, marketers of branded luxury products first of all should know better the consumer of counterfeit of those luxury goods.

### 4. Discussion

The article studies non-deceptive counterfeits of luxury goods and factors that influence intents to purchase these goods. The results of performed theoretical research have confirmed that despite the multitude of research in this area the investigated topic is still important. Studies of factors influencing decision to buy counterfeit luxury goods are rather fragmented and often contradicting. It is agreed that consumers’ attitude to counterfeit goods has influence on consumers’ intent to buy, but a consensus has not been reached on distinguishing and grouping the factors. This may have been caused by different theoretical approaches, various cultural-social contexts of the studies, unequal categories of goods chosen for the research, etc.

The model in this article, depicting intentions of counterfeit luxury goods consumers, is based on results of scientific literature review, distinguishing product, price, genuine goods advertisement, place/situational, and person-related factors. In the model the latter is analysed both as a separate group of factors and as a moderator for studying the impact of remaining factors on the intentions of luxury goods consumers. Contrary to Eisend and Schuchert-Guler (2006) it was decided not to exclude social context factor separately, but to incorporate it into the block of person-related factors, because psychographic segmentation criteria usually covers issues on social class, lifestyle and personality.

This model is not expected to fill all the previously identified gaps in this area of research, however, the distinguished factors and the results of empirical research, performed using the aforesaid model, may allow for a better understanding of counterfeit luxury goods consumer. In agreement to Wilcox et al. (2009), claiming that luxury goods advertisement may influence not only their but also counterfeits demand, and trying to test their research results in a different social cultural context (consumers in a different country), depicted model emphasises decisions of the marketing mix. Results of the empirical research, carried out using this model, are likely to allow at least a partial explanation of which aspects of marketing decisions should be addressed by producers/sellers of genuine luxury goods, trying to reduce the demand for their counterfeit copies.

### References


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