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THE EFFECTS OF COUNTERFEIT ON LUXURY BRAND BUYING BEHAVIOR, IN TERMS OF CONSUMPTION EXPERIENCE

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halshs-00660417, version 1 - 16 Jan 2012

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Abstract

A large number of studies on counterfeiting explore consumer behaviors in the consumption of counterfeit articles. But few of them consider luxury brand consumers and counterfeiting. Our research attempts to contribute to this field by studying strategies adopted by luxury brand consumers in the face of counterfeiting (Commuri 2009). To do so, we use the concept of an "experience of another self" in buying a product (Dampérat et al., 2002), which focuses on personal and social objects of consumption.

Keywords

Counterfeit consumption, Luxury brand, Consumption experience

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Introduction

According to Bain & Co. consultants, in 2008 the global luxury goods market was estimated at 170 billion euros, with a 4% annual increase. The market, controlled by important industries like LVMH, Richemont and PPR, is characterised by changing socioeconomic and demographic factors that positively affect consumer demand for luxury brands.

Counterfeiting is a real inhibitor to luxury industry volume growth. It distorts brand loyalty and destroys brand equity (Wilke & Zaichkowsky 1999), and results in important revenue losses (Grossman & Shapiro 1988a ; Grossman & Shapiro 1988b ; Bush et al., 1989). Counterfeiting affects competition among brand owners (Grossman & Shapiro 1988a), develops underground economies and impacts hundreds of thousands of jobs (Bamossy & Scammon 1985). Health and security of consumer are also threatened (Grossman & Shapiro 1988a ; Chakraborty & Allred 1996 ; Cordell et al., 1996 ; Tom et al., 1998). It is clear that counterfeiting is a significant source of trouble for market economies (Blatt 1993 ; Sweeney et al., 1994).

Luxury brands are prime counterfeit targets because of their popularity with consumers (Shultz & Saporito 1996 ; Gentry et al., 2001 ; Phau & Teah 2009). Luxury industries invest heavily in their brands with the intention of increasing the popularity, prestige, and exclusive brand image of their products, all the while limiting accessibility. It is paradoxical that the strong disparity between popularity and accessibility allows the progression of counterfeiting, and thus the growth of the luxury goods counterfeit market (Hung 2003; Clark 2006).

The aim of this research is to study this new situation that affects mainly luxury brand consumers, by referring to symbolic aspects of consumption rather than functional aspects. We will focus on the concept of “experience of another self” in the purchase of products (Dampérat et al., 2002). “Experience of another self” is defined as a state where a person enters into a real or imaginary world different from his everyday life, and where he discovers another way of being and acting/reacting.

This vision, based on personal and social objects of consumption, rounds out consumer behaviour studies, not by virtue of a search for congruence between self image and product image (Sirgy & Danes, 1982), but rather, by virtue of a search for incongruence. Thus, we

halshs-00660417, version 1 - 16 Jan 2012

define our research problem as follows: *What are the effects of counterfeiting on buying behaviour of luxury brands, in terms of the consumption experience?*

Literature review

Over the past twenty years, counterfeiting – reproduction of a trademark, generally a luxury brand (Cordell et al., 1996) – has gained interest among researchers. Early studies focused on describing counterfeiting and its legal aspects (Bikoff 1983 ; Bamossy & Scammon 1985; Harvey & Ronkainen 1985 ; Roberts 1985 ; Globerman 1988 ; Chaudhry & Walsh 1996 ; Nill & Schultz II 1996 ; Lai & Zaichkowsky 1999 ; Wilke & Zaichkowsky 1999 ; Chow 2000 ; Stone 2001), and strategies developed to counter hacking or counterfeiting (Harvey 1988 ; Carty 1994 ; Harvey & Ronkainen 1985; Bush et al. 1989; Olsen & Granzin 1992 ; Shultz & Saporito 1996 ; Delener 2000 ; Green & Smith 2002 ; Chaudhry et al., 2005).

More recently, we notice the expansion of studies related to the demand for counterfeit products (Prendergast et al., 2002 ; Tang & Pam 2005). These studies are driven by a desire to understand consumer demand for counterfeit products (for instance: Bloch et al., 1993 ; Wee et al., 1995 ; Penz & Stöttinger 2008). Cordell et al. (1996) identified three motivations to consume counterfeit products:

- Symbolic status of counterfeiting
- Distribution channel of retailers
- Price of counterfeit products

Attempting to combat counterfeiting appears useless, particularly in the luxury market, where the consumer is aware that the product being bought is an imitation (Nia & Zaichkowsky 2000; Wilcox et al., 2009). The practice of consuming counterfeit products has developed, taken hold and the purchase of counterfeit luxury products has became part of consumer purchase options.

To understand how the consumer reacts to counterfeiting, we will focus first on Commuri's (2009) study, where the consumer of a particular trademark adopts one of these strategies:

1) Flight: For the individual adopting this strategy, when the preferred brand is counterfeited, the consumer abandons it for a new brand that has not been counterfeited, lest others confuse the consumed product with a counterfeit article;

2) Reclamation: Consumers from this group are defensive concerning counterfeiting. Because they are loyal customers of the counterfeited brand, they deplore the loss of exclusivity and absence of recognition;

3) Abranding: These consumers don't want to be imitated. They want to be unique in what they wear, drive and do. Abranding is a state of consumption in which the brand may carry high personal meaning, but neither its identity nor the meaning is readily accessible to others.

The goal of our doctoral work is to study the principal aspects of consumer behaviour vis-a-vis luxury brands, when an imitation is available. Therefore, we will identify and measure attitudes and strategies adopted by consumers (Cf. objective 1, Figure 1 : Research Objectives).

We will also refer to the study by Dampérat et al. (2002) related to the consumption experience or the "experience of another self" in regard to the purchase of counterfeit products. According to this study, two processes allow access to the experience of another self and the perception of a specific self-image and social status:

1) Identification with a person: This consists of donning the persona of a real or fictitious person. For instance, the individual desiring to be a star will rent a limousine to go to the Ritz where they will spend the evening.

2) Immersion in a different universe: while consuming a specific product, the individual is immersed in a different world, and some aspects of his personality not expressed in his everyday life, appear. This immersion allows him to discover ignored self aspects or aspects known and not expressed. For example, the person will be conscious of his courage when participating in a Kenyan safari trip and being next to wild animals.

Deepening comprehension of consumption behaviors related to luxury brands in the presence of counterfeit articles, through the study of experience of another self, is a second aspect of our research (Cf. objective 2, Figure 1 : Research Objectives).

Finally, we will attempt to model behaviours related to the consumption of luxury products in the presence of counterfeit articles (Cf. objective 3, Figure 1 : Research Objectives).

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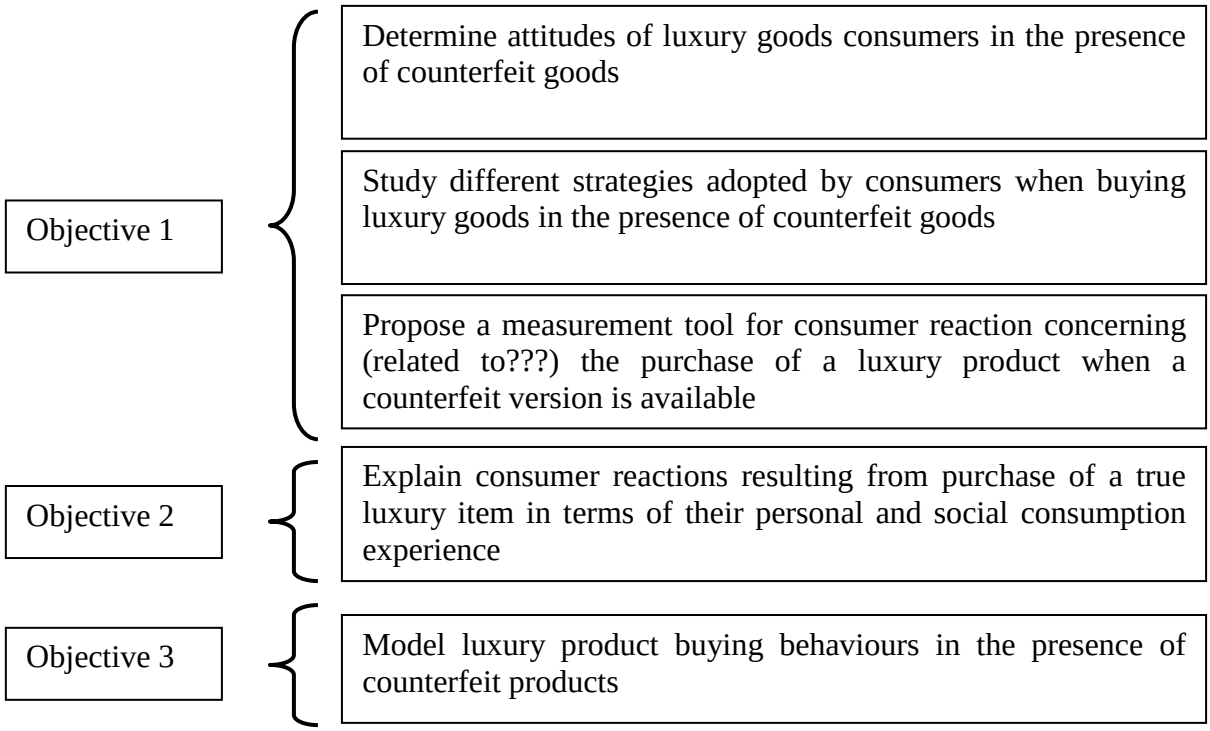

Figure 1 : Research Objectives

Conceptualization and hypotheses

To pursue our research question, the chosen research model includes four groups of variables,

- Relation to the brand
- Reaction toward counterfeiting
- Experience of consumption
- Buying behavior

(Cf. **Figure** 2 :)

We consider that "relation to the brand" precedes an individual's "experience of consumption" and his "reaction toward consumption", thus leading us to our first hypotheses:

H1.1: The more faithful the consumer is to his luxury brand the less likely he is to abandon the genuine product

H1.2: The more the consumer is attached to his luxury brand, the more the experience of luxury brand consumption is rich in terms of self-image

Moreover, "the experience of another self" has an effect on "the reaction of the consumer toward counterfeit products" resulting in their "consumption behaviour".

halshs-00660417, version 1 - 16 Jan 2012

H2.1: The richer the luxury brand consumption experience, the more the consumer disapproves the presence of counterfeit products
H2.2: The poorer the luxury brand consumption experience, the more the consumer abandons the genuine product

Finally, “buying counterfeit” affects the “buying behaviour” concerning luxury brands.
H3.1: Counterfeit product buying intention positively affects the buying intention related to genuine luxury products
H3.2: Genuine luxury product buying intention negatively affects the buying intention related to counterfeit products

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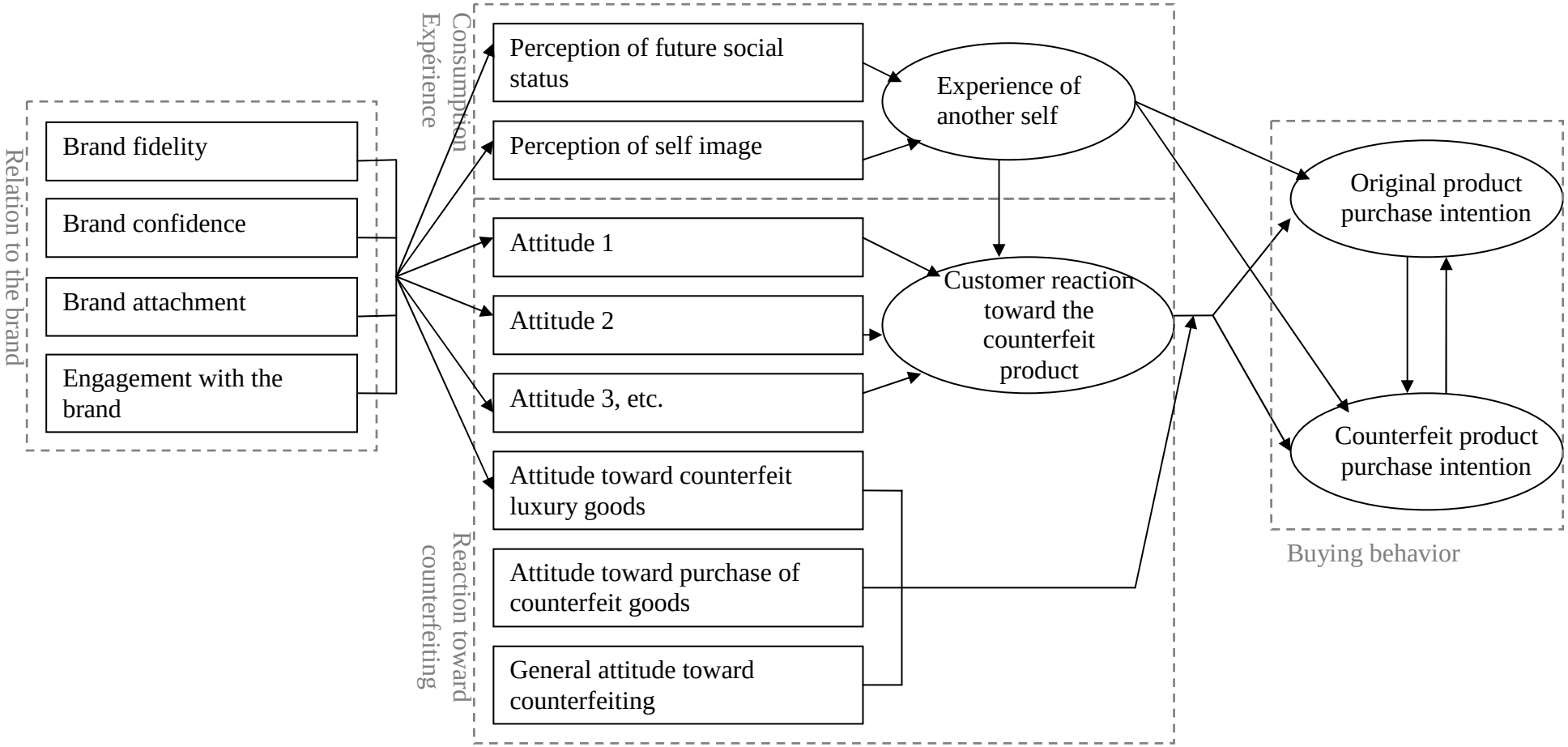

Figure 2 : Research Model

halshs-00660417, version 1 - 16 Jan 2012

Method

The majority of studies related to counterfeiting were conducted in Asia including Shanghai (Phau & Teah 2009), Korea (Yoo & Lee 2009), Singapour (Phau et al., 2009), and Thailand (Commuri 2009). Some research has also focused on the European consumer in locations such as Glasgow (Bian & Moutinho 2009), London (Swami et al., 2009), and Italy (Gistri et al., 2009). To our knowledge, no studies have been undertaken in the Maghreb, despite the progression of counterfeiting in this region.

We choose to conduct an empirical study in Morocco because of the availability of luxury products (Cartier, Dior, Louis Vuitton, Lancel, Lacoste, Dolce & Gabanna, Guicci…) and the presence of counterfeit products in many Moroccan shops.

Indeed, according to the Moroccan Center for Economic Studies, loss due to hacking and counterfeiting rose to 73% in 2006 (International rate, 36% ; Average for Africa and the Middle East, 56%), representing a 1 billion DH financial loss (almost 100 million Euros) during the same period.

In terms of research methodology, we plan to conduct qualitative studies to establish appropriate measurement scales. The external validity of these scales will be assured by quantitative studies.

Finally, thanks to a large quantitative study, we'll present all variables and relations, through a structural equations model.

halshs-00660417, version 1 - 16 Jan 2012

Objective	Research method	Collection method	Survey Plan		
			Population	Method	Size
1.1. Inventory of attitudes	Exploratory	Qualitative	Luxury brand consumers	Individuel interview	20
1.2. Inventory of strategies					
1.3. Measurement of strategies	Descriptive	Quantitative		- Non-probabilistic Method - Face to face interview	100
2. Measurement of the consumption experience	Exploratory	Qualitative	- Luxury brand consumers - Counterfeit luxury brand consumers	individuel interview	20
	Descriptive	Quantitative		- Non-probabilistic Method - Face to face interview	100
3. Modelisation	Descriptive	Quantitative	Luxury brand consumers	- Non-probabilistic Method - Face to face interview	400

Table 1 : Methodological choices

Conclusion

Our study attempts to enrich the research about counterfeiting, and principally research focusing on genuine product consumption. The effect of counterfeiting on consumers of genuine luxury articles has not received much attention because of counterfeiting's conceptually and legally undetermined status (Commuri 2009).

Methodologically, we want to propose a measurement scale for the consumer's relation with his luxury brand when a counterfeit version of the consumed product is available. Only Commuri (2009) has conducted a study related to this subject and it concerns Thai consumers. Our study targets a non-Asian population to determine their attitudes and reactions toward counterfeiting. Finally, we are interested in the external validity of Commuri's (2009) study, and intend to conduct a quantitative study permitting generalization of the results to the whole studied population.

We'll adopt the same approach for the measure of "the experience of another self". The qualitative study conducted by Dampérat et al. (2002) proposed a theme around art and film

consumption. Referring to results and conclusions of this study, we'll try to construct a measurement scale adapted to the consumption of luxury brands.

In terms of managerial issues, we look to understand why some clients remain attached to their luxury brand even if imitations are available. Understanding the effect of counterfeiting on the genuine product is a decisive step toward preserving the consumer-brand relationship. Through our research, we hope to provide insights into consumer behavior that will help producers protect their goods and perhaps even support government efforts against counterfeiting, especially in developing countries.

halshs-00660417, version 1 - 16 Jan 2012

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halshs-00660417, version 1 - 16 Jan 2012