

Would you recommend counterfeit goods? Examining consumer recommendations to friends.

Marion Steel, Diep Bich Nguyen, Neha Munshaw-Bajaj and Mike Reid, RMIT University*

Abstract

The rise in the supply of counterfeit luxury products is related to the demand for products that deliver the brand experience without the price. Previous research has shown that consumers purchase counterfeits because of perceived benefits, value trade-offs, and past experiences. However less is known about whether the willingness to buy also translates into a willingness to recommend counterfeits. This research investigates this question and finds that there is a strong correlation between willingness to buy and willingness to recommend counterfeit products.

Key words: Counterfeits; word of mouth; recommendation

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Introduction

The value of luxury fashion products to a consumer depends on personal perceptions of value and benefits. Consumers may be willing to purchase counterfeit luxury products in order to obtain the benefits with a perceived value relating to the price-quality trade-off (Cheek and Easterling 2008; Eisend and Pakize 2006; Furnham and Valgeirsson 2007; Phau and Teah 2009; Phau, Teah and Lee 2009; Wilcox, Kim and Sen 2009). Previous research has also found that positive perceptions and experiences of a service (Olaru, Purchase and Peterson, 2008) or product satisfaction are significantly linked to a willingness to recommend. This paper examines consumer willingness to recommend counterfeits relative to their willingness to purchase counterfeit luxury products and the perceived benefits. Within the scope of this research, authentic luxury brands are limited to fashion brands and products.

Theory and Hypotheses Development

The key concepts that contribute to the purchase of counterfeit luxury goods are the perceptions of personal or hedonic benefits, economic benefits and past purchase behaviour (Nia and Zaichkowsky 2000; Park, Rabolt and Jeon 2006; Gentry, Putrevu and Shultz, 2006; Ha and Lennon, 2006). A recent study has shown that one in three consumers aged between 18 and 45 are prepared to buy counterfeit luxury goods and accessories (Price Water House Coopers 2007). When a consumer is satisfied with the purchasing experience and the brand, they are more likely to give positive word of mouth (East, Hammond and Wright 2007). Each of these concepts will be discussed and the hypotheses presented.

Word-of-mouth recommendation

Consumers display two types of word of mouth behaviour. They seek advice from others to assist with processing all the available information in regard to a future purchase decision (Duhan, Johnson, Wilcox and Harrell 1997). They also are likely to make favourable comments and recommend a service, product or brand when the experience is positive (East et al 2007) or it is perceived to be value for money (Olaru, Purchase and Peterson, 2008). However little is known about the likelihood of word of mouth recommendations when a product or service is perceived as positive and value for money, but is also non-genuine or inauthentic such as counterfeit goods.

Attitude towards economic benefits of counterfeits

Price is part of the perceived value of counterfeit products. The low financial risks provide an added benefit and motivation for consumers to purchase counterfeit goods. (Gentry, Putrevu et al. 2006; Phau and Teah 2009). This economic benefit satisfies the motivation for purchasing a luxury branded product, without the high price tag (Bloch, et al. 1993; Cheung and Prendergast 2006). Thus the satisfaction with the purchase is likely to contribute to a willingness to recommend.

H1. Attitudes towards purchasing counterfeits by economic benefits motivate consumer willingness to recommend counterfeits.

Attitude towards personal/ hedonic benefits of counterfeits

The desire for luxury brands is linked to a need for prestige or to communicate social status and image to peers (Nia and Zaichkowsky 2000; Park, Rabolt and Jeon 2006). Status conscious consumers resort to counterfeits to satisfy their status seeking needs if they perceive the authentic article to be inaccessible due to price point (Bloch et al. 1993; Wilcox, Kim and Sen 2008; Phau and Teah 2009). The desire to own the branded product often outweighs any disadvantages associated with the product being a counterfeit or of lower quality than the genuine item (Phau and Teah, 2009), therefore the perceived benefits and overall value for money may contribute to a likelihood to recommend counterfeits to friends.

H2. Attitudes towards purchasing counterfeits by hedonic benefits motivate consumer willingness to recommend counterfeits.

Past purchase of counterfeit products and willingness to purchase.

Those who have purchased products in the past hold more positive views of counterfeits in terms of quality, reliability and value compared to non-buyers (Cheung and Prendergast, 2006; Phau and Teah, 2009). Previous experience of purchasing counterfeit goods has been significantly and positively related to a willingness to buy counterfeit goods in the future (Swami, Chamorro-Premuzic and Furnham, 2009; Yoo and Lee, 2009), while those who have purchased originals in the past tend to have a negative attitude towards purchasing counterfeit products reinforcing the link between past behaviour and willingness to purchase counterfeits (Yoo and Lee, 2009). Consumers who are satisfied or perceive value for money with their purchase are more likely to recommend.

H3. Past purchase of counterfeits motivates consumer willingness to recommend counterfeits.

H4. Consumer willingness to purchase counterfeits motivates consumer willingness to recommend counterfeits.

Method

The research was carried out in two phases, an initial exploratory phase followed by a self-administered survey. Phase one used ten in-depth interviews to explore opinions and feelings (McCracken, 1998) about authentic and counterfeit goods and the likelihood that a respondent would recommend a counterfeit product to a friend. Networking and snowball sampling were used to identify and invite participants who had actively purchased or actively avoided counterfeit goods. Interviews were continued until saturation on the key themes of authentic versus counterfeit choices and a willingness to recommend was reached (Creswell, 2009). The interviews were analysed using N.Vivo to code for themes emerging from the literature and then compared to look for consistencies and variations. All interviews and quotes were de-identified and pseudonyms assigned for reporting purposes.

The results of this phase were then used to further develop the hypotheses. The data to test the hypotheses were collected through anonymous surveys. Surveys were distributed in paper format and online in order to capture a range of age groups and different types of purchase actions and internet use. The variables were measured by a seven-point Likert scale, ranging from 1-strongly disagree to 7-strongly agree. The items in the measures were replicated from established scales (Babin, Darden and Griffin, 1994; Ha and Lennon, 2006; Cuno, 2008; Yoo and Lee, 2009).

Findings

Using projective techniques, respondents were asked to discuss their likely actions when faced with choices of authentic luxury, counterfeit luxury and authentic prestige products. They were then asked what opinion they would give friends faced with similar choices. For this research only the findings on recommendations to friends will be examined. The respondents made recommendations in line with their own personal value choices, indicating that price, image or quality and reliability were the key issues to be discussed. The correlation between personal motivations and justifications for recommendations are shown in Table 1 below.

Table 1: Respondents reporting positive attitudes towards counterfeits

Resp	Attitude to counterfeits	Have purchased counterfeits	Willing to recommend counterfeits
Jack	Accepting	No	Unlikely
Natalie	Accepting	Yes	Probably
Rachel	Accepting	Yes	Maybe
Tom	Accepting	Yes	Unlikely
David	Accepting	No, but received counterfeit products as gifts	Maybe

Respondents who were accepting of counterfeits and had purchased counterfeits were likely to recommend counterfeits to friends, while those who were accepting but had not purchased counterfeits were more likely to suggest that it depended on a friend's need for quality or price benefits (see Table 1).

"I would always say that I will never buy a fake, but now that I have bought one myself. I guess it depends on the quality of the fake, like I wouldn't encourage any of my friends to buy ... a really bad fake, I would only I encourage them if ... it could pass for the original." (Natalie)

The respondents shown in Table 2 were more likely to recommend the genuine product, and identified the need for quality and authenticity.

"I would ask them how long they've been looking? ... could they really live without the genuine one? Do they really have to have it?" (Sarah)

Table 2: Respondents reporting negative attitudes towards counterfeits

Resp	Attitude to counterfeits	Have purchased counterfeits	Willing to recommend counterfeits
Andrew	Negative	No	No
Sarah	Negative	Yes	No
Jasmine	Negative	No	No
Jill	Negative	No	No
Andy	Negative	No	Probably

Based on the analysis of the interview data (summarised above), there appeared to be a clear link between acceptance of counterfeit products, previous purchase behaviour and the likelihood that a consumer would recommend a counterfeit. However analysis based on motivations identified that personal values such as price, quality or ethics appeared to influence the likelihood of recommending a counterfeit choice. The hypotheses were developed from the literature and the first stage of research and then tested via surveys.

In total, 163 usable responses were collected and analysed with SPSS 17.0. The majority of respondents were female (62%) and 80% aged between 20 and 30. Just over half of respondents had not bought counterfeit goods (50.3%) and 49.7% of respondents had bought counterfeits previously. The average mean for willingness to recommend for counterfeit buyers is 3.6 (close to neutral), while for non-buyers of counterfeits the average mean is clearly negative at 1.9, supporting the qualitative findings from phase one. Cross tabulation was run to test for any significant differences between genders, age groups or buyers and non-buyers of counterfeit goods. Correlation analysis was run to measure and describe the direction of the linear relationship between two variables (Garson 2008; Pallant 2005; Zikmund et al. 2007). In this study, the result from correlation was used to test whether the independent variables of attitude, and past purchase behaviour influenced willingness to purchase and willingness to recommend counterfeits.

In order to measure the reliability of the scales, Cronbach's α coefficient was used (Garson 2008; Pallant 2005). The Cronbach's α for the five constructs ranges from 0.634 to 0.935 (listed below Table 3). The reliability for four of the measures is very good, being greater than 0.8 (George and Mallery 2003, cited Gliem and Gliem, 2003), with the measure for attitude towards economic benefits in the marginal range of 0.634, therefore the overall scale reliability indicates good internal consistency.

Table 3: Construct Intercorrelations and Reliability

No	Construct	1	2	3	4	5
1	Attitudes towards purchasing counterfeits by economic benefits	1.000				
2	Attitudes towards purchasing counterfeits by hedonic benefits	.685**	1.000			
3	Past purchase behaviour	.454**	.553**	1.000		
4	Consumer willing to purchase counterfeits	.609**	.650**	.677**	1.000	
5	Consumer willingness to recommend counterfeits	.540**	.678**	.640**	.842**	1.000
Number of items		5	7	8	10	4
Mean		3.20	3.12	2.98	3.07	2.81
Std. Deviation		1.11698	1.35500	1.38967	1.62234	1.64015
Cronbach α		.634	.878	.820	.935	.927

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Attitudes towards counterfeits by economic benefits were found to have significant relationship with consumer willingness to purchase counterfeits and consumer willingness to recommend counterfeits ($r=.609$ and $r=.540$ shown in Table 3 above). There is a significant relationship between attitude to purchasing counterfeits by economic benefits and willingness to recommend ($r=.540$ in Table 3) so H1 is accepted.

Consumer willingness to purchase and recommend counterfeits is also significantly correlated to attitudes towards counterfeits by hedonic benefits ($r = .650$ and $r = .678$) and H2 is accepted. This confirms the qualitative findings suggesting that perceived value based on the quality and price trade off will increase the likelihood of word of mouth recommendation.

Consumer willingness to recommend counterfeits is strongly correlated to past purchase behaviour ($r = .640$). The most significant relationship is between consumer willingness to purchase and recommend counterfeits with the Pearson's r of 0.842. Therefore hypotheses 3 and 4 are also accepted. This corresponds with the original qualitative findings that indicated that a combination of an accepting attitude towards counterfeits and past purchase of counterfeits is most closely linked to a willingness to recommend. The limitations of this paper have not allowed for an exploration of strength of relationship between variables.

Discussion and Future Directions

Past purchase behaviour is the most significant indicator of consumer willingness to purchase counterfeits and buyers of counterfeits have a high potential to repeat their purchase action, supporting the previous research in this area (Swami, Chamorro-Premuzic and Furnham 2009; Yoo and Lee, 2009) about the positive relationship between past purchase behaviour and intention to purchase. Again, attitudes towards purchasing counterfeits by hedonic benefits are more significant than those by economic benefits. Consumers are interested in counterfeits because of hedonic values associated with counterfeits rather than merely price determinants.

This study of consumer willingness to recommend counterfeits revealed new findings which have not been covered in previous literature. If a consumer perceives the hedonic benefits positively and is willing to purchase counterfeits, and there is a very high potential he or she would recommend counterfeits to peers. This supports the qualitative findings from the interviews that show that perceptions of value and appearance were associated with a willingness to recommend. This research indicates that just under 50% of consumers in a western economy are willing to buy counterfeit products and there is a commensurate willingness to recommend. Luxury brands will need to consider how to contribute to this word of mouth discussion in the future to protect their brand from the word of mouth support for counterfeits.

This research found a very strong relationship between consumer willingness to purchase, attitudes towards counterfeits by hedonic benefits and consumer willingness to recommend. Further research will identify whether a greater range of factors such as ethical orientation and subjective norms are also related to willingness to recommend, and the inter-relationship between these factors and the likelihood of recommending counterfeits to friends. We have focused on luxury fashion brands but there is an emerging field looking at the markets for counterfeits of products in other categories. Are consumers also willing to recommend counterfeits in non-luxury categories?

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