

Exploring Consumer Choices in Shopping for Authentic and Counterfeit Goods.

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Abstract

Consumers fall into two groups when they choose between authentic products and counterfeit products, those who always aim to make purchase choices based on authenticity, and those who choose counterfeit products based on the quality, brand and price trade-off. This research explores how Australian consumers make choices between authentic and counterfeit in a market that has only recently been exposed to significant levels of counterfeit products. Key findings are that some consumers will buy counterfeit products and accept lower levels of quality and benefits in order to own a specific brand, but will only accept counterfeit products in specific categories. Others will choose less luxurious products and brands in the quest for authenticity in all categories of purchasing.

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Introduction

There has been significant growth in some global and luxury brands around the world but this growth has been accompanied with a parallel growth in grey market, pirated and counterfeited goods (Bloch, Bush and Campbell 1993; BSAA 2003; Phillips 2005). Australia was one of the countries where counterfeiting was previously considered uncommon but it is now increasingly a victim of counterfeit imports. In the first quarter of 2004 seizures of counterfeits in Australia equalled the combined amount seized in the four prior quarters (World Customs Organization, 2004). The market has been predominantly supplied with authentic brands and the country has only recently been exposed to the influx of counterfeit products (BSAA 2003). A counterfeit product is defined as something that is made in imitation so as to be passed off fraudulently or deceptively as genuine (Heller, 2005), yet a third of consumers between 18 and 45 are prepared to buy counterfeit luxury goods and accessories (PriceWaterhouseCoopers 2007). Do Australian consumers fit with the known research on counterfeit consumption? If they do, do they make the trade off between authentic and counterfeit products or will they only accept counterfeits in specific purchase categories?

Counterfeiting is a growing area of interest and previous research has explored both the demand and supply sides and described aspects of consumer motivations, consumer behaviours and satisfaction from the purchase of counterfeit products (Bloch et al, 1993; Gentry, Putrevu and Shultz 2006; Nia and Zaichkowsky 2000; Wilcox, Kim and Sen 2008). Consumers often knowingly purchase counterfeit products and are willing to pay for the visual attributes and functions without paying for the associated quality. However, consumers prefer and purchase counterfeit products with well known brand names that confer some meaning or image (Ang et al. 2001; Bloch et al, 1993; Gentry et al, 2006) indicating that consumers aim for an authentic image through the purchase of counterfeit goods.

Consumers are more influenced by the perception of counterfeits of luxury brands rather than by the ethical and legal considerations of the consumption of such products (Furnham and Valgeirsson, 2007). They like the functional benefits the products bring to them and hence, and they are motivated to buy counterfeit products to satisfy their desire for prestige and status symbols that the trademarked brand carries. Status conscious consumers resort to counterfeits to satisfy their status seeking needs when they cannot afford the real item (Blochet al, 1993; Phau and Teah 2009; Wilcox et al, 2008)

Brand authenticity is what helps distinguish the counterfeits from the original products. Authenticity helps consumers search for greater meaning and sincerity from the brands they choose - fuelled by a desire to connect with things that feel safe, certain and unambiguous (Beverland 2005; Thomas, Peters and Shelton 2006). Like all signs, authenticity is a consumer perception that occurs through a filter of their personal experiences (Thomas et al, 2006). The motivation of owning the authentic brands is described as the 'taste and face of having the original' (Gentry et al 2006). Consumers perceive that authentic branded items have better aesthetics, and are produced using quality raw materials, compared to the counterfeit products. Consumers are motivated to

purchase authentic goods to acquire status and image; and for the security associated with the high quality of the product and the brand backing (Kamenidou, Mylonakis and Nikolouli 2007; Matos, Ituassu and Rossi 2007).

There are opposing motivations to buy authentic products or counterfeit products, so how will consumers experience the choices and trade-offs between the real and the fake? Specifically, the questions to be explored are:

- What are the motivations to buy counterfeit products and are they consistent across product categories?
- What trade-offs do consumers make choosing between authentic and counterfeit products?
- Can consumers identify the differences between authentic and counterfeit products?

Research Method

To investigate the research questions, in-depth interviews were used. This approach was selected as there was a need to understand the perceptions of respondents, and enable the researcher to see the topic from the perspective of those involved (McCracken 1988; Gummesson, 1991). Interviews are recommended where the subject matter is complex and the possible answers need to be viewed in context of the respondents experiences (McCracken 1988). Purposive sampling through networking was used to identify ten Australian consumers, who had not lived overseas for any extended period of time. Participants of both genders and across age groups, who were identified as meeting the criteria, were then invited to an interview at a time and location which suited them. The study specifically focused on Australian consumers, as Australia has had less exposure to counterfeit goods compared to Asian and European countries (BSAA, 2003; World Customs Organization, 2004)

The in-depth interviews had two parts. The initial section used semi structured questions and projective techniques to explore the individual experiences of purchasing a counterfeit product, and the decision making process followed during the purchase. The data were analysed using N.Vivo software to code the responses into themes emerging from the literature and the interviews (Silverman 2001; Huberman and Miles 2003). The second section of the interview asked participants to identify the authentic and counterfeit products from matched pairs of photographs, similar to those images and photographs found on internet shopping sites.

Findings

The key themes explored in this research are the motivation to buy authentic and counterfeit products, the trade-offs consumers will make in choosing between authentic and counterfeit products and the ability of consumers to recognise the counterfeits products.

Buying authentic or counterfeit?

Quality is an important aspect of brand authenticity and consumers are willing to pay a price premium for authentic, branded products (Beverland, 2005). Previous research has

found this to be especially relevant for fashion items compared to functional items (Tom, Garibaldi, Zeng and Pilcher, 1998) yet in this research, consumers clearly differentiated between authentic functional products and counterfeit fashion brands. Quality is perceived as related to durability, length of use and purpose. Respondents rated quality anywhere from quite important to critical in their shopping choices. Yet consumers also identified that quality and authenticity had more importance depending on the purpose of the product.

“Clothes for (special) occasions, then quality is very important” (Andrew)¹

“I would rather wait and save my money to buy a good saucepan, than a cheaper lookalike...if it is a more utilitarian (product) it is not so important, but I will look for construction and material” (Sarah).

Electronic and technical products were the main category where participants preferred authentic products and the majority of respondents stated that they would conduct additional research to make sure they got the real product.

“Being a technical (product) though, I would make sure that I got the real thing” (David)

“I definitely buy the original with electronics; I would not mess with the fakes. It would definitely be the original iPod” (Natalie)

Other categories where respondents clearly identified a preference for authentic, known and branded products include kitchenware, medications, food and personal hygiene items.

For the fashion items, the respondents were less committed to buying authentic products, but identified brand as a key component, and still preferred to choose products where there was an indicator of quality. However, as expected from previous research, price is a key factor and a lower quality at a lower price was considered an acceptable trade off.

“Depends (on the) brand; like Tiffany...it is very specific look so I would want to have the Tiffany bracelet, not the cheaper version from you know wherever it is. However, say pump heels were in and by Christian Louboutin. I wouldn't buy them and if I found something that looked the same I would buy the ones that looked the same” (Rachel)

For example it was noted that a fashion product available in a well known chain store, of a similar design to a branded designer product, was perceived as good value by some respondents.

“...value doesn't mean cheap; I think if the product is a nice product and if I think I have to pay more for it, I probably will...if I have done my homework and I think it is a good product.” (David)

It was mentioned throughout all interviews that the combination of product brand and the reputation or brand of the shopping location contributed to the perception of authenticity.

“By not selling it through a third party retailer...” (Jack)

¹ Pseudonyms are used for all respondents and purchase locations

“The sophistication of the (shop) styling and how they set themselves aside from everyone one else.” (Sarah)

Removing the shopping location can affect consumers’ perceptions of authenticity. In the choice test, where shopping location is not provided, at least half of the respondents only identified authentic products 50% of the time. As this is a qualitative study it is not possible to generalise but it does indicate that further research is needed on the relationship between product, brand and shopping location and the perceptions of authenticity.

The trade-off

Price is not the only factor in the choice set. A sense of enjoyment from having a cheap but functional counterfeit and a lack of commitment to the product were also mentioned.

“I bought some Cartier look-a-like jewellery in New York for about \$10. I knew it was counterfeit and I could see it was counterfeit, but was fun. If had been a real Cartier ring, I would have had a much greater sense of care and pride of ownership.” (Sarah)

“I guess a feeling of excitement because you have managed to get something that looks so much like the original but it is so much cheaper.” (Natalie)

However the key trade off when purchasing counterfeit goods was based on the combination of price of the product (Furnham and Valgeirsson, 2007), the perceived value of the product (Bloch et al, 1993; Furnham and Valgeirsson, 2007), and the foregone quality of the authentic product. Consumers who buy counterfeit products are willing to forgo one or more product attributes in order to gain a benefit on another attribute, typically price. When presented with a choice of an authentic luxury good, an authentic prestige good and a counterfeit luxury good, half of the respondents indicated they would move to the lower price category and purchase the authentic prestige product while just under half stated they would choose the counterfeit, obtaining the same brand opportunity at the lower price. Only one respondent indicated they would save to buy the authentic luxury item. People, who have strong negative opinions about counterfeit goods, will actively choose products they believe are authentic even if it means moving to a different category of brand and quality, for example choosing an authentic prestige product over a counterfeit luxury product.

“It makes a huge difference because if it is not original, and it is made in China and posing as an original I wouldn’t wear it.” (Jill)

“I would ask if it was on sale and if it was faulty; and if it wasn’t then clearly that is not authentic and I would not buy it.” (Jasmine)

Even though consumers will buy counterfeit products knowingly, they still only choose certain categories of products, but have other categories where authenticity is critical. The authenticity is represented by the brand and shopping location.

“I think with food, brand does influence me, and so I have peace of mind that it is good quality... With fashion or clothing, I am less influenced but I identify with a certain image so I will migrate to those brands.” (David)

“Where personal hygiene is concerned I would only buy well known branded stuff such as Gillette and Schick....but shirts and t-shirts I would buy whatever.” (Andrew)

Identifying the difference

During the interviews, participants were asked various questions on the choice they would make while shopping to choose between different products. Respondents in this research indicated that they use location and price as an indicator of authenticity. It was believed that a cheap price on a branded product, not being sold in the branded store or well known shopping centre was suspicious and generally associated with being a counterfeit product. When confronted with images of products similar to those presented in online shops or e-Bay, only those who perceived counterfeit products as unethical and had strong negative perceptions or those who were willing to buy counterfeit products were able to identify the images of the counterfeit products compared to images of real products at least 80% of the time.

Respondents whose opinion of counterfeits was acceptance, represented by statements such as “*Nothing wrong with them*” exhibited more variable levels of identification of the correct authentic product images. Only one person in this group of respondents correctly identified the counterfeit products 80% of the time, while all others varied between 50% and 60%. The one person who did correctly identify 80% of the counterfeits had also knowingly purchased counterfeit products and would recommend counterfeits to friends.

Discussion and Conclusion

This study explores the responses of consumers in Australia, which has had limited exposure to counterfeits compared to countries like China, Vietnam and European countries. In making choices between authentic and counterfeit products, Australian consumers are making trade offs around personal concepts of value. The value components in the trade-off are price, quality, authentic ownership and the purpose of the product. These findings support the previous research in this area (Gentry et al., 2006, Matos et al., 2007) but also indicate that the model of value needs to be extended to include the buying purpose which has not been examined in counterfeit consumerism.

The notion that counterfeiting only occurs in luxury products is not new, but the concept of consumers categorising product groups and identifying different value requirements for each group does indicate further areas for research. The willingness to accept counterfeits appears to be limited to products that do not have a critical impact on lifestyle or health supporting the idea that authenticity is more desirable in certain products purchased for specific purposes.

This research found that half of the respondents have never purchased counterfeit goods, and did not choose counterfeit goods when offered the opportunity to buy it. The perceived value trade off was based on the quality and authenticity of the product choice. Of those who did perceive purchasing counterfeits as an acceptable choice, the choice was supported by a belief that the quality sacrifice was in line with the price paid or a motivation to obtain the maximum perceived value for money. Participants in this study who bought counterfeit products also buy authentic products, and will make decisions based on category, price and perceived value. Even consumers who buy counterfeits still look for authentic products in some categories.

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