


## Chapter 15

# Determining Consumer Purchase Intention Toward Counterfeit Luxury Goods Based on the Perceived Risk Theory

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### ABSTRACT

*This study aims to understand the impact of financial, psychological, and social risk dimensions on attitude and intention to purchase counterfeit luxury goods. Data were collected through a questionnaire conducted with 116 Angolan consumers and were treated with structural equation modeling. The results revealed that only financial risk and social risk were influential in attitude toward counterfeit luxury goods. Attitude had a significant influence on the intention to purchase counterfeit luxury goods. The research contributes to the literature because there has been no previous study in an African country that seeks to understand the purchase intention of counterfeit luxury goods according to risk perception theory. On the other hand, this study is one of the few to report that social risk perception positively impacts attitudes towards counterfeit luxury goods.*

### INTRODUCTION

Counterfeiting is increasing faster than ever before and is becoming an impossible global economic problem (Bian, Wang, Smith, & Yannopoulou, 2016).

The issue of counterfeiting remains a major concern for global trade in many countries (Ting et al., 2016). Counterfeits have a detrimental effect on the luxury market. Counterfeit products are on the market where there is consumer demand (Ting et al., 2016). The purchase of counterfeit luxury leads the consumer to benefit from the attributes of luxury goods through low cost. The attributes of luxury

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## ***Determining Consumer Purchase Intention***

goods are beauty, rarity, quality, premium price, and also the existence of an inspiring brand endorsing the product (Godey et al., 2013).

Counterfeit luxury goods refer to products with a trademark identical to a registered trademark, thus violating the trademark owner's rights (Bian & Moutinho 2009). Counterfeit luxury goods, such as clothing, shoes and handbags, are made in varying quality, with the greatest effort being made to imitate fashionable details (Norashikin, 2009); however, they are usually sold at drastically reduced prices with compromised quality (Koay, 2018).

By buying counterfeits at low prices, pretending to use the originals, consumers seek to associate themselves with the image created by luxury brands, benefiting from their aura of prestige and refusing to pay the prices demanded by the originals (Perez et al., 2010). While luxury fakes may not deliver the same level of excellence intangible attributes like the originals, they preserve the brand image that the originals convey (Pueschel et al., 2017).

Three main themes describe the internal benefits that consumers derive from buying and consuming counterfeit luxury goods: first, being efficient by optimizing their resources; second, having fun by experiencing adventure, pleasure and risk; and third, fooling others hoping not to get caught (Perez et al., 2010).

In an effort to understand consumer consumption of counterfeit products, most existing studies use the theory of planned behavior (Chiu & Leng, 2016; Ting et al., 2016). Traditionally, research has focused on ethical consumption (Manchiraju & Sadachar, 2014, Wilcox et al., 2009), the sociocultural characteristics of the consumer that facilitate counterfeiting (Bian & Veloutsou, 2007) and the financial motives driving non-misleading counterfeit luxury consumption, where consumers knowingly and willingly buy counterfeit products (Grossman & Shapiro, 1988; Staake et al., 2009; Koay, 2018).

The purchase of counterfeit products is considered a risky action, given the possibility of consumers putting themselves exposed to various types of risk (Matos et al., 2007; Yeap & Ramayah 2006).

In the consumer research literature, perceived risk refers to individuals' perceived uncertainties regarding adverse outcomes related to a purchase decision (Dowling & Staelin, 1994; Forsythe & Shi, 2003; Chen & Chang, 2012).

However, to date, there have been a minimal number of studies investigating the impacts of various dimensions of risk on consumers' purchase intention towards counterfeit luxury goods (Koay, 2018). In addition, existing research has explored the effect of risk perceptions, focused primarily on overall perceived risk (Matos et al., 2007; Tang et al., 2019). This method may not be suitable because the risks are different and their effects on consumers may vary (Peng, 2020), given that perceived risk is a multidimensional construct (Lin & Liu, 2010; Koay, 2018).

Several studies have shown evidence that risk dimensions are relevant to risk factors in the context of luxury counterfeiting (Vida, 2007; Phau, Teah & Lee, 2009; Ting et al., 2016; Pueschel et al., 2017; Koay, 2018; Peng, 2020). Perceived risk influences consumer attitudes towards counterfeit luxury goods (Matos et al., 2007; Ting et al., 2016; Pueschel et al., 2017).

Previous marketing literature has recognized that perceived risk influences purchase decisions, with consumers seeking to reduce uncertainty and unintended consequences during purchase decisions (Matos et al., 2007).

The theory of perceived risk is valuable, being that it provides explanations of consumers' intention to purchase counterfeit luxury goods (Koay, 2018). Risk dimensions predict overall risk perception and increase understanding of consumer behaviour (Featherman & Pavlou, 2003).

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