

Luxury brand goods and counterfeiting marketing essay



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In luxury brand industry there is a potential phenomenon that is they will give birth to the annoying counterfeit products. There is a multibillion-dollar global counterfeit luxury industry lying behind the success brands in the real world (Chadha & Husband, 2006, p269). Generally speaking counterfeits means luxury but now widespread to all the industries. According the estimation from World Customs Organisation, the sale of annual all counterfeit goods even from pirate CDs to counterfeit medicine is worth US\$540 billion (Galloni, 2006). However luxury goods constitute 5 percent of that and equivalent a quarter of the legitimate luxury industry, covering bags, accessories, clothes, watches, perfumes, and so on (Chadha & Husband, 2006, p271). Therefore, counterfeit luxury industry is a large underground industry and it has negative and positive impacts on legitimate luxury industry. As Nia and Zaichkowsky (2000, p486) stated that luxury brands shows prestige and they are rarity, while counterfeits are negatively affect the brand image and philosophy because the low cost and high production, the uniqueness and rarity instead by the massive copied edition. Therefore, original brand might loss brand strength. On the other side, counterfeits could help original brand improve brand awareness because as luxury brands are very expensive for majority of customers and just consumed by a small proportion population (Müller & Kocher, 2006).

Chadha and Husband (2006, p4) states that “ when we say luxury, we means Louis Vuitton bags, Gucci shoes, Prada clothes, Tiffany jeweller, Cartier watches, and items from other brands that occupy the luxury on your person category”. As Grossman and Shapiro (1988, p82) defined that “ those 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". According Chadha and Husband (2006, p3) pointed that " While everything from caviar to champagne, luxury spas to cruise liners, high-end condominiums to sports cars would qualify, we have limited ourselves to luxury brands on your person". This definition lively described the luxury concept. These products are normally exclusive and extremely expensive, such as Cartier watches, Hermes bags, Polo shirts, Mercedes Benz cars (Nia & Zaichkowsky, 2000, p486). The result in Dubois and Duquesne's (1993, p43) study shows since luxury goods are expensive and people's income and wealth are not in the same level, therefore people who purchase luxury goods enjoy a privileged economic status. Recent years, designer of luxury brands focus on the people's casual dressing and accessories that increase the demand for bags, belts, wallets, etc and discovered a new way to express personality (Hessen, 1998).

People who involved in luxury consumption, they are advertising their wealth and social status by purchasing luxury goods (Veblen, 1899), which is called conspicuous consumption. Based on Veblen's conspicuous consumptions, Bagwell and Bernheim (1996) found the two motivations " invidious comparison" and " pecuniary emulation". Members of high class consume conspicuously just for separate them from lower class, which referred as invidious comparison. However, pecuniary emulation is focus on the lower class, they purchase conspicuously tend to be recognised as higher class. These people purchase luxury goods because of their higher or lower status. However in Bushman (1993)'s study shows that people desire luxury goods because they concern about appearance and fashion, they worried about the

interpersonal rejection and they have more complaint about social standard. So Bushman resulted that these people prefer buy famous brands and to cheap bargain brands and also famous brand get recognition. Dubois and Duquesne (1993) propose that a lot of people consume luxury goods basically to satisfy personal preference. Nia and Zaichkowsky (2000, p487) also explained Dubois and Duquesne's study, they states that once the product have the symbol and status label then its value will more than the product itself. Therefore, customers not only satisfied with product uniqueness but also concern about accepted, recognised and admire by others.

Counterfeits

Counterfeits goods literally mean any unauthorised products that infringe the property rights of the original brands, like brand name, trademark, copyright (Chaudbry & Walsh, 1996). Kapferer (1995, p13) states that a specialist lawyer defined counterfeit is using someone's IP make profit and if you accept counterfeit then it is stealing. Counterfeits defined by others: reproduce the well-known brands products and copy genuine article's details like, colour, packaging, labelling, and trademark (Kay, 1990; Ang et al, 2001). People might regard counterfeit products for two types: one is when consumers purchase goods they do not know it is counterfeits they also cannot easily observe and distinguish the quality, logo, fabric from authentic products. In the purchasing progress, consumer is the victims and their rights were not protected. Another is consumers know they are purchasing counterfeits, they could distinguish from legitimate goods and they are not fool consumers (Grossman and Shapiro, 1988). Consumers know they are

buying an authorised product but they still have willingness to buy it. That is deserved to research it, so this research is focus on deceptive counterfeiting.

Consumer Attitudes towards counterfeits

“ An attitude is a disposition to respond favourably or unfavourably to an object, person, institution, or event.” (Ajzen, 1988, p4) In consumer behaviour context defined that “... , attitudes are an expression of inner feelings that reflect whether a person is favourably or unfavourably predisposed to some object (e. g. a brand, a service, or a retail establilshmen).” (Schiffman & Kanuk, 1997, p234) Augusto de Matos et al. (2007, p37) conclude that the attitudes not only his or hers intention towards an object but also the influences receive from his or her reference group. Therefore, consumers’ intention to counterfeits not only their evaluation to counterfeits, as well as the behaviour agreement receives from reference group.

Price plays an important role to effect consumer behaviour in exclusive literature (Huang et al. 2004). “ Price is unquestionably one of the most marketplace cues.” (Lichtenstein et al. 1993) Wee et al. (1995, p41) also suggested that price is the main motivates for consumers purchase counterfeits. Consumer will select counterfeits it should because the counterfeits have price advantage (Bloch et al. 1993). In Albers-Miller and Nancy D. (1999, p276) research, they proposed that the behaviour that consumers purchase counterfeits instead of legitimate products based on three variables: the first one is the price; second one is situation while purchase take place, the third one is risk. Then the first hypothesis is the

people willingness to buy counterfeits is negatively relevant with price. The second hypothesis is consumers' willingness to buy a licit goods effect by others influence, in another words, social pressure. The third hypothesis is the willingness to buy licit products is negatively relevant with the perceptive of criminal risk. Albers-Miller and Nancy D. explained that if consumer have high rational toward licit goods then they might have a low criminal risk. On the contrary, if consumer do not realise his or her behaviour is risk then they might have high criminal risk. (Albers-Miller & Nancy D., 1999, p276-277)

The samples they get are from 153 employed students in MBA classes and there are 96 survey returned at 60. 1 percent response rate. The data analysis results show that people who refer counterfeits to stolen products, their willingness influenced more by price factor. Consumers normally present a have higher willingness to buy a licit goods when they with their friends, however if they alone then will have a lower willingness. However, consumers' willingness to licit goods is negatively relevant with the level of perceive criminal risk, was not supported. (Albers-Miller & Nancy D., 1999, p280-283)

Price consciousness

Lichtenstein et al. (1993) build a price perception construct which include examined the negative role of price and positive role of price. Negative role of price includes five constructs which value consciousness, price consciousness, coupon proneness, sales proneness, price mavenism. Positive role of price concerned about price-quality schema and prestige sensitivity. Lichtenstein et al. (1993, p236) assumed that if consumers have a negatively role, they do not wish a high price therefore they might seek lower price

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outside store, however, if they in a positive role then they would not attend outside store research. Generic products are in the lower alternatively price, thus negatively role of price consumers would pretend a positive purchasing. On the other side, low price generic product indicates product quality and also prestige sensitive consumer would present a negative attitude towards it. Lichtenstein et al. (1993, p236) also assumed that positive role of price consumers do not refer price recall products. Another hypothesis described that because consumers who are prestige sensitive and on price-quality schema, so they do not seek price reduced products, thus they have a negative attitude towards sales and coupon proneness. Conversely, consumers' who have negative role of price they wish a sales and coupon proneness. They conducted this research by questionnaires and they conducted 1000 survey about 582 usable ones get through mail. The research data supported the hypotheses of the survey, the perception of price in a negative role reflect more price consciousness, value consciousness and sales proneness. They concluded that prestige sensitivity consumers are more social visible while price-quality schema consumers are less social visible but they use price to make attribution about quality. It also suggested that coupon proneness consumers are focus on the price information, however although they focus on price they would not integrate the shelf price with coupon usage to pay a lower price. (Lichtenstein et al. 1993, p241-243)

Reference price which hypothesises as norm that there is neural point, price will be compared with it, if price is lower than the point then it is relatively inexpensive, if price is higher the point then it is relatively expensive

(Kalyanaram & Winter, 1995). Reference price has been discussed as an important factor influence consumers purchasing behaviour (Huang et al. 2004). People normally use their purchasing price experience to measure the price lower or higher, hence the market price used by them as a judgement function (Janiszewski and Lichtenstein, 1999). In the study of Janiszewski and Lichtenstein (1999, p355) they rely on Adaptation theory, internal reference price and price attractiveness judgement assumed two hypotheses: price attractiveness judgements are based on a comparison of market price to internal reference price; price attractiveness judgements are based on a comparison of market price to endpoint of evoked price. Until today, a little attribute on this range hypotheses that the internal reference price and endpoint of evoked price often move in tandem (Lichtenstein et al.; Kalyanaram and Little cited in Janiszewski and Lichtenstein, 1999, p366). However, the price perception in situations where are not highly correlated with internal reference price and endpoint of evoked price (Janiszewski and Lichtenstein, 1999, p366). Consumers use authorised price as reference price is reasonable because grey market like counterfeits could take advantage of low price to attract consumers (Huang et al, 2004). It is stated that although most of researchers and brand managers believed that price is the main factor for consumer buy counterfeits in grey market, but the study also revealed possibility which is the product cost percentage of income, consumers knowledge then consumers might consider the price and attitude (Huang et al. 2004, p610).

Price-quality reference

It is believed that in price-quality reference, the higher the price the higher the quality, conversely, the lower the price the lower the quality (Huang et al. 2004). Tellis and Gaeth (1990, p34) defined that "price" as a product outcome, performance according to specification and "information" as consumers' knowledge of product outcome. From Bruck et al. 's (2000) research shows identified that quality has six dimensions which are ease of use, versatility, durability, serviceability, performance and prestige.

Consumers normally judge quality by six dimensions. Tellis and Gaeth (1990) examined that when consumers have little information to judge products' quality, in this situation higher price higher quality, lower price lower quality even more important for consumers to make decision. Huang et al.'s (2004) research proved that consumers have more price-quality reference then they will have negative attitude towards counterfeit goods. According to Huang et al.'s study, Teah and Phau (2008) successful examined Huang et al.(2004) idea that price-quality consumer have a negative attitudes towards counterfeit luxury brands. However, some researches did not prove price-quality reference, Sjolander (1992) and Grewal (1998) they did not support the direct link between price and consumers' perceptive quality. Sjolander (1992) use vanilla ice cream as for study in the target countries. The result did not support that the quality is relative with the level of price. In Grewal's (1998) research, the price discount would not influence consumers' perception of quality.

Brand consciousness

" More than other products, luxury items are bought for what they mean, beyond what they are." (Dubois& Paternault, 1995) For example, most of the <https://assignbuster.com/luxury-brand-goods-and-counterfeiting-marketing-essay/>

consumers buy a Porsche wristwatch not because it is a good and reliable watch; however they bought it just because of the Porsche name. Although the product category could have impact on the purchase intention level, but no matter the product price and nature, the products sold under the same brand name shared a symbolic and core value that is enough to express the essence of the brand. Wee et al. (1995) states that if brand status and brand name is important to a person but he or she cannot afford the expensive original, they might likely to turn counterfeits as a cheap substitutes for the original. While Teah and Ian (2008) assumed that if consumers have brand conscious they are exposed to be using or wearing counterfeits, they might fear that it will leave a bad expression to their friends or reference group. However, their result shows that although they have brand conscious might also purchase counterfeits. In the conclusion part, it is a large proportion of consumed counterfeit products involved with prestigious brands (Delener, 2000). The good range from software, antibiotics to fashion items like, Louis Vuttion luggage, Rolex watches and Polo by Ralph Lauren (Delener, 2000). Delener (2000) also explained that buyer of counterfeits they also consider the brand image, they are trying to get brand image with a bargain price. In the year of 1993, Bloch et al. conducted an investigation about demand side orientation to the counterfeit problems. In the survey 200 U. S adult consumers at mall and flea market which have potential counterfeit consumers. Eisend and Schuchert-Güler (2006) conclude Bloch et al.(1993) that consumer who has less confident towards product durability and brand image might has a positive influence on the stated on choice of counterfeits to designer label or no logo.

Value consciousness

Lichtenstein et al. (1990) defined value consciousness as a reflecting a concern for price paid relative to quality received. It has been observed that consumers might engage in a purchase when they are under price pressure (Ang et al. 2001). Previous study such as Phau and Teah (2008) indicates that as counterfeit luxury products usually provide same product function as original product, but offered in a lower price and substandard quality, therefore people who want to purchase counterfeits are considering value for money. Bloch et al. (1993) also states that counterfeits have a distinctly price advantage over genuine products, consumers would like purchase counterfeits. In Wang et al.'s research (2005), the purpose of this research is study consumer attitude towards pirate computer software. One of the proposed hypothesis is value consciousness has a positive effect on consumer attitudes toward software piracy. This survey was conducted in two universities in Beijing with 340 questionnaires distributed and got 314 responses at 92.2 response rates. The hypothesis was supported by the results; therefore consumers have a positive attitude towards pirate software. (Wang et al., 2005) Also value consciousness also examined in luxury industry. According to this suppose Phau and Teah (2008) assumed that people who have value consciousness have a positive attitude influence on purchasing counterfeit luxury goods. Data was collected in a major shopping mall in Shanghai, China. About 270 questionnaires were collected and 202 questionnaires remained. Through analyse the hypothesis of value consciousness with the attitude towards counterfeits was rejected. The reason is the values of consciousness have a negative relationship with social

consequence, hence it was rejected. (Phau &Teah, 2008) People who have values consciousness purchase counterfeit luxury goods would not have positive attitudes.

Personal gratification 2827

Ang et al. (2001) conceptual defined as people's sense of accomplishment, social recognition, and to enjoy finer thing the life. As Ang et al. (2001) mentioned that most of counterfeit do not provide good quality therefore consumers people have willingness to purchase counterfeits would like to ignore the quality and do not value much about the pleasure to own a better quality products nor sense of accomplishment, so it seems like personal gratification is not very important to them. Compared to counterfeits buyers and non-buyers, counterfeits buyers normally perceive themselves as less confident, less successful and had a lower status (Bloch, 1993). Therefore in Ang et al. ' s(2001) study they expect that people who have less personal gratification why have favorable attitude towards piracy. The counterfeit product studied was music CDs, among 3627 Singaporeans, aged at 15 and above 15 who bought music CDs have participate this survey. However there is no significant predictor of attitude towards personal gratification. (Ang et al. 2001) Because of this result, Aug et al. (2007) hypothesized that relationship like: consumers' sense of accomplishment will affect their attitude toward counterfeits. The survey was conducted in two big cities in Brazil. The results revealed that personal gratification is a most important for explaining the attitude toward counterfeit. Also in other previous study they propose that people who have personal gratification they have the negative attitude toward pirate software (Wang et al. 2005) but the result did not

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support the hypothesis. The research on consumer attitude on counterfeit luxury brands proposed that personal gratification have negative attitude toward counterfeit luxury brands (Phau &Teah, 2008). Gratification still did not supported while the result shows there is a negative relationship toward social consequence.

Social influence

Individuals could be influenced by social pressure (Ang et al. 2001). To extend that social pressure could effect on consumers attitude, which is also depend on their susceptibility to such pressure. Bearden et al. (1989, p474) defined that “ consumer susceptibility is the need to identify with or enhance one’s image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectation of others regarding purchase decision and the tendency to learn about products by observing others or seeking information from others.” In Bearden et al. (1989)’s study, they mentioned two types of susceptible. Normatively influence is the consumer purchase tendency is influence by others opinion and the basic perception is to impress others. Informational influence explained as the information of product category increased by others. Ang et al. (2001) also propose that if family members are expert on differential original products and have a negative consequence toward counterfeit. Hence, the consumer who informational influenced would excepted a negative attitude toward counterfeits. If consumer buy a counterfeit good cannot make a good expression to others then they will have a negative attitude toward counterfeits. Therefore, normatively susceptible predicted a negative attitude toward counterfeits.

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