TITLE

From Luxury Counterfeits to Genuine Goods: Switching Opportunities?

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ABSTRACT

This paper aims at providing a different view on counterfeiting in the luxury industry. Instead of focusing on the reasons why people buy fakes, it has a look at what would make these consumers turn to the purchase of their genuine versions.

Using in-depth interviews and a projective drawing, it identified three necessary conditions to allow consumers of non-deceptive counterfeits to switch to real goods: an exigency of quality, both in terms of product and of sales force's competencies; a retail environment "smelling luxury"; and a service experience without any flaw. Practical insights are developed for marketers.

KEYWORDS

Non-deceptive counterfeiting, luxury industry, consumer behaviour, interpretative research, purchase intent

MAIN TEXT

1. Introduction

Counterfeiting of luxury good sis a key issue for all major luxury industries as it amounts for billions of dollars globally each year (Source : International Anti Counterfeiting Coalition, 2009) . A large panel of luxury products is being counterfeited: perfumes, jewellery, haute-couture, leather goods, accessories, gastronomy, wines and liquors… Counterfeits range from strict copies to sole use of a feature of the brand (usually the logo), including classical imitations. As a French symbol, the luxury industry is characterized by a constant sought of perfection embedded at the same time in tradition and technological innovation (Bastien & Kapferer, 2008). Brand name and value are key in this business sector. Therefore, the spread of counterfeiting in this field is undoubtedly a real threat to the long-lasting of industrial and craft employment in the sector. Besides, on top of the financial loss inherent to counterfeiting, counterfeiters are using the notoriety of the counterfeited brand and can therefore severely damage its equity (Source: INPI, 2008). Large luxury brands or conglomerates such as LVMH have set up special entities to tackle the issue of counterfeiting. Still, a lot has to be done to not only better understand the process and fight against it with legal tools, but also to capture the consumers' ways of seeing and develop more efficient discourses and marketing strategies towards them. Academic research can help achieving this.

Actually, little attention has been paid to those who occasionally or on a regular basis turn to the non-deceptive consumption of luxury counterfeits. There is strong evidence that some of them do mix on a regular basis legal and illegal purchases of luxury goods (Ha & Lennon, 2006). Various reasons have been advanced as triggers, from demographics characteristics (Safa & Jessica, 2005) to postmodern ethics (Maman, 2009), including rational price-saving

strategies. This paper aims at providing a different view to the issue. Instead of focusing on the reasons why people buy fake luxuries, it has a look at what would make these consumers turn to the purchase of their genuine versions.

To our knowledge, no past research has been conducted to investigate how consumers of non-deceptive luxury counterfeits (who perfectly know that they are buying a fake product) perceive the world of luxury and hence which kind of arguments could be used by luxury companies to convince those people to switch from the fake to the genuine item. Therefore, the present research will be exploratory by nature, in a discovery-oriented perspective. This is to pave the way for future more confirmatory research, by reducing the chance of beginning with an inadequate, incorrect or misleading set of research objectives.

Hence, we purposely defined on purpose quite broadly our research questions: How do consumers of non-deceptive luxury counterfeits perceive the worlds of luxury and of counterfeiting? What makes them stay away from luxury houses? How could marketers use such knowledge to capture these consumers?

The present study is a three-step exploration of the pre-mentioned questions. It will present in the two first parts results gained from in-depth interviews, conducted among theoretically sampled respondents (Strauss & Corbin, 2008). Two particular topics were addressed during the interview process: the general attitude of the interviewee towards luxury, and his/her attitude towards counterfeiting in general. We aim at unfolding potential connections between those two attitudes. In the last part, we will confront the two perspectives, focusing on determining cues for avoiding buying luxury goods and rationale/emotional triggers to switch consumption. From this analysis practical insights for marketers will be proposed, as elements to be included in the marketing plan of a luxury product.

We will first conduct a short review of the literature dealing with previous research conducted on the counterfeiting of luxury products; we will then present our research context and

interest, as well as the chosen method to conduct our investigation. A presentation of the results gained from the analyses of the interviews will then help us to confront discourses and come up with managerial implications. Theoretical implications in this field of research will be offered, as a basis for future investigations, in the conclusive part of the paper.

2. Theoretical Background

A literature review of what has already been done in researching luxury counterfeiting will help define more precisely the research questions of this paper, as well as identifying better the research context to be used for investigation.

2.1 Quality Value of Counterfeits and the Theory of Cognitive Dissonance

Kocher, Müller and Chauvet (2007) have been conducting research to enhance knowledge related to evaluations of original products, counterfeits and imitations for luxury products. Their main finding is that, in general, consumers do not have a more positive attitude toward original products than counterfeits. This is a particularly threatening feature of the consumption of counterfeited luxury goods for the luxury industry, for it could imply that the emotional explanation for the purchase of counterfeits (the desire to be part of a group due to a logo) could be enhanced by the rationale explanation (good value for the money). Therefore, social pressure to engage in misbehaviour would be rationalised by economic reasons. Actually, buyers of counterfeits try to legitimate their behaviours and advance reasons for justification, as a proof of applicability of the theory of cognitive dissonance (Eisend and Schubert-Güler, 2006). According to the theory of cognitive dissonance (Festinger, 1957), dissonance can occur after a decision is made or because intended behaviour contradicts attitudes. In cases of counterfeit, consumers experience it in the form "I bought/will buy a

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faked product" and "Faked products are of minor quality, illegal, and they do harm consumers, companies and economies as a whole" (Eisend and Schubert-Güler, 2006). In the case of non-deceptive counterfeited products, the awareness of the negative consequences can differ from person to person, and decision to decision. More awareness will lead to higher dissonance and more efforts in applying coping strategies, or to a decreased willingness to purchase counterfeits. In the case of Kocher et al.'s respondents, they displayed the coping strategy through the re-interpretation of dissonant elements by devaluating the non-chosen alternative ("The original luxury brand is almost identical to the fake, but costs a lot more…").

Consumers' willingness to buy a counterfeit is usually increasing if they can rate the quality of the product before purchase (Eisend & Schuchert-Güler, 2006; Müller et al., 2007). If, as this is the case in Kocher et al.'s study, consumers do not value more real luxury goods vs. fakes (especially in terms of quality), they can find pretty easily a rationale to submit to the double social pressure of possessing a luxury-looking good (thanks usually to a logo) and of misbehaving as the others members of the group already did/do.

2.2 Towards a typology of non-deceptive counterfeiters

In a more classical, but still highly valuable, way of exploring the counterfeit world of luxuries, research has been conducted, trying to profile consumers of pirated products within the Chinese market (Phau, Prendergast and Chuen, 2001; Teah & Phau, 2007). While Phau, Prendergast and Chuen focused on pirated brands of clothing, Teah and Phau have tried to examine the influence of social factors on attitude towards counterfeiting in luxury brands and purchase intention within the Chinese market. Attitude towards ethically debatable consumption behaviour has been proved as a primary factor explaining the act of engaging in such behaviour (Penz & Stöttinger, 2005). Besides, ethical concern can be a factor refraining

a consumer from engaging in illicit consumption of counterfeits, especially owing to the culpability feeling which might result (Viot, Le Roux and Kremer, 2006). However, these studies were conducted on a personal basis, without taking into consideration the social environment and potential perspective on luxury our research is investigating. Similarly to past research findings (Eisend & Schuchert-Güller, 2006), Teah and Phau demonstrated that attitudes towards counterfeiting is the driving force that influences purchase intention. "Perceptions of counterfeits" is found to have a positive influence on purchase intentions. This explains why consumers are attracted by counterfeits when counterfeits are of good quality. And admittedly, counterfeits of luxury brands in China are of unbelievable good quality… There are even Grade systems attached to them to segregate the better quality counterfeits from the less superior ones (Gentry, Putrevu and Schultz, 2006).

Both studies' findings provide useful insights on the topic, although very culturally specific. However, China is of particular interest both for the luxury industry and the study of counterfeiting in general. China has built a reputation as the source of counterfeits. According the to the International Chamber of Commerce (2004), more than 60 per cent of counterfeited products seized by US authorities in 2003 were produced in China, and foreign multinationals estimate that they lose at least 20 per cent of the value of their potential sales to counterfeiters there (Porteous, 2001). For instance, Ralph Lauren has been fighting counterfeited goods since the creation of its Tokyo branch in Asia (1988). They have continually issued warnings to many stores selling fake 'Polos' in Asia and demanded repressive actions to be conducted. In spite of all these actions, the growth of fakes has not stopped (Wada, 1996). Therefore both studies have to be considered as useful tools to better understand this "grey area" of the world. Clustering the consumers in a dual typology, Phau, Prendergast and Chuen (2001) identified low-spenders and high-spenders differing on a number of socio-demographic factors. Low-spenders appeared to be 19 to 24 years old with blue-collar occupation, relatively low

monthly income, secondary education level, and no children. On the opposite, high-spenders are 25 to 34 years old with a white-collar occupation, a monthly income of HKD 10,000 - HKD 19,000 (~ EUR 1000 – EUR 1900) tertiary or university education, and children. For both clusters, consumers pay less attention to ethical and legal issues when buying pirated products. This is consistent with the social norm in China which accepts and encourages the purchase of counterfeits (Teah & Phau, 2007). Displaying a counterfeited product is even a "source of face" for some Chinese consumers (Gentry, Putrevu and Schultz, 2006). Therefore, normative influence has positive effects on consumers (Teah & Phau, 2007). On the opposite, information susceptibility has negative effects on consumers. Information susceptibility is the basis of purchase decision on the expert opinion of others to make informed choices (Ang et al., 2001). If peers or reference group has some knowledge on the differences between originals and counterfeits (such as product quality), and the negative consequences of counterfeiting, consumer attitudes will be unfavourable towards counterfeiting of luxury brands.

2.3 Search Process and Non-deceptive Counterfeiting

In discourses on search in marketing and consumer behaviour, consumers are usually assumed to search for brands within a product category. Gentry, Putrevu and Schultz (2001) have investigated this search process within the field of counterfeited luxury goods, and have come to the conclusion that in a counterfeit culture, brands and products are considered as different entities serving different purposes. Actually, counterfeits are said by the respondents to be opportunities to try a low-grade version of the luxury item, with the potential intent to buy the real good in the future. They are seen as acceptable compromises (less value for less cost, at a good trade-off) for products highly susceptible to fads and trends (low life expectancy). But Gentry, Putrevu and Schultz's most important contribution to the literature is the finding that

consumers do often purchase counterfeits out of conscious choice: they are reaching for a specific brand while looking for a price compromise and that's it. Counterfeits are only good as long as they are counterfeiting a specific brand, even if we believe that this might be product-dependant. Thus, the reason why people buy a counterfeit is because it represents the brand it is supposed to be copying. "A counterfeit appears to offer consumers a chance to separate the brand from the product. While the purchase of a counterfeit represents the consumption of the brand (brand decision), it does not appear to represent a "product" decision" (Gentry, Putrevu and Schultz, 2001). What remains is the choice of the product within the brand offering, taking into consideration the various offered prices. Therefore, compared to the classical view of search in consumer behaviour, the processed appears reversed in the case of counterfeits.

2.4 Relationship between luxury products and their counterfeits

Several researchers have explored how the importance of some characteristics related to the consumption of the genuine product or brand would impact the willingness of buying fakes. Chapa et al. (2006) found that depending on the type of usage (private vs. public) of the good, consumers' responses toward counterfeits changed and were more favourable for products used in public compared to those consumed in private. Quite consistent with this finding, Wilcox et al. (2009) advanced "the extent to which brands fulfil the social goals guiding the luxury preference" as a reason for desiring the corresponding counterfeit brands. Social goals can of course only be met via public display of the products.

When it comes to the various attributes of the genuine products, appearance and particularly the logo displayed on the genuine good (expected to be replicated on its counterfeited version) do change consumers' attitude and purchase intention toward counterfeiting (Han et al., 2008).

More practically, some consumers admit buying fake luxury goods as test versions for future purchase of the genuine good (Gentry et al., 2001). However such findings are based on declarative methods and further investigations should be conducted to validate the finding, thanks to longitudinal studies based on observation for instance.

A macro marketing perspective on the topic proposed by Rutter & Bryce (2008) showed that the consumption of illegal goods (including counterfeits) is profoundly linked to behaviours in legitimate markets. Hence, the state and features of the luxury market has some influence on the counterfeit business.

This review of the literature clearly points out a gap in research, as far as the knowledge of consumers of counterfeits is concerned. If, thanks to past research, we are better able to know who is this consumer and what kind of motives could lead him to buy counterfeits, his perception of the luxury world remains unexplored and a real mystery. The present research aims at raising the veil…

3. Research Context and Methodology

Based on the literature review, our research aims at better understanding how people understand the two worlds of luxury and counterfeiting, something not really captured by the previous research, especially as far as the potential connections in between the two views are concerned. Therefore, our research will be focused on non-deceptive counterfeiting, meaning that the consumer knows that he is buying a fake product. This is consistent with the previously identified connections between conspicuous consumption and attitude towards counterfeiting. Besides, we will focus on a Western environment (at least from the respondents' nationalities point of view), for research has proven differences in-between Asian and Western consumptions of both luxury products and counterfeits. (Lu & Pras, 2006)

More specifically, we want to propose answers to the following questions: Would present consumers of non-deceptive luxury counterfeits be willing to buy real luxury goods in the future? What would then be the triggers to switch such a consumption mode?

To answer these questions, we relied upon qualitative methodology, as it looked like the most appropriate way to really get insights and understandings from the consumers. The selected research method was in-depth interviews, for they "are much the same as psychological, clinical interview" (Zikmund and Babin, 2007). This method suits our needs in understanding the various values associated with the luxury/counterfeiting world or the consumption of luxury goods. Attitudes are mentally-driven, and since we are interested in getting the 'why' of their existence, and not only identifying them, in-depth interviews would really enable us to uncover underlying motivations, beliefs, attitudes and feelings.

More specifically, 21 in-depth interviews were conducted with MBA students from two French Business Schools (13), high-school pupils (3) and grown-ups with job activity (5). Students from Western business schools usually have more purchasing power and are more sensitive to the consumption of conspicuous goods, such as luxury or luxury-looking goods, than other types of students (Fan & Burton, 2002). Besides, they have been found as regular consumers of non-deceptive luxury counterfeits (Ha & Lennon, 2006). High-school pupils are usually considered as having no or low purchasing power, as they only get a limited amount of pocket money but might in the future be able to buy luxury goods. Working adults dispose of a regular income they can spend the way they want.

The interviews lasted between 40 minutes to one hour and a half and were semi-structured (See Appendix 1 for the interview guide). The first part of the interview dealt with the topic of luxury. Respondents were asked to describe past experience and express feelings about luxury consumption. Their ultimate luxury was also touched upon. The second part of the interview dealt with counterfeiting. Past experience about its consumption and various thoughts were

under investigation in this part. It also included a projective drawing to elicit deeper feelings of the respondents (See Appendix 2). The drawing was used as a way to let respondents project themselves in the displayed situation. They were asked to describe the story represented and then encouraged to take the place of the main being accused and to explain what they would do and say if they were him. For the analysis, the interviews were transcribed and coded, with a goal to identify the key dimensions emerging from the discourse. Hence open coding (to generate initial concepts from data) followed by axial coding (development and linking of concepts into conceptual families) and selective coding (formalizing the relationships into conceptual frameworks) were done (see Spiggle, 1994 and Strauss and Corbin, 2008 for a discussion of the procedures used in this stage). Coding schemes were modified as analysis progressed and new concepts were uncovered, following the general procedures of grounded theory (Strauss & Corbin, 2008).

Then, concepts emerging from the analysis of the luxury world were confronted to those emerging from the analysis of the counterfeiting world. Connections and incompatibilities were identified as a basis for marketing strategic development.

4. Results & Data Analysis

As previously mentioned, the objective of the analysis was to be able to identify potential connections in-between how people view the world of luxury, and how they view the world of counterfeiting. This was achieved the following three steps.

4.1 What's in the World of Luxury?

The content analysis of what the interviewees mentioned about luxury goods pointed out two dimensions in respondents' perception of the world of luxury: the nature of this perception (material oriented vs. immaterial oriented) and the orientation of this perception (self vs. external vs. social). The perception of the luxury world could be material or immaterial, meaning that in one case physical characteristics were described or referred to by the

respondents, while in the other case it was more about feelings, attitudes or dreamy features (what would be put under the brand goodwill characteristic in brand equity theory). Similarly, respondents would organize their speech giving luxury several orientations depending on their point of reference: external (point of reference = the industry or people not considered as peers), social (point of reference = their peers) and self (point of reference = themselves). The various combinations of the two dimensions ended up in the identification of six specificities related to Luxury, potentially leading to purchase intents.

Table 1 sums up the characteristics and identification 'labels' of these faces. A description of each face follows, illustrated with quotes from the respondents.

INSERT TABLE 1 HERE

Product Characteristics

The product per se holds some specificity turning it into a luxury item. First of all, it belongs to a very specific industry, with specific selling and attitudinal codes.

> "There are many persons into the sale team in such shop. It is quite comfortable to do your
> shopping because there are people to help you, to give you advice"

This enables the shopping experience to be positive and part of the added-value of the products. It is strengthen by the shop which is described as different from usual shops by the respondents:

> "From the outside, when you walk on the Champs Elysées, you see the outside of the shop.
> […] it's very very clean, without many people like there is in normal shops" "I think the shop
> in itself makes the difference"

However, the shopping environment can be experienced negatively, especially when the sales team behaves in an unfriendly way:

> "You have the impression people are not speaking truly to you, they're artificial, they cheat
> you"

This does not hide the products' specificities, qualifying it as a candidate for being a luxury good. According to our informants, a luxury product should be high-quality, highly-priced

(justified by the quality), different from other products, but still somewhat normal while above normality...

> "I mean luxury can be expensive handbag or expensive earrings. It can also be expensive holidays. It's very much of something and very expensive" "something that would be special but not too special. […] So a bit special, but still a bit normal."

> "I think there is the guaranty of quality. You can't simply sell a product of low quality for 1,000 Euros or so. There is absolute guarantee of quality in my opinion."

> "It is also good quality and different that what is in different stores." "Some people buy it because they have money."

Be it the product or the shopping experience, respondents do define luxury by opposition to other types of consumption: the lexicography related to the concept of difference was recurrent in respondents' answers, with words such as 'unique', 'different', 'not like usual'. Therefore, this feature must be important for our respondents and should be taken into consideration when thinking about seducing them and detracting them from buying counterfeits.

Clearly, as far as the product is concerned, respondents hold high expectations and do hold expectations. This is quite different from previous findings coming from studies using luxury consumers as samples (Dubois & Paternault, 1995). In this case, consumers were looking for the so-called 'Dream Formula' mainly composed of non-rational features. Hence, while a lot of luxury marketers do consider that consumers of luxury goods cannot tell their expectations, in the case of consumers of counterfeits, it might not be true. This will have practical implications, as here the non-linear model for rationale expectations could be useful.

Product usage

How the products will be used and for which reasons partly define the second face of Luxury. Luxury goods are often associated with gifts be it self-reward or a gift for somebody else. Actually, even respondents reluctant to buy luxuries may be willing to buy a luxury product for friends:

> "I would be ready to buy luxury goods for people who like this kind of products. I have for example one friend who likes this kind."

> "If I know someone who loves luxury product, yeah maybe. I don't know but this can be an idea. But rather not for me."

Luxury products are devoted to be used in specific occasions, not on a daily basis:

> "There are ways or situations. When you go out, certain special party living"

> "Maybe one luxury shirt can be useful. I don't know when, where, with who, but maybe have one in case of. But not for everyday clothes."

This can even lead the luxury product to be perceived as a burden:

> "I would resell it to buy a normal wallet. […] You tend to be afraid of making scratch, of loosing it… Always in your mind: my wallet, my wallet…"

This negative aspect of luxury products will provide readily available arguments for buying a fake product instead of its genuine version. However, one respondent mentioned the fact that she would not buy a counterfeit product to be displayed (such as a bag), as she would be afraid that thieves think it's a real one and try to steal it from her. She would only go for less visible products (such as wallets…). This 'burden' aspect of the luxury good can thus impact the willingness to buy counterfeits. Hence whatever the marketing strategy chosen to solve this negative view of luxury goods, careful attention should be paid at shaping the strategy differently according to the product usage (private vs. public, displayed vs. hidden).

Define Oneself

Consuming luxury products is a way for some respondents to help becoming somebody, defining one's personality. It is the reflection of a given certain education. As such, if one has not been raised in the sense of luxury, he would probably not even think about buying/being attracted by luxury products:

> "It's not in my habitudes. I am accustomed to wearing such clothes. From my family no one buys Chanel or Louis Vuitton."

The direct implication of this educational background is that experience with luxury goods develops new skills/feelings which lead consumers to consider re-purchase of similar goods. This is an important feature to be taken into consideration by luxury firms.

To help define oneself, luxury goods have to match specific purchase occasions, such as self-gift or reward for accomplishing something (most of the time, social and professional achievement, testified by increased purchasing power).

> "If I got promoted or something and I would like to reward me, it would be something like that…"

Then, it helps the individual to get a feeling of self-fulfilment:

> "I guess people could feel self-confident because they have some luxury goods. Maybe it is also something of self-fulfilment. I guess this would be the case for me."

It is also a good way to express one's uniqueness, for instance via the shopping experience:

> "The atmosphere in the shop that makes you feel let's say special."

This feature is consistent with personality theory. Actually, individuals build their identities (i.e. the masks they were depending on circumstances) via two processes: either buy defining themselves by opposition to others (this uniqueness component) or by mimetism. Hence, if the consumption of the luxury products might belong to the mimetic process of identity building, the purchase experience should rather meet standards of uniqueness. Here again we find the lexicography related to difference. This will have to be taken into account when thinking about capturing consumers of non-deceptive luxury counterfeits.

Then, the purchase of luxury goods becomes some kind of investment: the present-oriented self-reward becomes a future-oriented proof of success.

> "I will be very careful with the product to protect it as long as possible."

Consumers of counterfeits thus consider purchase of luxury products as long-term oriented. It is highly probable that they would enter in a purchasing behaviour quite rationale-based with long processes of evaluation of various alternatives, in order to make the best decision. They

would obey to the extended problem solving model. This future-oriented characteristic of luxury goods is ought to be compared with the pace of consumption of fake products.

Another World

For most of our respondents, the luxury world is outside their scope and beyond their reach. This might come from the lack of education related to luxury consumption they had been exposed to at this point in their life. We showed in the previous point how this family-based educational background would pave the way to a long-lasting relationship between luxury consumption/attitude and consumers of such products. Since the respondents had been either never exposed to genuine goods or exposed but negatively (bad experience, negative image of luxury buyers in general…) they might simply consider the world of luxury as a 'weird' one. For example, one of the respondents described himself as "very far from this stuff."

The very first characteristic of a luxury product is that it is superficial, meaning you do not need it. The respondents do mention this explicitly:

> "We think it is superficial."
>
> "I see luxury goods as an extra thing, that you buy only really if you have other things that go before buying luxury goods."
>
> "It's something that you don't need to fulfil your basic needs. I guess I would not need something luxury."

The luxury environment and people evolving in it appear 'weird' to our respondents. One of the interviewees even connects luxury with art, either the shop or the products per se, associated with creation (an unknown and mysterious concept for the usual consumer):

> "I found some things really strange." "Designers, they have created an approach to design clothes." "It was some kind of artwork this luxury shop."

This immaterial dimension of luxury cannot be detected by usual means. Therefore, our respondents seem to rely upon various sensory evidences, often connected with the atmosphere. They can tell that this is luxury because they feel it.

> "It smelled luxury."

> "You take this atmosphere with you. […] It's kind of aura."

A direct consequence of all the previous features is that luxury has to be unique (once again!) and sophisticated:

> "Something you cannot find in other place, very specific."

Identification

Buying and holding luxury products or not buying/holding some is also seen as a way to show one's belonging to a particular group or to enable you to convey specific messages to the rest of the world. This message can be one's proof of success:

> "Maybe it is a signal towards the rest of the world that I made it."

One's testimony of a shared style:

> "It's because of the ambiance in which I evolute."

One's social attachment to a specific group:

> "I think luxury products are symbols. They mean they belong to certain kind of social class."

One's expression of a cultural background:

> "In my surroundings, young people don't like luxury products."

> "In fact, I am Portuguese. My parents came to France when they were very little. We are very far from this stuff."

> "Where I come from you do not have luxury shops."

Therefore, in this category, luxury goods are very much considered as symbols, an added-value to the product often materialized via conspicuous display of logos and brands:

> "I think it will be a bag. Eye catching." (answering to the question: If you had to think of a luxury product…?)

> "The brand is visible. […] You can see that it is a luxury product avec la griffe de la marque."

> "The reason why you buy a luxury good could also be achieved with a non-luxury good, except the added-value part, the symbolic part."

Express Oneself

This sixth face of luxury deals with the self-expression of one's identity, as being defined potentially in the third face of luxury. Therefore, the respondents were eager/reluctant to purchase/hold/display luxury products depending on some personal characteristics they wanted to display or hide.

For instance, having luxury goods is a good way to re-assure oneself, expression the wish of self-fulfilment, as previously described:

"I guess people could feel self-confident because they have some luxury goods."

It is also a good way to show one's personal style. This is particularly self-rewarding in case of a gift: it is a proof that people see you in a certain way, a one that you favour/admire:

"I will be happy to have this luxury good, but I will say she sees me as a distinguished person since she offers me."

"Chanel or Louis Vuitton, it would not fit my person cloths style."

The most important feature of luxury, for all three respondents, is that it is associated with freedom, space and opportunity to do whatever one's want with no constraints and even help to achieve this in an easy way. This was strongly held by the respondents' definition of their ultimate luxury:

"That would be a huge villa in the French countryside.[…] I prefer the countryside. […] I like being on my own. When I live in the countryside, I can decide whether or not to see anybody."

"I would say quietness, calm. […]You are not pushed by someone because there are many persons."

"It will be to go in a hotel very… with everything you want."

"I could say I can spend that, do whatever I want with it."

Our sample of respondents has therefore helped us to identify six original faces of the luxury world. Some of them would lead them to consume luxury products, while others are more turning them away from a world which appears to them as out of their own dimension.

This could be interesting for marketers to take into consideration, for it would enable them to better understand how people could evolve from one state of mind to another one, depending

on several proxies identified in table 1. Interesting further research could be conducted in this direction.

4.2 What's in the World of Counterfeiting?

The content analysis of the discourses regarding counterfeiting isolated four actors in the consumption process of counterfeits: the brand, the context, the consumer and the product per se. These four actors are no surprise but what is more interesting is the various characteristics associated with them and how they interact. Figure 1 sums up the overall findings.

INSERT FIGURE 1 HERE

We will now provide a brief description of each actor, illustrated with chosen respondents' quotes.

Context

The contextual environment does matter a lot in the choice of consuming fakes. Its impact can be two-directional: it can turn down the respondents' wishes to consume counterfeits, or it can give them excuses to engage in the misbehaviour.

For instance, the legal environment can be an incentive to buy fakes, for the respondents have the feeling that it is usual in the setting where they are.

> "In China, for example, you have always fake products, so it gives this feeling of a more normal reaction."

> "I think that everyone came back with counterfeited goods."

For this reason, all respondents mentioned the fact that they have bought or would consider buying a fake in a foreign country, on a vacation occasion:

> "On the market, in Portugal, at the border."

> "After a trip to Vietnam."

> "I would not do this in Germany but as I am considering to go to China…"

Various consequences of the act of purchase are taken into consideration, including legal, financial and social ones.

> "Because in Germany you have the feeling of doing something criminal."
> "There can be people discover you buy counterfeits and then they do not want to contact you anymore because of that."

> "If you are caught with counterfeited product you have to pay twice its price in terms of fine."

> "It is risky when you buy it because policemen can check what you have just bought and if they see it is a counterfeited product I can have a fine." "If the imitation is very good, the thief thinks that it's a real one, and he can aggress me to steal the product."

When it comes to ethics, the respondents tended to view counterfeiting as negative and it was an incentive for them to fight against it.

> "I hope governments will act against counterfeiting since I have seen a reportage in Asia and it reminds me…"

> "There is an ethical standpoint.[…] They might be ethical objections to buy these products."

Consumer

Freedom is involved in the process of consuming fakes, it two different occasions. The first one is that some people cannot afford buying the real products, therefore they have no other choice than buying its counterfeited version:

> "Or the person is really rich, has the means to buy a Chanel or Louis Vuitton. […] Or second case the person does not have the mean to buy Chanel, so …"

The second feature of freedom is that consuming counterfeits is part of one's private life and free will. One should not condemn this or try to convince someone not to buy fakes. This would be an invasion of privacy. For instance, when exposed to the projective cartoon, one had strong words: "It reminds me […] the Gestapo. […] Denunciation, it reminds me really totalitarian regime with lack of liberty."

The two other informants are less harsh but still express the same idea:

> "I don't see why they care."

> "It's just the counterfeited product I am wearing, so maybe you can be blind to this product and let me follow my life."

Consuming fakes can be done for several reasons, including the wish to try to show a kind of belonging to a group, or in a more critical way, to make fun out of people consuming real products. It can also be as a smart behaviour, for there is no reason to pay so much money for a real item.

> "I do not see the sense in paying so much money for something which is not worth it."

> "Maybe it's making fun of people who are wearing Adidas because they consider it necessary for their personal environment?"

> "In some cases it can be useful so I bought it." (speaking of the shirts mentioned in previous part)

However, even if positively oriented towards counterfeiting, the respondents know that it's illegal, hence a wish to be anonymous when purchasing the product:

> "On the Internet, there is the problem that it can be traced back."

Brand

Counterfeiting luxury is associated with brand mocking. Therefore, emphasis is put on the logo and quality of the counterfeit, which can even happen to be some kind of exact replica. What is interesting is that some respondents completely identify the counterfeited product with the original one:

> "It was a wallet by Louis Vuitton. […] It was a Lacoste bag, with the same logo."

> "I have one false Versace shirt. […] I bought two Diesel shirts for my brother. […]The brand is enough"

Most of the time, the purchase here is made to deceive others and to show some kind of fake display of social belonging/wealth:

> "I think for a person who is interested in the social status brought by luxury product, he will go for the counterfeited product."

> "There are certain groups, if you don't have brands, you're not side us? So maybe people want not to be side out. And there, for one to wear brands, if they are not real, they do not care." ANNA

> "The product has to be the same as the real one, to deceive people."

Mention of the luxury industry is also made, to show how it is right not to pay for such pricy and marketed items.

<u>Product</u>

The last actor is the counterfeited product per se. It is characterised through four different features.

Firstly, it has to be cheaper than its original version:

> "You do not want to afford it. […] It costs like 70% off the price, then I would consider price to be ok."

> "It is cheaper than luxury clothes, I would say just as expensive as normal clothes."

> "Which are very similar to real ones but with lower price. […] We tried to negotiate because it was not expensive for a counterfeited product but it was not cheap too."

However, respondents would be less willing to buy a counterfeited version of a super-expensive luxury product than of 'cheaper' luxury goods. This was stated by one respondent via a practical example:

> "I could buy a real luxury, like a Rolex. But you don't want to do it regularly. For exceptional products, like the Rolex, I prefer waiting and buy the real. But for other stuff, no."

The second feature of fake products is their quality, which is below the one of the real goods. Some degrees of quality are acknowledged by the respondents:

> "It means to imitate another brand and to do the same product with a lower quality."

> "About quality I imagine it's not as good as the original product."

The third feature of counterfeited goods is connected with its quality: it's its potential danger, physically harmful for instance:

> "In this kind of case, it is really important to check if things are real or fake because it can be really dangerous."

The last feature is the usage which can be made of the product, which for instance can be seen as a substitute to be used in situation where the real product would not be appropriated or affordable:

"When I do another activity where I don't want to damage my stuff, I prefer to abimate the other."

"In some places, I do not know, where you have to give good impression to people."

Interaction Between the Actors

The context can have an impact on the consumer, defining its cultural ethical background and providing him with excuses. It also has an impact on the brand, for the complicity of the products are very much connected with the social environment. Brand and product are directly connected to the interest of the consumer towards counterfeiting but does not have an impact on one another, at least from the analysis of the interviews. Those results are very much superficial and additional research should be conducted to focus on the potential causal links in between the actors. The Actantial Model developed by Greimas could be useful in this sense, as part of a semiotic approach toward the issue. This model allows us to break an action down into six facets, or actants. The subject is what wants or does not want to be joined to an object. The sender is what instigates the action, while the receiver is what benefits from it. Lastly, a helper helps to accomplish the action, while an opponent hinders it.

4.3 What Incentives to Switch Consumption from Fakes to Real Goods?

A comparison of the two previous diagrams helped us identify three necessary conditions that must be met to allow consumers of non-deceptive counterfeits to switch to the purchase of real goods. These are: an exigency of quality, both in terms of product and of sales force's competencies; a retail environment "smelling luxury" (quoted from one respondent); and a service experience without any flaw.

We believe that working on these dimensions could provide luxury managers with new tools to communicate upon the counterfeiting issue, to either keep existing consumers or reach new ones. Table 2 represents the confrontation of findings from the two previous analysis of the world of counterfeiting and of luxury, as well as the "switching" incentives.

INSERT TABLE 2 HERE

To be as practical as possible we have chosen to present our managerial recommendations, based on the proposed analysis, using the marketing mix framework. We do argue that counterfeiting could be tackled originally, taking it into account when designing any luxury marketing plan.

Impact on product policy

We have clearly shown in the previous part how quality was playing a key role in the consumption of luxury products or of their fake versions: luxury products are supposed to be perfect and perfectly marketed. This means that the packaging pays as much importance for consumers as the product itself. Therefore, no flaw should be detected in any luxury products, which should be, as well, original and recognizable at the same time. This is to enable consumers to express themselves, after defining themselves, which is the best way to oppose the 'freedom seeking' perspective described in the counterfeit consumption. This freedom of expression could be easily addressed via customization of luxury products. This is already offered on a small scale by some luxury companies: on the Louis Vuitton website you can choose to engrave your initials on a bag, for instance. Why not extending such strategies in real-settings as well?

Impact on price policy

Surprisingly, price did not play the role we initially thought of in our study: instead of being a cheap alternative to an expansive product, price was perceived as a side component, only enabling the recognition of a counterfeit good. Besides, people were more sensitive to buy real very expansive products than cheaper ones.

Hence, our recommendation would not be to decrease prices of luxury products, as it is currently done via low-grade versions of brand-names (e.g. Armani Exchange). This would only have for effect to make people go even more for fake goods, as what would be the point in not being clever enough to get the same quality-level with a more adjusted price (i.e. buying a counterfeit)? We act as strong advocates for higher prices of luxury goods: the luxury world is another world and should stay like this. Otherwise, it looses its status and consumers only buy a logo or a design, something easily replicable, hence providing a rationale for engaging in the consumption of counterfeits…

Impact on Promotion policy

This phase is of great importance as it is the direct attempt to capture consumers of counterfeits. Clearly, marketers should avoid only communicating on the dreamy aspect of luxury products (Dubois et al., 1995). Basically, doing this makes it impossible for consumers viewing luxury as another world and as a strong marker of identification to get out of their 'boxes'. Hence, communication should be made as well on more rational arguments, directly opposing reasons advanced for buying fakes: freedom of consumption, a socially accepted way of consuming (to oppose the argument of socially accepted counterfeits vs. weird and non-reasonable genuine products), a status marker and a safe one (remember how people aim at deceiving others when consuming fakes) and an easy usage of the genuine luxury products (to convince people that there is no risk at buying them, an argument advanced as a reason for buying low-grade versions of luxury goods, to avoid damaging them). This last point could be done strengthening the communication on life-warranty for example, which is a policy implemented by most luxury companies, from jewellers (Frey Wille, Mauboussin) to leather manufacturers (Hermes, Goyard), including shoe-makers (Louboutin). For example, Frey

Wille's jewelleries are life-long warranted. This means that not only broken item can be sent back for repair, but also items used by regular usage along time. Similarly, luxury car brands such as Rolls Royce do also ensure an infinite-time warranty (even transmitted from one generation to the other one). As far as we know, no such communication has ever been made, be it in general press of selective press. We only know this by testimonies of clients or personal experience. Word of mouth may be a necessary communication tool in the luxury industry, but should clearly be backed up by more explicit communication when targeting consumers of counterfeits, who are usually few exposed to regular consumers of real luxury products.

Impact on Place Policy

When speaking of place, we include store localisation, store atmosphere and sales force. While lots of efforts have been put on the two first points by luxury houses, less attention has been devoted at the last one, which is a deterrent for some consumers to get into luxury shops. For instance, store design is now a key asset for some brands, as they rely upon famous architects to conceive their new stores (e.g. Jun Aoky for Vuitton in Tokyo, or Reem Koohlaas for Prada in New York). Visual cues do pay a lot of importance in most luxury shops: the antique Louis Vuitton trunk in each shop, the portrait of Coco Chanel etc. However, while sensory marketing has been acknowledged as a strong influential marketing component of the purchase experience in department stores or fashion stores (for example perfumes and half-naked male models in Abercrombie & Fitch stores), it is clearly not enough developed in luxury stores. Thus, what is the advantage in going to the real store? Where is this holistic luxury shopping experience consumers do expect? We believe that developing brand images in stores via sensory devices could entice consumers of counterfeits to step in the real stores. We mentioned the visual cues, always related to the luxury houses' histories or

original designers. This clearly show how consumers and non-consumers of luxury products cannot conceive buying such products in a non branded atmosphere, thanks to strategies taking him back to the very origin of the brand. Coco Chanel had once well-understood this: rue Cambon (the flagship store in Paris), employees were required to perfume themselves using Chanel n°5… Therefore we think that to capture consumers of counterfeits, the most efficient strategy is to make them come in brand-owned stores, meaning stores from the selective distribution network and not from resellers. This should be done not only for accessories, leather goods or shoes, but also for watches, jewelleries and perfumes/cosmetics. And clearly the atmosphere and standard of the store would raise price-value of the goods in consumers' minds, a feature already described as an incentive to resist to the purchase of the counterfeited good. This is of course related to the perceived price associated to the product and service going along with it, not the real price although we have already described why the real price should be raised to attract more consumers of counterfeits.

Salespeople' attitudes and behaviours have been pointed out by our respondents as a strong deterrents from luxury stores. Employees should be trained to help people reach their objectives when buying real luxury products, be it defining their own identity or expressing their sense of uniqueness/belonging to a social group. This should be achieved avoiding simultaneously the 'another world' syndrome. What we mean is that the concept of consumer's exclusivity and uniqueness should be preserved, devoting special attention and care to visitors in the shop. The consumer should feel different but not apart from the pool of regular consumers. Hence employees should pay special attention at acting like 'normal', as if the visitor was a regular consumer in the store, but letting him think that he deserves extra and special care.

5. Conclusion and future research

The two content analyses give a better understanding of how people develop an a priori attitude toward luxury, toward counterfeiting and potentially how one attitude may impact another one. For instance, seeing the luxury world as a superficial/artificial world is very much connected with the idea that some people engage in the consumption of counterfeits to display artificial symbolic codes of belonging to a potential social class. Our study enabled us to identify six faces of the luxury world, based on two dimensions of perception, while the counterfeiting world is composed of four actors interacting one with the other. Practical insights to marketers have been offered as of how to capture the consumers of non-deceptive counterfeited luxury goods.

We would recommend a discourse analysis leading to a semiotic analysis of the discourses hold by the respondents to be mapped and then compared in order to identify potential points of similarity/discrepancy. This would be achieved by the use of semiotic squares.

Another future research should be conducted to confirm the three recommendations to marketers that we have provided. This could be done using a questionnaire or conducting a field experiment in luxury shops, using carefully selected samples of consumers of non-deceptive luxury counterfeits.

Lastly, we think that the six faces of the luxury world, as perceived by consumers of fake luxury goods, could be replicated in a quantitative study. The identified characteristics could be used to build measurement scales, hence providing a new framework in the understanding of the luxury concept.

APPENDIXES

Appendix 1: Interview Guide

Thanks for showing-up and presentation of objective of the study. Ask for interviewee's consent. Let the interviewee know that all conversation will be tape-recorded but that it will be kept anonymous and confidential.

Before all, I would like to know more about you: who are you as a person? And how would you describe yourself as a consumer?

First of all, I would like to discuss with you some points regarding the world of luxury
- How would you define a luxury good?
    - Type of product
    - Quality vs. symbol
    - Examples…

- Have you ever been exposed to it?
    - Circumstances
    - Media?
    - Purchase?
    - Friend? Family?

- According to you, what makes people buy luxury goods?
    - Type of goods
    - Gift vs. self-purchase
    - Brand vs. product
    - Symbolic representation vs. product characteristics

- Have you ever considered buying a luxury good?
    - If no: reason why
    - If yes: type of product, circumstances, place of purchase, time of purchase, alone or with somebody else. Description of consumption experience.

- How would you describe somebody who buys luxury goods?
    - Nationality, gender, behaviour, social context
    - Positive vs. negative person
    - Feelings

- Would you describe yourself as such a person?

- What is for you the ultimate luxury?

Let us now consider the topic of counterfeiting.
- What does the word "counterfeiting" mean to you?

- Have you ever been exposed to it?

- o When, where, how (media?)
- o Feelings

- Could you describe the first good you think about when considering counterfeits?
  - o As precise as possible
  - o Differences between the real item and the fake

- Why do you think people buy counterfeits?
  - o Type of purchased goods

- Would you consider buying a counterfeited good?

- If you had to do so, how would you proceed?
  - o Where?
  - o What type of product?
  - o Price ready to pay

- Do you think that it is risky to buy counterfeits?
  - o Type of risk: psycho-social, legal, physical?
  - o If no, explanation for the rationale behind this justification

- Do you think that it is good to communicate on the topic?

If the interviewee is a luxury consumer and not a counterfeit consumer: How do you feel when you see a luxury brand you happen to buy counterfeited?

+ Projective Cartoon "The fake Rolex"
- Could you describe the setting?
- Any reactions on it?
- If you were the guy, what would you say?

Is there any additional thoughts or feelings you would like to share with me, either concerning luxury or counterfeiting?

Thanks for participation & debriefing. Fill-in of a demographics questionnaire. Offer the opportunity to contact back (business card).

Appendix 2: The Fake Rolex

INSERT FIGURE 2 HERE

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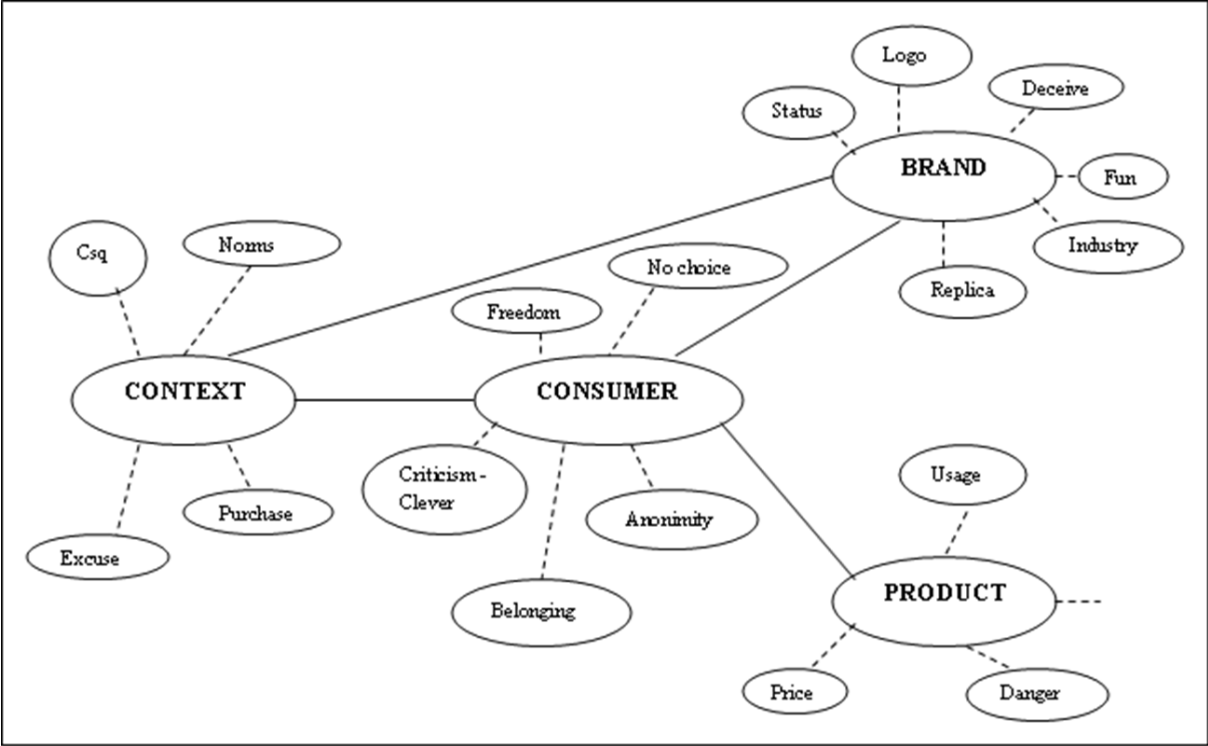Zikmund, W.G., Babin, B.J., 2007. Essentials of market research. Thomson South-West, Mason, OH.

Figure 1: The Main Actors in the Counterfeiting World

"We're from the Neighborhood Watch committee.
We've heard you're wearing a fake Rolex."

Figure 2: The 'fake Rolex' projective drawing

	EXTERNAL	SOCIAL	SELF
MATERIAL	***PRODUCT CHARACERISTICS*** ➢Industry ➢Environment ➢Impressiveness ➢Quality/perfection ➢High price ➢Difference	***PRODUCT USAGE*** ➢Impressiveness ➢Gift ➢Special usage occasion	***DEFINE ONESELF*** ➢Investment ➢Self-gift / reward ➢Self-fulfilment ➢Usage ➢Education ➢Purchase experience
IMMATERIAL	***ANOTHER WORLD*** ➢Sensory evidence ➢Not needed product ➢Weirdness ➢Brand ➢Art / creation ➢Uniqueness ➢Sophistication	***IDENTIFICATION*** ➢Impressiveness ➢Style ➢Class status / belonging ➢Culture ➢Symbol ➢Proof to others ➢Sophistication	***EXPRESS ONESELF*** ➢Re-assurance ➢Style ➢Comfort / easiness ➢Self-fulfilment ➢Freedom

Table 1: The Six Faces of the Luxury World

	World of Luxury	World of Counterfeiting
Temporality	Future-oriented	[Q + E] Present-oriented
	Expectations	[Q] No expectations (proxy for real)
	Long-lasting relationships	[E] Punctual event
Sociality	Culture/Education based	[R] Occasion-based
	Values	[R + E] Logo ~ Symbols
	Coded	[Q] Not coded
Context	Purchase experience	[R + E] Another purchase experience
	Burden/Occasional usage	[Q] Test
	Freedom (legal)	Freedom of doing whatever one's want
	No social/legal negative consequences	Social & legal negative consequences
People	Coded behaviour	[R + E] Non-coded behaviour
	Status	Belonging
	Uniqueness	[E] Anonymity
	Freedom	Dependence
	Uniqueness	Standard
	No flaw	[Q] Poor quality
	Expensive	Cheap

Q: Quality
E: Experience
R: Retail environment

Table 2: When the Luxury World Meets the Counterfeiting World