# Resistance to counterfeiting and purchase of luxury brands: Any Role of Brand Experience?

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## Abstract

Attempting to combat counterfeiting appears useless, particularly in the luxury market, where the consumer is aware that the product being bought is an imitation (Wilcox et al., 2009). In the other side, some consumers of genuine products continue in the normal trend of behavior despite the presence of counterfeiting.

To deepen the comprehension of this behavior, we have conducted a study in Morocco with a sample of 643 luxury consumer products aiming to provide answers by developing a PLS model with counterfeiting resistance, attitude toward counterfeits, brand experience and buying intention. First, we have developed a new concept called counterfeiting resistance, which is a reaction toward the luxury brand consumption in the case of the presence of counterfeiting. Second, the study has demonstrated clear positive effects of counterfeiting resistance on purchase intention of luxury brand, the attitude toward counterfeiting has a negative effect, whereas brand experience has no effect on purchase intention. These results should gain ground with luxury brand managers, who in fact need to reinforce counterfeiting resistance instead of working on brand experience.

*Key words: counterfeiting resistance, brand experience, attitude toward counterfeits*

*Track: Product and Brand Management*

Luxury brands do not only sell luxurious products, but also dream and the world that they represent. For this matter, brand experience is an important component in the existence and maintaining of the luxury brands equity. However, luxury brands are facing a new phenomenon whose scale is becoming greater overtime: counterfeiting. Considering this evolution, it is necessary to evaluate counterfeit impact on luxury brands, and more precisely on brand experience. Therefore, it is important to study consumers' reaction when their luxury brands are counterfeited: we'll develop a new concept, named counterfeiting resistance, which represents the tendency to keep and defend the luxury brand even when counterfeiting exists.

From a business management perspective, our objective is about predicting consumers behaviors of luxury brands and ensure that the symbolic impact of the brand and its unique experience provided to the client, do not fade away in a context where counterfeit gain ground.

# 1. Theoretical Development

According to Hagtvedt and Patrick (2009), luxury brands are different from the others: the hedonism and the emotional aspects are relevant which leads the study to focus on the experiential effects of luxury brands. First, it will be important to define counterfeiting. Second, it will be interesting to develop the concept of counterfeiting resistance especially when luxury brands are subject to counterfeiting. Finally, we will underline the effects of brand experience and the effects of the attitude toward counterfeits.

## 1.1. Counterfeit of Luxury Brand

Over the past twenty years, counterfeiting – reproduction of a trademark, generally a luxury brand (Cordell et al., 1996) – has gained interest among researchers. Early studies focused on describing counterfeiting and its legal aspects, strategies developed to counter hacking or counterfeiting, or studies related to the demand for counterfeit products. These studies are driven by a desire to understand consumer demand for counterfeited products and concern generally attitude toward counterfeiting.

Attitude towards counterfeit is a key factor of buying intention of non-legitimate products. Consumers of counterfeited products adopt a less favorable attitude for counterfeit compared to those who do not declare their counterfeit products consumption. Viot et al. (2014) have tested models that use numerous attitude parameters towards counterfeit including general attitude towards this phenomenon. It is then elementary to study attitude toward counterfeiting

to better understand the behavior of luxury brands consumption while counterfeit products are accessible:

*H1: Attitude toward counterfeiting negatively affects purchase intention of genuine luxury brand*

*1.2.Consumer's resistance to Counterfeiting*

What will be the consumer motivations of genuine products to continue in the normal trend of behavior or to search for an alternative? Attempting to eliminate counterfeiting appears useless, particularly in the luxury market, where the consumer is aware that the product being bought is an imitation. The consumption of counterfeit goods has developed throughout the years becoming an important part of consumers purchase options.

In this context, we have studied consumer's reaction to counterfeiting and have developed the concept of counterfeiting resistance, which can be defined as the importance of a counterfeiting when choosing a brand. We have considered counterfeiting resistance as a psychological variable which affects attitude and then, the purchase intention. This leads to the following hypothesis:

*H2: Counterfeiting resistance negatively affects attitude toward counterfeiting;*

*H3: Counterfeiting resistance positively influences luxury purchase intention of genuine luxury brand.*

*1.3. Brand Experience*

The brand experience represents "subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are part of brand's design and identity, packaging, communication, and environments" (Brakus et al., 2009).

To the best of our knowledge, studies that deal will brand experience within the context of counterfeiting are limited. In our research, we suppose that luxury brand experience is so important that it cannot be affected by counterfeiting. As in a normal trend where brand experience has a positive impact on luxury purchase intention, we can assume that counterfeit has no impact on brand experience and consequently that this one has a positive impact on luxury purchase intention:

*H4: Counterfeiting resistance positively affects brand experience.*

In order to study the consumer preferences between genuine luxury product and counterfeited one, Yoo and Lee (2009) have raised experience impact – in its large sense – of

legitimate products on the consumer's choice. According to their findings, experience brought by legitimate products does not affect the consumer preference toward counterfeit products. Therefore, we'll study the relationship between brand experience and purchase intention:

*H5: Brand experience positively influences purchase intention*

## 2. Method

*2.1. Sample and Data Collection Process*

To our knowledge, no studies have been undertaken in the Maghreb, despite the progression of counterfeiting goods in this region. We choose to conduct an empirical study in Morocco because of the availability of luxury products (Cartier, Dior, Louis Vuitton, Lancel, Guicci…) and the presence of counterfeited products in many Moroccan shops. Indeed, according to the National Committee for the industrial property and against counterfeiting (CONPIAC), the Moroccan counterfeiting market has been estimated between 8 and 16 Million dollars in 2012.

The study was organized as one on one meeting survey interviews and a filter was used to select only Moroccan residents who have consumed at least one luxury brand during the last twelve months (only fashion wear and accessories: perfume, bag, jewel, watch, etc.). The final convenience sample comprised 643 consumers which 60.8% are women and 79% are less than 34 years old.

*2.2. Measures*

This research used five-point Likert scales. Purchase intention was measured with the three items scale of Cronin et al. (2000). For brand experience, we used the four dimensional scale of Brakus et al. (2009). To measure the attitude toward counterfeiting, we used the two-dimensional scale of Phau and Teah (2009).

Concerning the concept of counterfeiting resistance, no measurement scale is available. Therefore, we used Churchill's paradigm (1979) to create a coherent and an applicable construct. First a qualitative study was conducted (20 interviewees) to generate a large number of items. Then, exploratory factor analysis (convenience sample of 158 responses) and confirmatory factor analysis (convenience sample of 643 responses) were applied to assess the reliability and validity of the research construct. Our results led to a two-dimensional valid scale (reliability of 0.785 and convergent validity 0.650 for the concept of counterfeiting resistance:

(1) Counterfeiting emotional rejection (three items): the presence of counterfeiting disconcerts the luxury brand consumer who regrets and reclaims this situation especially when the consumed product is counterfeited. This is especially due to negative emotions toward counterfeiting.

(2) Counterfeiting debate (four items): the choice for the legitimate brand is supported with relevant arguments. The consumer continue believing in the relevance of the purchase of genuine luxury products. For him, counterfeiting can never equal consumed luxury brands.

## 3. **Data Analysis**

### 3.1. *Validity, Reliability and Adjustment Quality*

A PLS approach has been selected because its suitability to handle higher order latent constructs and violation of multivariate normality. Furthermore, we used non-parametric bootstrapping with 300 replications to obtain the standard errors of the estimates (Chin, 2010; Hair et al., 2014, 2012; Henseler et al., 2012, 2009). First, the reliability and validity of each concept has to be estimated. As shown on table 1, indicators of convergent validity and reliability are satisfied: the reliability is greater than 0.7 and the convergent validity is greater than 0.5.

In order to assess discriminant validity, we relayed on heterotrait-monotrait (HTMT) criterion that is inferior to 0.85. The discriminant validity is then satisfied (Henseler et al., 2015).

| Latent variable | Convergent validity (AVE : *Average Variance Extracted* ) | Reliability (DG Rho) |
|---|---|---|
| Attitude toward counterfeiting | 0.658 | 0.794 |
| Counterfeiting resistance | 0.650 | 0.785 |
| Brand experience | 0.673 | 0.892 |
| Luxury purchase intention | 0.634 | 0.733 |

Table 1. Convergent Validity and Reliability Indices

Then, we can assess the quality of the model. Following recent advices by Henseler and Sarstedt (2013), we have used the SRMR criteria. In our research, the SRMR (Standardized Root Mean Square Residual) value is 0.125, which corresponds to an acceptable adjustment

(Henseler et al., 2015). Once the adequacy of the model is verified, we can assess the structural relationships among the model (see Figure 1).
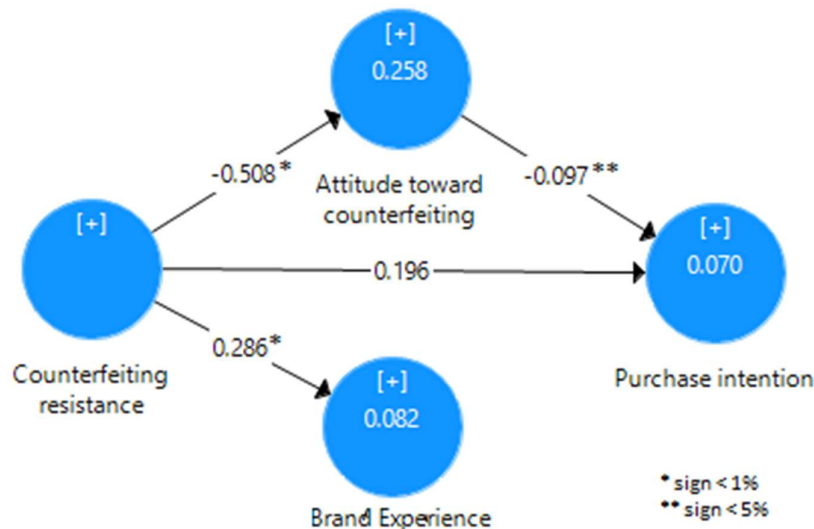


Figure 1. PLS Structural Model

*3.2.Hypothesis Testing*

Our research aimed at studying the effects of different concepts on luxury purchase intention. Based on the tested model, we have studied the effect of each latent variable by exploring the paths coefficients which describe direct dependencies among the set of latent variables.

First, the coefficient of -0.097 (p-value: 0.043) shows a negative effect of attitude toward counterfeits on luxury purchase intention. This comforts the hypothesis H1: positive attitude toward counterfeiting involves negative purchase intention of counterfeited luxury brand.

Concerning counterfeiting resistance, the study reveals positive influence on luxury purchase intention of genuine luxury brand (positive path coefficient of +0.196). Hypothesis H3 is then confirmed. Also we notice that counterfeiting resistance negatively influences attitude toward counterfeiting (negative path coefficient of -0.508). Hypothesis H2 is then confirmed. Besides, counterfeiting resistance positively affects brand experience (positive path coefficient of 0.286), which comfort hypothesis H4. This result is in accordance with Yoo and Lee finding (2009), which demonstrates that genuine products consumers are not influenced by an anterior experience with counterfeit consumption.

With regard to the concept of brand experience, we studied the effects on luxury purchase intention. Our research reveals that there is no effect: in presence of counterfeiting, brand experience does not reinforce purchase intention of genuine luxury brand (H5 is rejected).

## 4. Discussion and Implications

In the present study, several theoretical hypothesizes have been made in order to explain the consumers' choice of luxury brands instead of counterfeited products. First, counterfeiting resistance, a new concept developed in this research, appears as a key factor which influences positively and directly the purchase of genuine luxury brands (path coefficient of +0.294). Furthermore, there is a mediating effect of the attitude toward counterfeiting in a negative way. Second, brand experience is influenced by counterfeiting resistance but doesn't explain the purchase intention of genuine luxury brands (H5 rejected).

Finally, our research studied different concepts and reveals that counterfeiting resistance and attitude toward counterfeits affect directly purchase intention of luxury genuine products: Concerning brand experience, it does not affect consumer's behavior during the purchasing process of luxury goods.

Concerning the limitations of this research, we can state that we have studied some explaining variables and have overlooked other factors such as personal variables (personality, need for uniqueness, etc.) or factors related to the product or the brand (attitude toward the brand, etc.). Moreover, we have limited the investigation to fashion wear and accessories while consumer's resistance toward counterfeiting and brand experience can fluctuate depending on the category of the product or even the nature of the product (different experiences while consuming a perfume or a bag). Another research direction will be to study the consumer of counterfeited products instead of legitimate luxury brands. In fact, it can be interesting to examine the effects of different concepts discussed above in the context of counterfeiting consumption.

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