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Scale development & validation for assessing attitude towards counterfeit luxury

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Abstract

Luxury consumption has long been the area of study both for academic as well as managerial reasons. The sector operates and thrives on what are recognized as anti-laws of marketing. However, with growing consumer aspirations as well as emergence of highly symbolic and globally recognized luxury brands, an equally thriving market is the parallel counterfeit luxury brand market. The current study looked at a significant and widely accepted driver of counterfeit luxury brand consumption- consumer attitudes towards counterfeit consumption.

A tri-component model to measure consumer attitude and purchase intention for counterfeit luxury brands was adopted basis a mixed method methodology. A 33 item five- point Likert scale was formulated and pilot tested on a sample of 188 urban consumers of counterfeit luxury brands and later validated through a study of 392 consumers' across two Indian metros. A comprehensive 15 item scale measuring cognitive, affective and connative attitudinal components towards counterfeit luxury brands was formulated and validated. CFA was conducted to measure the goodness of fit of the proposed model. The instrument had satisfactory construct validity and high reliability scores. The study makes a unique contribution towards measuring and evaluating consumer attitude towards counterfeit luxury brands. Thus, the findings have significant theoretical and managerial implications not only for the Indian but also for other developing markets as well.

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1. Introduction

Luxury brand purchase is not unlike commodity consumption, as both paradoxically defy the well-proven price elasticity of demand. And yet they lie at extreme ends of the consumption continuum with one being a critical necessity, essential for sustenance and growth; while the other though a non-necessity is a symbol of exclusivity [1]. Despite slowdowns and economic downturns, the luxury sectoral growth stood at 4 % in the year-on-year growth in early 2017[2]. According to the Bain spring report 2017, the sector is expected to grow from € 259 billion to € 290 billion by 2020. The two key drivers for this upsurge is that close to 45 percent [2] of future luxury consumers will be those with the 'millennial mindset' seeking self-indulgence and therefore

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luxury. The second predominant reason is the growing and burgeoning middle class [3] who are trading up to buying luxury brands. The rise of the growing middle class is a well-cognized fact and the existing luxury brands have gone into brand extensions into accessible luxury lines and created what are called “masstige brands” [3]. Typically these brands serve as a bridge to the traditional classic luxury brand consumptions. Another related and intriguing phenomenon, which lies in the twilight zone of ethical and unethical, is counterfeit luxury brand consumption.

Counterfeits are essentially products that bear a trademark that is registered with another company [4]. The sale of these items is both illegal and unethical and yet the market is a near parallel market to the branded offerings. Luxury brands bear the brunt of counterfeiting the most [5]. According to International reports the luxury brands lose close to \$ 12 billion worth of sales to counterfeits [6]. There are other researchers [7] who state that there is no threat of an overlap as the counterfeit and luxury brand consumers are on opposite ends that do not meet or pose a threat as they seek different meanings from the real or fake brands that they consume. However, one encounters an interesting deduction when one understands that counterfeit luxury may be important as it may actually increase awareness and demand for true luxury brands [8]. The second is the fact that when one examines the phenomenal rise in the true blue luxury consumption in emerging markets like China and India- both significant counterfeit luxury consuming markets. China is prophesized as becoming the largest luxury market in the world [9]. Thus, it may be stated that counterfeit consumption may be the stepping stone to luxury consumption.

Further, it is a well-researched and established fact that attitudes are the driving force of any kind of consumption behavior. Thus, it becomes critical to establish the consumer attitude towards counterfeit luxury brands; and more so on emerging markets where the consumption of counterfeit products is considerable. Though there are numerous studies on the counterfeit luxury market and there are existing scales to measure attitude towards luxury brands; the contextual nature of countries that are built around a collectivistic culture, necessitates the study and development of an instrument to measure attitudes towards counterfeit luxury brands in these geographies. Hence, the objectives of the present study are to

- To confirm the factor structure of the obtained factors using confirmatory factor analysis
- To develop and validate a scale to measure attitudes towards counterfeit luxury brands

Review of literature

Recognizing the aspiration and willingness to purchase luxury brands, the market for fake replicas, imitation brands and counterfeits has been prevailing since a long time [4]. They defined counterfeit brands as brands that carry the exact trademark of the original brand. Luxury brands, because of their symbolic and visible value, are the most susceptible and vulnerable to counterfeiting. Earlier there was a clear difference between the original and the copy, however with time the market for replicas have become more organized and there has been substantial improvement in the quality of the items; and in some cases it is near impossible to tell the difference [10]. The most significant reason for improvement in counterfeit quality is the increase in the consumer motivation to buy such products [11].

A number of studies have distinguished between deceptive and non-deceptive counterfeiting [6] [12] The former refers to an unaware consumer who does not know that he is buying a counterfeit and the latter is when the consumer willingly makes a counterfeit purchase. The second segment is larger and the size is the prevalent reason for the thriving demand in the counterfeit market [12]. The present study looks at the second group as this relates to a planned and conscious decision. The understanding of the decision as well as consumption process is critical, no matter whether counterfeiting is adversely [13] or positively -educating and cognizing the counterfeit luxury customers with regards the value of the original [14].

There have been numerous approaches to studying counterfeit luxury consumption. While some have looked at the product/brand characteristic [4] majority have looked at individual factors. Some researchers have looked at

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