

The Devil Buys (Fake) Prada: Luxury Consumption on the Continuum Between Sustainability and Counterfeits

Nadine Hennigs, Christiane Klarmann and Franziska Labenz

Abstract Against the backdrop of the significant expansion in the luxury industry along with the ongoing process of the *luxurification of mass markets* and the *massification of luxury brands*, luxury brand managers act in the rising tension of satisfying the growing demand for luxury in the global marketplace and the effort to protect the uniqueness and exclusivity of their products. As a consequence, the alignment of luxury and sustainability is considered as a promising way to emphasize the key attributes of luxury such as heritage, timelessness, durability, and excellence in manufacturing and retailing. Nevertheless, in times of economic recession and widely available and often consumed counterfeit goods, the question arises whether the demand side is ready for the commitment to sustainability. In this context, the focus of our chapter is on the study of determinants of the “*dark side of luxury consumption*,” one of the largest challenges in luxury brand management: the increased demand for counterfeit branded products. The aim of the present study was to empirically investigate a multidimensional framework of counterfeit risk perception and counterfeit shopping behavior as perceived by distinct consumer segments. Even though price is often believed to be the main reason that causes counterfeit purchases, this study reveals that there are multifaceted reasons that affect consumer attitudes and behavior. Therefore, luxury brand managers have to respect and emphasize the deep-rooted values of the luxury concept: True luxury has to verify that it is more than shallow bling and superficial sparkle—the adoption of sustainability excellence is a promising strategy to demonstrate the credibility of luxury in offering superior performance in any perspective.

Keywords Sustainable luxury · Consumer complicity · Counterfeit consumption · Perceived risk

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1 Introduction

Against the backdrop of the significant expansion in the luxury industry along with the ongoing process of the *luxurification of mass markets* and the *massification of luxury brands*, luxury brand managers act in the rising tension of satisfying the growing demand for luxury in the global marketplace and the effort to protect the uniqueness and exclusivity of their products (Tynan et al. 2010; Hennigs et al. 2013a). The adoption of mass marketing strategies has led to intensified distribution and a downgrading strategy with an emphasis on mass production and vertical brand extensions related to accessories, perfume, and cosmetics (Dion and Arnould 2011). Delocalization to low-cost countries with poor labor standards and the availability of more accessible product lines based on licensing agreements have shifted the focus from deeper values to superficial logo conspicuousness (Kapferer and Michaut 2014). Facing the risks of brand dilution or overextension and the potential loss of brand equity through brand overexposure as well as the omnipresence of low-cost counterfeits and fake luxury products, the fundamental characteristics of the luxury concept are at stake (Hennigs et al. 2013a).

As a consequence, the alignment of luxury and sustainability is considered as a promising way to emphasize the key attributes of luxury such as heritage, timelessness, durability, and excellence in manufacturing and retailing (e.g., Bendell and Kleanthous 2007; Davies et al. 2012; Hennigs et al. 2013b; Janssen et al. 2013; Kapferer 2010). Nevertheless, in times of economic recession and widely available and often consumed counterfeit goods, the question arises whether the demand side is ready for the commitment to sustainability. For sure, following a sustainable strategy, luxury brands are expected to provide deeper value than a counterfeit luxury product which only tries to imitate the original. The essence of luxury is (or at least should be) far more than a nice and easy to copy logo. In the rising tension between the call for a more sustainable luxury on the one hand and an increasing demand for counterfeit goods on the other hand, the following questions arise:

What does current consumption in the luxury market look like? Are luxury consumers willing to reconsider their emphasis on desirable logos? Are they prepared to become part of the sustainable luxury movement and adopt deeper values? What would be the necessary conditions for the co-existence of luxury and sustainability from the consumer perspective?

Reasoning this, the focus of our chapter is on the study of determinants of the “*dark side of luxury consumption*,” one of the largest challenges in luxury brand management: the increased demand for counterfeit branded products. Consumers often ignore the risks inherent in counterfeit activities and can be described as accomplices in crime, who actively seek counterfeit goods. The importance of focusing on the demand side becomes evident as all governmental actions to curtail counterfeiting will not be sufficient as long as counterfeiters face such an immense demand for their products. The aim of the present study was to begin filling this research gap by the following:

- (a) examining factors that significantly influence counterfeit risk perception and counterfeit shopping behavior and
- (b) identifying groups of consumers who differ in the specific reasons for acceptance of/resistance to counterfeit luxury goods.

The paper is structured as follows: The theoretical background for the concept of luxury and the phenomenon of counterfeiting will be provided in the next paragraph. Based on these insights and with reference to previous research on the demand side of counterfeiting luxury goods, the conceptual model and related hypotheses are presented. The methodology part outlines the instrument and sample used for the empirical study, before the results are presented and finally discussed regarding research and managerial implications as opportunities to develop strategies that aim to reduce the global appetite for counterfeits as important step on a promising way to align luxury (brands and consumers) with sustainability. In sum, the main results of this study underline that the shift of the luxury concept from exclusivity and exceptional craftsmanship to mass marketing strategies and superficial logo dominance is accompanied with less moral consumer concerns about counterfeit consumption. The more consumers attach deeper values to luxury goods, the less they are inclined to purchase counterfeits. Therefore, the awareness of a luxury brand's cultural heritage, the reassertion of the brand's own virtues, and the adoption of sustainability excellence are crucial elements of the credibility of the luxury concept.

2 Theoretical Background

Luxury goods as one of the fastest expanding product groups can traditionally be defined as “*goods for which the mere use or display of a particular branded product confers prestige on their owners, apart from any utility deriving from their function*” (Grossmann and Shapiro 1988, p. 82). Thus, for luxury brands it is essential to evoke exclusivity, brand identity, brand awareness as well as perceived quality from the consumer's perspective (Phau and Prendergast 2000). Therefore, luxury as a multidimensional construct is situational contingent and should follow an integrative understanding: “*What is luxury to one may just be ordinary to another*” (Phau and Prendergast 2000, p. 123). According to Vigneron and Johnson (1999), luxury brands are seen as the highest level of prestigious brands encompassing several physical and psychological values. In order to explain consumer behavior, the notion “*buying to impress others*” has long been a guiding principle for luxury brand managers. However, it has been found that in addition to interpersonal aspects such as snobbery (Leibenstein 1950; Mason 1992), personal factors such as hedonism and perfectionism (Dubois and Laurent 1994) as well as situational conditions (e.g., economic and societal factors) are particularly

important. In addition to that, luxury consumers have become increasingly concerned about social and environmental issues (Cone 2009; Kleanthous 2011). In recent years, a paradigm shift has taken place in the luxury domain from “*conspicuous consumption*” to “*conscientious consumption*” (Cvijanovich 2011) leading to more critical and well-informed consumers (Sarasin 2012). The concept of luxury being traditionally based on high quality, superior durability, and deeper value is a perfect basis for the design and marketing of products that preserve fundamental social and environmental values (Kapferer 2010). Therefore, the concept of sustainability is of major importance for the management of luxury brands.

However, in contrast to the increasing consumers’ awareness of social and environmental issues, a significant growth in the demand for counterfeit goods has to be considered in the luxury market as well. Counterfeits can be defined as “...*any manufacturing of a product which so closely imitates the appearance of the product of another to mislead a consumer that it is the product of another or deliberately offer a fake substitute to seek potential purchase from non-deceptive consumers*” (OECD 1998). The focus of this study is on non-deceptive counterfeiting which is prevailing in the luxury market (Nia and Zaichkowsky 2000) and stands for copies where consumers know or strongly suspect that the purchased product is not an original (Grossman and Shapiro 1988). Counterfeiting harms the legitimate producers and may result in a reduction of the exclusiveness of the genuine product which in turn could potentially erode consumers’ confidence in a brand (Green and Smith 2002; Wilke and Zaichkowsky 1999). As a consequence, original brands face lost revenues and a loss of intangible values such as brand reputation and consumer goodwill (Bush et al. 1989). Nevertheless, most consumers disregard the negative effects counterfeiting entails (Phau et al. 2009a, b). Therefore, deepening the understanding of the customer perspective on counterfeit goods is central for the development of effective countermeasures because all actions to curtail counterfeit activities will not be sufficient as long as counterfeiters face such an immense demand for their products (Ang et al. 2001).

3 Conceptual Model and Related Hypotheses

In accordance with previous research dealing with the demand side of counterfeit goods (Ang et al. 2001; Huang et al. 2004), both psychological consumer traits and context-related aspects should be integrated into a single model. As illustrated in Fig. 1, the study presented here considers a combination of *personality factors* (i.e., variety seeking, personal integrity, moral judgment, and risk aversion) and *context-related factors* (i.e., luxury involvement, luxury value perception, and the trade-off between genuine and counterfeit luxury goods) as antecedents of consumers’ *risk perception* toward counterfeits and actual *counterfeit shopping behavior*.

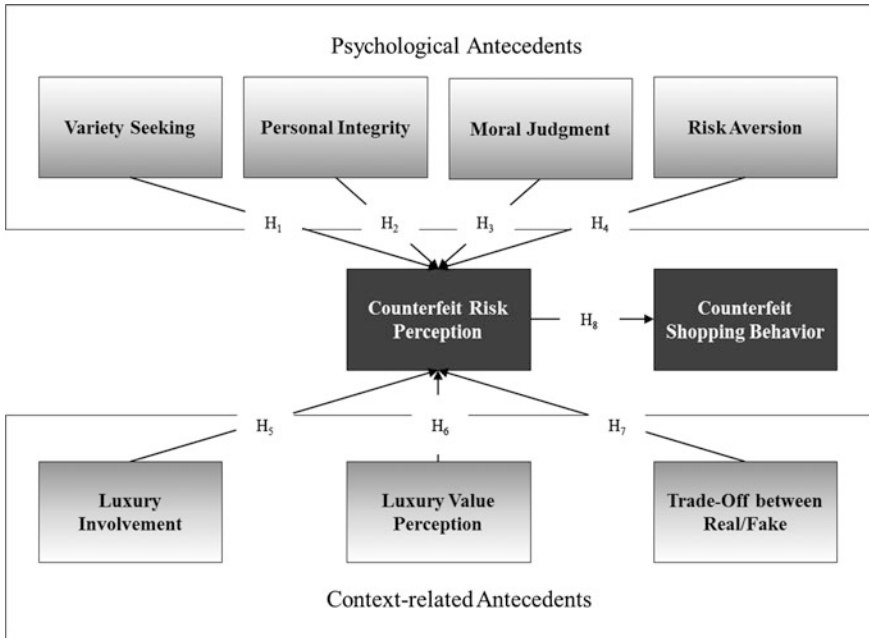


Fig. 1 The conceptual model

3.1 Psychological Antecedents

Variety Seeking In general, novelty seeking encompasses the desire of individuals to seek variety and difference (Phau and Teah 2009; Wang et al. 2005), whereas variety seeking in particular comprises the consumers demand for different things and a great deal of variety (Donthu and Gilliland 1996). Bringing variety into the context of luxury consumption, the well-documented luxury characteristics of rarity and exclusivity (Vigneron and Johnson 2004) may be connected to the consumer perceived variety. On the other hand, with reference to consumers who fear the hassle of being stuck with a “last-season” item (Wiedmann et al. 2007), luxury counterfeits as mass products which are often out of season would not be convenient to a high variety seeking consumer. Although various studies on counterfeit consumption exposed a negative influence of variety seeking on attitudes toward faked products (i.e., Wee et al. 1995), opposed to previous studies, this study conceives variety seeking as a desire for quality and less for quantity and therefore assumes a positive influence on the risk perception regarding counterfeits. It can be postulated that,

H₁: Variety seeking in combination with the desire for exclusivity has a positive impact on counterfeit risk perception.

Personal Integrity A negative influence of personal integrity, determined by personal ethical standards and obedience to the law (i.e., Phau and Teah 2009), on the attitude toward counterfeit luxury brands has previously been proved (i.e., Ang et al. 2001; Wang et al. 2005). Nevertheless, this study follows Michaelidou and Christodoulides (2011) whereby ethical obligation is different from personal integrity. According to this, consumers may value honesty, politeness, and responsibility (de Matos et al. 2007), whereas consumers not inevitably have to feel obligated to avoid ethically questionable behaviors such as buying counterfeit products (Michaelidou and Christodoulides 2011). Further, it can be assumed that consumers aim to reduce the cognitive dissonance of an unethical behavior (de Matos et al. 2007) or they purchase products from retailers they like and do not inevitably feel that their behavior harms someone else (Huang et al. 2004). In conformity with this, Ang et al. (2001) revealed in a survey among Asian consumers, both buyers and non-buyers did not consider individuals who buy counterfeits to be unethical nor did they perceive that there was anything wrong with buying faked products. Thus, we hypothesize,

H₂: Related to consumers who do not perceive counterfeit consumption as an unethical behavior, personal integrity has a negative impact on counterfeit risk perception.

Moral Judgment The moral judgment of an individual critically affects his perception as to why certain actions are perceived as morally just or preferred (Tan 2002). As the counterfeit supply side is often related to organized crime (Furnham and Valgeirsson 2007; Green and Smith 2002; Nill and Schultz 1996), consumer participation in a counterfeit transaction supports illegal activity (de Matos et al. 2007). According to this, it can be anticipated that consumers with a high standard of moral judgment may perceive a higher risk associated with counterfeit consumption, especially connected to individual and social issues. Accordingly,

H₃: For consumers with high moral standards, moral judgment has a positive impact on counterfeit risk perception.

Risk Aversion Considered as a personality variable and defined as the propensity to avoid taking risks (Zinkhan and Karande 1991), risk aversion can be seen as an important characteristic for discriminating between buyers and non-buyers of a product category (de Matos et al. 2007). Huang et al. (2004) already revealed a significant inverse relationship between risk averseness and attitude toward counterfeits. Focusing on counterfeit risk perception, it can be assumed that consumers with a high avoidance of taking risks perceive a significant higher financial, functional, social, and individual risk regarding faked products which presumably not offer the same value as the genuine version. Thus, it is suggested that,

H₄: As the individual avoidance to take risks, risk aversion has a positive impact on counterfeit risk perception.

3.2 Context-Related Antecedents

Luxury Involvement Understood as an internal state that indicates the amount of arousal, interest, or drive evoked by a particular stimulus or situation, involvement has been shown to influence purchasing behavior (Park and Mittal 1985). In terms of the average interest in a product category on a daily basis, a high level of product-class involvement leads to the consumer's willingness to spend more energy on consumption-related activities and hence make more rational decisions (Wilkie 1994; Zaichkowsky 1985). Therefore, high-involved consumers have a more favorable attitude to luxury goods in general and have stronger purchase intentions (Huang et al. 2004). Consequently, when they cannot afford the real item, consumers with a strong personal desire for luxury goods might be more likely to purchase the counterfeit alternative (Bloch et al. 1993; Phau and Teah 2009; Wilcox et al. 2008) and perceive a lower level of risk associated with this activity. It is expected that,

H₅: Luxury involvement as the strong personal desire for luxury branded products has a negative impact on counterfeit risk perception.

Luxury value perception With regard to consumption values that directly explain why consumers choose to either buy or avoid particular products (Sheth et al. 1991), different types of values influence consumers' purchase choices. In a luxury product context, the evaluation and propensity to purchase or consume luxury brands can be explained by the following four dimensions (Wiedmann et al. 2007, 2009):

- The financial dimension that addresses direct monetary aspects
- The functional dimension that refers to basic utilities as quality, uniqueness, and usability
- The individual dimension that addresses personal matters such as materialism, hedonism, and self-identity, and
- The social dimension that refers to aspects of status consumption and prestige orientation.

With reference to counterfeit luxury goods, it is expected that consumers who have a high value perception of genuine luxury goods are less willing to purchase counterfeits because it diminishes the idea that counterfeit consumption is a savvy shopper behavior and simultaneously enhances the perceived embarrassment potential (Wiedmann et al. 2012). Consequently, it can be assumed that the higher the consumer's value perception of the genuine luxury good, the more he or she is worried about the buying decision and has a higher risk perception of the counterfeit alternative. Reasoning this, it is hypothesized that,

H₆: Luxury value perception related to the original product has a positive impact on counterfeit risk perception.

Trade-off between Genuine and Counterfeit Luxury Goods Assuming that the market for counterfeit brands relies on consumers' desire for and evaluation of real luxury brands (Hoe et al. 2003; Penz and Stöttinger 2005), the individual choice decision between authentic and counterfeit products is influenced by a trade-off based on the combination of the price of the product (Furnham and Valgeirsson 2007), the perceived value of the product (Bloch et al. 1993; Furnham and Valgeirsson 2007), and the quality of the authentic product (Munshaw-Bajaj and Steel 2010). When presented with a choice between an authentic and a counterfeit luxury good, consumers who have a favorable opinion about the financial, functional, individual, and social value of the counterfeit alternative perceive purchasing counterfeits as an acceptable choice. Therefore, in the trade-off between authentic and counterfeit luxury products, it is expected that,

H₇: For consumers who perceive counterfeits as an acceptable choice, the individual trade-off between real and fake luxury goods has a negative impact on counterfeit risk perception.

3.3 Related Outcomes

Counterfeit Shopping Behavior With reference to the impact of consumers' counterfeit risk perceptions on actual counterfeit shopping behavior, literature suggests that consumers who perceive more risk in the counterfeit alternative are less likely to buy counterfeit goods (Albers-Miller 1999; Bloch et al. 1993; Nia and Zaichkowsky 2000). Understood as "*the consumer's perceptions of the uncertainty and adverse consequences of buying a product or service*" (Dowling and Staelin 1994, p. 119), consumers associate counterfeits with a higher level of risks that mediate consumers' evaluations of and feelings toward counterfeit purchases (Bamossy and Scammon 1985; Chakraborty et al. 1996). The perception of financial, functional, psychological, and social risks related to the purchase of a counterfeit will influence every stage of the consumer decision-making process (de Matos et al. 2007). Therefore,

H₈: Counterfeit risk perception has a negative impact on actual and future counterfeit shopping behavior.

4 Methodology

To measure the antecedents and behavioral outcomes of counterfeit risk perception in the context of our conceptual model, as shown in Table 1, we used existing and tested scales for assessing the *psychological antecedents* (i.e., variety seeking, personal integrity, moral judgment, risk aversion), the *context-related antecedents*

Table 1 The questionnaire scales

Scale	Author(s), year
<i>Psychological antecedents</i>	
Variety seeking	Donthu and Gilliland (1996)
Personal integrity	Ang et al. (2001)
Moral judgment	Tan (2002)
Risk aversion	Donthu and Gilliland (1996)
<i>Context-related antecedents</i>	
Luxury involvement	Beatty and Talpade (1994)
Luxury value perception	Sweeney and Soutar (2001), Wiedmann et al. (2009)
Trade-off between genuine and counterfeit good	In accordance to Wiedmann et al. (2009)
<i>Related outcomes</i>	
Counterfeit risk perception	Ang et al. (2001), Ha and Lennon (2006), Stone and Grønhaug (1993)
Counterfeit shopping behavior	Kressmann et al. (2003)

(i.e., luxury involvement, luxury value perception, trade-off between genuine and counterfeit good), and *related outcomes* (i.e., counterfeit risk perception, counterfeit shopping behavior). All items were rated on five-point Likert scales (1 = *strongly disagree* to 5 = *strongly agree*). The first version of our questionnaire dedicated to the investigation of the demand side of counterfeit luxury goods was face-validated using exploratory and expert interviews with six luxury researchers and six luxury consumers to check the length and layout of the questionnaire and the quality of the items used. To examine the research model based on the scales used in the questionnaire, personal interviews were considered most appropriate as data collection instrument for this study. To address the issue of social desirability bias and the respondent’s inclination to conform to social norms, we preferred purposive sampling for which the units of observation are habitually luxury and/or counterfeit consumers. The recruitment of interviewees was organized by a personal invitation mail that was sent to members of a luxury consumer panel in Germany. Measured by market size, the German luxury market belongs to the top 3 global luxury markets (Roland Berger 2013). Germany is also of specific interest for the present study on counterfeiting, as German consumers have a particularly high exposure to counterfeit goods compared to other European countries: Following the Netherlands with Rotterdam as the biggest seaport in Europe, Germany, with the second (Hamburg) and fourth (Bremen) largest ports, detects the second largest volume of counterfeits entering the EU (European Commission 2009; UNODC 2010).

In the final sample, only those respondents were included who agreed to the statements that they are highly interested in the domain of luxury products and purchase luxury brands on a regular basis—either the original or the counterfeit alternative. Besides, all respondents in the final sample stated that they will purchase luxury brands again in the future. A total of 123 questionnaires were received

Table 2 Demographic profile of the sample

Variable		n	%
Age	18–25 years	86	71.7
	26–35 years	27	22.5
	36–55 years	6	5.0
	56–99 years	1	0.8
Gender	Male	46	37.4
	Female	74	60.2
Marital status	Single	108	87.8
	Married	11	8.9
	Widowed	1	0.8
Education	Lower secondary school	1	0.8
	Intermediate secondary school	6	4.9
	University entrance diploma	71	57.7
	University degree	42	34.1
Occupation	Full time	32	26.0
	Part time	5	4.1
	Pensioner and retiree	1	0.8
	Housewife and husband	2	1.6
	Job training	4	3.3
	Student	72	58.5
	Seeking work	3	2.4
Income	Very low income	3	2.4
	Low income	7	5.7
	Middle income	68	55.3
	High income	36	29.3
	Very high income	1	0.8

in January 2013; the sample characteristics are described in Table 2. Regarding gender distribution, 60.2 % of the respondents were female and 71.7 % of the participants were between 18 and 25 years of age, with 26.2 years as the mean age. The higher percentage of younger and female consumers may be attributed to the higher interest of female consumers in luxury brands and their willingness to participate in a study on luxury and counterfeit goods. Besides, due to budget restrictions and the question of affordability of genuine luxury, it can be assumed that this consumer group is more likely to choose the counterfeit alternative of a luxury good (Yoo and Lee 2009). With regard to educational level, 91.8 % of the sample had received a university entrance diploma or a university degree. With reference to the study context of luxury and counterfeit goods, 82.9 % of the respondents have already bought a genuine luxury product at least once and 56.9 % have already bought a counterfeit luxury product. Although this is not a representative one, with reference to the given research focus, the convenience sample used in this study offers a balanced set of data to empirically investigate consumer perceptions of counterfeit products.

5 Results and Discussion

SPSS 19.0 and SmartPLS 2.0 were used to analyze the data. In our exploratory study context of examining the drivers and outcomes of counterfeit risk perception, PLS path modeling was considered the appropriate method for the empirical tests of our hypotheses. With the primary objective of maximizing the explanation of the variance (or, equivalently, minimizing the error) in the dependent constructs of a structural equation model (Henseler et al. 2009), PLS integrates principal component analysis with multiple regression (Hahn et al. 2002).

To assess common method variance, following Podsakoff et al. (2003), we used Harman's (1976) one-factor test to determine whether a single factor accounted for most of the covariance in the relationships between the independent and dependent variables. A principal component factor analysis with varimax rotation revealed a 9-factor structure with no general factor present (the first factor accounted for 9.5 % of the variance). Thus, no single factor accounted for a majority of the covariance in the variables, so the common method variance was unlikely to present a significant problem in our study. The results of the measurement of the constructs, the test of our hypotheses, and the cluster segments are described below.

Measurement of Constructs For a reliable and valid measurement of the latent variables, we followed the suggestions of China (1998). For all factors, our results show sufficiently high factor loadings. Additionally, the average variance extracted (AVE), the reliability tests (Cronbach's alpha, indicator reliability, factor reliability), and the discriminant validity (Fornell-Larcker criterion) revealed satisfactory results (see Table 3).

Evaluation of Structural Relations To test our hypotheses, we conducted a PLS path modeling analysis with casewise replacement and a bootstrapping procedure (individual sign changes; 123 cases and 1000 samples). As illustrated in Fig. 2 and Table 4, the assessment of the aggregate PLS path coefficients in the inner model results in statistically significant relations ($p < 0.01$). Referring to *psychological antecedents*, the latent variables *Variety Seeking*, *Moral Judgment*, and *Risk Aversion* reveal a positive and significant relationship to the latent variable *Counterfeit Risk Perception*, providing full support for hypotheses H_1 , H_3 , and H_4 . As suggested, the impact of *Personal Integrity* on *Counterfeit Risk Perception* was significant and negative, and this is supportive of H_2 . With reference to the *context-related antecedents*, in hypothesis H_5 , we postulated that *Luxury Involvement* has a negative impact on *Counterfeit Risk Perception*. The results reveal full support for H_5 ; the effects between *Luxury Involvement* and *Counterfeit Risk Perception* are significant and negative. Regarding H_6 , as suggested, there is a significantly positive impact of *Luxury Value Perception* on *Counterfeit Risk Perception*. Furthermore, supportive of H_7 , the results show a significant and negative relation between the *Trade-Off between Real and Fake* and *Counterfeit Risk Perception*. Consumers who made their choice in favor of counterfeit goods perceive such purchases as less risky. Besides, the assessment of the impact of *Counterfeit Risk*

Table 3 Evaluation of the measurement models

Factor	Cronbach's alpha	Factor loadings	t-Value	Composite reliability	AVE	Fornell–Larcker criterion
<i>Psychological antecedents</i>						
F1 variety seeking						
I like to try different things	0.873	0.820	28.981	0.912	0.784	0.784 > 0.132
I like a great deal of variety		0.913	69.346			
I like new and different styles		0.919	58.139			
F2 personal integrity						
I consider honesty an important human trait	0.766	0.868	18.229	0.863	0.678	0.678 > 0.132
I consider politeness an important human trait		0.827	12.130			
I consider responsibility an important human trait		0.773	7.896			
F3 moral judgment						
In my opinion, it is morally wrong to buy a counterfeit instead of the genuine product	0.907	0.865	287.312	0.940	0.840	0.840 > 0.309
It is morally wrong to buy counterfeit luxury goods		0.894	401.752			
There are ethical reasons against buying counterfeit luxury products		0.822	54.023			
F4 risk aversion						
I would rather be safe than sorry	0.715	0.796	30.786	0.839	0.638	0.638 > 0.074
I want to be sure before I purchase anything		0.680	20.542			
I avoid risky things		0.905	74.405			

(continued)

Table 3 (continued)

Factor	Cronbach's alpha	Factor loadings	t-Value	Composite reliability	AVE	Fornell-Larcker criterion
<i>Context-related antecedents</i>						
F5 luxury involvement						
I am very interested in luxury goods	0.731	0.913	71.115	0.846	0.658	0.658 > 0.323
Luxury goods play an important role in my life		0.925	47.251			
I never get bored when people talk about luxury goods		0.535	6.499			
F6 luxury value perception						
The price of a luxury good matches its quality	0.694	0.512	12.655	0.780	0.291	0.291 > 0.271
Luxury products are made of high quality		0.640	20.875			
A luxury good satisfies my needs		0.481	12.521			
A luxury product cannot be sold in supermarkets		0.605	19.867			
The luxury brands I buy must match what and who I really am		0.309	6.567			
For me luxury goods are truly delightful		0.653	24.661			
I like a lot of luxury in my life		0.514	13.956			
I like to know what brands and products make a good impression on others		0.400	7.888			
Luxury goods help to make a good impression on others		0.638	21.851			

(continued)

Table 3 (continued)

Factor	Cronbach's alpha	Factor loadings	t-Value	Composite reliability	AVE	Fornell–Larcker criterion
F7 Trade-off between genuine and counterfeit good referring to...						
Functionality	0.834	0.459	11.938	0.866	0.336	0.336 > 0.271
Quality		0.643	27.799			
Usability		0.572	20.710			
Uniqueness		0.595	27.260			
Prestige		0.546	21.710			
My self-concept		0.690	43.364			
Personal gratification		0.667	33.584			
Visual attributes: Logo and Brand Insignia		0.463	12.958			
Conspicuousness		0.463	11.557			
Social status		0.639	28.104			
Self-realization		0.687	36.621			
Belonging to friends		0.535	19.704			
Ethical aspects		0.506	19.710			

Related Outcomes

F8 Counterfeit risk perception

If I bought a counterfeit luxury product, I would be concerned that I really would not get my money's worth from this product	0.806	0.727	41.250	0.866	0.565	0.565 > 0.401
The quality of a fake product will be very poor		0.666	32.337			
I would not feel very comfortable wearing a fake product in public		0.831	79.758			
People in my social environment do not appreciate counterfeit luxury goods		0.759	40.026			
All in all, I consider buying a counterfeit luxury product as very risky		0.767	60.991			

(continued)

Table 3 (continued)

Factor	Cronbach's alpha	Factor loadings	t-Value	Composite reliability	AVE	Fornell-Larcker criterion
F9 Counterfeit shopping behavior						
I have already bought counterfeit luxury products	0.468	0.529	10.803	0.700	0.371	0.371 > 0.332
I have bought counterfeit luxury products several times		0.582	14.426			
I consider buying counterfeit luxury goods in the future		0.730	36.228			
I do not intend to buy genuine luxury goods in the future		0.578	14.235			

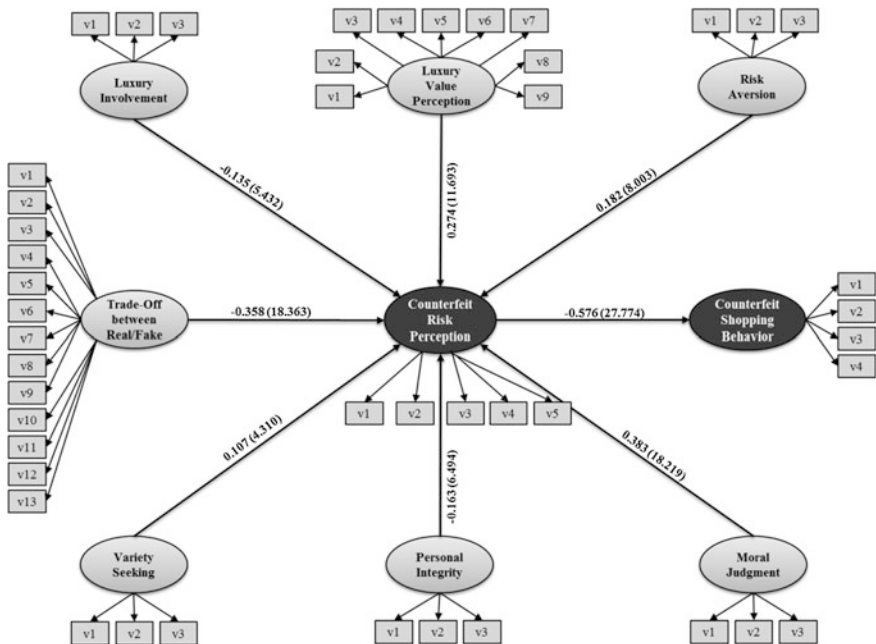


Fig. 2 The empirical model

Table 4 Evaluation of the structural relations

Exogenous LV → Endogenous LV	Original sample	Sample mean	Standard deviation	Standard error	T statistics
<i>Psychological antecedents</i>					
H ₁ : Variety seeking → Counterfeit risk perception	0.107	0.102	0.025	0.025	4.310
H ₂ : Personal integrity → Counterfeit risk perception	-0.163	-0.154	0.025	0.025	6.494
H ₃ : Moral judgment → Counterfeit risk perception	0.383	0.381	0.021	0.021	18.219
H ₄ : Risk aversion → Counterfeit risk perception	0.182	0.181	0.023	0.023	8.003
<i>Context-related antecedents</i>					
H ₅ : Luxury involvement → Counterfeit risk perception	-0.135	-0.133	0.025	0.025	5.432
H ₆ : Luxury value perception → Counterfeit risk perception	0.274	0.273	0.023	0.023	11.693
H ₇ : Trade-off real/fake → Counterfeit risk perception	-0.358	-0.361	0.020	0.020	18.363
<i>Related outcomes</i>					
H ₈ : Risk perception → Shopping behavior	-0.576	-0.576	0.021	0.021	27.774

Perception on Counterfeit Shopping Behavior provides full support for *H₈*; the causal relation between *Counterfeit Risk Perception* and *Counterfeit Shopping Behavior* is negative and significant. Therefore, consumer risk perception is significant in influencing counterfeit purchase intention and behavior; consumers who perceive more risk in counterfeits are less likely to purchase these goods. With reference to the evaluation of the inner model (see Table 5), the coefficients of the determination of the endogenous latent variables (R-square) reveal satisfactory values at 0.603 and 0.332. Moreover, Stone–Geisser Q-square (Stone 1974; Geisser 1974) yielded a value higher than zero for the endogenous latent variables, suggesting the predictive relevance of the explanatory variables. In summary, referring to our initial hypotheses, the assessment of the measurement models and the structural relations support the proposed causal relations between antecedents of counterfeit risk perception and the resulting counterfeit shopping behavior. To

Table 5 Evaluation of the inner model

Endogenous LV	R ²	Q ²
Risk perception	0.603	0.026
Counterfeit shopping behavior	0.332	0.113

develop appropriate strategies aimed at different types of genuine and counterfeit luxury consumers, in a next step, we used cluster analysis in conjunction with discriminant analysis.

Types of Genuine and Counterfeit Luxury Consumers To conduct the cluster analysis, the factor scores for each respondent were saved. In our analysis, we used a combination of Ward’s method of minimum variance and non-hierarchical k-means clustering. The results strongly suggested the presence of four clusters. With regard to classification accuracy, we also used discriminant analysis to check the cluster groupings once the clusters were identified; 94.3 % of the cases were assigned to their correct groups, validating the results of cluster analysis for the useful classification of consumer subgroups based on the factors included in the model. To develop a profile of each market segment, more detailed information was obtained by examining the factor scores cross-tabulated by cluster segment, as presented in Table 6. Based on the variables from which they were derived, the four clusters were labeled as follows:

Cluster 1: The Luxury Lovers with a mean age of 27.5 years form 13.9 % of the sample, with 17.6 % male and 82.4 % female respondents and the highest income level of all groups. Referring to our study context, 88.2 % state that they purchase genuine luxury goods on a regular basis; 23.5 % have already bought a counterfeit luxury product—this is the smallest percentage of all groups. When presented with a choice of a genuine or a counterfeit luxury product, all respondents in this group prefer the authentic alternative. Regarding future behavior, 82.4 % intend to buy genuine luxury goods and 100 % refrain from buying counterfeit products. Taken as a whole, 82.4 % state, “*All in all, I consider buying a counterfeit luxury product as very risky.*” Typical consumers in this cluster can be considered as non-consumers

Table 6 Cluster Means

	Factor means cluster 1	Factor means cluster 2	Factor means cluster 3	Factor means cluster 4	F	Sig.
F1 variety seeking	0.492	-0.176	-0.109	0.171	2.474	0.065
F2 personal integrity	0.400	-0.362	0.132	0.234	5.042	0.003
F3 moral judgment	0.218	-0.642	0.377	-0.368	27.008	0.000
F4 risk aversion	0.672	-0.490	-0.100	0.335	7.887	0.000
F5 luxury involvement	0.988	-0.150	-0.810	0.517	29.141	0.000
F6 luxury value perception	1.258	-0.334	-0.742	0.607	43.443	0.000
F7 trade-off	-1.313	0.556	0.261	-0.249	23.058	0.000
F8 counterfeit risk perception	1.605	-0.803	0.059	-0.024	48.223	0.000
F9 counterfeit shopping behavior	-0.883	1.007	-0.541	-0.063	39.347	0.000

of fake luxuries, as evidenced by the highest ratings for both psychological and context-related drivers of counterfeit risk perception and shopping behavior. Significantly more than others, they value the characteristics of authentic luxury and are not likely to take the risks associated with counterfeits.

Cluster 2: The Counterfeit Accomplices with a mean age of 26.7 years form 29.5 % of the sample, with 47.2 % male and 52.8 % female respondents and the lowest income level of all groups. Overall, 86.1 % of the respondents in this group state that they have already bought a genuine luxury product at least once, and, with the highest percentage of all groups, 86.1 % have already bought a counterfeit luxury good. In the trade-off between genuine and counterfeit luxury, consumers in this group are merely undecided or choose the counterfeit product (62.9 %). As evidenced by lowest factor mean scores on counterfeit risk perception, they do not perceive counterfeit shopping as being very risky (91.7 %). Referring to their buying intentions and related to the highest mean scores for counterfeit shopping behavior, 63.9 % intend to buy authentic luxury goods and 69.4 % consider buying a fake alternative.

Cluster 3: The Inexperienced Moralists with a mean age of 26.8 years comprise 30.3 % of the sample, with 40.5 % male and 59.5 % female respondents and middle income. In sum, 75.7 % of these respondents state that they possess genuine luxury goods and 35.1 % have already bought a counterfeit luxury product. As indicated by lowest mean scores for luxury involvement and luxury value perception, when they have to choose between genuine and counterfeit luxury products, only 54.1 % prefer the authentic product. Even though mean scores for moral judgment and counterfeit risk perception are second highest of all groups, they do not perceive shopping for counterfeits as being very risky (70.3 %). In the future, 81.1 % consumers of this group intend to buy genuine luxury goods, whereas 13.5 % consider buying counterfeits as a possible alternative.

Cluster 4: The Value-conscious Waverer with a mean age of 24.3 years comprises 26.2 % of the sample, with 40.6 % male and 59.4 % female respondents with middle to high income. In this cluster, as evidenced by second highest ratings for luxury value perception and luxury involvement, 87.5 % state that they possess genuine luxury goods and 65.6 % have already bought a counterfeit luxury product. In the trade-off between real and fake, 78.1 % choose the genuine luxury product over the counterfeit alternative—however, only 21.9 % perceive the purchase of a counterfeit as very risky. Referring to future behavior, 81.3 % prefer buying genuine luxuries and 18.8 % intend to buy counterfeit luxury goods.

With reference to our results and due to the fact that, in accordance with existing research (e.g., Furnham and Valgeirsson 2007), the individual perception of counterfeits was shown to be more important for consumer behavior than ethical or legal considerations, we hope that this study is another motivational basis for ongoing research in the area of consumer perception and behavior toward genuine and counterfeit luxury goods as outlined in the following section.

6 Conclusion

The global impact of counterfeiting is increasing at an alarming rate; its effects are perceptible at both macro- and microeconomic level. Governments, supranational organizations, and industry associations have undertaken considerable efforts to curtail the illegitimate business through IPR protection and law enforcement. Nevertheless, an attempt where countermeasures focus on the supply side only falls short; any remedy will be insufficient as long as there is a maintained demand for counterfeit products. A better understanding of the specific consumer motivation for purchasing these goods builds the basis for the development of strategies that aim to reduce the global appetite for counterfeits.

The primary goal of this chapter was to explore a multidimensional framework of counterfeit risk perception and counterfeit shopping behavior as perceived by distinct consumer segments. Even though price is often believed to be the main reason that causes counterfeit purchases, this study reveals that there are multifaceted reasons that affect consumer attitudes and behavior. In this context, the results indicate that counterfeit risk perception negatively and significantly affects counterfeit shopping behavior. Moreover, the results reveal that the antecedents of counterfeit risk perception can be divided into two groups: psychological antecedents as a combination of personality factors and antecedents related to the context of genuine and counterfeit luxury goods. It has to be noted that the sample used in this study is not a representative one, and due to the limited generalizability of the results, it is reasonable to replicate the study with a large sample of typical luxury (counterfeit) consumers in different luxury markets to gain more differentiated results. However, the results of this study reveal interesting insights that lead to the following implications for research and management in the luxury industry.

From a managerial perspective, our study may form an appropriate basis to develop distinct strategies that aim to reduce the global appetite for counterfeits addressing cluster-specific differences between *luxury lovers*, *counterfeit accomplices*, *inexperienced moralists*, and *value-conscious waverers*. The results indicate that countermeasures focusing on the price only fall short because counterfeit attitudes and consumption are driven by an individual combination of psychological and context-related antecedents. Therefore, the key challenge is to identify and address the specific risks and responsibilities associated with counterfeit consumption by distinct consumer groups, raise ethical considerations, display the negative consequences for society, and convince them that—compared to the value of owning genuine luxury (i.e., “*the taste and face of having the original*,” Gentry et al. 2006)—on the long run, counterfeit products are not worth the money. Nevertheless, the luxury industry has to take the lead and prove that the value of luxury is more than the use of logos. As long as luxury brand managers ignore the core principles of luxury such as exclusivity, superior craftsmanship, and exceptional quality, but continue to follow trading down strategies in the pursuit for market growth and massive profits, “*consumers lose trust and respect in the brand and thus feel little guilt over counterfeit purchases*” (Kapferer and Michaut 2014,

p. 62). As a consequence, consumers with a desire for a prominent logo tag often choose the counterfeit that is in their opinion almost indistinguishable from the original, but much cheaper. Therefore, luxury brand managers have to respect and emphasize the deep-rooted values of the luxury concept such as tradition, heritage, exceptional quality, and uniqueness. True luxury has to verify that it is more than shallow bling and superficial sparkle—the adoption of sustainability excellence is a promising strategy to demonstrate the credibility of luxury in offering superior performance in any perspective.

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