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## Original Article

# Consumption practices of counterfeit luxury goods in the Italian context

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**ABSTRACT** Counterfeiting is an expanding and increasingly relevant phenomenon in contemporary markets that has a particular impact on luxury branded goods. Most academic literature to date has focused its attention on the determinants of purchase, underestimating the consumption phase. This paper aims to fill this gap by investigating how people consume counterfeit luxury products. Our results help us to better understand the phenomenon as a whole, with the objective of providing useful insights for the companies that produce luxury goods, and assisting them in realising effective policies for stemming counterfeiting.

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## INTRODUCTION AND THEORETICAL BACKGROUND

Counterfeiting represents a complex phenomenon that affects brands, consumers and entire economies. In our study, we specifically focus on non-deceptive counterfeit goods in the luxury sector, which involve the customer intentionally buying and using a luxury product that is known to be fake.<sup>1,2</sup>

According to the report published by the Organization for Economic Co-operation and Development in 2007,<sup>3</sup> the total value of counterfeit goods in 2005 was at an astounding level of \$200 billion. This figure includes exclusively the goods traded internationally. The total value of counterfeiting is even higher if one considers the domestic market for counterfeit goods. According to the European Commission,<sup>4</sup> in 2006, European customs seized a quantity of counterfeit goods and goods that infringe intellectual property rights that was 273 per cent greater than in 2000.

Luxury brands are a core target for counterfeiting. As the European Commission reports, 'The more traditional sectors of counterfeit goods, namely clothing and luxury goods, have shown again another big increase this year'.<sup>4</sup>

Italy represents a key case for those interested in studying counterfeiting practices and counterfeit luxury in particular. Considering any category of goods, in 2006 Italy was fourth among the European States for the number of counterfeit articles seized by customs police, with more than 18 million items.

The huge impact of counterfeiting on luxury brands, combined with its complexity, calls for a deepening of studies of the phenomenon. The starting point is the consumer: what are the practices of consumption for luxury counterfeit goods? From the answers to this question, policy-makers and companies could obtain suggestions for ways to address counterfeiting.

The aim of this paper is to understand these consumption practices by applying frames and models of consumption behaviour.<sup>5</sup>

Studies on counterfeiting are numerous. We can, however, with a few exceptions, notice three gaps in previous researches:<sup>6-14</sup>

- *The stage of the customer process*: Previous studies have focused on the purchase stage of counterfeit goods instead of the consumption stage. The determinants of the purchase of counterfeit goods are extensively assessed in the literature, whereas consumption practices are less frequently addressed.
- *The methodology*: Past research has mainly been quantitative rather than qualitative.
- *The products*: Fashion/luxury goods (and functional products as well) seem somehow to be understudied, in the sense that luxury is not the core of previous contributions, which are focused on counterfeiting, and often consider the type of goods as a variable to control, rather than the core issue. The question of what distinguishes luxury brands from other classes of product when counterfeiting is considered is not answered by the previous literature.

Our aim is to fill these gaps by qualitatively studying the consumption practices of luxury counterfeit products.

There is no unanimous consent around a common definition of a luxury brand. In this sense, we can refer to the work by Vigneron and Johnson.<sup>15</sup> The two authors indicate five factors that would define a luxury brand: conspicuousness, uniqueness, quality, use for the extended-self<sup>16</sup> and hedonism.

High price is a common facet that correlates with the five factors listed above.<sup>17</sup> The exclusivity and high quality of a luxury product determine a high price. The affluence that an individual would like to

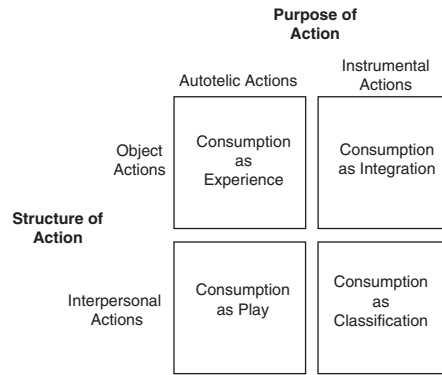


Figure 1: Consumption taxonomy (Source: Holt<sup>5</sup> p. 3).

show, or the self-rewarding dimension, are other factors that explain the very expensive nature of luxury brands.

How can the consumption of counterfeit luxury brands be conceptualised? The five features characterising luxury brands show two dimensions that should also be explored in order to understand counterfeiting. There is an inner dimension of consumption, linked to personal gratification and individual drivers. Then, there is a social dimension, referring to the position gained before others by using a (counterfeit) luxury brand. A theoretical framework that is suitable for addressing both these aspects is that by Holt.<sup>5</sup> The author developed a comprehensive taxonomy of the practices of consumption. He applies two dimensions of classification:

- *Structure of action:* The consumer can carry out an interpersonal act or he can exert an action over an object.
- *Purpose of action:* The aim of the consumption deed can be referred to as ‘autotelic’ (regarding oneself) or as instrumental.

The taxonomy that emerges is shown in Figure 1.<sup>5</sup>

In the section on empirical findings, we illustrate the features of each consumption type when applied to counterfeit

luxury brands. The next section illustrates the method followed to apply the above scheme.

## METHODOLOGY

In order to address such a complex phenomenon as counterfeit consumption, the method that seems more fitting is qualitative. In-depth interviews were conducted. Fifteen respondents were interviewed individually, and the interviews were transcribed and then analysed. The respondents were chosen considering a wide difference among them in terms of the variables considered relevant to the behaviour under examination. Individuals came from six different cities located in different regions of Italy. The respondents were different in terms of age, level of education, job, income and involvement with fashion products. Themes emerging from the interviews were discussed among the researchers and coded using the content analysis software Atlas.ti. Themes were then classified according to the quadrants of Holt’s scheme.

## FINDINGS

### Consuming as experience

The metaphor of consumption as experience, includes the psychological phenomena involved in the emotional and aesthetic dimensions of consumption. In particular, these subjective experiences are enriched by the consumer learning of an ‘interpretive framework’ necessary for making sense of products and services.<sup>18</sup> The hedonistic nature of luxury brands provides an inner feeling and sensory gratification unobtainable from others. A counterfeit luxury brand may fail to provide such an experience, given the low quality usually associated with fake goods, and the lack of any economic sacrifice in obtaining the product. Consumers of fakes accumulate facts that increase their knowledge of the originals with the aim of picking a ‘good counterfeit’

that will render the personal and private use of the product highly gratifying all the same.

This framework can be used in three different ways: accounting, evaluating and appreciating.<sup>5</sup>

### *Accounting*

This requires using the framework to make sense of an object and its associated consumption. It thus operates as a form of organisation and categorisation.<sup>19</sup> Because accounting is such a basic, well-integrated activity in everyday life, its practice is often unremarkable, and so goes unnoticed. When the sense-making task is, however, complex and requires specialised information, accounting becomes a significant component of consumers' actions.<sup>5</sup>

Shifting to the consumption of counterfeit luxury products, we found that the 'interpretative framework' that is used to make sense of the counterfeit version is the original product. People could consider with special significance a particular version of a counterfeit, and then decide to buy and consume it, after obtaining solid knowledge of the originals, built from time spent seeking information, analysing products, window shopping, leafing through sector magazines and so on.

Knowing the original is fundamental to buying a counterfeit. In general, you like the original, it costs too much and you resort to the counterfeit version.... (Luca)

This process is well known by sellers of counterfeits because often their favourite locations are in the city centres of large towns, very close to the window-shopping at the original shops. In this way, they facilitate the application of the 'interpretative framework'.

In Venice, in front of Prada's shop windows, you can find people selling the same product at less than 10 per cent of original price. (Laura)

### *Evaluating*

While accounting practices are used to make sense and give meaning, evaluating activities involve the construction of value judgements about objects. It is assumed that luxury brands offer superior product quality compared with non-luxury brands, even if they are counterfeited. Consumers try to give a specific value to the counterfeit product based on their previous knowledge of the original product. This process is fundamental in avoiding negative feelings during the appreciating activity.

I have to see the counterfeit handbag before I buy it; I want to have a good look inside and outside, every minimal feature has to be judged. I want to realize the quality of the bag and its similarity to the original. I usually evaluate carefully the material, the zippers, the labels inside, the logo outside etc. (Stefania)

### *Appreciating*

The final step in this experiential declination of consumption involves the emotional reactions toward objects, and actions involved in the consumption experience. Previous literature has indicated that luxury products contribute to the satisfaction of consumers' hedonic needs; however, our interviewees showed ambivalent emotional reactions toward the use of a luxury counterfeited product. They seemed frustrated because they could not afford the original, but at the same time their fulfilment increased if the fake was similar to the real version. This obviously also reduced the social risk of being unmasked.

It's a great satisfaction to have perfect counterfeit sunglasses... For me, the purchase is not so exciting; instead, I'm very happy when I wear them. I like the fact that I can have a lot of branded sunglasses so I can change them very often; yes it's a great pleasure! (Francesca)

Whoever uses a counterfeit is well aware of the low quality of the product but I believe that unfamiliar people, looking at me, can think that I'm using an original luxury bag. When I bought it, I thought 'and how like it was to the original!'; the original shop is a dream but it's too far from my possibilities. When I walk in front of Louis Vuitton's windows, I don't feel good; the differences between the originals and the counterfeits are evident... Anyway, I'm satisfied with the copy if it's well done. (Stefania)

The costs required to run the two precedent phases (accounting and evaluating) seem to become a reward in the third (appreciating) because, if the work has been done in the right way, the consumer can now experience a product that is very similar to the original but has been bought at an incredibly lower price.

My father likes luxury goods and he has also the money to afford the originals; nonetheless, sometimes he buys a counterfeit. Recently, for example, he has bought a fake Valentino wallet. He's very proud because he's convinced he has done a big deal: the product is like the original and it has been very cheap. No one will suspect that is not original. (Lara)

### Consuming as play

The metaphor of consuming as play involves the consumption of objects not only as such, but also as a resource to facilitate social interaction among fellow consumers. These interpersonal interactions are experienced mainly as an end in themselves rather than a means to an end. In our context, counterfeit luxury products constitute the fundamental consumption object for playing because they provide the material through which playful interactions are enjoyed. Two types of playing practices have been identified in the literature:<sup>5</sup> communing and socialising.

### Communing

Communing occurs when consumers share experiences related to the consumption object. In counterfeit consumption, the object and associated activities become a mutual experience among close friends. This may involve the purchase and consumption processes of a very trendy counterfeited product (sunglasses, belts, handbags and so on). The participants will be jointly involved in all of the associated rituals, from the choice to the use of the product, using appropriate practices and related products. These conventions will be followed by agreements on what should be said in public about the product, and on the appropriate answers to the observations and questions of other consumers.

We talk about counterfeits only among close friends, there are five of us and often we go together to buy these kinds of goods. We usually bargain the price with the seller; it's funny, we act as comedians to get the product at the best price. In the end, we always buy something that we like! (...) We do not tell to all the people that our products are fake, especially to those guys with a lot of money that have all originals. They would mock us. (Luca)

Obviously, there are emotions of pleasure and satisfaction related to interaction with other consumers, and these positive feelings are strengthened when the counterfeited nature of the object can be kept secret in public. In contrast, emotive expressions of annoyance and disappointment will emerge when the truth comes out and the negative valences of the illegal act are considered.

I'm not so happy to use a fake product, owning the original would be better even if in the end a lot of people consume counterfeits. If they are well done you can also say that they are original. I did it for my perfect counterfeit Ray Ban sunglasses (he laughs in satisfaction). (Luca)

### *Socialising*

Consumption as play often involves entertaining. This may include humorous comments, nuanced evaluations or emotional demonstrations. Luxury actually insulates the owner from the masses, but it can also create a linkage with like-minded fellow consumers. Counterfeit luxury brands can help the consumer to socialise and interact.

The same day I also bought a counterfeit hat for my sister-in-law. It was play, a joke: she knew that it was a fake. If I had to buy a serious gift I wouldn't pick a counterfeit. (Liyu)

My aunt bought me a fake Rolex in Hong Kong. She gave me the watch as a souvenir from the land of counterfeiting. It was very funny; when I wore it I told the story to my friends that it's like coming back from Paris with a little Eiffel Tower. (Laura)

### **Consuming as integration**

Consuming as integration refers to the methods used by consumers to enhance their perception that consumption objects form a part of their identity. Integrating practices operate in two opposing directions. The first involves consumers incorporating objects within their personal identity to define their extended self symbolically.<sup>16</sup> The second entails consumers redefining their self-concept in order to align with an institutionally defined identity.<sup>20</sup> It is essential to state beforehand that, in the case of counterfeit luxury goods, the objective pursued by consumers is obviously not to assume the identity of 'counterfeit user', but rather that of a user of original luxury goods. Therefore, there is a need to 'act on' the counterfeit product, both opportunely considering its intrinsic characteristics during the evaluation process, and successively through other integration strategies and tactics, in such a way as to allow it to be perceived as the most

'original' possible externally and so use it symbolically as such and not as a counterfeit. If this process has a successful outcome, the individual can genuinely claim to have been able to strip the counterfeit of its negative associations and to have masked it with all the positive characteristics of the original, making it capable of influencing the concept of self in the desired way. Thus, in this situation, consumers use the perceived extended self transferred from luxury brands to enhance their self-concept and replicate stereotypes of affluence by consuming counterfeit luxury items.<sup>15</sup> Nevertheless, we cannot overlook the sense of unease that certain respondents report feeling upon reflection of the formation process of their identity being based on 'fake' objects.

Integration can be seen to be facilitated by means of three processes: assimilating, producing and personalising.<sup>5</sup>

### *Assimilating*

This requires consumers to develop knowledge and skills that enable them to become competent and interact with others regarding the specific consumption object. With reference to the consumption of counterfeits, the assimilation process requires first and foremost being competent with regard to the original products, and participating in the most active way possible (for example, through participation in events, visiting shops, informing themselves by means of fashion magazines and so on) in all the discourses that develop around the world of fashion and luxury. Indeed, only in this way can the consumer put into effect all the behavioural rituals necessary to render the counterfeit as near as possible to the original and thus capable of labelling the individual with the luxury brand's positive symbolic characteristics and not the negative characteristics of the fake product.



One of our respondents, Francesca, is considered a trendy and fashionable girl because of her superlative collection of counterfeit luxury brand sunglasses. Therefore, owing to successful acts of evaluation and assimilation, some consumers of counterfeits may use these collections to enhance their concept of extended self.

Lastly, as observed above, with the aim of conforming to certain group expectations, some consumers can resort to these products in order to redefine their social identity when it is impossible to do so using original products. An interesting example of this process is provided by Silvia, following her move from a small town to a rich north-central city:

I don't know why but ... when I came here I started paying much more attention to clothes, to designer names. Even if I've never really been in a position to allow myself them, you could say I tried; that is, when at the beach I checked out what the typical beach-sellers were offering, and so I saw the brand name items and wanted them for the fact that everyone here wears designer labels, whereas before I hadn't ever really given them much notice. (Silvia)

### **Producing**

These are methods used by consumers to enhance their image that directly involve the production of the consumption object. In the case of counterfeiting, few consumers are seen to be actively engaged in the production of the object, yet a number of interesting exceptions do emerge, as in the extraordinary case of Stefania:

I've got a brown top at home that I had a seamstress put the Louis Vuitton logo on, and I'm the only one to have it ... whoever sees me in it asks 'where did you get it?' I don't tell them that I had it made, but I don't say it's Louis Vuitton either, because it's not true, but I just say 'it was a present' and leave it at

that ... I mean, a twelve Euro top from Zara, which I had the Louis Vuitton logo sewn on the front and back and it actually seems real ... this is the kind of thing I end up doing ... buying sub-brand items and then modifying them ... they can seem to be whichever brand you like ...

### **Personalising**

This refers to methods used by consumers to alter commodities symbolically or physically in order to acquire and manipulate their meanings.<sup>18,21</sup> It is, however, possible to define these practices further, stating that 'personalising actions' are subject to the process of institutionalisation and thus can, over time, become part of the consumption world that the actions initially sought to modify.<sup>5</sup> With regard to the consumption of counterfeits, we can make reference to cases in which the consumer uses the 'fake' in order to safeguard the original product.

If, for example, let's say these glasses cost a lot, and I particularly like the model, because anyhow glasses don't suit everyone in the same way, I would find myself a copy of them that costs maybe 10 per cent, and use them for going to the beach, while keeping the originals for driving, or going around the town centre, so ... my choice is based on either protecting the original I already own, or having something that I'm not worried about ruining when I'm away. (Andrea)

In these particular situations, it is clear that the counterfeit product accompanies the original and becomes part of the real fashion 'world'.

### **Consuming as classification**

The metaphor of consuming as classification refers to how consumers use consumption objects to classify themselves in relation to others. In particular, classifying practices serve either to build affiliations with or to enhance distinctions from others. Possession

and knowledge of the counterfeit luxury brand product and its associated behavioural rituals enable individuals at times, and not without risks, to cross cultural boundaries and especially social strata. Consumers' desire to conform to affluent lifestyles and/or to be distinguished from non-affluent lifestyles, in fact, affects their counterfeit seeking and consumption, when the original item is not affordable. Two distinct methods may be utilised by consumers for classification: classification through objects and classification through actions.<sup>5</sup>

### *Classification through objects*

This occurs when consumers use the shared meanings inherent in consumption goods to classify themselves. In particular, in the case of counterfeited luxury products, the focus is on displaying one's material possessions to others in order to auto-classify oneself as a luxury brand user. As some consumers observe, however, this operation of 'fake' auto-classification exposes the strong social risk of 'loss of face'. Giuseppe illustrates this concept clearly:

There's always the fear that you can tell that the product is a fake ... and so the positive sensation of the desire of appearing to be a user of original luxury products transforms into the embarrassment and shame of not having enough money to buy the original.  
(Giuseppe)

### *Classification through actions*

In addition to classification through objects, consumers may also classify themselves by the manner in which they interact with the consumption object. Again, this usually involves practices employed for the purpose of integration (especially assimilating processes), and the role of associations with other products can be particularly central in the case of classification by counterfeiting.

In order to give authenticity to the counterfeit and thus acquire its positive effects in terms of classification, the consumer has to be capable of suitably interacting with it, and in particular he/she must be able to consume it 'coherently'. Many respondents declare how important it is to associate appropriately with the counterfeit in such a way as to avoid its fakeness being blatantly obvious. When the consumer manages to construct a certain coherence, to create a constellation of products that form a homogeneous blend with one another, the 'external visibility' of the counterfeit is reduced and the much sought classification is achieved.<sup>22</sup>

... he was a well-to-do young man who dressed extremely well, very smart, everything brand-named, so all things considered nobody could tell that it was a counterfeit belt, because usually everything he wore was of original designer labels ... his jeans, shirt and shoes.  
(Valeria)

Otherwise, the social risk outlined above becomes real and the consumer is inevitably labelled as using counterfeits, prompting all the negative value judgements associated with this form of classification:

You can also tell who has a counterfeit belt or product from how they present themselves overall: their total look. If they are elegant and have a belt with Cavalli written on it we can actually believe that it is genuine, but a young man with scruffy shoes, holey jeans and a white Dolce & Gabbana belt ... I can tell immediately that it isn't an original.  
(Francesca)

## **DISCUSSION AND MANAGERIAL IMPLICATIONS**

This qualitative analysis, based on in-depth interviews, enabled us to apply the theoretical framework proposed by Holt<sup>5</sup> in order to better understand fake luxury product consumption practices, thus addressing



the question: What does consuming counterfeit luxury products mean? Answers to this question allow us to make certain suggestions that could be of possible use to companies producing original goods, in an attempt to thwart counterfeiting.

Although the sole 'negative' aspect of original luxury goods consumption is high price, the consumption of counterfeit products implies ambivalent aspects: for instance, a fake's (low) price is a positive benefit, whereas the illegal act of purchase and social disapproval risk give rise to psychological and social costs.

Regarding the 'consuming as experience' metaphor, counterfeit product consumption reveals particular elements in all three of the accounting, evaluating and appreciating phases. First, there is the information-seeking phase, useful in constructing the framework for making sense of an object and its associated consumption, which demands time and cognitive efforts. At the same time, consumers have to collect and process information about both originals and fakes, because the counterfeit product, in lacking its own identity, is always evaluated in relation to its alter-ego, the original product. Lastly, the appreciating phase is characterised by ambivalent emotional reactions toward the use of a counterfeited luxury product.

Managers of original brands should stress the positive, functional and, in a more abstract sense, aesthetic and emotional experience of owning and using an original product instead of a fake. In terms of the functional experience, the company could inform prospective consumers about the high quality of the components, materials and handcrafting of the original that make it a unique, top-quality product. More prominence should be given to these features, in order for the consumers to better appreciate the original product, and to differentiate it from the fake one. This consumer education can take the form of

advertising that emphasises quality and/or labels, packaging and accompanying material that provide detailed information on the original product. In terms of the emotional experience, the company could draw attention to the ambivalent emotion of the counterfeiting user. They could stress the frustration of this 'second-order' inauthentic, negative experience instead of the positive experience, conveyed by the original good.

Regarding the 'consuming as play' metaphor, buying and consuming fake products can often become a mutual experience among close friends (communing), giving rise to shared rituals and habits within this social network. Counterfeit products also provide an opportunity for socialising: consumers can joke about these fake products' characteristics; they can become symbols of fun situations or can be humorous gifts. This playfulness can be useful in reducing the weight of the ambivalent situation experienced.

Companies could benefit from emphasising that using counterfeits does not mean being a 'smart shopper'. Indeed, there is little fun in performing a consumption act directly linked to illegality. By going 'behind the curtain' of a counterfeit product, it is possible to reveal how these goods are actually often manufactured by underpaid, illegal workers, and to show who really profits from counterfeiting. Public authorities also have the goal of raising public awareness of the serious economic and social damages brought about by counterfeiting. Awareness of counterfeiting also provides an opportunity to apply the concept of brand community.<sup>23</sup> For example, companies could encourage the social dimension of consuming original luxury goods, with original owners being invited to join exclusive brand communities, including special events and other initiatives. In this way, the sense of belonging to a niche exalts the original brand and

deprives counterfeits of a relevant social dimension.

In terms of the 'consumption as integration' metaphor, counterfeit product practices can be seen to represent a delicate equilibrium. On the one hand, consumption of fakes could be considered as a means of being assimilated into a desired social identity, because it allows for the enhancement of the concept of one's extended self interacting with other members of the social reference group. On the other hand, it also runs the risk of being negatively associated with the fake consumers' stereotype. Company policy could follow this direction, emphasising that by using counterfeit products, an individual is basing her/his identity on fake roots. The integration process does require an extension of self, but counterfeit use would mean adding a false aspect to a real self. The firm could discourage efforts to personalise the fake in an attempt to make it somehow real as ineffective, because the product's 'soul' would remain unauthentic.

In considering the 'consumption as classification' metaphor, the main aspect is that people are seen to adopt specific strategies for auto-classifying themselves and not being exposed as counterfeit consumers. This can be impeded if companies indicate the telltale signs that expose a product as a fake. Such information can make the classification attempt seem too risky to be attractive, because of the presence of too many giveaway signs. In fact, Louis Vuitton has already adopted a similar campaign by providing informational material showing how to distinguish a real Louis Vuitton purse by way of particular elements.

In light of these reflections, the battle against counterfeiting need not be a collection of single actions managed by individual brands, but rather a planned strategy shared by several, different stakeholders, luxury brand-holders, institutions and policy-makers.

Many of this study's insights show that this line of research is capable of detecting new elements regarding counterfeiting. Previous research has mainly focused on the intention to act in favour of fakes or, at the most, on purchasing patterns. Some reflections that emerge in this study (that is, the community dimension of consumption of fakes; the tendency to build a consistent package of products around fakes) would not have had adequate relevance in studies limited to purchasing decisions alone. Indeed, it is precisely in consumption patterns that products, even counterfeited products, express their symbolic charge as consumers being embedded in a social context.

## LIMITATIONS AND FUTURE DEVELOPMENTS

The first step of this study in understanding consumption practices involving fake luxury brands shows the importance and complexity of the topic, and reveals some interesting clues on how to combat this growing phenomenon. This topic's relevance and its increasing interest to institutions and policy-makers, particularly on how to stem it, highlight the need to continue research on the consumption of fake luxury brands. In fact, given this study's exploratory nature, its results and implications have to be considered carefully. They represent the first step towards a wider analysis of counterfeiting that will study consumption practices on representative samples of consumers and apply the analysis to different geographical contexts in order to identify effective local and international policies to counter this phenomenon.

This research has a limited focus on luxury fashion goods. Future research could attempt to extend analysis to other areas of concern for counterfeiting, in order to detect possible differences in behaviour that could then be coupled with targeted public and private authority policies and strategies.

Further research appears necessary on an interesting finding that emerges from ‘concurrent ownership’ of both original and counterfeit brands. A deeper understanding of why people simultaneously use fake and original goods could shed more light on the phenomenon. Finally, although this research has dealt with behaviour linked to consumption of counterfeits, an interesting area of extension would be to make a direct comparison of this with the ‘regular’ use of original luxury brands. This contrast could undoubtedly help researchers to enrich their understanding of the phenomenon.

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