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The Devil might wear Prada, but Narcissus wears counterfeit Gucci! How social adjustive functions influence counterfeit luxury purchases

Liem Viet Ngo^a, Gavin Northey^{b,*}, Quan Tran^c, Felix Septianto^d^a University of New South Wales, School of Marketing, Sydney, NSW 2052, Australia^b University of Auckland, Owen G Glenn Building, Level 4, Room 421, 12 Grafton Rd, Auckland 1010, New Zealand^c University of Economics, HCM City International School of Business, Vietnam^d University of Auckland, Owen G Glenn Building, Level 4, Room 408, 12 Grafton Rd, Auckland 1010, New Zealand

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ABSTRACT

People buy counterfeit luxury goods for a range of reasons, including status and belonging. Previous research has shown these stem from an individual's value-expressive or social-adjustive attitudes. However, there appears to be limited research identifying a clear causal relationship between these and intention to purchase counterfeit goods, or how these attitude functions might be used to inhibit purchase of counterfeit luxury products. Using a mixed (survey/experiment) design, in two studies this research demonstrates an individual's social adjustive function has a positive influence on purchase intent for counterfeit luxury goods. However, the use of value expressive ad appeals can limit this effect on consumer decision making. The findings also demonstrate the existence of contingent effects across different levels of product involvement and product knowledge. The contingent effects help better understand the inconsistent findings in the literature regarding the influence of value-expressive and social-adjustive functions on counterfeit purchase intention, and shed light on the interplay among these variables.

1. Introduction

Counterfeit products are a worldwide phenomenon. Recent estimates put the annual value of the global counterfeit market at over \$US 1.8 trillion (The Economist, 2015). As a result, the global demand for counterfeit luxury products is showing little signs of slowing down. But why do consumers purchase counterfeit luxury goods? Moreover, what can luxury brands do to stop this?

Previous research (Perez et al., 2010) has demonstrated consumers will intentionally buy counterfeits as an inexpensive alternative to genuine products. Along with this, a range of other reasons have been suggested including the desire to own a specific product type (Albers-Miller, 1999), information susceptibility (Hoon Ang et al., 2001), normative susceptibility (Wang et al., 2005), value consciousness (Phau and Teah, 2009), novelty seeking (Wang et al., 2005), integrity (Hoon Ang et al., 2001) and status consumption (Hoe et al., 2003). Drawing upon the functional theories of attitude (Shavitt et al., 1992; Wilcox et al., 2009), we identify two functions of luxury brands that drive consumers' attitudes toward luxury brands. The first function relates to

self-expression where a product might signal wealth (Han et al., 2010), thereby providing a value-expressive function that allows the consumer to project an identity consistent with the luxury brand (Bian and Forsythe, 2012). The second function relates to self-presentation in that consumers may purchase luxury goods to 'fit in' or gain social approval, in what is seen as a 'social identity' (Shavitt, 1989) or 'social adjustive' function (Wilcox et al., 2009). For instance, a customer might purchase a Rolex watch because the brand reflects his or her personality (i.e. self-expression), while another might purchase a Louis Vuitton bag because it is a symbol of social status (i.e. self-presentation) (Wilcox et al., 2009). Louis Vuitton, probably the most widely counterfeited luxury brand, has suffered from counterfeits bought by customers for social-adjustive reasons. Indeed, the social-adjustive function might lead to loss of market share and even brand dilution because "a potential real consumer might hesitate to buy a bag with a conspicuous Louis Vuitton monogram if she or he considers that those observing the item would believe it to be a fake" (Olorenshaw, 2011, p. 79).

Despite the importance of value-expressive and social-adjustive functions in the consumption of genuine luxury products (Nia and

* Corresponding author.

E-mail addresses: liem.ngo@unsw.edu.au (L.V. Ngo), g.northey@auckland.ac.nz (G. Northey), quan.tran@isb.edu.vn (Q. Tran), f.septianto@auckland.ac.nz (F. Septianto).

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Zaichkowsky, 2000), two limitations warrant further investigation.

First, past research indicates that the effect of value-expressive and social-adjustive functions on counterfeit purchase is equivocal. Whereas in an experimental design, Wilcox et al. (2009) found only the social-adjustive function has an influence on purchase intent, other survey research (e.g. Chiu et al., 2014; Koklic, 2011; Phau et al., 2009) demonstrated mixed results.

Second, an important but neglected question of interest in counterfeit consumption research is under which condition value-expressive and social-adjustive functions may become more or less important. In this regard, an individual's product involvement and product knowledge are highly influential. Product involvement refers to the interest a consumer finds in a product class (Zaichkowsky, 1994), while product knowledge refers to what customers know about a product category and what they believe they know (Rao and Monroe, 1988). In the current study, we contend that both value-expressive and social-adjustive functions are inherently essential such that product involvement and product knowledge determine the strength of their effect on counterfeit purchase intention. We find that the contingent effect varies for different levels of product involvement and product knowledge. The contingent effects help better understand the inconsistent findings in the literature regarding the effect of value-expressive and social-adjustive functions on counterfeit purchase intention, and shed light on the interplay among these variables.

The current paper aims to address these shortcomings in the literature and examine the extent to which value-expressive and social-adjustive functions influence consumption of counterfeit luxury brands by using a mixed (survey/experiment) design.

The findings from this research support existing literature by demonstrating the powerful influence social adjustive attitudes have on the intention to purchase counterfeit luxury goods. Furthermore, this paper extends existing theory by showing a causal relationship between these functional attitudes and intention to purchase counterfeit luxury goods. In addition, the current research contributes to the body of applied knowledge by using a novel approach to show how value-expressive ad appeals can be used by luxury brands to inhibit the intention of consumers to purchase counterfeit luxury goods.

In the remainder of this article, we provide a deeper discussion on counterfeit consumption and develop our hypotheses. We empirically validate the proposed hypotheses in two studies. Study 1 is a cross-sectional survey designed to test the hypotheses in a natural, externally-valid context. Study 2 is an experiment to establish a causal relationship in a controlled, internally-valid context. Finally, we discuss implications of the findings and provide future research directions.

2. Conceptual development

2.1. What is a 'luxury' brand and what is meant by counterfeit?

The concept of luxury in a consumer setting has been widely debated in existing literature. Despite that, the ability of researchers to define luxury has been rather problematic, given that luxury is a highly subjective concept (Wiedmann et al., 2007) and is heavily dependent on context (Vigneron and Johnson, 2004). Fortunately, a review of the literature by Tynan et al. (2010) provides a workable definition for the current research, whereby luxury is defined by quality, expense, rarity, prestige and authenticity that, together, afford a high level of symbolic and emotional value. In addition, to assist the reader, this research will focus on the intentional purchase of non-deceptive counterfeit luxury goods (CLGs).

2.2. Why do people purchase counterfeit luxury products?

To understand why individuals purchase counterfeit luxury goods, it is necessary to first understand why individuals buy genuine luxury brands. It was originally contended that luxury or prestige products were seen as more desirable because the higher price is associated with higher quality or the expense affords the buyer a certain level of prestige (Veblen, 1991). Effectively, such 'Veblen effects' come about because individuals are willing to pay a premium for a product that may be functionally equivalent to a lower priced alternative (Bagwell and Bernheim, 1996). Essentially, paying a premium for luxury goods has a positive influence on an individual's self-esteem (Truong and McColl, 2011). This comes about because consumers are not just buying a product, but are also purchasing the status that comes with it (Hayakawa, 1958), in what is known as 'status consumption' (Eastman et al., 1999). In such cases, purchase of luxury goods is a form of 'status consumption' that comes about from individual differences in attitude (Chan et al., 2015).

The link between attitude and purchase of luxury goods is best explained through functional attitude theory (Katz, 1960; Smith et al., 1956). According to this theory, consumers may develop attitudes that assist them in achieving and promoting their set of values (value-expressive attitudes) or ones that assist them in developing a bond or affiliation with others (social-adjustive attitudes) (Hullett and Boster, 2001).

The purchase and consumption of luxury counterfeit goods is premised on a similar attitude-behavior continuum, where consumers might intentionally purchase CLGs because they see them as an inexpensive alternative to genuine products (Perez et al., 2010) that still offer some level of status and image (Francis et al., 2015). In this way, consumers that have a high need for status but are unwilling or unable to pay for genuine products can use counterfeits as a way to emulate the wealthy class (Han et al., 2010). In this situation, the purchase of counterfeit luxury goods provides a 'value-expressive' function (Grewal et al., 2004), whereby the consumer is able to project an identity and set of values that are consistent with the luxury brand (Bian and Forsythe, 2012).

However, individuals may also be attempting to blend in, assimilate or align with a given reference group. In this situation, CLGs provide a 'social adjustive' function (Snyder and DeBono, 1987), whereby the product allows the consumer to feel like they conform to group norms (Bearden et al., 1989), particularly when they place a high emphasis on the expectations of a peer group (Schade et al., 2016).

Previous research (Wilcox et al., 2009) has demonstrated the intention to purchase CLGs hinges on both of the social motivations (value expressive; social adjustive) outlined. However, their findings suggest only the social-adjustive function is seen to have an influence on purchase intent. Such findings appear to be at odds with other research (e.g.: Chiu et al., 2014; Koklic, 2011; Phau et al., 2009). In fact, in a review of literature by Wiedmann et al. (2012), it is proposed the value-expressive functions that are typically associated with the purchase of genuine luxury products may have a negative influence on intentions to purchase CLGs. This is based on fears that members of the reference group may have expert knowledge of the luxury brand and can spot imitations. In such a situation, being identified as a consumer of CLGs inhibits an individual's willingness to purchase (Phau and Teah, 2009). Based on the extant literature, the following hypotheses are proposed:

H1 and H2. An individual's value-expressive (H1)/social adjustive (H2) function is negatively/positively associated with counterfeit purchase

intention.

While the social motivations for purchasing counterfeit luxury goods form the basis of this research, product involvement with the genuine brand or category cannot be discounted. Product involvement is defined as the perceived level of importance a product holds in the consumer's life, based on how it meets the needs or values of the consumer (Bian and Moutinho, 2011; Quester and Ai, 2003; Te'eni-Harari and Homik, 2010). Involvement is also related to the amount of pleasure the consumer gains from the product (McQuarrie and Munson, 1992; Vaughn, 1986; Zaichkowsky, 1987). Because of this, consumers will use higher levels of effort to choose high involvement products (Bian and Moutinho, 2011) to avoid the risk of poor product selection. This is particularly the case when considering CLGs, where poor selection may outweigh the potential benefits of purchasing a counterfeit product. In such cases, however, the high involvement level may increase the effect of self-presentation consumers experience when considering purchasing CLGs. Importantly, the higher the product involvement, the more important the product is to the consumer, thereby increasing the significance of any quality-related problems – which is one of the main disadvantages of counterfeits (Wilcox et al., 2009) – in the decision process.

At the same time, high levels of product involvement mean consumers are likely to include social-adjustive considerations when considering purchase of counterfeit luxury products. Effectively, the implications of being discovered using counterfeits are high in relation to high involvement products, therefore reducing the social-adjustive benefits counterfeit luxury goods may offer. From this, the following hypotheses are proposed:

H3/H4. An individual's level of product involvement will negatively influence the effect of their value-expressive (H3)/social adjustive (H4) function on intention to purchase counterfeit luxury goods.

Similar to product involvement, an individual's product knowledge is likely to influence any decision to purchase a CLG. Because product knowledge can result in more complex decision making procedures (Marks and Olson, 1981), it has the potential to influence purchase of CLGs, because high product knowledge means consumers are aware of lower quality compared to genuine goods (Bian and Moutinho, 2011). These consumers can more readily identify counterfeit products and, as a result, perceive the possibility of being discovered using counterfeit products as high. Such a situation lessens the potential self-presenting benefits of counterfeit luxury goods, meaning consumers are less likely to choose counterfeit luxury products over genuine products (Perez et al., 2010). As such, the following hypothesis is proposed:

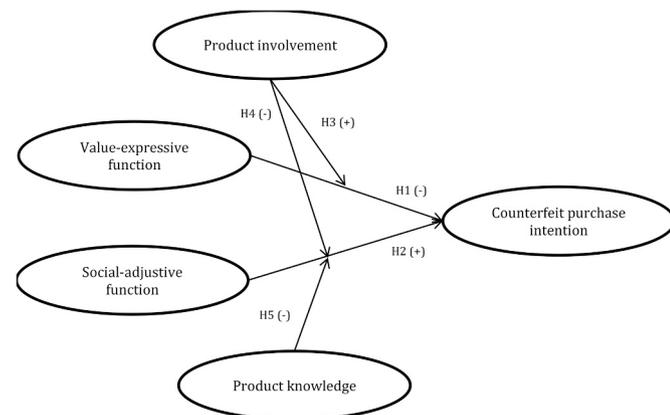


Fig. 1. Conceptual model.

H5. An individual's level of product knowledge will negatively influence the relationship between their social-adjustive function and intention to purchase counterfeit luxury goods.

The conceptual model of this research is presented below (Fig. 1):

2.3. Research methodology

The research consisted of two studies, where Study 1 was a cross-sectional survey to validate proposed hypotheses, and Study 2 was an experiment to establish a causal relationship, enhance robustness of the research and demonstrate how the social attitude functions (value expressive/social adjustive) might be used in luxury brand advertisements to inhibit consumer intention to purchase counterfeit luxury goods.

2.4. Study 1

The purpose of Study 1 was to test the five hypotheses in a natural, externally-valid context. To do this, data was collected at a large shopping mall (n = 201), where social functions (value-expressive $\alpha = 0.88$; social-adjustive $\alpha = 0.84$) were measured using scales developed by Grewal et al. (2004) and refined by Wilcox et al. (2009). Measures were taken for counterfeit purchase intention (Hung et al., 2011 $\alpha = 0.89$), product involvement (McQuarrie and Munson, 1992 $\alpha = 0.93$) and product knowledge (Smith and Park, 1992 $\alpha = 0.85$). All composite reliabilities were > 0.8. The Kaiser-Meyer-Olkin value was 0.868 and the Bartlett's test of sphericity was significant (p < .000). Promax rotation with Kaiser Normalization (k = 4) was employed confirming high discriminant validity for all scales.

2.4.1. Data analysis

Three models were developed (A, B and C) where hierarchical multiple regression was used and the model estimated at three steps (two steps for Model C): Step 1 tested the main effect for each IV (H1, H2). Step 2 tested the direct effect of product involvement (H3, H4). Step 3 tested the interaction effect (IV \times moderator) on the DV (counterfeit purchase intention). Results are shown in Table 1.

Table 1
Hierarchical multiple regression.

Model	Predictors	β	r^2	Change in r^2	p
A1 (H1)	Value-expressive function	0.078	0.006	0.006	.271
A2	Value-expressive function	0.078	0.006	0.000	.546
	Product involvement	0.001			
A3	Value-expressive function	0.256*	0.030	0.024*	.05
(H3)	Product involvement	0.422*			
	Value-expressive function \times Product involvement	- 0.519*			
B1 (H2)	Social-adjustive function	0.248***	0.061	0.061***	.000
B2	Social-adjustive function	0.256***	0.063	0.001	.002
	Product involvement	- 0.036			
B3 (H4)	Social-adjustive function	0.348***	0.069	0.006	.003
	Product involvement	0.218			
	Social-adjustive function \times Product involvement	- 0.299			
C1	Social-adjustive function	0.288***	0.072	0.072***	.001
	Product knowledge	- 0.108			
C2 (H5)	Social-adjustive function	0.490***	0.091	0.019*	.000
	Product knowledge	0.371			
	Social-adjustive function \times Product knowledge	- 0.601*			

Significance = * .05; ** .01; *** .001.

Table 2
Hypotheses 3 and 4 testing.

Parameter	B	SE	t Value	p Value
Intercept	2.23	0.90	2.47	.015
Value Expressive Ad	2.84	1.22	2.33	.022
Social Adjustive Ad	1.17	1.28	0.92	.362
Product Involvement	0.08	0.18	0.48	.636
Value Expressive Ad * Product Involvement	- 0.54	0.24	- 2.29	.024
Social Adjustive Ad * Product Involvement	- 0.03	0.26	- 0.11	.910

Table 3
Hypothesis 5 testing.

Parameter	B	SE	t Value	p Value
Intercept	2.05	0.79	2.60	.011
Value Expressive Ad	0.03	1.07	0.03	.977
Social Adjustive Ad	2.89	1.01	2.87	.005
Product Knowledge	0.13	0.16	0.80	.426
Value Expressive Ad * Product Knowledge	0.09	0.24	0.36	.717
Social Adjustive Ad * Product Knowledge	- 0.49	0.22	- 2.22	.028

The results show no significant relationship between an individual's value-expressive function and the intention to purchase counterfeit luxury products. Because of this, H1 is not supported. In fact, the results indicate an individual's value-expressive function tends to have a positive influence on purchase intent. However, the moderating effect of product involvement on the relationship between value-expressive function and counterfeit purchase intention was significantly negative, providing support for H3. In relation to the influence of an individual's social-adjustive function on purchase intent, the results indicate support for H2. However, there was no observed effect in step B2 or an interaction effect at B3, meaning there was no support for H4. In Model C, results indicate the effect of an individual's social-adjustive function on purchase intent of counterfeit luxury goods is moderated by their product knowledge. Therefore, H5 is supported (Tables 2–4).

2.5. Study 2

Study 2 was a one-factor, three-level (ad appeal: value-expressive, social-adjustive, control) between-subjects design, conducted to establish a causal relationship, enhance robustness and ensure generalizability of findings. One hundred and three participants (33% female, Mage = 32.30, SD = 11.18) were recruited through an online panel. In each condition, participants viewed a luxury watch ad with a specific ad appeal (value-expressive, social-adjustive, or control).

Luxury watches were used because they are relatively gender-neutral, compared to other luxury fashion products. Each advertisement included an image of a luxury watch with a different tagline depending on the appeal required for each condition. For the social adjustive appeal, the tagline stated “a symbol of social status”, while for the value expressive appeal, the tagline stated ‘reflect who you are – express who you are’. The advertisements used in the study can be viewed in the appendix.

2.5.1. Manipulation checks

For manipulation checks, one-way ANOVA was conducted on the levels of value-expressive and social-adjustive functions. As expected, significant differences were observed on the level of value-expressive

Table 4
Estimates of purchase intentions at high and low levels of product involvement and knowledge.

	Advertisements	Control	Value expressive	Social adjustive
Low Involvement	2.46	3.83	3.55	
High Involvement	2.78	2.09	3.76	
Low Knowledge	2.28	2.47	4.31	
High Knowledge	2.83	3.39	2.81	

function ($F(2, 120) = 17.23, p < .001$), such that participants who evaluated an ad with a value-expressive appeal reported higher levels of value-expressive functions ($M_{\text{expressive}} = 5.22$) than those who evaluated an ad with a social-adjustive appeal ($M_{\text{social}} = 3.28, t(120) = 4.88, p < .001$) or control condition ($M_{\text{control}} = 3.18, t(120) = 5.37, p < .001$). In addition, significant differences were observed for the level of social-adjustive function ($F(2, 120) = 18.31, p < .001$). That is, participants who viewed an ad with social-adjustive appeal ($M_{\text{social}} = 5.19$) reported higher levels of social-adjustive functions, as compared to those in value-expressive ($M_{\text{expressive}} = 3.25, t(120) = 5.60, p < .001$) or control conditions ($M_{\text{control}} = 3.61, t(120) = 4.85, p < .001$). These findings suggested the manipulation for each condition was successful.

Prior to testing Hypotheses 1 and 2, a Levene's test was conducted to identify any issues with variance. The results ($2.29; p > .10$) indicate homogeneity of variance can be assumed. As such, a one-way ANOVA was run on the data with purchase intent as the dependent variable. Results from the one-way ANOVA revealed a marginally significant difference ($F(2, 120) = 2.71, p = .071$). Specifically, participants in the social-adjustive condition ($M_{\text{social}} = 3.64$) reported higher intentions to purchase counterfeit products as compared to those in the control condition ($M_{\text{control}} = 2.64, t(120) = 2.27, p < .05$), thus supporting H2. However like Study 1, there was a non-significant difference between participants in the value-expressive and control conditions ($M_{\text{expressive}} = 2.88, M_{\text{control}} = 2.64, t(120) = 0.55, p > .10$).

To test H3 and H4, moderated regression was run with ad condition and product involvement as IVs and purchase intent as the DV. Results revealed a significant interaction between ad condition and product knowledge ($F(2, 117) = 3.35, p < .05$). Specifically, a significant negative interaction between product involvement and value-expressive condition was observed ($B = - 0.54, SE = 0.24, t(117) = - 2.29, p < .05$), providing support for H3. Spotlight analysis further demonstrated that when product involvement was low (1 SD below mean = 2.72), participants in the value-expressive condition reported higher intentions to purchase counterfeit products than those in the control condition ($M_{\text{expressive}} = 3.83, M_{\text{control}} = 2.46, t(117) = 2.07, p < .05$). However, when product involvement was high (1 SD above mean = 6.54), the differences were non-significant ($M_{\text{expressive}} = 2.09, M_{\text{control}} = 2.78, t(117) = 1.16, p > .10$). Examining the social-adjustive condition and product involvement, we found consistent results to Study 1 such that their interaction was non-significant ($B = - 0.03, SE = 0.26, t(117) = - 0.11, p > .10$). Thus, confirming the results from Study 1, there was no support for H4.

To test H5, moderated regression was run on the data. Results show a significant main effect of ad condition ($F(2, 117) = 6.09, p < .01$). However, as predicted, this effect was qualified by a significant interaction between ad conditions and product knowledge ($F(2, 117) = 3.91, p < .05$). As expected, there was a significant interaction between the social-adjustive ad appeal and product knowledge ($B =$

– 0.49, SE = 0.22, $t(117) = -2.22$, $p < .05$), providing evidence for H5. These results confirm the findings from Study 1. In addition, spotlight analysis revealed when product knowledge is low (1 SD below mean = 1.78), participants who viewed a social-adjustive ad appeal had higher intentions to purchase counterfeit products ($M_{\text{social}} = 4.31$, $M_{\text{control}} = 2.28$, $t(117) = 2.99$, $p < .01$). However, these differences became non-significant when the product knowledge was high (1 SD above mean = 5.98) ($M_{\text{social}} = 2.81$, $M_{\text{control}} = 2.83$, $t(117) = 0.04$, $p > .10$).

3. Discussion

Luxury brands are facing an increased threat from counterfeit manufacturers. Improvements in production and distribution now mean counterfeit luxury goods are competing directly with genuine brands, threatening revenue, profits and brand sovereignty. Typically, consumers purchase counterfeit luxury goods (CLGs) to obtain some ‘value expressive’ (project personal identity) or ‘social adjustive’ (belonging to a reference group) benefit. However, it may be that at least some of this willingness to purchase CLGs stems from the way luxury brands portray their products and customers.

3.1. Theoretical implications

This research contributes to the counterfeit consumption and luxury goods literature in multiple ways. First, the study sheds light on the equivocal findings to date by taking a dual approach (i.e. survey data in Study 1 and experiment data in Study 2) toward explaining why consumers buy counterfeit luxury goods. In particular, the findings support previous research (Wilcox et al., 2009), where Study 1 confirmed the positive role an individual’s ‘social adjustive’ function has on their willingness to purchase CLGs. Study 2 was undertaken to identify a causal effect, using social adjustive and value expressive ad appeals to isolate the effect of such functions on consumer decision making. The findings extend existing literature by demonstrating that brand advertisements using social adjustive appeals (where ad copy used the tagline ‘a symbol of social status) make consumers more willing to purchase CLGs. By contrast, advertisements using value expressive appeals (‘reflect who you are – express who you are’) do not influence the desire to purchase CLGs.

Second, despite Marks and Olson’s (1981) claim that product involvement and product knowledge can result in more complex decision-making procedures, until now their contingent effect on counterfeit consumption has largely remained unexplored. As such, this study appears to be the first that explores the extent to which product involvement and product knowledge determine the strength of value-expressive and social-adjustive functions’ effect on counterfeit purchase intention. This study underscores the contingent effect across different levels of product involvement and product knowledge. The contingent effects help better understand the inconsistent findings in the literature

regarding the effect of value-expressive and social-adjustive functions on counterfeit purchase intention, and shed light on the interplay among these variables. As such, it may be that future work will benefit from such moderating models in building a stronger theoretical and empirical foundation for the study of counterfeit consumption and luxury goods.

3.2. Managerial implications

The findings also have several important managerial implications. First, understanding how value-expressive and social-adjustive functions might be used to inhibit purchase of counterfeit luxury products has great managerial importance for marketers. The findings suggest luxury brands aren’t powerless against counterfeit producers. In fact, the findings provide evidence that luxury brands can influence demand for counterfeit luxury goods through the use of certain ad appeals. Specifically, the use of ad appeals that focus on the individual’s value expressive functions not only have a positive effect on the desirability of genuine branded items but can have a corresponding negative influence on consumer-side demand effects for counterfeit luxury goods.

Second, the results underscore the benefits of taking product involvement and product knowledge into consideration. The findings from this research suggest when product involvement is high, the use of value-expressive functions in advertisements inhibit the desire to purchase counterfeit products. By contrast, when product knowledge is low, participants who viewed a social-adjustive ad appeal were actually more likely to purchase counterfeit products.

3.3. Limitations and future research directions

A limitation of this research is that it was undertaken in the context of a single product category, thereby limiting the generalizability of the findings. Future research might examine these effects in different product categories. In addition, the use of product involvement and product knowledge as key moderators opens a window for further research to explore possible moderating and mediating interventions that facilitate or inhibit the consumption of counterfeit luxury goods.

4. Conclusion

This research has demonstrated – contrary to prior research – the influence of value expressive and social adjustive functions on the purchase of counterfeit luxury goods are not equivocal. The findings from two studies indicate an individual’s social adjustive function has a positive influence on purchase intent for counterfeit luxury goods. However, luxury brands are not powerless in the fight against counterfeiters. In this respect, the findings provide evidence that luxury brands can use value expressive appeals in their brand advertisements, as these have been shown to inhibit consumer willingness to purchase counterfeit luxury products.

Appendix

See Fig. 2.



A – Control Advertisement



B – Advertising appeal: social-adjustive



C - Advertising appeal: value-expressive

Fig. 2. Advertising experiment stimuli.

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