Luxury counterfeit purchasing:
The collateral effect of luxury brands’ trading down policy

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Abstract
Counterfeiting constitutes a problem for the luxury industry, one that has arisen in recent years, parallel to the growth of the industry itself. This paper argues that counterfeit purchases stem from a boomerang effect of luxury brands’ ongoing strategy to attract more consumers. To grow in volume, luxury brands offer more accessible and conspicuously branded products. Exclusivity and exceptional quality — the core values of luxury — have been violated by these lower-cost products. The focus has moved from true values — quality of craftsmanship — to superficial ones such as logo conspicuousness. Beyond making good copies easier to produce, this may have increased cynicism among consumers and lessened the moral barriers attached to the purchase of counterfeit products. A study on 966 actual luxury consumers shows indeed that negative ethical judgments about luxury and perception of luxury as being superficial are strong predictors of luxury counterfeit purchasing.

Keywords
luxury, counterfeit, ethics, trading down, sustainable development

INTRODUCTION
The international consensus points to a growing flow of luxury counterfeits, which should not be surprising. The success of a traditional market, such as luxury, frequently prompts parallel success in its shadow market, because the reasons for the growth of the former also serve as levers of the growth of the latter.

Luxury counterfeits come in two forms: hidden or explicit. In 2012, a gang of 12 counterfeiters who were arrested specialised in making high-quality, fake Hermès bags and charged prices close to the original brand. Excellent quality and high prices contributed to give credibility to their proposition. Such fakes represent a double theft: they divert clients from the authentic company and they also deceive them by making them believe that they have bought genuine products. Yet most counterfeits involve obvious versions, sold on street corners or in unofficial shops at a price that demonstrates they...
are not genuine. Luxury brands regard these counterfeits as liable for trademark infringement and fraudulent uses of their intellectual property. In addition, the explosion of such counterfeits creates monetary prejudice, in the sense that they dilute the ‘exclusivity factor’ that is critical to luxury brands.\textsuperscript{2–4}

Other evidence challenges the assumption that counterfeits are always bad.\textsuperscript{5,6} Nia and Zaichkowsky\textsuperscript{7} demonstrate that non-deceptive counterfeits do not affect brand equity. Counterfeits can contribute to brand awareness,\textsuperscript{8} increase the ‘snob value’ of originals,\textsuperscript{9} teach consumers to identify prestige brands\textsuperscript{10} and increase consumers’ willingness to pay for the originals.\textsuperscript{11} Finally, counterfeiting can be used as a brand performance indicator by consumers.\textsuperscript{12}

Luxury brands continue to invest massively in fighting counterfeit markets. In countries with large luxury industries, such as France, their lobbying has led to the adoption of strong laws. The luxury groups themselves (LVMH, Kering, Richemont) are very active in their fight against counterfeit markets. Noting the critical effects of counterfeits, it remains important to ask what factors have led to these increases in the size of the counterfeit market? This paper looks at both the supply side and the demand side and formulates hypotheses regarding the determinants of luxury counterfeit purchases.

\textbf{TRADING DOWN IN THE LUXURY INDUSTRY}

According to Bain & Co.,\textsuperscript{1} the luxury market has grown by an average of 8 per cent in the past decade, despite the global recession, partly due to the economic growth of the so-called BRIC nations (Brazil, Russia, India and China) and their new millionaires. Another factor has been the ‘massification’ of luxury. Everyone with some disposable income claims the right to happiness, purchased through the charm and magic aura of owning luxury products. Frank\textsuperscript{5} estimates that 70 per cent of US luxury consumers are not wealthy. This desire among consumers to trade up\textsuperscript{15} has also been facilitated by trading down by luxury brands that offer ‘accessible luxury’. This offer has been a boon for luxury companies by suppressing the main obstacle that previously had limiting volume growth, namely, a definition of luxury equated with high quality, craftsmanship and rarity. Instead, the luxury industry now pursues a strategy of ‘abundant rarity’,\textsuperscript{14} where the focus is less on quality and more on making logos glamorous.

This accessible luxury is based on additional lines and entails the widespread availability of less expensive products tagged by a relevant logo. To preserve the luxurious margins of the luxury sector, one needs to reduce the manufacturing costs. Some luxury companies rely on licensing agreements, through which non-luxury manufacturers acquire exclusive rights of creation, production, distribution and sales for a family of products. As these companies pay royalties to the brand, they tend to reduce their production costs, such as by manufacturing simpler products, with lower objective quality, in larger volumes. Production may also be delocalised in low labour costs in countries such as China.

In this sense, the growth of counterfeiting might be a side effect of this evolution of the luxury industry today. Delocalisation and licences diffuse know-how and the ability to produce to low-cost manufacturers, coming mainly from emerging countries, where this business represents the potential for massive profits with little risk, because of the low probability of getting caught by tolerant authorities, minimal
But do counterfeits always hurt the sales and reputation of luxury brands? Qian\textsuperscript{16} declares that counterfeits are advertising that increases the sales of the original products. Commuri\textsuperscript{1} argues instead for the theory of dual functions of luxury,\textsuperscript{17} such that it serves the self and others. In China or India, economic booms have created more opportunities for vertical mobility; those who succeed want to signal their success to their peers, loudly and obviously.\textsuperscript{18}

These authors focused on the new markets of luxury, the emerging countries, such as India or China. For them, these views are short-sighted: the dream and symbolic capital associated with luxury brands is linked to the capacity of luxury brands to attract and retain aspirational clients. The latter will not retain clients of an expensive brand that vulgarises itself. Its high price is also the price paid to belong to a restricted club. Certainly, in emerging countries, for instance, the cost of buying an Armani shirt may be much too high for most citizens. This creates a demand for fakes, which then can be considered as the ‘entry line’ of luxury brands. In addition, no one but the buyer will ever know it is a fake. The multiplication of clients from lower classes endangers the dream value of the luxury brand and will worry their exclusive clients. In emerging countries, there is a high level of inequality of revenues, thus luxury helps signal the class differences. A sense of exclusivity thus is of paramount importance, but this sense gets diminished by the multiplication of wearers of the same logo, real or fake, such that aspirational consumers might abandon widespread brands — a negative externality of the growth of counterfeits. But what about the mature markets of luxury, the countries that produce the luxury brands? This will be the focus of the present research.

DEMAND FACTORS: EXPLORING MORAL DETERMINANTS OF FAKE PURCHASING

The preceding arguments refer to the supply side of the counterfeit market; this paper now turns to the demand side. It has motivated extensive research. Wiedman\textit{et al.}\textsuperscript{19} and Eisend and Schuchert-Güler\textsuperscript{20} offer syntheses of these studies, which identify socio-demographic and personality traits and personal motivations correlated with such purchasing behaviours. It is not the purpose of this paper to repeat such literature reviews but to add insights by exploring novel hypotheses about the moral dimension of luxury counterfeit purchasing.

Davies\textit{et al.}\textsuperscript{21} have shown that British consumers do not consider ethics when purchasing luxury. Looking at social media, forums and blogs in Western Europe or the USA, consumers appear relatively well informed about luxury brands’ delocalised production and the fact that lowering prices also lowers quality. Thomas’ book\textsuperscript{22} has also raised awareness of the profitability of luxury accessories, often licences, whose prices are not related to their quality: one just pays for the name. This awareness seems likely to create a sense of cynicism; if luxury brands give up their quality reputations for immediate and easy profitability gains on these accessible lines, then are they really distinctive? Such negative attitudes among consumers could help explain the striking absence of guilt among luxury counterfeit purchasers.\textsuperscript{23–25} Thus, Atwal and Williams\textsuperscript{23} ran focus groups among fake buyers in France, Germany and the UK. In the latter two countries, it was ‘cool to wear fake Vuitton’. Only in France were fakes perceived as socially unacceptable, perhaps as a result of the luxury industry’s national public campaigns highlighting the unethicality of fakes.\textsuperscript{26} By developing accessible
offerings, luxury brands may have created conditions in which consumers lose trust and respect in the brand and thus feel little guilt over counterfeit purchases.

Luxury has always sparked mixed feelings, admiration and moral criticism. This is confirmed by the IPSOS comprehensive periodical survey on luxury markets, known as World Luxury Tracking (WLT). Of the hundreds of questions asked in this survey, two items earn fairly high ratings across all countries: ‘luxury is superficial’ and ‘I love luxury’. This indicates that consumers can declare positive attitudes toward luxury while acknowledging that it signals superficiality. Are perceptions of luxury superficiality facilitating the purchase of fake goods?

Throughout history, critics of luxury used to be moralists, philosophers or priests. Today sustainable development agencies have begun considering the luxury and fashion sector. In addition to ecological concerns linked to the supply chain, sustainability issues centre on the preservation of social harmony and equilibrium, whereas luxury has long been an expression of social stratification. Thus, Berry and Mortelmans argue that luxury contradicts sustainability, because it stimulates envy and social comparison and destroys social cohesiveness. Might such morally based criticisms of the luxury industry lead to a greater tolerance, if not acceptance, of fake goods? Yet sustainable development also entails the preservation of know-how and careful use of rare resources. Unlike fast-moving consumer goods, which get used up and thrown away, luxury products embody tradition and craftsmanship and are made to last. In this sense, appreciation of luxury items for these two characteristics — true core values of luxury — might reduce the propensity to buy fakes.

RESEARCH HYPOTHESES

On the basis of the preceding discussion, nine hypotheses are offered: five directly linked to the core of the research; four to partial out the effects of socio-demographics on counterfeit purchasing.

In the WLT IPSOS survey, respondents acknowledge that luxury is somehow related to superficiality. They associate superficiality of luxury purchasing to ‘social adjustment’ motivations (managing one’s image) rather than ‘value expressive’ ones — a craving for beautifully crafted objects. Fake luxury products could hence easily satisfy the need for appearance (superficial social adjustment). It is hypothesised:

H1: The greater the perception of luxury as being superficial, the higher the chances of buying fakes.

In contrast, the belief that luxury defends ‘true values’ (eg craftsmanship, long life-span, tradition, sense of art, preservation of rare ingredients) thus serves genuine value expressive functions, which should deter people from purchasing lower-quality copies. It is hypothesised:

H2: The greater the perception that luxury promotes ‘true values’, the lower the chances of buying fakes.

Sustainable development is a fast-growing consumer motivation today. It is a renewed source of moral concerns about corporate and consumer misbehaviour. Sustainable development has many facets, including ecology, bio-diversity, climate change, and also the preservation of social harmony and appropriate economic growth. Luxury is directly involved in all these facets. Consumers are not equally sensitive to these concerns and, even among consumers who agree with
their legitimacy, few of them act accordingly. Yet acting in accordance with sustainable development implies a higher level of moral consciousness, at odds with indulging in the purchase of fake goods. In addition, fakes offer no guarantee as to whether they are produced in appropriate working conditions. It is hypothesised:

**H3**: Behaving according to the principles of sustainable development relates negatively to the purchase of fake luxury items.

Another sustainable development issue related to luxury is the ethics of pricing. Luxury retail multiples — defined as the retail price divided by the cost of manufacturing — can be shocking. They are mostly greater than ten and often more than 15, such that the price paid to acquire luxury goods appears as a tax to seem richer to others, a theft, rather than providing a trusted signal of objective high and rare quality. If luxury appears unethical, buying fakes may seem less problematic. It is hypothesised:

**H4**: Believing that the luxury industry is not very ethical encourages purchases of luxury fakes.

On the whole, luxury buyers believe that luxury products — as they are expensive — should at least be manufactured in their home countries, according to the IPSOS WLT survey. The location supports their expectations of higher prices and endows the products with the aura of ‘Made in Italy or France or UK’. Yet some consumers find no contradiction in the delocalisation of production and reject the mystique of the ‘Made in’ appeal. This rationale aligns with the free trade argument. The salaries provided in low-wage countries increase their standard of living, which increases the developing nation’s imports, which means a long-term win-win solution. Thus, buying a counterfeit product produced in a low-wage, developing economy seems less problematic. It is hypothesised:

**H5**: Acceptance of production in low labour cost countries relates positively to the likelihood of purchasing luxury fakes.

Hypotheses 1–5 are directly linked to the focus of this research. Previous research is a reminder that counterfeit purchasing is also correlated to individual descriptors. This effect will need to be taken into account too. In terms of socio-demographics related to counterfeit consumption, younger consumers are more counterfeit prone and express more favourable attitudes toward counterfeits. This effect is mediated by older people’s stronger beliefs about law and order and greater conscientiousness. Yet gender appears to have no individual effect.

**H6**: The older the consumer, the lower his or her chances of buying fakes.

Another influential consumer trait may be income levels. Prior research indicates that consumers with less income are more counterfeit prone and have more favourable attitudes toward counterfeits. This effect is mediated by older people’s stronger beliefs about law and order and greater conscientiousness. Yet gender appears to have no individual effect.

**H7**: The more income a consumer earns, the lower his or her chances of buying fakes.

In terms of situational effects, it is argued that greater exposure to counterfeit products increases the chances of their consumption. Most counterfeit producers
are located in inexpensive labour economies that are also tourist destinations. Their outputs (fakes) are readily visible and accessible on the streets. Thus, traveling to these countries should increase the chances of purchasing luxury fakes. It is hypothesised:

\(H8\): Travelling in inexpensive labour countries increases the chances of buying fakes.

Regardless of access, liking luxury is likely a prerequisite. Why would anyone purchase an imitation if they do not like the real version and logo? It is hypothesised:

\(H9\): The greater the liking of luxury, the higher the chances of buying luxury fakes.

**METHODOLOGY**

Because it is difficult to interview a large sample of respondents on the spot, just after they have purchased a counterfeit, a post hoc survey methodology was chosen. As ‘being expensive’ is the most quoted attribute of luxury in all consumer studies, this survey was undertaken on 966 luxury buyers recruited on the basis of declared purchases of five typical luxury products (clothing, leather, eyewear, wine and skin care) beyond a certain price (e.g. champagne above €45 — knowing that the average champagne retail price in France is only €13.75; shoes above €250). These prices were extracted from a recent empirical study pertaining to the minimum price of luxury.\(^{33}\) They represent the median answers declared by a national sample of luxury consumers who indicated the minimum price for an item to be considered as luxury. The goal of this selection process was to recruit real luxury consumers.

The dependent variable used in this research is a self-declared agreement with the item: ‘I have purchased luxury counterfeits’ (five-point Likert item, from ‘totally agree’ to ‘totally disagree’). This question came at the very end of the interview with generic questions related to the lifestyle of the respondents, hence after the explanatory variables, in order to avoid respondents rationalising their behaviour towards counterfeits using other variables.

In all, 32.4 per cent of the 966 actual luxury buyers declared that they had purchased counterfeits (adding agree and totally agree answers). The dependent variable was analysed with multiple regressions. In an earlier section, nine potential explanatory variables to be inserted in the multiple regressions were listed. Four of these variables are derived from factor analyses. Appendix 1 provides details about the items represented by each factor (perception of luxury as superficial, as promoting the true values of luxury, respondents’ liking of luxury and respondents’ actual behaviours in line with sustainable development).

The sample can be characterised as follows: 19.3 per cent of the interviewees were 18–25 years old; 22.5 per cent were aged 26–35; 21.6 per cent were aged 36–45; 15.2 per cent were aged 46–55; 16.1 per cent were aged 56–65; 5.3 per cent were aged 66–75. Male respondents accounted for 53.8 per cent of the sample and, in terms of revenues, 44.3 per cent of the sample declared monthly revenues above €5,000 (13.8 per cent declared €15,000 and more). In France, in 2013, the median individual monthly salary was €1,675.

**RESULTS AND ANALYSIS**

Three linear regression models were tested (Table 1). The first included three independent variables: age, revenue and
travel to low labour cost countries. The global adjusted R-square value was 0.187. Model 2 added three more variables related to respondents’ attitudes toward luxury: ‘liking of luxury’, a perception of ‘luxury as superficial’ and ‘luxury promoting true values’. The adjusted R-square of this model was 0.258 (significant increase: $F = 28.83, \ p < 0.001$). The R-square for model 3 reached 0.317 (significant increase: $F = 14.12, \ p < 0.001$) by adding three more variables: ‘is the respondent behaving according to sustainable development commands?’, does he/she perceive ‘luxury as unethical’ and what is the ‘acceptance of the delocalisation of production in low wage countries, as long as the workers are decently paid’. The results of this last, complete model for the nine hypotheses were analysed.

The perception of luxury as being ‘superficial’ significantly increases the chances of purchasing counterfeits (H1). In fact, it is the most significant predictor of purchasing luxury fakes. For these consumers, if all they need is a logo tag, they might decide to obtain it at low cost. Surprisingly, in this context, recognition of the ‘true values promoted by luxury’ did not affect negatively the propensity to purchase luxury counterfeits (H2). Perhaps respondents made clear distinctions between real luxury brands that still respect such true values (eg Hermès, Berluti, Bottega Veneta) and the majority of brands that seek to exploit growing demand for prestigious logos, rather than actual quality, craftsmanship or rarity.22 This result might reflect the move from a scarcity based business model to a virtual

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### Table 1
Explaining luxury counterfeit purchases: A three-model comparison

<table>
<thead>
<tr>
<th>Model</th>
<th>Standard beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent age</td>
<td>-0.257</td>
<td>-7.162</td>
<td>0.000</td>
</tr>
<tr>
<td>Income</td>
<td>0.004</td>
<td>0.106</td>
<td>0.916</td>
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<tr>
<td>Travel in cheap labour countries</td>
<td>0.312</td>
<td>8.845</td>
<td>0.000</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent age</td>
<td>-0.190</td>
<td>-5.264</td>
<td>0.000</td>
</tr>
<tr>
<td>Income</td>
<td>-0.013</td>
<td>-0.374</td>
<td>0.708</td>
</tr>
<tr>
<td>Travel in cheap labour countries</td>
<td>0.234</td>
<td>6.601</td>
<td>0.000</td>
</tr>
<tr>
<td>Degree of liking of luxury</td>
<td>0.107</td>
<td>2.814</td>
<td>0.005</td>
</tr>
<tr>
<td>Perception of luxury as being quite superficial</td>
<td>0.247</td>
<td>8.363</td>
<td>0.000</td>
</tr>
<tr>
<td>Perception of luxury as promoting ‘true values’</td>
<td>0.039</td>
<td>0.396</td>
<td>0.684</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.258</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent age</td>
<td>-0.132</td>
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<td>0.000</td>
</tr>
<tr>
<td>Income</td>
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<td>-0.559</td>
<td>0.576</td>
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<tr>
<td>Travel in cheap labour countries</td>
<td>0.205</td>
<td>5.894</td>
<td>0.000</td>
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<tr>
<td>Degree of liking of luxury</td>
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<td>2.942</td>
<td>0.003</td>
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<tr>
<td>Perception of luxury as being quite superficial</td>
<td>0.170</td>
<td>4.875</td>
<td>0.000</td>
</tr>
<tr>
<td>Perception of luxury as promoting ‘true values’</td>
<td>0.033</td>
<td>0.396</td>
<td>0.684</td>
</tr>
<tr>
<td>Actual behaviours related to sustainable development</td>
<td>-0.135</td>
<td>-3.910</td>
<td>0.000</td>
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<tr>
<td>Perception of luxury as unethical</td>
<td>0.170</td>
<td>4.860</td>
<td>0.000</td>
</tr>
<tr>
<td>Acceptance of production in China*</td>
<td>0.033</td>
<td>0.396</td>
<td>0.684</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.317</td>
<td></td>
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</tr>
</tbody>
</table>

* ‘It does not disturb me that French luxury brands are produced in China, if it benefits local workers’.
rarity one.\textsuperscript{14} Besides, counterfeit brands are mainly those that are the most popular, with prominent logos\textsuperscript{34} and heavy reliance on celebrities to promote them.

People who care about sustainable development issues and act accordingly are less likely to buy counterfeit items (H3). This relationship was significant; these consumers’ moral conduct standards appear inconsistent with buying fakes. As expected (H4), the belief that luxury was unethical related significantly and negatively to counterfeit purchasing. It is indeed the second most significant predictor of purchasing luxury fakes. As hypothesised, consumer acceptance of the delocalisation of luxury brands’ production to China or any other low-cost country suppressed barriers to counterfeit purchases. This pro-delocalisation attitude significantly predicted self-declared counterfeit purchases, in support of H5.

This paper now examines the socio-demographic hypothesised correlates of counterfeit purchasing. As expected, and in line with prior findings,\textsuperscript{32} a negative, significant relationship with age (H6) was found. The older the consumer, the lower his or her probability of having purchased counterfeit products. Counterfeit purchases thus are more linked to younger consumers, who may lack the resources to indulge in real luxury purchases. Yet present income is not associated with such purchases (H7). The lack of a significant relationship with income may arise because this sample comprises only real luxury purchasers. Thus, it is likely that any consumers who buy counterfeits due to their lack of financial resources were excluded. Model 3 also included the (significant) impact of travel, which indicates that the youth effect is not spurious. The correlation between age and travel is negative and significant ($r = -0.144$). In terms of the influence of travel, H8 was confirmed. Travel to low labour cost countries emerged as the strongest determinant of luxury counterfeit purchases. In this case, it appears that supply induces demand.

Finally, not surprisingly, a high degree of liking of luxury increased the chances of buying counterfeit (H9). In this sample of actual luxury buyers, 70 per cent of the respondents declared their love of luxury. Table 2 summarises all these findings.

**LIMITATIONS**

This study involves a correlational post hoc analysis, not an experimental one, which provides the only way to assess true causality. Thus, reverse causality cannot be ruled out. Because the interviewees were asked if they already had purchased luxury counterfeits, this salient behaviour might have created their subsequent luxury attitudes, which are presented as Table 2: Summary of findings: The drivers of counterfeit purchasing

<table>
<thead>
<tr>
<th>Explanatory variable</th>
<th>Hypothesis</th>
<th>Findings</th>
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<tbody>
<tr>
<td>Perception of luxury as being quite superficial</td>
<td>H1 (positive)</td>
<td>Supported</td>
</tr>
<tr>
<td>Perception of luxury as promoting ‘true values’</td>
<td>H2 (negative)</td>
<td>Not significant</td>
</tr>
<tr>
<td>Actual behaviours in line with sustainable development</td>
<td>H3 (negative)</td>
<td>Supported</td>
</tr>
<tr>
<td>Perception of luxury as being unethical</td>
<td>H4 (positive)</td>
<td>Supported</td>
</tr>
<tr>
<td>Acceptance of luxury production in China</td>
<td>H5 (positive)</td>
<td>Supported</td>
</tr>
<tr>
<td>Socio-demographics: Age</td>
<td>H6 (negative)</td>
<td>Supported</td>
</tr>
<tr>
<td>Socio-demographics: Revenue</td>
<td>H7 (negative)</td>
<td>Not significant</td>
</tr>
<tr>
<td>Travel in cheap labour countries</td>
<td>H8 (positive)</td>
<td>Supported</td>
</tr>
<tr>
<td>Degree of liking of luxury</td>
<td>H9 (positive)</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Luxury counterfeit purchasing

independent variables, including feelings of superficiality, the loss of perceptions of luxury as ethical and acceptance of production delocalisation. As Gino et al.\textsuperscript{35} show, using an experimental design with randomisation, wearing counterfeits makes people behave more dishonestly and judge others as more unethical, while also increasing consumers’ own feelings of inauthenticity, building what the authors call their counterfeit self.

The ownership of well-executed counterfeits could challenge the vision of the whole industry. This reverse causation would represent a typical case of the influence of behaviours on attitudes. It would imply an overlooked negative effect of luxury counterfeits, namely, a negative halo effect on the whole luxury industry. If this reverse causation exists, it cannot explain the positive and significant relationship of counterfeit purchasing with the ‘liking of luxury’ variable. That is, if purchases of luxury fakes cast doubt on the whole industry, a significant negative effect on ‘liking of luxury’ should have been found, in that it seems unlikely that someone should love something perceived unethical. This reverse effect did not emerge from these data.

Other limitations relate to the sample. First, a mature country, France, was chosen, well known to produce and sell many of the most famous luxury brands in the world. As such, they should have been defending this sector, something that actually did not happen. In addition, these respondents all came from a Western country. In the West, luxury images reflect individualism and exclusive value principles.\textsuperscript{2} In contrast, in China, the terms ‘learning’ and ‘copying’ use the same symbolic characters. As Bekir et al.\textsuperscript{10} suggest, the moral view of counterfeits that Westerners have adopted may not operate in other settings.

To recruit luxury buyers, people who acknowledged their purchases of items above a predetermined price level were selected, which showed they had money to indulge in big-ticket purchases. In that sample, 32.4 per cent of respondents noted they had purchased counterfeits of luxury items, but the results might have been very different if non-luxury buyers in the sample had also been included. The decision to focus on luxury buyers was motivated by a desire to exclude simple and obvious economic motivations (ie not being able to buy the real products). This option cannot be fully excluded, however. Perhaps at the time of the counterfeit purchase, the respondents could not afford the genuine luxury products. This limitation might also explain why respondents’ income was not significantly linked to the purchase of fakes.

CONCLUSION AND IMPLICATIONS

Sales of counterfeit products show no signs of slowing down, despite the combined efforts of brands and legal enforcement. Therefore, it appears increasingly important to investigate consumption drivers. Although this paper is not exhaustive in identifying the drivers of luxury counterfeit consumption, it does emphasise the role of customers’ attitude towards luxury as well as customers’ attitude towards sustainable development and related behaviour.

In particular, consumers’ perceptions of luxury are identified as strong drivers of counterfeit purchases. Although a significant impact of luxury ‘true values’, such as high quality, longevity and preservation of know-how, on counterfeit purchases was not found, the perceptions of luxury as superficial and unethical have a strong, positive impact on counterfeit purchases. These findings are all the more striking when it is considered that the sample
consisted only of actual luxury purchasers, who had also reported their high liking for luxury. In short, the belief that luxury defends ‘true values’ (e.g. craftsmanship, long lifespan, tradition, sense of art) and thus serves genuine ‘value expressive’ functions does not deter people from purchasing lower-quality copies. This research shows that the perception of luxury as being superficial and unethical encourages this behaviour. Moreover, it was found that the consumers’ tendency to adopt a sustainable behaviour negatively affects counterfeit purchases, whereas consumers’ acceptance of luxury companies’ production in China had positive influences on their counterfeit purchases.

The results of this research among real luxury purchasers should help luxury brands better apprehend the effect of their strategy on the perception of luxury as a sector and, in turn, on consumers’ behaviour with regard to counterfeit purchasing. They suggest that the games that the luxury industry plays today could be backfiring. To grow profitably at a high rate, the main actors in this industry have largely abandoned the core principles of a real luxury strategy17 (i.e. no delocalisation of production, no licences, handmade, extreme quality, rarity). Instead, they seek volume, partly through licensing lower-quality accessories that carry big logos. In parallel, to provide some sense of exclusivity, they have engaged in virtual rarity and communication tactics, in apparent contradiction of their original ethics. In doing so, these companies are approaching a fashion business model that seeks to induce repeat purchases. The consequences of this evolution are two-fold. First, delocalising production to low labour cost countries diffuses brand know-how, which facilitates and fosters local production of more and better counterfeits. This spread also increases the chances that consumers are exposed to the fakes. Secondly, this evolution changes the very nature of luxury, such that the industry is perceived as losing its soul and selling products that are intrinsically no longer luxurious. In turn, luxury brands themselves no longer seem ethical, such that consumers feel less need to behave ethically in return.25 If luxury companies use licensees instead of producing, for example, consumers may argue that counterfeit producers are just unofficial licensees. The luxury industry thus faces a high and seemingly self-imposed risk of the de-sacralisation of products and increased acceptance of counterfeits. To transform its image, the sector should trade up again. It is time to go back to the essence of luxury and re-state adhesion to strict values of exceptional quality, respect of heritage and tradition, worshipping art and beauty.

References


### Appendix 1: Explanatory variables

**Explanatory variables**

**Consumers' actual behaviours related to sustainable development (Cronbach’s alpha = 0.860)**
- I always choose products with less packaging.
- I make sure to buy local and seasonal vegetables.
- I always turn off electrical devices that are in standby.
- I bring batteries to appropriate places for collection.
- I regularly donate items that I no longer use to associations.
- I buy products from organic farms.
- I always invest in the most efficient appliances/energy.

**Consumers' degree of liking of luxury (Cronbach’s alpha = 0.756)**
- I love luxury brands.
- I am ready to completely deprive myself to be able to purchase a beautiful luxury item.
- Luxury makes me dream.

**Consumers' perception of luxury as promoting ‘true values’ (Cronbach’s alpha = 0.691)**
- Luxury promotes high quality products, known for their longevity
- Luxury preserves know-how and enhances manual skills

**Consumers' perception of luxury as superficial (Cronbach’s alpha = 0.654)**
- I feel a little guilty when I buy a luxury product.
- When I buy a luxury item I prefer not to leave the store with its big logo bag.
- Loving luxury is like living in a superficial way.