

Perceptions of counterfeits among luxury goods differ across cultures

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Researchers found that counterfeit dominance decreases Anglo-American, but not Asian, consumers' quality perception and purchase intention of authentic brands, according to a team of researchers.

"Counterfeit dominance is the perception that counterfeit products possess more than 50% of market share," Lei Song, assistant professor of marketing at Penn State Abington, said. "Counterfeit dominance is a phenomenon especially concerning for the [luxury](#) fashion industry as counterfeit luxury fashion brands account for 60% to 70% of the \$4.5 trillion in total counterfeit trade and one-quarter of total sales in luxury fashion goods."

Lei and his team conducted four behavioral experiments with 149 participants on Mturk to test their hypotheses.

The results show that counterfeit dominance negatively affects the quality perception of authentic luxury fashion brands for Anglo-American, but not for Asian, consumers.

The study finds that Anglo-Americans are weaker in social-adjustive attitude, meaning that they are more likely to rely on outgroups such as people on the street to form their opinions. This is the reason for the unveiled cultural difference in perceived quality and purchase intention.

"Being aware of counterfeit dominance raises [brand](#) owners' concern that outgroups may consider their authentic brands as low-quality

counterfeits, thus lowering their quality perception of authentic brands," Song said.

This research demonstrates that counterfeit dominance negatively affects the perceived quality and purchase intention of luxury fashion brands across product categories for Anglo-American, but not for Asian, consumers with a social-adjustive attitude underlying this difference. Therefore, counterfeit dominance has stronger negative impacts on luxury fashion brand owners' perceptions of their brands for those with a weak (Anglo-Americans), but not for those with a strong (Asians), social-adjustive attitude.

The team found that Asian consumers are stronger in social-adjustive attitude, suggesting that they are more likely to form opinions based on ingroups, such as friends, rather than outgroups. As a result, Asian brand owners' quality perception of authentic brands was less affected by counterfeit dominance.

Because quality perception strongly affects purchase intention, Song said the researchers also found that counterfeit dominance negatively affects the purchase intention of authentic luxury fashion brands for Anglo-American, but not for Asian, consumers.

To examine whether social-adjustive attitude is indeed the reason behind the unveiled cultural difference, the authors included a study about the moderating role of social-adjustive attitude. They found that the impact of counterfeit dominance on purchase intention was marginally significant among participants with a low social-adjustive attitude, but not for those with a high social-adjustive attitude towards luxury fashion brands. This suggests that a social-adjustive attitude underlies the effect of counterfeit dominance on different cultural groups' luxury fashion brand owners' purchase intention.

Counterfeit dominance effects spill over to other product categories of the same brand. The studies not only found that counterfeit dominance affects quality perception and purchase intention for the same product category—for example, counterfeit Burberry sunglasses affect authentic Burberry sunglasses—but also for a different product category of the same brand—for example, counterfeit Burberry sunglasses affect authentic Burberry scarves. This indicates that the detrimental effect of counterfeit dominance in the Anglo-American culture is exponential.

The researchers made several recommendations to support luxury goods producers including reducing news of counterfeit dominance in Anglo-American culture and adopting word of mouth in Asian culture. Previous research indicates that acknowledgment of counterfeit dominance is more adverse for Anglo-American than Asian fashion brand owners.

"Luxury fashion brand manufacturers should collaborate with news and social media websites to reduce the amount of information related to counterfeiting of their luxury fashion brands and cooperate with government agencies to prevent counterfeit dominance in the Anglo-American culture. However, because Asian brand owners' perceptions of luxury fashion brands are strongly affected by their peers, luxury fashion brand manufacturers should focus increasingly on strategies such as word of mouth to influence these consumers' peers to augment the purchase of those brands," Song said.

"Thus, luxury fashion brand managers should segment their consumers by culture and develop different marketing strategies to remedy the loss of sales from counterfeit [dominance](#)," he continued.

Another area would be to focus on enhancing the quality of luxury products in Anglo-American culture and providing group discounts in Asian culture. Group discounts or buying refers to offering products and services at significantly reduced prices on the condition that a minimum

number of buyers would make the purchase.

According to the researchers, luxury fashion brand manufacturers should deploy strategies such as creating advertisements that specifically focus on quality to maintain customers with an Anglo-American cultural identity. However, for customers with an Asian cultural background, providing a group discount may increase influence from these consumers' peers to purchase luxury [fashion](#) brands.

Song's co-authors on the study include Yan Meng, assistant professor of marketing, Grenoble Ecole de Management; Hua Chang, assistant professor of marketing, Towson University; Wenjing Li, assistant professor of marketing, Stephen F. Austin State University; and Kang "Frank" Tan, chair, ACIP Technology Ltd. Co.

Their research was published in the paper "How Counterfeit Dominance Affects Luxury Fashion Brand Owners' Perceptions: A Cross-Cultural Examination" in the *Journal of Business Research*.

More information: Lei Song et al, How counterfeit dominance affects luxury fashion brand owners' perceptions: A cross-cultural examination, *Journal of Business Research* (2021). [DOI: 10.1016/j.jbusres.2021.02.046](#)

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