

Influence Of Counterfeit Products On Willingness To Buy Luxury: The Moderate Role Of Self-Esteem

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ABSTRACT: *In recent years, with the rapid growth of the luxury consumption market, luxury consumption in the Chinese market has developed rapidly. At the same time, the phenomenon of counterfeit luxury goods worldwide has become increasingly as well, which has not only damaged the image and interests of luxury brand companies, but also affected the development and formation of socio-economic and the healthy growth of the global consumer market. Based on this background, this article explores the impact of the existence of counterfeit luxury goods on the purchase intention of genuine luxury products. Based on a review of relevant research literature, the level of self-esteem of consumers also plays a role in the process of decision making in purchasing luxury products. Therefore, besides exploring the influence of the existence of counterfeit luxury on the WTB of real luxury products in Chinese market, this article also introduces the moderate role of self-esteem in this process. In the end of the paper, some practical implication are mentioned, so that companies and government can use to reduce the impact of counterfeit luxury.*

KEY WORD: *Counterfeit Luxury, Luxury Purchase Intention, Self-esteem.*

Date of Submission: 05-02-2020

Date of Acceptance: 21-02-2020

I. Introduction

In recent years, with the rapid growth of the luxury consumer market, the luxury consumption in China has developed rapidly. China has become the largest luxury market. However, at the same time, the phenomenon of counterfeit luxury goods is becoming more and more serious globally, which not only damages the image and interests of luxury brand enterprises, and brand images, but also affects the development and formation of social economy and consumer's moral consciousness, and destroys the healthy growth of the global consumer market.

Therefore, no matter for international luxury brands or the rising local brands, "anti-counterfeiting" is the most important task of brand management. At the same time, the circulation of counterfeits also affects the government's financial revenue. The production process of counterfeits without supervision will even seriously harm the ecological environment. Although the government and luxury enterprises have made a lot of efforts every year to fight against counterfeit luxury goods, the effect is limit. The current research on the consumption behaviour of counterfeit goods points out that the desire of consumers for luxury brands and the relatively low manufacturing cost and social cost of manufacturers promote the development of counterfeit goods. On the one hand, the popularity of counterfeit luxury goods is closely related to the consumer psychology of buying fake goods; on the other hand, the new platforms also make the supervision more difficult. How to correctly guide consumers to reduce the demand for counterfeit luxury goods and form consumption behaviour and consumption ethics consciousness in line with social norms has become a major challenge for the government and luxury enterprises. Although the research on the consumption behaviour of counterfeit goods from the perspective of luxury brands has made initial progress, the research on the impact of the existence of counterfeit luxury goods on consumers' purchasing behaviour of authentic goods is still limited.

Under this background, this paper will also explore the impact of the existence of counterfeit luxury on customers' willingness to purchase real luxury products on individual level. In order to dig the intrinsic factors in this process, this paper will focus on the perspective of consumers' self-esteem, which is one of the most studies factor in psychology research. Overall, the results of this paper will enrich the existing theories about self-esteem in consumer behaviour research in luxury products purchase. On the practical level, the managers of luxury products companies can get inspiration from the results and apply the theories in advertising and brand management. Besides, the results can also provide suggestions for the government to manage the counterfeits market and leading the right luxury consumption idea.

II. Literature

1.1 Counterfeit Luxury

Counterfeit products are illegal products, which similar to genuine products, with lower product quality, credibility, and durability(Lai & Zaichkowsky, 1999). Counterfeit luxury are reproductions of mature or famous brands on the market, and they are very similar or almost identical to the original products(Cordell et al., 1996). The existence of counterfeit luxury not only damages the brand image of luxury brands, as well as generated negative effects on social culture and economy. According to the professional luxury verified website, in Chinese market, the overall real luxury products rate is about 34% in 2018. From the perspective of consumer, the relevant research about the motivation of counterfeit luxury purchase behaviour can be divided in to four category, which are characteristic of customers, products, social and culture background.

1.2 Luxury consumption

“Luxury” means comfortable and luxurious, without considering the cost. Grossman and Shapiro (1988) defined luxury goods as products that are not only functional but also give consumers prestige. The word luxury is often associated with the words such as quality, social status, uniqueness, and price (Maman Larrauffie & Kourdoughli, 2014) For example, consumers' consumption of luxury goods is also often used to enhance their social status through the purchase and use of luxury goods. Therefore, compared with consumer goods, luxury products are products with the highest prestige brands, and have given higher added value, such as psychological value, social value, etc. (Vigneron & Johnson, 2004).

The consumption behaviour of luxury goods often comes from the inherent factors and needs of consumers, such as the pursuit of uniqueness and social status(Kastanakis & Balabanis, 2012). Therefore, the consumption of luxury goods often originates from consumers' internal needs, because consumers can translate this internal demand into personal cognition. For example, luxury consumers will feel that luxury consumption can change their consumption experience, social background and continuous influence(Wiedmann et al., 2009).

1.3 Self-esteem

Self-esteem is a kind of emotional evaluation by individuals, which is one of the most studied phenomena in the field of personal psychology. Self-esteem refers to global feelings of self-liking, self-worth, self-respect, and self-acceptance (Brown, 2014).Sheldon et al. (2001) propose that self-esteem is a fundamental need, which can be widely applied in motivation theories and self-concept theories in marketing(Truong et al., 2011). As a part of personal characteristic, self-esteem is always a part of decision making process, especially the high involvement decision making process, such as luxury purchase. Luxury consumption can be seemed as prestige consumption, which is also a process of self-esteem improving.

III. Hypotheses

1.4 Existence of Counterfeit Luxury

In the past studies, because of social environment, cultural background or other factors, scholars have not reached a consensus conclusion on the impact of the existence of counterfeit luxury on luxury real goods. In some social contexts, the existence of counterfeit luxury does not affect consumers' willingness to buy real luxury products. For example, Michaelidou and Christodoulides (2011) studied the high-income people in Canada, and the study shows the existence of counterfeit luxury cannot affect their willingness to buy luxury goods. Some studies have shown that the existence of counterfeit luxury can also play a positive role in the advertising the luxury brands (Romani et al., 2012). Therefore, it is necessary to understand the impact of the existence of counterfeit luxury on the willingness to purchase real luxury products in Chinese market. Because the phenomena that counterfeit luxury products are so common in China, Chinese customers are more easily to expose to counterfeit luxury, which means they are more easily to affected by counterfeit luxury, no matter positively or negatively.

Besides, Chinese people consider more about “Face Conscious” and they afraid of losing face, therefore, using the real luxury products with lots of counterfeit products, may leading others being doubt about whether they are using the real products. In this situation, the user may losing face because it is hard for other people to recognize whether they are using real products. This discussion lead to the following hypothesis:

H₁: The existence of counterfeit luxury products negatively influence consumers' willingness to buy real luxury products.

1.5 Moderating Role of Self-esteem

According to previous research, people's demand for prestige products is a way of improving their self-esteem and self-confidence(Mandel et al., 2006). Therefore, as a way of prestige consumption, luxury purchasing behavior is a way of improving consumers' self-esteem. High self-esteem consumers are positive and they believe that they are welcomed and don't care about the opinions of the others; Low self-esteem

consumers are not confident about themselves and care a lot about others' opinions on them(WANG et al., 2014).

When there are lots of counterfeit products of the luxury brand, the products cannot bring as much prestige as before for low self-esteem consumers, because other people may think they are using counterfeit products. Besides, when there are lots of counterfeit products in market, the prestige function of the luxury products is reduced for low self-esteem customers, and their willingness to purchase the real products will be lower. For high self-esteem customers, they do not need as much as prestige consumptions as low self-esteem customers, because they do not need to improve their self-esteem by prestige consumption. Therefore, compared to high self-esteem customers, low self-esteem customers are more easily to be negatively affected by the existence of counterfeit luxury. This discussion lead to the following hypothesis:

H₂: Self-esteem moderates the effect of the existence of counterfeit luxury products on the willingness to purchase real luxury products. The higher level of self-esteem, the lower the negative impact of the existence of counterfeit luxury on consumers' willingness to purchase real luxury products.

Overall, the hypothesis can be concluded as following:

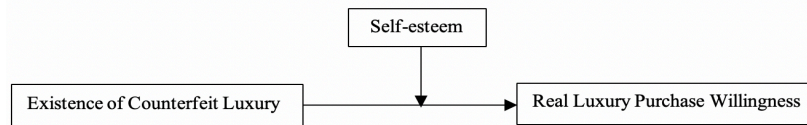


Figure 1: Conceptual Framework

IV. Methodology

1.6 Sampling and Data Collection

In this research, all data was collected from an online professional research platform in China. All participants are requested to answer a three minutes questionnaire. In the end, 225 individuals answered the questionnaire and after deleting the invalid answer, 200 of the results are valid, with valid rate of 89%. In the samples, 91 of them are male and 109 of them are female. 92.5% of the participants are with at least undergraduate education, and 64% of their ages range are from 18 to 35. Among all the results, 105 of them are in the no counterfeit luxury existence group and 95 of them are in the counterfeit products existence group.

1.7 Measurement

There are two versions of questionnaires for the measurement according to the two scenes. One is for the scene that there are no counterfeit luxury and the other scene is that there are lots of counterfeit luxury products on the market. All the participants need to read a reading material about whether there are lots of counterfeit luxury on the market, and they are asked to answer the question about it. The results show that the multiplate is successful (M counterfeit existence=5.40, M no counterfeit=4.81, $p < 0.05$), which means that the participants who assigned with the counterfeit existence situation are convinced that there are lot of counterfeit products on the market compared to another comparison group. Following that, they need to answer questions about their willingness to purchase the real luxury products(Cordell et al., 1996) which is made of three questions, and all the scales are mature scale. The scales are made of 3 items, measuring their willingness to purchase the real luxury products, and the scale is reliable, with Cronbach's α value of 0.77. Self-esteem is measured with the scales from Kasser et al. (1996), which is consisted of 3 items, measured by seven-point Likert scales. The Cronbach's α value of the scale is 0.79, which is reliable as well. Finally, some demographic questions are asked at the end of the questionnaires, and thanks for their time at the end. Furthermore, this paper also translates the English scales into Chinese so that the measurement items can meet the actual situation in China and checked by another professional translator to make sure the content validity.

V. Results

1.8 Counterfeit luxury existence

In order to explore the influence of the existence of counterfeit on the purchase intention of genuine luxury products, the no counterfeit product group was coded as 0, the counterfeit product existent group was coded as 1, and the dependent variable was the average value of real luxury products purchase intention. In order to compare the differences of these two groups, independent T-test was conducted on the data of the counterfeit products existence group and the no counterfeit products group. The results showed that their willingness to purchase real products was significant different between the counterfeit products group and the no counterfeit products group (M no counterfeit = 5.05, M counterfeit existence = 5.28, $P < 0.05$). In order to further test the causal relationship between the two variables, regression test was conducted on the data. The results

show that the existence of counterfeit products can negatively affect consumers' purchase intention of real luxury products ($\beta = -0.17, P < 0.05$) on a significant level. Therefore, the results show that the existence of counterfeit products will significantly reduce consumers' purchase intention of real luxury products and H1 was verified.

1.9 Moderating Role of Self-esteem

On the base of the H1, the self-esteem is considered in the second part. The results show that the value of self-esteem is highly relative ($r = -0.42^{**}$) with the value of willingness to purchase luxury products. In order to further test the difference, this paper uses the model 1 in the Process program of SPSS software to further test the moderate effect of self-esteem. The results showed that both counterfeit existence ($\beta = -0.685, p < 0.01, LLCI = -0.859, ULCI = -0.510$) and self-esteem ($\beta = -0.685, p < 0.01, LLCI = -0.859, ULCI = -0.510$) are negatively influence intention to purchase real luxury products. Also, the interaction effect between the existence of counterfeit and self-esteem was significant ($\beta = -0.685, p < 0.01, LLCI = -0.859, ULCI = -0.510$). This interaction effect means that self-esteem plays the moderator role in this process. Besides, the lower self-esteem of consumers, the more influence from existence of counterfeit luxury products on their willingness to purchase real luxury products. For the customers with higher self-esteem customers, the existence of counterfeit luxury products still negatively affect their willingness to purchase real products, but compared to customers with lower self-esteem, the influence is much lower. Therefore, the second hypothesis is verified.

Table one shows the results from the Process:

Table 1: Moderating role of self-esteem

	Effect	t	95% confident level	
			LLCI	ULCI
Existence of counterfeit	-0.13**	-2.11	-0.25	-0.01
Self-esteem	-0.38*	-6.20	-0.51	-0.26

* for $p < 0.05$, ** for $p < 0.01$.

VI. Discussion

1.10 Theoretical Implication

Based on Chinese cultural and social background, this research explores how the existence of counterfeit goods affects consumers' purchase intentions on real luxury products, as well as the moderate role of self-esteem in this process.

Firstly, the existence of counterfeit luxury negatively influences consumers' willingness to purchase the real luxury products. This finding implements the researches about the influence of the existence of counterfeit luxury on consumers' willingness to purchase real luxury products. Different with the situation in other countries or social background that the existence of counterfeit dose not influence people's purchase intention or positively advertising the brand, Chinese customers do negatively influence by the existence of counterfeit luxury. Secondly, the results show that the existence of counterfeit luxury has different impact on customers' willingness to purchase the real luxury products. Compared to high self-esteem consumers, the consumers with lower self-esteem is influenced more by the existence of counterfeit luxury. This result verified the theory that the lower self-esteem, the more prestige consumption is needed. When the existence of counterfeit luxury dilutes the prestige effect of luxury products, the lower self-esteem customers will decrease their willingness to purchase real products.

1.11 Practical Implication

According to the theoretical results, the existence of counterfeit luxury negatively influences Chinese customers willingness to purchase the luxury products. Therefore, the existence of counterfeit not only damages the social culture, as well as damages the reputation of the luxury brands and companies. Therefore, some practical implications can be used for the companies and governments.

Firstly, governments should advocate the importance of intellectual property and patent protection to improve the conscious of customers. In addition, the governments should advocate the importance of improving esteem so that customers can recognize the counterfeit products are illegals and luxury purchase is not only for prestige, as well as for the quality and design of the products. Secondly, luxury companies should focus on improving the self-esteem of audience when designing their advertisements. When customers can feel the self-esteem improvement because of the brand, their willingness to purchase real luxury products are less influence by the existence of counterfeit products.

1.12 Limitation and future research

This research mainly focusses on the moderate role of self-esteem, however, there are many other intrinsic motivations for luxury purchase behavior and can be explored on individual level. For example, personal concept and personal construal can be considered as well in this process. Secondly, in this research, the existence of counterfeit is ordinary variable. However, according to some researches, consumers' attitude maybe change due to the different level of numbers of the counterfeit. Therefore, in future research, this variable can be considered as a continuous variable, to further explore the relationship between the existence of counterfeit products and willingness to purchase real luxury products.

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Yushan Hou "Influence Of Counterfeit Products On Willingness To Buy Luxury: The Moderate Role Of Self-Esteem." *International Journal of Business and Management Invention (IJBMI)*, vol. 09(02), 2020, pp 26-30.