

**Targeting Buyers of Counterfeits of Luxury Brands:  
A Study on Attitudes of Singapore Consumers**

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**ABSTRACT**

The paper examines the factors that influence Singaporean consumer's attitudes towards counterfeits of luxury brands. Data was collected from a convenience sample of postgraduate students of a large university using a self-administered questionnaire. Social influence, brand consciousness and price quality inference were found to significantly influence attitudes towards counterfeits of luxury brands. There is no significant relationship with personal gratification, value consciousness, and brand prestige. Attitudes towards counterfeits of luxury brands were found to influence purchase intention.

**Keywords**

Counterfeiting, Singapore, Singapore consumers, luxury brands

## **BACKGROUND**

The luxury goods industry is a very lucrative market. Market analysts Mintel estimate that the global luxury goods industry is set to grow at a compound annual growth rate of 12 per cent from the current market value of US\$70 billion to US\$100 billion by 2008.<sup>1</sup> With the luxury market value growing at such a phenomenal rate, many luxury designer brands have become targets for counterfeit producers. It is estimated that trading in counterfeit brands has exceeded more than \$500 billion<sup>2</sup> and is deemed to be a booming market.<sup>3, 4</sup> The market in fake goods may reach the US\$2 trillion mark in 20 years which represents 3 million businesses in the USA.<sup>5,6</sup>

The growth in the counterfeit market can be attributed to the increase in world trade and emerging new markets coupled with fast paced technology advancements.<sup>7-9</sup> Luxury brands are vulnerable and popular counterfeit choices as they are easy to sell and incur lower manufacturing costs.<sup>10-12</sup> Luxury goods are replicated even to the slightest detail in colour, design, and range. These attributes come to the consumer at a fraction of the original price<sup>13</sup>

Many countries have implemented anti-counterfeiting strategies to curb the problem. For example, the French authorities have imposed a fine on those who bring fake designer goods into the country.<sup>14</sup> The Chinese government, in view of the upcoming Olympic 2008 and membership of the World Trade Organization, is also clamping down on retailers who sell counterfeit products.<sup>15</sup> Singapore has always been supportive of the fight against piracy and counterfeiting. The Intellectual Property Office of Singapore (IPOS) has set up a special taskforce to protect trademarks, designs, and patent rights both locally and internationally. Yet this has not deterred locals from purchasing counterfeit brands when they are overseas traveling for pleasure or work. A report has published that it is estimated that the total value of counterfeit and pirated goods in Singapore stands at S\$103 million.<sup>16</sup>

Many of the early studies on counterfeiting focused on the supply-side dimension and the development of counter strategies against piracy or counterfeiting.<sup>17-19</sup> Recently, we have seen an increase in studies on the issues pertaining to the demand-side of counterfeiting.<sup>20-22</sup>

Quite substantial research have been conducted to understand consumer demand for counterfeit products. For example, Cordell, Wongtada and Kieschnick<sup>23</sup> found three motivators for counterfeit consumption – the status symbol of the brand, the retailer’s channel of distribution and the price of the counterfeit product. Kau, Keng and Swinyard<sup>24</sup> and Wee, Tan and Cheok<sup>25</sup> both found that consumers purchase fakes to make a point to brand houses for selling their branded products at inflated prices. Bloch, Bush and Campbell<sup>26</sup> emphasized that there are situations where consumers are ‘willing accomplices’ rather than victims of deception, especially in cases of prestige goods. Using this analogy, there is a need to understand the driving forces behind consumers’ demand for counterfeits of luxury brands.

This paper therefore strives to understand the driving factors that constitute to the attitudes and intention of Singaporeans in their pursuit of counterfeits of luxury brands. The paper will first examine the relationship between six antecedent factors (brand consciousness, personal gratification, value consciousness, price-quality inference, social influence and brand prestige) and attitudes towards counterfeits of luxury brands. It also investigates the relationship between the consumers’ attitudes towards, and intention to purchase, counterfeits of luxury brands. This paper is organized into several sections beginning with a discussion on extant literature and leading to the model and hypotheses development. This is followed by a description of the research method. The discussion of the findings and analysis will next be presented. Finally, the managerial implications and limitations of the study are highlighted.

## **RELEVANT LITERATURE**

### **Luxury Brands and Counterfeit Brands**

Vigneron and Johnson<sup>27</sup> states that consumers develop prestige or luxury meanings for brands based upon interactions with people (e.g. aspired and/or peer reference group), object properties (quality), and hedonic values (e.g. sensory beauty).

Luxury or status goods are defined as goods for which the mere use or display of a particular branded product reflects prestige onto the owner, apart from any functional utility.<sup>28</sup> Nueno and Quelch<sup>29</sup> define luxury brands as ‘those whose ratio of functionality to price is low, while the ratio of intangible and situational utility to price is high’. Bearden and Etzel<sup>30</sup> concluded that publicly consumed luxury products

were more likely to be conspicuous products than privately consumed luxury products. Therefore, luxury products are often used to display wealth and power and highly visible luxury brands dominate this conspicuous segment. This is a point put forward by Veblen<sup>31</sup> who suggested that people use conspicuous consumption to signal wealth and to infer power and status. Consumers are motivated by a desire to impress others with their ability to pay particularly high prices for prestigious products.<sup>32</sup> When they carry a luxury brand product, it is an ostentatious display of their wealth.

Counterfeits are reproductions of a trademarked brand – usually that of a luxury brand.<sup>33</sup> They are closely similar or identical to genuine articles, including packaging, labeling and trademarks to intentionally pass off as the original product.<sup>34-36</sup> According to McDonald and Roberts,<sup>37</sup> consumers who purchase counterfeit goods can be separated into those who knowingly buy counterfeits and those who are deceived into thinking that the product they bought is genuine. The latter would be a victim, when they unknowingly and unintentionally purchase counterfeit goods due to it being so closely similar to the genuine articles.<sup>38-41</sup> However, the former is a willing participant or consumer of counterfeit products, wherein they sought out counterfeit products even when they know that the products are illegal and a copy of a genuine item.<sup>42-44</sup>

Counterfeits are cheaper alternatives of the expensive originals.<sup>45</sup> Many instances have shown that there might not be a noticeable difference in perceived quality.<sup>46</sup> As such, counterfeit brands may diminish the symbolic value of authentic luxury brands and dilute the brand equity.<sup>47-49</sup>

### **Attitudes towards Counterfeiting**

Consumers purchasing counterfeit brands are willing to pay for the visual attributes and functions without paying for the associate quality.<sup>50,51</sup> As such, consumers prefer counterfeit products with a famous brand name attached that would present some meaning of prestige to the consumer. This reinforces the concept that only brand names that are well known or worth counterfeiting are targeted for illegal production.<sup>53,54</sup>

Past research have examined a host of factors including economic, quality, legal and ethical issues that shape and influence attitudes of consumers purchasing counterfeit brands.<sup>55-57</sup> Fundamentally, consumers will consider purchasing counterfeits of luxury brands when functional needs are met. However, the associated prestige and status symbol that the trademarked brand exudes is an even stronger propellant for consumers to purchase counterfeits of luxury brands.<sup>58,59</sup>

More commonly, price is also reflective of consumer attitudes towards the value of counterfeit products. Counterfeits of luxury brands capitalise on the lower and more competitive pricing strategy.<sup>60</sup> Consumers seek to enjoy luxury branded products but are unwilling to foot the high price tag associated with it.<sup>61</sup> In addition, it is perceived that the low financial risks provide an added benefit since the price is relatively advantageous.<sup>62</sup> Consumers compensate the lower quality with a lower price tag. As long as the basic functional requirements are met or the visibility and symbolic value is achieved, consumers will be satisfied.<sup>63</sup>

In recent years, the product quality of counterfeit products has improved tremendously due to increasingly fast paced technology. This has brought greater competitive advantage to counterfeit products.<sup>64</sup> Certain products can be tried before purchase to gauge the functionality or performance which can encourage consumers' willingness to purchase.<sup>65</sup> However, counterfeit products are still without warranties unlike genuine products, adding to greater financial risks of purchases.<sup>66</sup> It has been found that if the perceived product attributes between the genuine product and the counterfeit product are similar in terms of quality, the purchase intention will be higher.<sup>67-69</sup>

Consumers rationalize purchasing counterfeits as justifiable because they perceive them to be less unethical or illegal.<sup>70-74</sup> Hence, consumers feel less responsibility as a counterfeit patron. The 'Robin Hood Mentality' lets consumers feel very little sympathy for gigantic multinational corporations that complain about profit lost due to counterfeiting.<sup>75-78</sup> It is not in the consumer's immediate self-interest to pay a considerably higher price for the authentic good if the counterfeit item offers similar enough qualities.

Although there are different measures developed for attitudes towards the purchase of pirated software (e.g. Kwong *et al* and Wang *et al.*)<sup>79,80</sup>, testing consumer attitudes towards counterfeits of luxury brands is still in its infancy (e.g. Ang *et al.*)<sup>81</sup>. Studies could be focused on the examination of the individual's behavioural beliefs and feelings towards counterfeiting.<sup>82</sup> Further, product attributes (such as quality, texture, status signaling, etc) of counterfeits are unlike pirated software, and are more inconsistent and more easily distinguishable.<sup>83</sup> In view of the Singapore consumers, attitudes towards counterfeiting of luxury brands can be influenced by factors such as brand consciousness, value consciousness, brand prestige, social influence, personal gratification, pricing and quality inference.

## **THEORY DEVELOPMENT**

Studies based on the perspectives of Theory of Planned Behaviour, Expected Utility Theory<sup>84</sup>, and Equity Theory<sup>85</sup> have explained the behaviour that favours piracy. Literature has also shown that the Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB) are highly applicable to attitudes and intentions towards counterfeits of luxury brands<sup>86-88</sup>. Both these are well-developed theoretical orientations that aim to contribute to the understanding of the psychological processes underlying intentions and behaviours of consumers favouring counterfeits of luxury brands.<sup>89</sup> Thus they will be used to underpin this research.

### **Theory of Reasoned Action (TRA)**

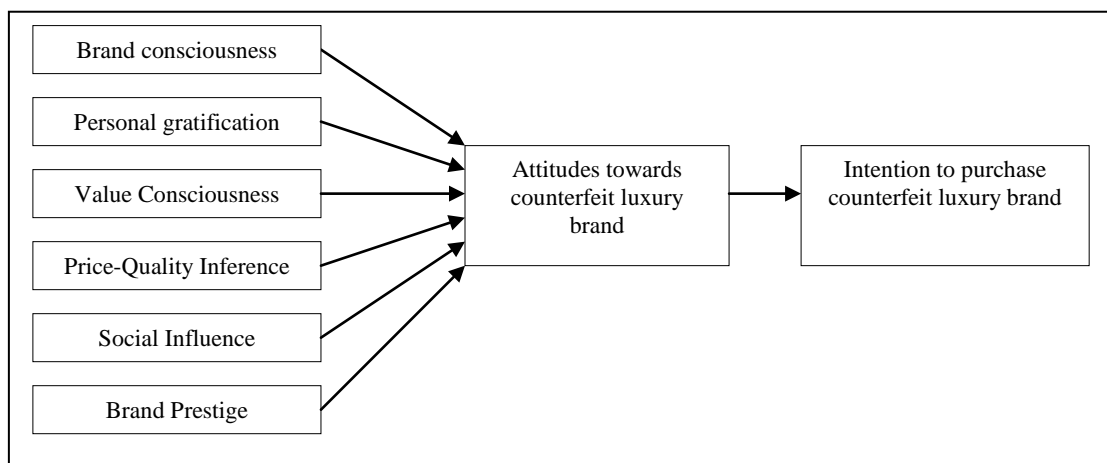
The Theory of Reasoned Action purports that people intend to behave in ways that allow them to obtain favourable outcomes and meet the expectations of others.<sup>90</sup> This cognitive model rests on the assumption that the decision to engage in behaviour is based on the outcomes that the individual expects to accrue from the behaviour.<sup>91</sup> According to TRA, a decision to engage in a behaviour (i.e. purchasing counterfeit luxury product) is predicted by an individual's intention to perform the behaviour directly. In addition, an individual's intention to perform the behaviour can be predicted if the consumer's attitude and subjective norms are known. There are debates which propose that the two components are not conceptually distinct because it is not possible to distinguish between personal and social factors on an individual's behavioural intention.<sup>92</sup> Results from other studies have confirmed that attitudes were

found to be more useful or have a stronger effect on predicting behavioural intentions than subjective norms.<sup>93,94</sup>

### **Theory of Planned Behaviour (TPB)**

The Theory of Planned Behaviour was developed by Ajzen<sup>95</sup> with the additional variable of perceived behavioural control as a predictor for intentions and behaviour to improve the main flow of the TRA. Perceived behavioural control is defined as the personal ease or difficulty of performing a behaviour. It is affected by perceptions of access to necessary skills, resources, and opportunities to perform a behaviour, weighted by the perceived valence of each factor to facilitate or inhibit the behaviour.<sup>96</sup>

The TPB can be largely used in this context to explain the decision to purchase counterfeits of luxury brands. Both personal and social factors influence intentions towards the purchase of counterfeits of luxury brands as explained in TRA. Ang *et al.*<sup>97</sup> has shown that these factors are those that accrue to attitudes towards the behaviour and in this context, are brand consciousness, personal gratification, value consciousness, pricing and quality inference, social influence and brand prestige. *Figure 1* proposed the theoretical framework for the study.



**Figure 1**

**Theoretical framework for intention to purchase counterfeit luxury brand**

### **HYPOTHESES DEVELOPMENT**

#### **Brand Consciousness**



According to Bush, Bloch and Dawson<sup>98</sup>, publicly self-conscious individuals are especially concerned about the impression they make on others. They are more likely to be concerned about physical appearance and fashions. They are more compliant with standards in society and more sensitive to interpersonal rejections. As defined earlier, luxury goods or status goods are mainly for use or to display the prestige on the owner, apart from any functional utility.<sup>99</sup> In such instances, consumers who are brand conscious will most likely to have a negative attitude towards counterfeits of luxury brands. As such it is proposed that:

*H<sub>1</sub>*: Brand consciousness has a negative influence on the attitudes towards counterfeits of luxury brands.

### **Personal Gratification**

Personal gratification is linked to the need for a sense of accomplishment, social recognition and the desire to enjoy the finer things in life. Even though consumers who purchase counterfeits are aware that the counterfeit products do not provide similar levels of quality to the original, they are willing to forgo these attributes. Consumers go through a process of moral reasoning when they make the decision to purchase a counterfeit. Nill and Shultz II<sup>100</sup> provided a model explaining how consumers go through the stages of this process.<sup>101</sup> The process of moral reasoning goes through three distinct levels namely: the expected personal consequences in terms of punishment, reward, or exchange of favors; the social influence and conformity to the conventional order of the society; and the desire to differentiate values and moral principles apart from referent groups and authorities. The individual adopts the self-chosen ethical principles and these are generally perceived as consistent and often universal.<sup>102</sup>

When Bloch, Bush and Campbell<sup>103</sup> compared buyers of counterfeits with non-buyers, he noticed that non-buyers of counterfeits tend to be less confident, less successful and had lower perceived status. These characteristics are often associated with individuals who seek accomplishment, social recognition and a higher standard of living. Consumers who seek higher personal gratification will have negative attitudes towards counterfeits of luxury brands. As such it is proposed that:

*H<sub>2</sub>*: Personal gratification has a negative influence on attitudes towards counterfeits of luxury brands.

### **Value consciousness**

Value consciousness is defined as a concern for paying lower prices, subject to some quality constraint.<sup>104</sup> It has been observed that consumers are more likely to be engaged in illicit purchase behaviors when there are price pressures. Counterfeit products which maybe of lower quality offer consumers huge savings as compared to the genuine products. In such instances, the perceived value for the counterfeit products will be high for a consumer who is value conscious.<sup>105</sup> Bloch, Bush and Campbell<sup>106</sup> have shown that when a counterfeit product has a distinct price advantage over the genuine product, consumers will select the counterfeit. As such it is proposed that:

*H<sub>3</sub>*: Value consciousness has a positive influence on attitudes towards counterfeits of luxury brands.

### **Price – Quality Inference**

As mentioned, research has found that consumers will select a counterfeit over a genuine product when there is a price advantage.<sup>107</sup> However, prior studies such as Grossman and Shapiro,<sup>108</sup> suggest that there are two types of counterfeit buyers with relation to price and quality inference. The first group feels that if counterfeit products are comparable to the genuine in all aspects and yet is superior in price offered then consumers will choose counterfeits, since they provide the advantage of status and quality attributes of the brand-name products. On the other hand, the second group feels that although counterfeits are inferior to the original, their superior prices more than compensate for the shortfall in quality and performance. As such it can be proposed that:

*H<sub>4</sub>*: Consumers who are more concern about price over quality have more negative attitudes towards counterfeits of luxury brands.

### **Social Influence**

A consumer's consumption pattern is a reflection of his or her social class position. It is a more significant determinant of his or her buying behaviour than just income.<sup>109</sup> People tend to associate themselves with the current social class position they are in or the class above them.<sup>110</sup> Thus, they are more likely to buy branded products which can convey brand status of affluence, wealth and social class. If brand status is important to consumers, but they are unable to afford the expensive originals, they are likely to turn to counterfeit brands as cheaper substitutes for the originals. Depending on their social group norm, the pressure from referent group can induce the consumer's decision to use original or counterfeits of luxury brands.<sup>111</sup> As such, it is proposed that:

*H<sub>5</sub>*: Social influence has a positive effect on attitudes towards counterfeits of luxury brands.

### **Brand Prestige**

The ability to consume prestige brands is viewed as a signal of status and wealth. If the price is exorbitant by normal standards, it will further enhance the value of its perceived conspicuous value.<sup>112</sup> Thus, when a brand is more prestigious, consumers will be more likely to purchase it to reflect their status. Such consumers seek self-satisfaction and will show to surrounding others through visible evidence.<sup>113</sup> Consumers who seek to possess brands that exude brand symbols to reflect their self-identity has numerous implications for their attitudes towards counterfeits of luxury brands.<sup>114</sup> As consumers are more conscious of the brand prestige, their attitudes towards counterfeiting of luxury brands would be unfavourable. As such it is proposed that:

*H<sub>6</sub>*: Brand prestige has a negative effect on attitudes towards counterfeits of luxury brands.

### **Attitudes towards counterfeits of luxury brands**

Building on the theory of planned behaviour (TPB), the purchase behaviour is determined by the purchase intention, which is in turn determined by attitudes.<sup>115</sup> Attitudes towards behaviour instead of towards the product are noted to be a better predictor of behaviour.<sup>116-120</sup> However, the theory also stated that the

opportunities and resources such as the accessibility of counterfeit products must be present before purchase behaviour can be performed. Without such circumstances, regardless of how favourable intentions are, it would be difficult to perform purchase.<sup>121, 122</sup>

Unethical decision making such as purchasing of counterfeits is explained largely by the attitudes, regardless of product class.<sup>123-125</sup> The more favourable consumer attitudes towards counterfeiting are, the higher the chances that they will purchase counterfeit brands. Similarly, the more unfavourable consumer attitudes towards counterfeiting are, the less likely are the chances of purchase.<sup>126</sup> It is therefore postulated that:

*H<sub>7</sub>: Consumers with positive attitudes towards counterfeits of luxury brands have higher intention to purchase counterfeits of luxury brands.*

## **METHODOLOGY**

### **Data collection**

The survey instrument was designed and put up on a website. 300 postgraduate students from a large university were emailed the website, and instructed to take part in the survey. It was highlighted to the sample that participation for this study was voluntary and respondents' anonymity was ensured. Due to the sensitivity of some questions asked, the respondents were further reassured that their responses could not be traced back to them. The demographic details requested were purely for statistical analysis. Respondents were given two weeks to complete the survey and a reminder email was sent to respondents one week before the survey was closed. 220 surveys were completed but 16 of which were rejected due to incomplete information. As such, 204 useable responses were used in the final analysis.

### **Survey Instrument**

This first section comprised of six established scales to measure brand consciousness, personal gratification, value consciousness, price quality inference, social influence and brand prestige. The second section comprised of a 6-item scale to measure attitudes towards counterfeits of luxury brands and a 2- item scale to measure purchase intention. All items in the first two sections were measured on a 7-point

Likert scale with 1 representing “strongly disagree” and 7 representing “strongly agree”. The last section comprised of a series of demographic items.

The survey instrument was pre-tested with a group of 20 individuals who fell within the criteria of the unit of analysis. The feedback received, which consist mainly of issues on ambiguity and the paraphrasing of some items, were duly considered. Relevant issues were revised and amended before the survey instrument was distributed to the actual sample.

## **FINDINGS AND ANALYSIS**

### **Samples**

204 usable responses were analysed with SPSS software version 14 as shown in *Table 1*. Of the respondents, 75.5% were female. The majority (68.1%) of the respondents were between 20-29 years old. The highest percentage in terms of occupation is executive and managerial level at 24%.

**TABLE 1**  
**Demographic Profile**

<b>Demographics</b>	<b>N</b>	<b>%</b>
<b><i>Gender</i></b>		
Female	154	75.5
Male	50	24.5
<b><i>Age</i></b>		
20-29	139	68.1
30-39	37	18.1
40 and above	28	13.7
<b><i>Marital Status</i></b>		
Never Married	160	78.4
Married	43	21.1
Divorced/Separated	1	0.5
<b><i>Occupation</i></b>		
Administrative Staff	31	15.2
Civil Servant	18	8.8
Executives and Managerial	49	24.0
Professional	22	10.8
Sales and Marketing	17	8.3
Student	24	11.8
Technician/skilled worker	20	9.8

Others	23	11.3
<b>Annual Salary</b>		
US\$14,000 or below	39	19.1
US\$14,001-\$21000	49	24.0
US\$21,001-\$28,000	62	30.4
US\$28,001-\$35,000	24	11.8
US\$35,001 & above	39	19.1

### Preliminary checks

The scales were each factor-analysed to ensure uni-dimensionality and followed by a reliability check. These results and the respective sources are shown in *Table 2*. As reflected, most of the scales exhibit a high degree of reliability with the Cronbach alpha above 0.80, except for price quality inference, i.e. 0.768. The scale adapted in this study is still deemed as acceptable since it is greater than 0.60.<sup>127</sup>

**TABLE 2**  
**Reliability Scores of Scales**

Scale Measure	Source	No. of items	Cronbach Alpha
Brand Consciousness	Nelson and Mcleod (2005)	8	0.861
Personal Gratification	Ang et al (2001)	5	0.849
Value Consciousness	Lichtenstein, Netemeyer and Burton (1990)	4	0.801
Price-Quality Inference	Kwan, Yeung and Au (2003)	11	0.768
Social Influence	Prendergast et al (2002)	5	0.822
Brand Prestige	D'Astous (2001) and Vigneron (1999)	5	0.813
Attitudes towards counterfeit of luxury products	Ang et al (2001)	6	0.898
Purchase Intention	Ang et al (2001)	2	0.832

### Regression analysis

In order to test the hypotheses ( $H_1$  to  $H_6$ ) multiple regressions were used to analyze the effects of the independent factors on attitudes towards counterfeits of luxury brands. Results generated are shown in *Table 3*.

**TABLE 3**  
**Predictors to Attitudes towards Counterfeits of Luxury Brands**

<b>Independent variables</b>	<b>Standardized beta</b>	<b>T Statistic</b>	<b>P value</b>
Brand Consciousness	-0.226	-2.019	0.045*
Personal Gratification	-0.074	-1.081	0.281
Value Consciousness	0.094	0.987	0.325
Price Quality Inference	-0.432	-3.708	0.000**
Social Influence	0.305	3.114	0.002**
Brand Prestige	0.118	0.927	0.355

**Dependent variable:** attitude towards counterfeits of luxury brands  
 $R^2 = 0.48$ ;  $F = 5.663$  (significant at  $p < 0.01$ )  
 Notes: \* significant at  $p < 0.05$  and \*\* significant at  $p < 0.01$

Only three variables, namely brand consciousness, social influence and price quality inference, are found to be significant predictors of attitudes towards counterfeits of luxury brands ( $F = 5.663$ ,  $p < 0.01$ ). These predictors explain 48% of the variance in attitudes towards counterfeits of luxury brands. Conversely, factors including personal gratification, value consciousness and brand prestige are *not* significant predictors of attitudes towards counterfeits of luxury brands. In summary, there is sufficient statistical evidence to show support for  $H_4$  (price quality inference) and  $H_5$  (social influence) and  $H_1$  (brand consciousness) but  $H_2$  (personal gratification),  $H_3$  (value consciousness), and  $H_6$  (brand prestige) are all rejected.

**TABLE 4**  
**Regression from Factors of Attitudes towards Counterfeits of Luxury Brands**  
**Onto Intention to Purchase Counterfeits of Luxury Brands**

<b>Independent variables</b>	<b>Standardized beta</b>	<b>T Statistic</b>	<b>P value</b>
Attitudes towards the purchase of counterfeit luxury product	0.678	13.05	0.000**

**Dependent variable:** Intention to purchase counterfeits of luxury brands  
R<sup>2</sup> = 0.46; F = 170.287 (significant at p < 0.01)  
Notes: \*\* significant at p < 0.01

Based on these results,  $H_7$  is strongly supported and individuals with positive attitudes towards counterfeits of luxury brands are also more likely to purchase counterfeits of luxury brands. Intention to purchase counterfeits of luxury brands explains 46% of the variance. In summary, there is sufficient statistical evidence to show support for  $H_7$ .

## DISCUSSION AND IMPLICATIONS

With the theory of planned behaviour as a theoretical foundation, the linkage between attitudes and intentions has been re-confirmed again reflecting many studies in other countries (e.g. Ang et al; Nia and Zaichokowsky)<sup>128,129</sup>. Individuals with favourable attitudes towards counterfeits of luxury brands will also have stronger intentions to purchase counterfeits of luxury brands. Even though Singaporean consumers have difficulties in purchasing counterfeits of luxury brands in their own country this does not deter them from buying when they are overseas. The purchase of counterfeits may not necessarily be of a malicious intent either.<sup>130</sup>

The findings have reflected that social influence, brand consciousness and price-quality inference factors have significant influences on the attitudes towards counterfeits of luxury brands. Brand conscious consumers are concerned about the impression they make on others particularly with regards to physical appearance and fashions. Luxury goods or status goods of exorbitant prices are used to display the perceived prestige of class and affordability. As such, it is not surprising that they have a negative attitude towards counterfeits of luxury brands. However, in support of previous findings (such as Phau and Teah; Bian and Veloutsou)<sup>131,132</sup>, price determinants are not the only influencing factors that affect consumer attitudes and purchase intention towards counterfeits of luxury brands. Clearly, social influence plays an important role as well. This echoes findings by Mellott<sup>133</sup> and Bearden, Netemeyer and Teel<sup>134</sup> that consumers are more likely to purchase counterfeits of luxury brands under the influence of their peers. Many Singaporean consumers are becoming wealthier and the need to display such wealth is greater. However, the gap



between the rich and the poor is widening despite economic growth. The desire for luxury goods is still on the rise, propelling consumers to purchase for the sake of display. This contributes to dissonance whereby consumers resort to counterfeits that can carry the same function as luxury brands and to display to their peers.

The above findings provide luxury brands manufacturers further insights into strategizing their anti-counterfeiting campaigns. It is fundamental for luxury brand companies to properly target consumers who are influenced by their peers. Thus it emphasizes the importance of careful tailoring of luxury brand advertisements that appeal to the consumers. One way to dissuade counterfeiting would be to emphasize on personal image.<sup>135</sup> For consumers who value the opinion of their peers, it will be embarrassment if they are found to be using fake designer goods.<sup>137,138</sup> Perhaps, the “loss of face” could be deterrence against the use of counterfeits. This should be strongly communicated across to the target audience. It is further recommended for managers to craft advertisements with high involvement messages that utilize central processing.

A common topic of discussion in the past is the perception towards the quality, reliability and functionality between counterfeits and original articles.<sup>139</sup> Many of the counterfeits of luxury brands present in the marketplace today are of superior quality,<sup>140</sup> which pose as a greater incentive for consumers to purchase. This is evident when consumers perceive product attributes between counterfeits and originals to be closely similar.

Luxury brand owners are propelled to differentiate and be as innovative as possible to be ‘a step ahead’ of counterfeiters (such as through special designs to brand their products) in order to avoid being easily imitated<sup>141</sup>. Such tactics will also reinforce the belief that consumers are paying high prices for innovative and quality products. It is important to remind consumers that they are not charged lofty prices for uninspiring products. In many instances, consumers are being deceived into believing counterfeits are authentic. As such, brand owners are recommended to publicize authorized retailers and advertorials that could detail differences between counterfeits and authentic items. Furthermore, the above tactics are intended to assist consumers in

distinguishing between the counterfeit and authentic. Further concerns have been raised that such means might bring more attention and benefits to counterfeiters.<sup>142</sup>

Evidence has shown that tourists contribute to counterfeit product sales.<sup>143,144</sup> If prices of authentic brands could be made lower and more affordable to Singaporeans, there might be less inclination for them to purchase counterfeits. Instead they would be more inclined to purchase the authentic ones when they are overseas. However, this may carry the risk of eroding exclusivity for brand consumers who pursue the brand value that premium luxury products exude.<sup>145,146</sup> If properly executed, there are successful cases of brand extensions such as Armani-Exchange and Miu Miu that have further accentuated the parent brand.

More importantly, the government and luxury brand owners should work together to educate the masses on the negative impacts of counterfeiting and the health hazards it will cause as counterfeits are without quality and safety assurances (i.e. Comité Colbert). Although instilling fear through penalty and criminal punishments is useful, other dimensions to change consumer behaviour may also be looked into. Furthermore, to dissuade both ‘buyers’ and ‘sellers’ from committing counterfeit related activities,<sup>147</sup> the policy makers should enforce a policy where both parties are penalized if caught. Such strategies would reiterate the fact that both “suppliers” and “buyers” will be held responsible for their actions.

**Brand** prestige did not have a significant influence over the attitudes towards purchasing counterfeits of luxury brands in this study. Based on the research by Vigneron and Johnson,<sup>148</sup> and Grossman and Shapiro,<sup>149</sup> brands and luxury goods have different significance and perceived values to different consumers when it comes to reflecting their social status. In the Singapore context, consumers use a variety of ways to reflect their status consumption. They also like to purchase upmarket properties, sports cars, and pay to join exclusive country clubs as a way to reflect their consumption power.

As mentioned in Nill and Shultz II's<sup>150</sup> research, consumers go through a process on moral reasoning when they make a decision to purchase a counterfeit. In this study, findings suggest that personal gratification did not have a significant influence over

the attitudes towards counterfeits of luxury brands. Singaporean consumers are still highly influenced by Asian values. Social acceptance and image portrayed to peers and society are a major consideration when consumers make decision to purchase counterfeits of luxury brands.

Even though Bloch, Bush and Campbell<sup>151</sup> have shown in their research that consumers will select counterfeits if there is a price advantage, value consciousness did not present the same results in the Singapore context. As mentioned in the literature review, Singapore has limited outlets where counterfeits of luxury brands can be purchased. Consumers do not have an opportunity to compare the price advantage between the genuine and the replica.

### **CONCLUDING COMMENTS**

Counterfeiting of luxury brands has become a severe global economical problem that could not be alleviated overnight.<sup>152,153</sup> Singapore's stand on piracy and intellectual property is a major deterrent for suppliers of counterfeit products considering to enter the country. But this has not deterred citizens to purchase counterfeit products when they are overseas. Countries are best advised to work together to defeat or curb this problem.

Notably, the stance towards anti-counterfeiting is toughening on a global scale. However, it requires long term planning and execution of strategies that suitably target consumers and suppliers to be able to succeed. It is crucial for managers to understand the fundamentals of consumer attitudes and purchase behaviours of counterfeits to be able to counter the counterfeit epidemic.

In summary, this study presents the following conclusion: It is evident that consumer attitudes towards counterfeits of luxury brands play an important role in affecting consumer purchase intention. Additionally, the social influence of the consumers plays an important role in their intention towards purchasing counterfeits. Even though most of the Singaporean consumers have a stable income, the price and quality of the counterfeit luxury product versus the original is still an incentive for them to opt against the latter.

There are a number of limitations worthy of improvement and future research. The study was conducted through a convenience sample and this may limit the populations that could be reached. It is relatively tough to find retail shops that sell counterfeits of luxury brands. Those who purchase counterfeits of luxury brands may not have bought them in Singapore, but may have purchased them when they were overseas where counterfeit products are readily available. The addition of factors such as where do they usually purchase or where did they last purchase the counterfeit luxury products can be further investigated to test for their influences on the consumers.

Another study on Singaporean consumers who travel overseas frequently and who often buy counterfeit luxury products could well be delved into and examined.<sup>154</sup> This could entail the examination of situational and emotional factors, such as tourists on holiday, since they are likely to have the sense of excitement and softened ethical stance.<sup>155,156</sup> Further exploration using qualitative approaches to examine consumer purchase behaviour of counterfeit products may provide deeper insights. Quantitative approaches are very commonly used, and the understanding derived may still be limited.<sup>158,159</sup>

Although this study shows that the attitudes of consumers plays a role in affecting purchase intention, it might differ in the purchase of other product categories such as pirated CDs. This study also only examines purchase intention; actual ownership can be measured to determine if potential buyers are actually owners of counterfeit products. Counterfeit of luxury brands is only one area of counterfeiting. Other areas such as imitation, grey area products, and/or custom-made copies will also affect the intention of consumers to purchase counterfeits.

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