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Non-deceptive counterfeit purchase behavior of luxury fashion products

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Abstract

The luxury fashion industry suffers substantial losses due to non-deceptive counterfeit purchase behavior. This study extends prior research on such behavior by investigating the factors influencing non-deceptive counterfeit purchase behavior of luxury fashion goods in India, a country that scores high on collectivism and low on indulgence in regard to Hofestede's cultural dimensions. Specifically, (a) based on the extant literature as well as by (b) adding a novel variable, we theorize and empirically test a model that proposes a more comprehensive attitudinal construct specifically reflective of attitude to counterfeits by incorporating integrity, materialism, risk seeking, price–quality interface, smart shopper self-perception, and subjective norms as antecedents of attitude towards counterfeit luxury products. Importantly, the paper investigates the mediating role of this comprehensive attitudinal construct in the relationship between intentions to purchase counterfeit and antecedents. The results offer novel theoretical insights that could be also advantageously employed by practitioners to restrain non-deceptive counterfeit behavior.

1 | INTRODUCTION

Counterfeits are illegally manufactured or unauthorized reproductions of genuine products that usually have high brand value (Lai & Zaichkowsky, 1999) and infringe on the legal rights of the real trademark holder (Bian & Veloutsou, 2017). Whereas some consumers unknowingly purchase such counterfeits (Phau et al., 2009), others consciously do so, engaging in non-deceptive counterfeit purchase behavior (Faruqui et al., 2017; Veloutsou & Bian, 2008; Wilcox et al., 2009; Wilcox & Zaichkowsky, 2020); the latter type of behavior constitutes the majority of counterfeit cases (OECD-EUIPO, 2019). Non-deceptive counterfeit consumption has been identified to be a burgeoning problem with serious social and economic consequences (BASCAP-INTA, 2016; Eisend & Tarrahi, 2019), and it is also criticized for its link with crime and terrorism (KPMG-FICCI, 2017; UNIFAB, 2016). Because the luxury fashion goods industry is exceedingly profitable, it has become an easy target for counterfeit producers (Meraviglia, 2018; Phau et al., 2009). Approximately 50% of all luxury counterfeit products are intentionally bought by consumers (OECD, 2018); thus, consumer demand plays a prominent role in the growth of counterfeiting (Francis et al., 2015; Meraviglia, 2018) and could be the focal point of interest for theoretically meaningful and managerially relevant research.

Counterfeiting continues to grow and has become a considerable economic and social issue in recent years (Chen et al., 2018; Davidson et al., 2019; Eisend, 2019), with consumers in emerging markets more likely to buy branded luxury products today (Pino et al., 2019), including counterfeits. Indeed, in the past 15 years, counterfeiting has moved significantly away from developed economies to developing markets (Eisend et al., 2017). These markets constitute a significant proportion of global spending on luxury and are forecast to become key global markets for luxury goods in the following years (Deloitte, 2019). For example, counterfeit luxury brands in India (the second-biggest country in the world in terms of population) are growing at a rate of 45%, having reached a value of USD 1 billion in 2018 (Brahma, 2018). Investigating the consumer aspect of this equation is therefore crucial for both scholars and managers.

Against this background, it is surprising that academic research has largely neglected to investigate consumers' intention to purchase counterfeit luxury goods in emerging markets in more detail (Kaufmann

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et al., 2016). Addressing this research gap, the current study focuses on a key emerging market—namely, India—to fill this void in the literature. Our research focuses on India as a context for understanding antecedents of consumers' attitudes towards and purchase intentions for non-deceptive counterfeit luxury brands for several reasons. First, India is one of the fastest-growing consumer markets globally and has witnessed an average 20% growth in the population of ultra-high-net-worth individuals and a 21.6% growth in wealth (Capgemini, 2018). In the past few years, the luxury market in India has grown at a compounded annual rate of approximately 25% (Gupta, 2017). Second, although global luxury brands have realized the high potential of India as a destination for luxury products and are increasingly entering this important market, counterfeiting is one of their most formidable challenges (Narula & Varshney, 2018). As Khandeparkar and Motiani (2018) point out, India does not only experience an enduring increase in the acquisition of luxury products, but a similarly impressive growth in counterfeit consumption. Thus, our research follows Burgess and Steenkamp's (2006) call for more studies in emerging economies. Finally, India provides a unique constellation of a relatively young consumer base with high economic growth rates (World Bank, 2020), coupled with comparably high levels of power distance and low levels of indulgence (Hofstede et al., 2011). Whereas power distance is defined as the extent to which the less powerful members of society accept and expect that power is distributed unequally, indulgence refers to gratification versus control of basic human desires related to enjoying life (Hofstede, 2011). India scores relatively high on power distance [77] and low on indulgence [26] (Hofstede et al., 2011), signifying that members in society accept power differentials and that the gratification of basic human desires related to enjoyment is constrained. On the other hand, countries such as the United States or Sweden score lower on power distance [40 and 31] and higher on indulgence [68 and 78, respectively]. The tensions that arise from a society with a desire to participate in the consumption of luxury goods (Sharda & Bhat, 2018), but which simultaneously strives to follow societal norms prescribing restraint from hedonic practices and pleasure, provides an intriguing context for the current study.

Furthermore, although extant research has generally acknowledged *attitude toward counterfeits* as a salient variable affecting non-deceptive counterfeit purchase behavior (Bhatia, 2018; Eisend & Tarrahi, 2019; Quoquab et al., 2017; Ting et al., 2016; Xi & Cheng, 2017), previous studies have not comprehensively examined the components of such attitudes—effectively missing are theoretically important and managerially controllable constructs that explain why consumers engage in such practices and, in turn, allow for potential company responses. For example, prior studies demonstrate that factors such as integrity (Eisend et al., 2017; Phau & Teah, 2009), materialism (Bhatia, 2018; Yoo & Lee, 2009), perceived quality (De Matos et al., 2007), smart shopper self-perception (Eisend et al., 2017), subjective norms (Ngo et al., 2020; Thaichon & Quach, 2016), and value consciousness (Randhawa et al., 2015; Ting et al., 2016) may influence attitude toward counterfeit purchase. However, even though extant research has focused on counterfeit purchase behavior, it generally lacks inclusiveness, as conceptualizations of attitude toward counterfeits are usually limited to a few determinants (Viot et al., 2014). Moreover, some studies find that integrity (Ting et al., 2016; F. Wang et al., 2005), materialism (Wee et al., 1995), price–quality inference (Abdullah & Yu, 2019; Huang et al., 2004; and subjective norms (Francis et al., 2015) do not affect attitude toward counterfeit products. Hence, the fragmented and in part contradicting results from previous studies motivate the current research to investigate antecedents of non-deceptive counterfeit consumption in an integrative and contextualized way. Specifically, rather than focusing on only a few of the antecedents of counterfeit purchases, our research considers a total of seven factors for non-deceptive counterfeit consumption simultaneously and in the specific context of one important cultural setting, India. Our research approach thus concurs with Eisend et al. (2017), who observed that firms' efforts to constrain consumer demand for counterfeit luxuries may be futile unless specific culturally bounded perceptions and motives of consumers in various markets are thoroughly examined.

The contribution of our research is three-fold. First, the current study adds to the ongoing research stream on consumption patterns in emerging economies by providing a contextualized and culturally situated account of multiple antecedents of non-deceptive counterfeit consumption behaviors. Second, by introducing consumer attitude towards counterfeit consumption as a mediator, we are able to decompose the variance from our independent variables (i.e., the antecedents of non-deceptive counterfeit consumption) into a direct effect that affects purchase intentions directly, and an indirect effect that is mediated by attitude towards counterfeit products. Such an understanding of whether antecedents influence purchase intentions directly or via the mediating path of attitude is informative for marketing theory and relevant for marketing practitioners. Third, our research sheds light on several important socio-psychologically-driven consumer mechanisms, such as integrity, materialism, risk seeking, self-perceptions related to shopping, and susceptibility to subjective norms, which have not yet been investigated in a unified and systematic manner. In the sections the follow, we first introduce the theoretical framework for this study and comment on the rationale and development of our hypotheses. Next, we describe our strategy for data collection and analysis, followed by the presentation of our results. Finally, we discuss our findings in the context of the extant literature and provide suggestions for future research.

2 | THEORETICAL FOUNDATIONS AND HYPOTHESES DEVELOPMENT

In general, luxury fashion products include clothing, jewelry, beauty, and other appearance-related products that hint at status, prestige, scarcity, exclusivity, and superiority (Kastanakis & Balabanis, 2011, 2014; Paul, 2019). Luxury brands are associated with high quality, prestigious image, and a premium price; they deliver desired benefits and are capable of inspiring a deep connection with consumers (Ko et al., 2017; Paul, 2015, 2018), including pleasure, thrill, and risk seeking (Kastanakis & Balabanis, 2012, 2014). Importantly for the purpose of the current research, aspiring consumers often willfully

purchase counterfeit products for status or indulgent purposes (Faruqui et al., 2017; Kastanakis & Balabanis, 2012, 2014). In this study, we explore the antecedents of these non-deceptive purchase intentions toward counterfeit luxury goods, to provide a much-needed contribution to extant literature.

2.1 | Attitude and purchase intentions toward counterfeit luxury fashion products

Our baseline hypothesis predicts that attitude toward counterfeit luxury products influences purchase intentions towards such products. Attitudes toward counterfeit luxury products (a valenced consumer assessment rather than a behavioral variable) is driven by the economic and hedonic benefits associated with counterfeit products (Kastanakis & Balabanis, 2012, 2014; Yoo & Lee, 2009). Even though the general influence of attitudes on purchase intentions has been established in the literature (Ajzen, 1991), this relationship is non-trivial because certain antecedents may affect purchase intentions directly, without a prior formation of attitudes (Verplanken & Holland, 2002). Information on whether consumers develop purchase intentions with or without prior attitude formation is informative for marketing theory and practitioners because such knowledge may shape how marketers seek to influence consumers in their behaviors. For example, if antecedents such as subjective norms influence purchase intentions for counterfeit products directly and without prior attitude formation, it would not make sense for companies to spend money on advertising campaigns trying to change consumers' attitudes towards counterfeit products. Because prior research suggests that attitudes toward counterfeit goods are a strong predictor of intention to purchase counterfeit goods (Bhatia, 2018; Moon et al., 2018; Phau & Teah, 2009; Quoquab et al., 2017; Swami et al., 2009), we hypothesize the following:

H1. Attitude toward counterfeit fashion products is positively related to consumer purchase intentions toward counterfeit luxury fashion products.

2.2 | Integrity

Integrity has been conceptualized as an instrumental (as opposed to a terminal) value, which implies that integrity serves as a means to reach higher-order (terminal) goals such as personal gratification, love, affection, freedom, and happiness (Vinson et al., 1977). Based on the Rokeach Values Survey (Rokeach, 1973), Vinson et al. (1977) identified four dimensions of integrity, consisting of honesty, politeness, responsibility, and self-control. Consistent with these early conceptualizations, integrity has recently been defined as "the consumer's honesty, politeness, level of ethical and religious concerns, and obedience to the law" (Eisend et al., 2017, p. 93).

Intuitively, one would expect that integrity as a value stands in opposition to positive attitudes and behaviors towards counterfeit luxury products. Indeed, consumers with high levels of integrity indicated that they would not support unlawful activities such as counterfeiting (Phau et al., 2009; Phau & Teah, 2009; Xi & Cheng, 2017). However, the results from empirical research investigating the relationships between integrity and counterfeit purchase behaviors and attitudes provide mixed results. Whereas some authors find integrity to be inversely related to counterfeit purchase behavior (Abdullah & Yu, 2019; Ang et al., 2001; De Matos et al., 2007; Quoquab et al., 2017), others report that integrity does not affect consumers' attitude toward counterfeit luxury goods (Ting et al., 2016; F. Wang et al., 2005). Different factors may explain these diverging findings, such as differences in the cultural contexts or in the operationalization of the construct. Because integrity involves the aspect of honesty (Ang et al., 2001; Eisend et al., 2017; Vinson et al., 1977) and counterfeit products are typically considered unlawful (Cordell et al., 1996) and perceived as misconduct (Quoquab et al., 2017), we hypothesize the following:

H2. Integrity is negatively related to attitude toward counterfeit luxury fashion products.

2.3 | Materialism

Materialism has been defined as "the importance a consumer attaches to worldly possessions (Belk, 1984, p. 291). More materialistic consumers believe that individuals who own expensive homes, cars, or clothes are happier, and they consider these possessions to be an expression of success (Richins & Dawson, 1992). Although materialism overlaps to some extent with the concept of status consumption, the two constructs are different because status consumption addresses how individuals strategically strive to improve their social standing through the consumption of conspicuous goods and services (Eastman et al., 1999), whereas materialism focuses on the possession of material goods rather than on status per se. Previous research finds that materialistic values positively influence the attitude toward counterfeits (Bhatia, 2018; Eisend et al., 2017; Li et al., 2018; Swami et al., 2009), which can be explained with the fact that counterfeits allow consumers to acquire expensive luxury goods which they would otherwise not be able to afford easily. This effect has been shown to be even stronger in emerging economies where materialistic consumers are facing budget constraints, which in turn increases their positive attitude towards counterfeit products (Eisend et al., 2017; Xi & Cheng, 2017). Hence,

H3. Materialism is positively related to attitude toward counterfeit luxury fashion products.

2.4 | Risk seeking

Perceived risk is a relevant construct for counterfeit luxury products because counterfeits may generate several consumption-related risks, such as functional (e.g., the quality of the counterfeit product is deficient) or social risks (e.g., peers may feel that someone is "cheap") (Tang et al., 2014). Thus, it may be argued that risk-aversion should be

positively related with positive attitudes towards the purchase of counterfeit products. Congruent with this risk-aversion thesis, previous research finds that consumers who perceive a higher risk in counterfeits show lower attitudes and purchase intentions towards such products (Bhatia, 2018; Tang et al., 2014; Ting et al., 2016). However, an alternative perspective suggests that consumers may actually be attracted to high-risk consumption out of curiosity, thrill-seeking attitudes, social compliance, and desire for adventure (Celsi et al., 1993). Risk may have a positive connotation when consumers are directed by stimulation and sensation-seeking behavior (Penz et al., 2008); the greater the risk, the greater is the thrill for a deviant consumer (Fullerton & Punj, 1993). Thus, non-deceptive counterfeit behavior of luxury goods has been shown to be driven by adventure and fun (Francis et al., 2015; Li et al., 2018; Penz & Stöttinger, 2012; Sharma & Chan, 2011; Tang et al., 2014; Thaichon & Quach, 2016), and engagement in the non-deceptive purchase of luxury counterfeits is a playful and sensory experience (Larraufie, 2017; Perez et al., 2010; Viot et al., 2014). Qualitative studies employing in-depth interview techniques have uncovered the motivations behind counterfeit behavior, such as thrill seeking, sensory elements, adventure, and risk (Bian et al., 2016; Larraufie, 2017; Li et al., 2018; Thaichon & Quach, 2016). Collectively, these conceptions represent risk-seeking behavior. Thus, we propose the following:

H4. Risk seeking is positively related to attitude toward counterfeit luxury fashion products.

2.5 | Price–quality inference

Price–quality inference refers to the positive relationship between price and perceived quality (Geiger-Oneto et al., 2013) and has been defined as "the generalized belief across product categories that the level of price is related positively to the quality level of the product" (Lichtenstein et al., 1993, p. 236). Although a general assumption is that price and quality are positively related, some studies do not support this (Sjolander, 1992). In fact, research has found contradictory results of the relationship between price–quality inference and counterfeit consumption. Some studies report a negative relationship between price–quality inference and attitude toward counterfeits (Abdullah & Yu, 2019; Huang et al., 2004), whereas De Matos et al. (2007) show a positive relationship between price and the perceived quality of counterfeits. An explanation for this positive relationship lies in the notion that a favorable price–value relationship is a major inducement for the purchase of counterfeits—as the price gain compensates for any shortfalls in quality, counterfeits become a good value for the money (Penz et al., 2008). Hence, price discount is a key determinant influencing the purchase of counterfeit products (Larraufie, 2017). Thus, we argue that as counterfeit luxury brands are less expensive, price–quality inference may be positively related to attitudes towards counterfeit luxury brands. Thus:

H5. High price–quality inference of counterfeits is positively related to attitude toward counterfeit luxury fashion products.

2.6 | Smart shopper self-perception

Smart shopper self-perception is an ego-related variable that represents benefits such as sense of triumph, self-esteem, and pride in having a connoisseur shopper status (Garretson et al., 2002). Consumers may visualize themselves as savvy consumers who can increase their economic resources (Perez et al., 2010). Smart shopper self-perception provides confidence, self-esteem, prestige, and pride in shopping for an individual (A. Kumar et al., 2020; Mano & Elliot, 1997). Importantly, previous research suggests that consumers who are not in a position of financial wealth or are not willing to spend a substantial amount of money on luxury products regard purchasing counterfeits as a smart solution (Turkyilmaz & Uslu, 2014). This effect is driven by the observation that counterfeit luxury goods offer a loftier feeling and sense of satisfaction from being smarter than others who want to impress (Larraufie, 2017; Perez et al., 2010; Thaichon & Quach, 2016). Counterfeits help consumers create an identity of being a smart shopper who optimizes economic value (Eisend et al., 2017; Perez et al., 2010), as it demonstrates their boldness (Larraufie, 2017). They consider themselves savvy, cool, rebellious, and slightly bad (Francis et al., 2015; Perez et al., 2010). When smart shopper self-perception increases, the propensity to acquire counterfeit products also increases (Tom et al., 1998). Thus:

H6. Smart shopper self-perception is positively related to attitude toward counterfeit luxury fashion products.

2.7 | Subjective norms

Subjective norms are the social norms that shape a consumer's attitude (Xi & Cheng, 2017). They are a function of normative beliefs and reflect "the perceived social pressure to perform or not to perform the behavior" (Ajzen, 1991, p. 188). The motivation to abide by the behavior of friends, relatives and other consumers in one's social milieu reflects the subjective norm. Previous research suggests that social acceptance and peer influence motivate consumers to purchase counterfeit goods (Thaichon & Quach, 2016). Hence, subjective norms are a salient predictor of counterfeit purchase behavior (Abdullah & Yu, 2019; Bhatia, 2018; De Matos et al., 2007; Moon et al., 2018). In addition, in cultures in which counterfeit shopping is prevalent, the act of buying such products may actually constitute a legitimate source of "social proof," providing informational and normative cues for behavior (Kastanakis & Balabanis, 2011, 2012, 2014). Some studies have shown that consumers' normative beliefs negatively influence their attitudes toward counterfeits (e.g., Ang et al., 2001; F. Wang et al., 2005), whereas others (e.g., Francis et al., 2015) report no relationship between subjective norms and consumer counterfeit consumption. However, we argue that these apparently conflicting findings are driven by the specific operationalization of social norms. In the context of the current study, we adapt De Matos et al. (2007) conceptualization of social norms as the approval and consent of relatives and friends to buy counterfeit luxury fashion products. Thus, we propose the following:

H7. Subjective norms are positively related to attitude toward counterfeit luxury fashion products.

2.8 | Value consciousness

Value consciousness refers to consumers' desire to pay less for products (Phau & Teah, 2009). Wiedmann et al. (2012) identify the key dimensions of perceived value as functional value, financial value, individual value, and social value. Value-conscious consumers feel greater satisfaction and pleasure when they can purchase items at lower prices (Lichtenstein et al., 1993; Suh, 2012). Consumers prefer a resemblance to genuine brands (Suh, 2012) over quality (Yoo & Lee, 2009), so value-conscious consumers have more favorable attitudes toward counterfeits (Ang et al., 2001; Bhatia, 2018; Phau et al., 2009; Phau & Teah, 2009; Ting et al., 2016). Thus:

H8. Value consciousness is positively related to attitude towards counterfeit luxury fashion products.

2.9 | Mediation effect

The importance of attitudes for the development of subsequent behavioral intentions has been discussed extensively in the extant literature (Eagly & Chaiken, 1993; A. Kumar & Paul, 2018). Prevailing theory suggests that values and norms influence attitudes, which in turn modify behaviors (Ajzen, 1991). However, more recent research shows that this proposed value-attitude-behavior chain may not always hold. For example, Hauser et al. (2013) show that in the context of food consumption, the effects of food-related values on purchase behaviors were either fully or partially mediated by attitudes, whereas in some instances, values directly influenced purchase behaviors without prior attitude formation. For counterfeit products, Ting et al. (2016) find that attitude does not mediate the relationship between integrity/materialism and consumer purchase intention, but it does mediate the relationship between value consciousness/subjective norms and purchase intention. Thus, we argue that additional insight regarding the role of attitudes for the relationship between values and purchase intentions is needed in the context of counterfeit luxury product consumption. Drawing on Ajzen's (1991) theory of planned behavior, our baseline assumption is that in most situations, attitudes will mediate the relationship between values and purchase intentions. Hence, we predict the following:

H9. Attitude toward counterfeit luxury fashion goods mediates the relationship between (a) integrity, (b) materialism, (c) risk seeking, (d) price-quality inference, (e) smart shopper self-perception, (f) subjective norms, (g) value consciousness and purchase intention toward counterfeit luxury fashion goods.

In summary, our study examines the effect of integrity, materialism, risk-taking, price–quality interface, smart shopper self-perception, subjective norms, and value consciousness on attitude toward counterfeit purchase of luxury fashion goods. Furthermore, we test the effect of attitude toward counterfeit luxury goods on purchase intention and the mediating role of attitude in the relationship between the various antecedents and purchase intention toward counterfeit luxury fashion goods (Figure 1).

3 | METHODOLOGY

Data collection took place in the city of Chandigarh in North India. This city presents a very suitable context for our study due to the proliferation of counterfeit markets in Chandigarh (Verma et al., 2018). Furthermore, North India accounts for 40% of India's spending on luxury goods (M. Kumar, 2017), and India remains at sixth place in global counterfeit trade (OECD-EUIPO, 2019). Data were collected through the intercept method, which is a well-recognized and effective data collection method (Hornikk & Ellis, 1988). Specifically, we chose two markets well known for the availability of counterfeit luxury brands for the study. These markets are specifically earmarked for kiosks selling cheap products. Several exit points at both markets were identified and every third visitor who left a particular exit point was intercepted for data collection.

The study employed a self-administered questionnaire to collect the data. We operationalized the study variables by adapting generally accepted scales from the extant literature (Table 1). We measured items related to constructs under study on 5-point Likert scales. Pre-testing the questionnaires before administration ensured the validity and reliability of the scales. The effective sample size comprised 385 respondents whose completed questionnaires were used for analysis. The sample was 51.7% female and 47.3% male. The majority of respondents (60%) were in the age bracket of 20–30 years and most of them (63%) were unmarried.

Potential issues with common method bias were addressed in several ways. First, we followed the procedural remedies suggested by Podsakoff et al. (2003), such as informing the participants about the confidentiality and anonymity of their responses. We also divided our survey into three parts — demographic questions, measurement questions for exogenous variables and measurement questions for endogenous variables — to avoid any potential measurement errors. Furthermore, Harman's single factor test, as recommended by Podsakoff et al. (2003), was performed post-data collection. The Harman single factor test is widely used in the behavioral sciences and tests to what extent the variance in the data can be explained by one single factor from an exploratory factor analysis (EFA) (Fuller et al., 2016). As per this test, the unrotated factor solution from an EFA affirmed that the first factor remained substantially below the critical threshold of 50% of the variance in the data (Malhotra et al., 2017). Next, a more rigorous test of common method bias was performed using PLS-SEM based on a full collinearity assessment approach (Kock, 2015). Commonly accepted guidelines in the extant literature suggest that factor-level VIF values should be equal to or lower than 3.3 (Hair et al., 2017; Kock, 2015). The internal factor-level VIF values for our study were below 3.3, thus indicating that common method bias was not a major problem in our study.

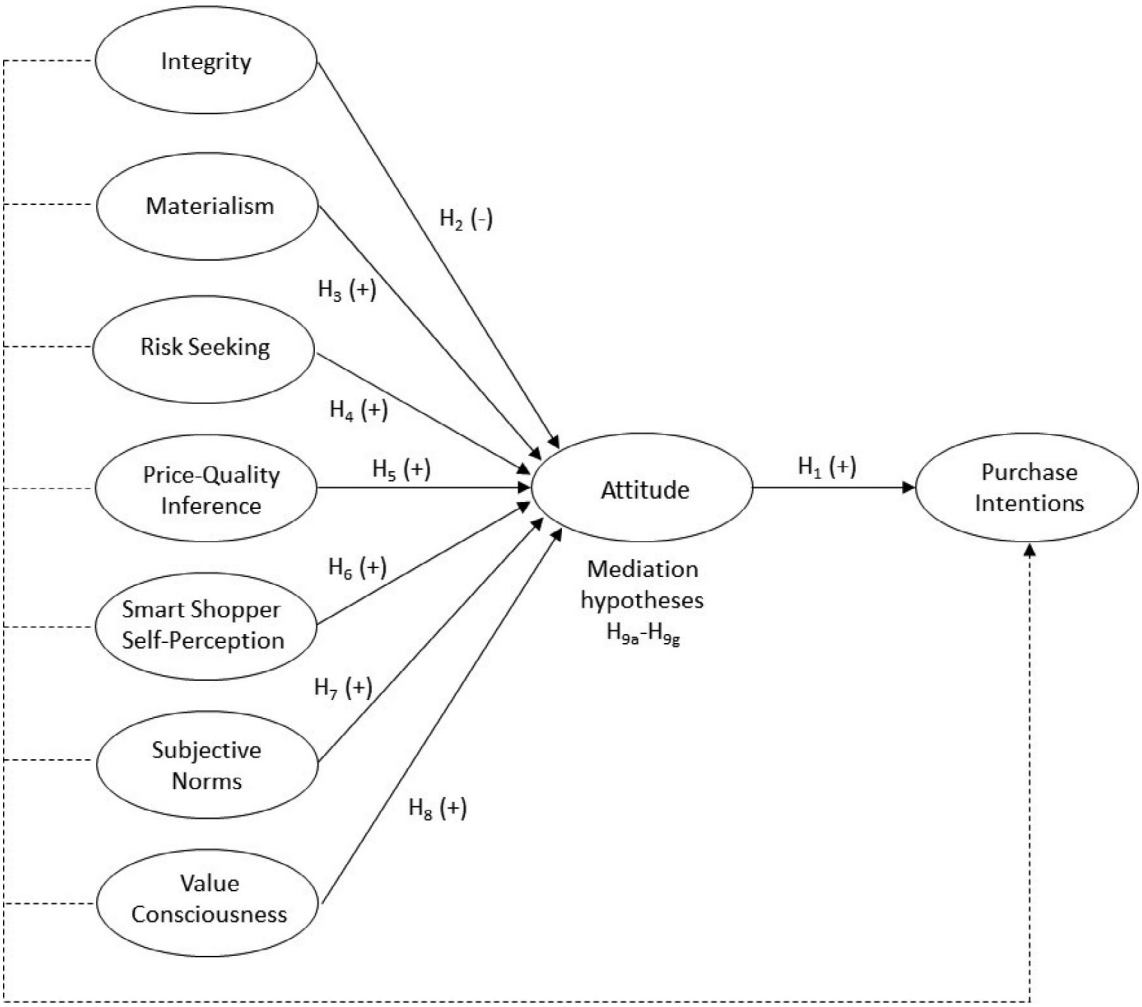


FIGURE 1 Conceptual framework.
Note: Dashed arrows represent direct effects from antecedents to purchase intentions once the mediator attitude is included in the model

4 | RESULTS

The study employed partial least squares-structural equation modeling (PLS-SEM) via SmartPLS software (Ringle et al., 2015) to test the research model. The sample satisfied Chin's (2010) sample size criteria for PLS-SEM. PLS-SEM assessment ideally follows a two-step process that involves separate assessments of the measurement and structural models (Chin, 2010; Hair et al., 2011).

4.1 | Measurement model

To assess the suitability of the measurement model, we checked the research instrument for construct reliability and validity. Composite reliability (CR) is favored as a measure of internal consistency and reliability, as Cronbach's alpha is a conservative measurement of reliability (Hair et al., 2017). Table 1 indicates that the CR values of the constructs are above 0.80, falling within the acceptable range of 0.70–0.90 (Hair et al., 2017). We evaluated construct validity through convergent and discriminant validity. Convergent validity for the constructs is established by the close range of loadings (Chin, 2010). As shown in Table 1, the item loadings for all constructs are greater than 0.6, satisfying the criteria for convergent validity (Hair et al., 2011). Every construct under study produced average variance extracted (AVE) scores higher than the suggested threshold value of 0.5 (Fornell & Larcker, 1981), thus providing additional evidence for the convergent validity of the scales. Further, Table 2 shows that the square root of each variable's AVE is higher than its correlation with other constructs, thus indicating discriminant validity. For the structural model, the highest VIF value is 1.85 for materialism, while VIF values for the other constructs are below 5. Therefore, collinearity among the exogenous variables is not an issue.

4.2 | Structural model assessment

We evaluated the structural model by estimating path coefficients and used R^2 as the principal assessment criterion for the structural model (Hair et al., 2011). To examine the significance of the path coefficients in the model, we applied the bootstrapping algorithm with

TABLE 1 Assessment of measurement model

Latent variables	Measurement items	Factor loadings	CR	AVE	Alpha
Counterfeit luxury attitude (De Matos et al., 2007; Huang et al., 2004)	ATT1: Considering price, I prefer counterfeit luxury fashion products.	0.66	0.86	0.56	.80
	ATT2: I like shopping for counterfeit luxury fashion products.	0.78			
	ATT3: Buying counterfeit luxury fashion products generally benefits the consumer.	0.77			
	ATT4: There's nothing wrong with purchasing counterfeit luxury products.	0.82			
	ATT5: Generally speaking, buying counterfeit luxury fashion products is a better choice.	0.70			
Counterfeit luxury purchase intention (Dodds et al., 1991)	INT1: I would purchase counterfeit luxury fashion products.	0.86	0.88	0.71	.80
	INT2: I would consider buying counterfeit luxury fashion products.	0.86			
	INT3: The probability that I would consider buying counterfeit luxury fashion products is high.	0.80			
Integrity (Ang et al., 2001)	INTG1: I consider honesty an important quality for one's character.	0.74	0.84	0.56	.74
	INTG2: I consider it very important that people be polite.	0.76			
	INTG3: I admire responsible people.	0.74			
	INTG4: I like people who have self-control.	0.77			
Materialism (Richins, 1987)	MAT1: It is important for me to have really nice things.	0.80	0.87	0.57	.81
	MAT2: I would like to be rich enough to buy anything I want.	0.74			
	MAT3: I'd be happier if I could afford to buy more things.	0.81			
	MAT4: It sometimes bothers me quite a bit that I cannot afford to buy all the things I want.	0.76			
	MAT5: It's really true that money can buy happiness.	0.65			
Risk seeking (Raju, 1980)	RSeek1: I am the kind of person who would try any new counterfeit fashion products.	0.87	0.86	0.75	.66
	RSeek2: I enjoy taking chances of buying unfamiliar counterfeit fashion products just to get some variety in my purchases.	0.86			
Price–quality inference (Lichtenstein et al., 1993)	PQI1: Generally speaking, the higher the price of a product, the higher the quality.	0.85	0.80	0.57	.64
	PQI2: The price of a product is a good indicator of its quality.	0.71			
	PQI3: You always have to pay a bit more for the best.	0.70			
Smart shopper self-perception (Garretson et al., 2002)	SP1: When I go shopping, I take a lot of pride in making smart purchases.	0.84	0.90	0.81	.78
	SP2: When I shop smartly, I feel like a winner.	0.96			
Subjective norm (Ajzen, 1991; De Matos et al., 2007)	SN1: My relatives and friends approve of my decision to buy counterfeit luxury fashion products.	0.87	0.86	0.75	.67
	SN2: My relatives and friends think that I should buy counterfeit luxury fashion products.	0.87			
	VCon1: When I buy products, I like to be sure that I am getting my money's worth.	0.87	0.84	0.73	.63

(Continues)

TABLE 1 (Continued)

Latent variables	Measurement items	Factor loadings	CR	AVE	Alpha
Value consciousness (Lichtenstein et al., 1993)	VCon2: I generally shop around for lower prices on products, but they still must meet certain quality requirements before I buy them.	0.84			

TABLE 2 Discriminant validity: Fornell–Larcker criterion

	Attitude	Integrity	Materialism	Price–quality inference	Purchase intention	Risk seeking	Smart shopper self-perception	Subjective norms	Value conscious
Counterfeit luxury attitude	**0.75**								
Integrity	0.30	**0.75**							
Materialism	0.39	0.60	**0.75**						
Price–quality	0.38	0.25	0.38	**0.76**					
Purchase intention	0.41	0.42	0.44	0.34	**0.84**				
Risk seeking	0.35	0.38	0.40	0.26	0.44	**0.86**			
Smart shopper self-perception	0.45	0.21	0.24	0.24	0.21	0.22	**0.90**		
Subjective norms	0.40	0.41	0.38	0.26	0.38	0.26	0.28	**0.87**	
Value conscious	0.34	0.20	0.27	0.21	0.23	0.25	0.10	0.26	**0.85**

Note: Values in bold font on the diagonal indicate square roots of AVE.

TABLE 3 Structural model: Path analysis

Hypothesis	Path	Path coefficients	t-value (bootstrap)	*p*-value	Effect size f^2	Supported
H1	Counterfeit luxury attitude (ATT) →Counterfeit luxury purchase intention	0.41	7.32	.001*	0.207	Yes
H2	Integrity →ATT	–0.02	0.36	.727	0.000	No
H3	Materialism → ATT	0.11	2.00	.046*	0.012	Yes
H4	Risk seeking → ATT	0.12	2.40	.002*	0.019	Yes
H5	Price–quality inference → ATT	0.15	3.13	.002*	0.031	Yes
H6	Smart shopper self-perception → ATT	0.30	5.83	.000*	0.131	Yes
H7	Subjective norms → ATT	0.17	3.01	.003*	0.034	Yes
H8	Value consciousness → ATT	0.18	3.11	.002*	0.049	Yes

*Significant at the 95% level.

500 samples. The results indicate that counterfeit luxury attitude toward counterfeit products significantly influences the intention to purchase counterfeit products (Table 3), in support of H1. R^2 values (coefficients of determination) for the variables of counterfeit luxury attitude and counterfeit luxury purchase intention are 0.40 and 0.17, respectively. According to Hair et al. (2017), "R2 values of 0.20 are considered high in disciplines such as consumer behavior" (p. 199). Thus, the R^2 values range from a moderate to high level in the context of the current study. We used the Stone–Geisser (Geisser, 1974; Stone, 1974) Q^2 value to assess the predictive accuracy of the R^2 values. We obtained the Q^2 values for the endogenous variables counterfeit luxury attitude and counterfeit luxury purchase intention through the blindfolding procedure with an omission distance of 8. Q^2 values for counterfeit luxury attitude and counterfeit luxury purchase intention exhibited predictive relevance, as they were above zero.

The assessment of the path coefficients shows that integrity had a negative but nonsignificant relationship with counterfeit luxury attitude (ß = –0.02; t-value = 0.36), thus leading to the rejection of H2. By contrast, the results show that materialism positively influences attitude toward counterfeits (ß = 0.11; t-value = 2.00; $p < .01$). Similarly, risk seeking (ß = 0.12; t-value = 2.40; $p < .01$), price–quality inference (ß = 0.15; t-value = 3.13; $p < .001$), smart shopper self-perception (ß = 0.30; t-value = 5.83; $p < .01$), subjective norms (ß = 0.17; t-value = 3.01; $p < .01$), and value consciousness (ß = 0.18; t-value = 3.11; $p < .01$) positively influenced the counterfeit luxury

TABLE 4 Mediation analysis

		Indirect effect			Direct effect			
Hypothesis	Path	β	Bootstrapped t-value	*p*-value	β	Bootstrapped t-value	*p*-value	Mediation supported
H9a	Integrity → Attitude → Purchase intention	−.01	0.35	0.727	.16	2.14	.032*	No
H9b	Materialism → Attitude → Purchase intention	.05	1.79	0.073	.10	1.44	.152	No
H9c	Risk seeking → Attitude → Purchase intention	.05	2.11	0.035*	.22	3.38	.001*	Yes
H9d	Price–quality inference → Attitude → Purchase intention	.07	2.72	0.007*	.13	2.22	.027*	Yes
H9e	Smart shopper self-perception → Attitude → Purchase intention	.12	5.35	0.001*	−.04	0.80	.422	Yes
H9f	Subjective norm → Attitude → Purchase intention	.07	2.65	0.008*	.13	2.33	.020*	Yes
H9g	Value consciousness → Attitude → Purchase intention	.08	3.04	0.002*	−.01	0.08	.935	Yes

*Significant at the 95% level.

attitude toward fashion brands. These results provide support for H3, H4, H5, H6, H7, and H8.

4.3 | Mediation effects

We tested the mediation effects by bootstrapping the sampling distribution of indirect effects (Hair et al., 2017). The results of the mediation analysis (Table 4) show that the indirect effects of risk seeking (0.05), price–quality inference (0.15), smart shopper self-perception (0.12), subjective norms (0.7), and value consciousness (0.07) on consumer purchase intention toward counterfeit luxury goods are significant ($p < .05$). The findings elucidate that attitude mediates the relationship between risk seeking, price–quality inference, smart shopper self-perception, subjective norms, and value consciousness and intention to purchase counterfeit luxury fashion goods. These results lend support to H9c, H9d, H9e, H9f, and H9g. Consumer attitude toward counterfeit products does not mediate the relationship between integrity and materialism and purchase intention; therefore, H9a and H9b are rejected.

5 | DISCUSSION

By situating our research in the context of India, a country with substantial growth rates in the acquisition of luxury products as well as similar increases in counterfeit consumption (Khandeparkar & Motiani, 2018), coupled with high levels of power distance and low levels of indulgence (Hofstede et al., 2011), the current research provides unique insights on how values and norms influence consumer attitudes and purchase behaviors of counterfeit luxury products in an emerging economy. Our findings contribute to the extant literature on non-deceptive counterfeit behavior (Eisend, 2019; Eisend et al., 2017; Francis et al., 2015; Nia & Zaichowsky, 2000; Veloutsou & Bian, 2008; Wilcox et al., 2009; Wilcox & Zaichkowsky, 2020) by investigating the effect of seven important antecedents (integrity, materialism, risk seeking, price-quality inference, smart shopper self-perception, subjective norms, and value consciousness) on attitudes towards counterfeit luxury products in India. Drawing on attitude-behavior theory (Ajzen, 1991), we provide evidence for the important role that attitude formation has on purchase intentions for most, but not all of the antecedents included in this study. Moreover, and consistent with H1, we find that attitude toward counterfeit luxury goods significantly influences the purchase intention toward counterfeit luxury goods. In the reminder of this section, we discuss the direct and indirect effects of specific antecedents on our downstream variables as well as implications for marketing practitioners in more detail.

Smart shopper self-perception emerged as the most influential factor influencing counterfeit luxury attitude. In addition, the findings demonstrate the mediating effect of attitude for the relationship between smart shopper self-perception and purchase intention toward luxury fashion goods. Because the direct effect of smart shopper self-perception on purchase intentions becomes nonsignificant once attitude is introduced as a mediator (Table 4), indirect-only mediation (i.e., full mediation) is established (Zhao et al., 2010). Hence, we suggest that luxury brands' advertising campaigns should aim to transform smart shopper self-perceptions by conveying to consumers that smart shoppers buy only authentic products. This could be achieved by pointing out that buying counterfeit products is in fact a worse rather than a better deal, as compared to the purchase of authentic luxury products.

Risk seeking emerged as another salient precursor of counterfeit behavior. However, indicating partial mediation, the direct and positive effect of risk seeking on purchase intentions remained statistically significant once attitude was included in the model as a mediator. This implies that in the cultural context of our study, producers of authentic luxury goods should make consumers aware of the ethical and legal problems related to the purchase of counterfeit products (which addresses the formation of attitudes). However, marketing practitioners are also advised to search for provisions that directly address

the behavioral consequences of buying counterfeit merchandise. Such measures could consist in either providing economic incentives for buying authentic goods or enforcing legal actions (including lawsuits) to deter consumers from buying counterfeit products.

Price–quality inference has a positive relationship with counterfeit luxury attitude. Further, our results confirm the mediating role of attitude in the relationship between price–quality inference and purchase intention, in line with De Matos et al. (2007) findings in a Brazilian context. Importantly, previous research suggests that owners of counterfeit products frequently believe that the quality of counterfeits is not inferior, as compared to the original product (Nia & Zaichowsky, 2000). Hence, producers of authentic luxury goods should point out that the quality of authentic luxury products is higher than the quality of counterfeit products, and that quality is indeed related to price (Lichtenstein et al., 1993). Furthermore, our results show that value consciousness has a positive impact on attitude towards counterfeit luxury products, and that attitude fully mediates the relationship between value consciousness and purchase intentions. Whereas price-quality inference relates to a belief about the relationship between product characteristics, value consciousness addresses consumers' preferences in a more direct way (Geiger-Oneto et al., 2013). Thus, our findings suggest that both beliefs and preferences about price and quality play an important role for attitude formation and purchase intentions for counterfeit luxury products. This implies that producers of luxury products should not only emphasize the quality advantage authentic luxury products have, as compared to counterfeits, but also communicate that authentic luxury products provide a better value proposition (Jhamb et al., 2020).

As predicted, subjective norms significantly affect the attitude toward counterfeits. Further, the findings show that attitude partially mediates the relationship between subjective norms and purchase intention toward counterfeit luxury goods. Hence, we concur with De Matos et al. (2007) who suggest that an effective approach to address the purchase of counterfeit products is to influence social acceptance. Producers of luxury products could build on this recommendation by using advertisements embedded in social context (Hamby & Ilyuk, 2019) that portray counterfeit purchasing consumers in embarrassing social situations. Such a strategy could be especially effective in collectivist cultures where people's self-image is defined by the group rather than by the individual (Hofstede et al., 2011).

In line with previous studies (e.g., Bhatia, 2018; Swami et al., 2009), our findings show that consumers who favor materialism have a positive attitude towards counterfeit luxury products. This finding creates an interesting dilemma for producers of authentic luxury goods: On the one hand, one could argue that producers of authentic luxury goods should try to decrease consumers' level of materialism through adequate communication strategies, which in turn should lower consumers' propensity to buy counterfeits. On the other hand, prior research has shown that materialism facilitates the consumption of luxury products in emerging economies such as China (Sun et al., 2017) and India (Sharda & Bhat, 2018), and it might therefore be counterproductive to employ communication strategies aimed at decreasing consumers' levels of materialism. Because our results show that attitude does not mediate the relationship between materialism and purchase intentions (compare Table 4), our recommendation is that producers of authentic luxury goods should be cautious when aiming at influencing consumer materialism and rather focus on other antecedents of counterfeit consumption, as outlined above.

Finally, contrary to our predictions, integrity does not have a significant effect on attitude toward counterfeit products, and attitude does not mediate the relationship between integrity and purchase intentions. However, once attitude is included into the model as a mediator, the results show a positive and statistically significant direct effect of integrity on purchase intentions (Table 4). This result is indeed intriguing because it goes against the notion that individuals with high levels of integrity will be less inclined to purchase counterfeit products. Two factors may explain this interesting and counterintuitive finding. First, consumers may engage in moral decoupling, which represents a psychological separation process that dissociates judgments of morality from own actions (Orth et al., 2019). In the context of counterfeit products, consumers may feel that it is justified to buy counterfeits when the price of the authentic product is very high or as long as the consumer also buys authentic products in addition to counterfeits (Y. Wang et al., 2019). In fact, ethical considerations seem to play a minor role for consumers when forming attitudes and purchase intentions for counterfeit products (Penz & Stöttinger, 2008). Second, as noted earlier, integrity is conceptualized as an instrumental value that facilitates the achievement of higher order goals and includes dimensions such as being polite and responsible (Ang et al., 2001; Vinson et al., 1977). Thus, integrity as an instrumental value in combination with moral decoupling may explain why higher levels of integrity leave attitudes towards counterfeit products unaffected and actually seem to have a positive direct effect on purchase intentions for counterfeit luxury products. Consequently, marketing practitioners may want to refrain from appealing to moral standards and ethical values in their communication with current and potential customers, and rather strive to influence one or several of the other antecedents for counterfeit shopping behaviors, such as risk seeking, subjective norms, price-quality inferences, value consciousness, and consumers' self-perception as a smart shopper.

6 | LIMITATIONS AND AVENUES FOR FUTURE RESEARCH

Although this study sheds light on non-deceptive counterfeit behavior in an emerging economy, there are certain limitations to note. First, we situated the study in India, a country highly relevant for global luxury companies characterized by high population growth rates, high power distance, and low levels of indulgence (Hofstede et al., 2011). However, although we believe that many of our insights can be transferred to other emerging economies and even to industrialized countries, the findings need to be generalized with caution. Second, the study examined only demand-side antecedents that affect the consumption of counterfeits. Future research could include supply-side factors that lead to the consumption of counterfeit goods. Finally, our

study provides valuable insights regarding the antecedents of non-deceptive counterfeit behavior for luxury goods and unpacks the psychological mechanisms of these effects through the formation of attitude toward counterfeit luxury consumption. However, we acknowledge that some of the effects we find may vary depending on additional boundary conditions which could be based on personality traits, cultural and political orientations, and situational factors. Dhaliwal et al. (2020) provide directions for future research in this area. Future studies should try to incorporate managerially relevant boundary conditions into their research models.

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DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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