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COUNTERFEITING OF LUXURY BRANDS?**

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HOW DO PERSONALITY FACTORS INFLUENCE ATTITUDES TOWARDS COUNTERFEITING OF LUXURY BRANDS?

ABSTRACT

This paper examines how personality factors influence attitudes towards counterfeiting of luxury brands and purchase intention. Attitudes towards counterfeiting of luxury brands is found to influence purchase intention. A factor analysis of the scale “attitudes towards counterfeiting of luxury brands” revealed two factors, which are namely “perceptions of counterfeits” and “social consequences”. Status consumption and integrity are strong influencers of purchase intention, whereas personal gratification, value consciousness, and novelty seeking had weaker influencing relationships. The research findings can be used to formulate strategies to better counter counterfeiting.

KEYWORDS: Counterfeiting, China, Personality factors, Attitudes, Luxury brands

INTRODUCTION

This paper explores Chinese consumers' mindset in relation to purchasing counterfeits of luxury brands. Although past research conducted have examined the supply side of counterfeiting (e.g. Ang et al., 2001; Bush et al., 1989; Albers-Miller, 1999; Alcock et al., 2003), there has also been an increasing number of studies conducted on the consumer behavioural aspect of counterfeiting (e.g Gentry et al., 2001; Nia and Zaichkowsky, 2000; Gentry et al., 2006). Although there are different measures developed for attitudes towards purchasing pirated software (e.g. Kwong et. al., 2003; Wang et. al., 2005), testing consumer attitudes towards counterfeiting of luxury brands is still at its infancy (e.g. Ang et al., 2001). This paper strives to understand the behavioural aspects of Chinese consumers who consciously seek out counterfeits of luxury brands and indulge in purchase (Bloch et al., 1993; Cordell et al., 1996; Prendergast et al., 2002). Findings would allow practitioners to formulate more effective strategies to alleviate the counterfeiting problem in China (Bloch et al., 1993; Ang et al., 2001).

LITERATURE REVIEW AND HYPOTHESES

Counterfeits are reproductions of a trademarked brand (Cordell et al., 1996), which are closely similar or identical to genuine articles, including the packaging, labelling and trademarks to intentionally pass off as the original product (Kay, 1990; Ang et al., 2001; Chow, 2002). Commonly price reflects the consumer attitudes towards the value of counterfeit products. Due to competitively low prices of counterfeits, the expectation of quality would not be equivalent to that of the genuine. Consumers will usually be satisfied once the basic functional requirements or the visibility and symbolic value is achieved (Eisend and Schuchert-Güler, 2006). Although the quality of counterfeit products has been improving in recent years (Nill and Shultz II, 1996), they are still without warranties unlike genuine products, which add to higher financial risks of faulty purchases. Furthermore, consumers are drawn to purchasing counterfeits of luxury brands due to the desire to own the prestige and status symbol that the trademarked brand suggests (Cordell et al., 1996; Chadha, 2007). In view of the Chinese consumers, attitudes towards counterfeiting of luxury brands can be influenced by a number of

personality variables, such as value consciousness, integrity, personal gratification, novelty seeking, and status consumption.

Previous studies have also noted that the “good value” of counterfeit products adds to the desirability of purchase (Bloch et al., 1993; Lichtenstein et al., 1993; Ang et al., 2001; Wang et al., 2005). As counterfeits of luxury brands usually provide the same functional benefits as the original, but at a fraction of the price of the genuine product, it is perceived favourably. For consumers who are value conscious, they would have positive attitudes towards counterfeiting of luxury brands.

Novelty seeking is the curiosity of human to seek variety and difference (Hawkins et al., 1980; Wang et al., 2005). A consumer who tends to be inclined to try new products would probably have positive attitudes towards counterfeiting of luxury brands. Novelty seeking consumers are particularly inclined towards products with low purchase risk; hence the low cost of counterfeits of luxury brands are well suited to satisfying their curiosity and need for experimentation (Wee et al., 1995).

In accordance to Kohlberg’s (1976) moral competence theory, consumer behaviours are affected by their personal sense of justice. The influence of basic values like integrity will affect the judgement towards succumbing to unethical activities (Albers-Miller, 1999; Steenhaut and van Kenhove, 2006). If consumers view integrity as an important value, there will be a lower chance of them viewing counterfeiting of luxury brands in a positive light (Ang et al., 2001; Wang et al., 2005).

Personal gratification is the need for a sense of accomplishment, social recognition, and the desire to enjoy the finer things in life (Ang et al., 2001; Wang et al., 2005). Consumers with a high sense of personal gratification would be more conscious of the appearance and visibility of fashion products (Ang et al., 2001; Wang et al., 2005). They will be less likely to accept goods of slightly inferior quality. As such, they will value the genuine versions of luxury products hence they will have negative attitudes towards counterfeiting of luxury brands.

Status consumption is for consumers who are both seeking self-satisfaction and recognition as well as for the show to surrounding others usually through visible evidence (Eastman et al., 1999). Furthermore, the importance of ‘face’ to the Chinese accentuates the likelihood to succumb to status consumption (Li and Su, 2006). In the case of Chinese consumers, many have newfound wealth and would be anxious to display their wealth to impress others (Shipman, 2004), thus their attitudes towards counterfeiting of luxury brands would be unfavourable.

Building from the above discussion, the following hypotheses are presented:

H_{1a}-Value consciousness has a positive influence on consumer attitudes towards counterfeiting of luxury brands.

H_{1b}-Novelty seeking has a positive influence on consumer attitudes towards counterfeiting of luxury brands.

H_{1c}-Integrity has a negative influence on consumer attitudes towards counterfeiting of luxury brands.

H_{1d}-Personal gratification has a negative influence on consumer attitudes towards counterfeiting of luxury brands.

H_{1e}-Status consumption has a negative influence on consumer attitudes towards counterfeiting of luxury brands.

Purchase Intention – Theory of Planned Behaviour

According to the theory of planned behaviour, purchase behaviour is determined by the purchase intention, which is in turn determined by attitudes (Ajzen, 1991; Ang et al., 2001). In addition, Chang (1998) states that unethical decision making such as the purchase of counterfeits is largely explained by the attitudes, regardless of product class (Wee et al., 1995). Ang et al. (2001) and Wang et al. (2005) have both concluded that attitudes towards counterfeiting are significant influencers of purchase intention. It is suggested that if the consumers’ attitudes towards counterfeiting is favourable, the higher the chances that they will purchase the counterfeits of luxury brands. Thus,

H₂ -There is a positive relationship between attitudes towards counterfeiting of luxury brands and the purchase intention towards counterfeits of luxury brands.

Personality variables have long been established to be important in affecting consumer decision making (Miniard and Cohen, 1983). Hence they will be tested for influence towards purchase intention. Thus:

H_{3a}-There is a negative relationship between integrity, personal gratification and purchase intention towards counterfeits of luxury brands.

H_{3b}-There is a positive relationship between the value consciousness, novelty seeking, and status consumption and purchase intention towards counterfeits of luxury brands.

RESEARCH DESIGN

Data was collected via a mall intercept at a major shopping complex in the city of Shanghai, China. The survey instrument was developed in English and translated into Chinese by a professional native speaker. It was then back translated and checked for inconsistencies by another professional translator. The survey instrument was developed using established scales. In order to measure the five independent variables, scales were adapted from Lichtenstein et al., 1993; Wang et al., 2005; Rokeach, 1973; Ang et al., 2001; and Eastman et al., 1999. An adapted scale from Wang et al. (2005) was used to measure “attitudes towards counterfeiting of luxury brands”, and a scale was adapted from Ang et al. (2001) to measure respondents’ purchase intention. Lastly, a section for demographic profiles was included. All items were measured on a seven point Likert scale with 1 representing “strongly disagree” and 7 representing “strongly agree”. A total of 202 usable surveys from 271 responses were obtained. 58.4% of the respondents were male and 74.8% of the respondents were buyers of counterfeits of luxury brands.

RESULTS

Two factors namely “perceptions of counterfeits” and “social consequences” were derived through factor analysis of the 10-item “attitudes towards counterfeiting of luxury brands” scale. The five independent variables namely, value consciousness, integrity,

personal gratification, novelty seeking, and status consumption were each regressed stepwise against the two factors.

Table 1

	B-Values	Std. Error	β	Adjusted R²	t-value	Sig.
Perceptions of Counterfeits						
Status Consumption	0.910	0.164	0.601	0.283	5.534	.000
Novelty Seeking	-0.441	0.158	-0.283	0.316	-2.790	.006
Social Consequences						
Integrity	-0.350	0.117	-0.253	0.263	-2.994	.003
Personal Gratification	-0.222	0.096	-0.187	0.335	-2.317	.022
Status Consumption	-0.187	0.068	-0.188	0.359	-2.724	.007
Value Consciousness	-0.254	0.108	-0.193	0.376	-2.345	.020

The most significant factors influencing consumer “perceptions of counterfeits” are status consumption and novelty seeking. However, the direction of the influences does not conform to the hypotheses. As such H_{1a-1e} are all rejected.

As for the factor of “social consequences”, integrity, personal gratification, status consumption, and value consciousness show significant influence. However, H_{1a} is rejected as it is a significant negative relationship. H_{1b} is rejected. H_{1c} , H_{1d} and H_{1e} are all supported.

Two factors of “perceptions of counterfeits” and “social consequences” are regressed against purchase intention of counterfeits. Both factors are significant, with “perceptions of counterfeits” accounting for R^2 of 0.740. However, it is revealed that “perceptions of counterfeits” ($p < 0.000$, $\beta = 0.861$) plays a more influential role in affecting consumer purchase intention, whereas “social consequences” holds a weak relationship ($p < 0.025$, $\beta = -0.085$). These findings are in support of H_2 .

Stepwise regression is administered for the five independent variables against purchase intention. The significant factors are status consumption, integrity, and value consciousness as shown in Table 2. The findings show that H_{3a} is only partially supported as the results show that integrity is the only factor that negatively affects purchase intention. H_{3b} is partially supported, as status consumption and value consciousness are the only factors that have a positive influence on purchase intention.

Table 2

	B - Values	Std. Error	Beta	Adjusted R²	t - value	Sig.
Status Consumption	0.623	0.120	0.448	0.325	5.171	0.000
Integrity	-0.498	0.163	-0.242	0.339	-3.061	0.003
Value Consciousness	0.381	0.148	0.203	0.359	2.268	0.011

DISCUSSION AND CONCLUDING COMMENTS

The stance towards anti-counterfeiting is toughening on a global scale. However, for a transitional economy like China, it is still a long journey before counterfeiting activities can be fully curbed. It requires long term planning and execution of strategies that best target consumers and suppliers. However, the fundamentals in countering consumer purchase intentions lie in the understanding of consumer attitudes and purchase behaviours of counterfeits.

It is evident that consumer attitudes towards counterfeiting of luxury brands play an important role in affecting consumer purchase intention. In addition, it is shown that consumers are more affected by the perceptions of counterfeits of luxury brands than by the ethical and legal considerations. ‘Integrity’ and ‘status consumption’ are the most significant factors affecting consumers’ attitudes and purchase intention. As noted, these findings are grounds for strategizing anti-counterfeiting campaigns.

Prior studies (such as Ang et al., 2001; Wang et al., 2005) have been reinforced by the findings that integrity is the most important factor in influencing consumer attitudes towards counterfeiting. As such the emphasis on educating consumers on ethics and morals cannot be taken lightly. Educational programs should not only be limited to schools, but to employees of multinational companies, tourism related businesses and other domestic businesses (Simone Jr., 2006). Integrity of consumers towards counterfeiting may be diminished by the perception that luxury brand manufacturers are profiting excessively from the exorbitant prices of such goods (Penz and Stöttinger, 2005). Companies would then be required to have strong ethical values and to be socially responsible in order to project a better image.

In order to properly target status consumers in China, the tailoring of Chinese advertisements for luxury brands have to be carefully crafted to appeal to the Chinese consumers. One of the important aspects worth examining to dissuade Chinese consumers from supporting counterfeits would be to emphasize on face or “mianzi” (Zhou and Belk, 2004). Chinese consumers value the implications of face, hence to portray that once a person is discovered using counterfeits would attract embarrassing and humiliating consequences might be a strong deterrent (Wee et al., 1995; Zhou and Belk, 2004; Cheung and Prendergast, 2006; Li and Su, 2007).

The findings reveal that value conscious consumers are more likely to purchase counterfeits of luxury brands. Marketers of genuine brands may want to explore the advertising message that even “the best clone would not be close to an original” to reinforce the quality and value of the brand (Wee et al., 1995). The inclusion of warranties and service related benefits are harder to imitate and could add to the benefits of purchasing an original. Brand companies can also offer greater affordability to consumers through brand extensions and special licensed products (Wee et al., 1995). Although there are successful brand examples (Armani Exchange and Miu Miu), this may carry the risk of eroding exclusivity for brand consumers who seek the premium brand value (Wee et al., 1995; Chaudhuri and Majumdar, 2006).

Similarly to past research findings (Eisend and Schuchert-Güler, 2006), attitudes towards counterfeiting influences purchase intention. Purchase intention is found to be positively influenced by “perceptions of counterfeits”, as such consumers are more inclined to purchase counterfeits when they are perceived to be closely similar in quality to originals. Due to the high quality of counterfeits of luxury brands in China (Gentry et al., 2006), it provides a greater incentive for consumers to purchase a counterfeit (Wee et al., 1995). Hence, brand companies are required to form stronger differentiation tactics by being continuously innovative.

There are a number of limitations worthy of improvement and future research. The study was conducted using a mall intercept method, which may limit the populations that could be reached. Those who may purchase may not be regular shoppers at a shopping mall but may be in wholesale markets where counterfeit products are largely being sold. As the study is a snapshot of the Chinese consumers in the coastal areas of the newly rich, extensions to populations of other areas in China of different socioeconomic groups and to other countries may produce different results. As this study is a snapshot of a bigger study, it only provides a partial explanation of the counterfeiting phenomenon. Future studies can include other variables, such as materialism and ‘face consumption’ constructs to test for their influences on Chinese consumers.

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