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The Impact of Counterfeiting on Genuine-Item Consumers' Brand Relationships

An often-overlooked constituent in the debate on counterfeiting is the consumer of the genuine article—a brand manager's primary constituent. These consumers are drawn to premium brands in part because of the exclusivity and connotation of prestige associated with them. These characteristics are also the reason such brands are attractive targets of counterfeiting. When premium brands are counterfeited, which in turn gives a variety of consumers access to them, how do consumers of the genuine items react to the erosion of exclusivity and prestige? An investigation involving premium brands in Thailand and India reveals that consumers of genuine items adopt one of three strategies when faced with the prospect of their favorite brands being counterfeited: flight (abandoning the brand), reclamation (elaborating the pioneering patronage of a brand), and abranding (disguising all brand cues). The author examines these strategies in detail, revealing how the potential loss of exclusivity and prestige can either drive genuine-item consumers away from the brand or impel them to make strong claims to their patronage.

Keywords: counterfeits, counterfeiting, brand relationships, conspicuous consumption, fashion, competitive consumption

F irms invest substantially in building their brands. In some product categories, such efforts are aimed at making a brand prestigious and exclusive. For brands to be perceived as such, they must be widely popular but not widely accessible. Paradoxically, such necessary disparity between popularity and accessibility is also the impetus for counterfeiting. In other words, the more a firm invests in building a prestigious brand, the more likely the brand is to be counterfeited. Too little is known about the impact of counterfeiting prestigious brands on the brand relationships of consumers of the genuine item.

Genuine-item consumers are a brand manager's primary constituency and thus should be a decisive preoccupation. Understanding how counterfeiting affects a genuine-item consumer is a vital first step in preserving that consumer's relationship with the brand when the counterfeiting occurs. Because brands have meaning at an individual level (Rust, Zeithaml, and Lemon 2004), it is not expedient to assume that as they gain popularity among a diverse family of consumers, all consumers are equivalently glad.

Counterfeits and Knockoffs

Dyer (2006) estimates that counterfeiting and illegal trade offset the sales of genuine items by between $15 billion and $50 billion annually. Another estimate, which includes pirated goods, lists the figure as high as $250 billion (United States Senate Committee on Homeland Security and Governmental Affairs 2005). In addition to counterfeits, which impersonate a brand, knockoffs pose another threat to the exclusivity to which premium brands aspire. Knockoffs do not impersonate the brand but merely copy the design and appearance of premium labels. For example, while a Tory Burch dress may retail for $750, the same design is offered under Bloomingdale's private label for $260. According to Wilson (2007), such design knockoff garments represent a market worth $9 billion. Both counterfeits and knockoffs impose the same penalty on genuine-item consumers: They threaten the exclusivity that accompanies the purchase of a premium brand.

Previous research on the topic has largely pertained to the economic impact of counterfeiting and piracy (Chaudhury and Walsh 1996; Givon, Mahajan, and Muller 1995; Green and Smith 2002; Shultz and Saporito 1996); legal implications (Zaichkowsky 1995); and attitudes, motivations, and behaviors of consumers of counterfeits (Albers-Miller 1999; Bloch, Bush, and Campbell 1993; Cordell, Wongtada, and Dieschnick 1996; Grossman and Shapiro 1988; Wilcox, Kim, and Sen 2009; Zaichkowsky 2006). The impact of counterfeiting on consumers of genuine items has not received much attention so far because of the undetermined status, both conceptually and legally, of their loss in utility. Understanding how these consumers view

counterfeits and what they do when the counterfeits proliferate is a vital first step and the purpose of this research.

Theoretical Grounding

Part of the reason some brands are sought after more than others lies in the signals they communicate in the marketplace. Exclusivity, prestige, and privilege are the signals that popularly counterfeited brands commonly communicate. Brand signals are important to consumers, who sometimes embrace a brand to signal that they themselves possess the traits and meanings it confers (Belk 1988; Bushman 1993; Corneo and Jeanne 1997; McCracken 1986). Underlying such a thesis of signaling is the requirement that only a few consumers have access to the brand. That is, if everyone had access, there would be neither any use for nor value in signaling. Over time, consumers who want to be exclusive adopt brands that advance favorable interpersonal comparisons, and followers who aspire to intragroup belongingness adopt the same brands. This process eventually undermines the native exclusivity of the brands in question.

From a marketer's standpoint, price premium plays a crucial role in communicating and preserving exclusivity and prestige, as well as keeping the brand out of mass consumption. It is perhaps one of the easiest and least controversial approaches to allowing access to a few consumers while leaving others out. Prices of prestigious brands likely rise disproportionately in the face of growing spending power because of the necessity to maintain their distinction. This emphasis on higher prices for such brands is also vindicated in consumer behavior, such that "more snobs might buy as price increases" (Amaldoss and Jain 2005, p. 1450; see also Leibenstein 1950). The goal of such behavior is either to ostracize others socially by using the brand as a signal of wealth or to avoid such ostracism themselves (Corneo and Jeanne 1997); either goal leads to an upward-sloping demand. Consumers who are able to access prestigious brands send a robust variety of cultural signals throughout the marketplace that turn them into models of aspiration. Consequently, they become targets of "infocopying" (Henrich and Gil-White 2001), whereby consumers of different stations desire to copy those behaviors, even when they lack the requisite purchasing power.

Counterfeits and knockoffs address the limitation of purchasing power because they typically cost a fraction of what the genuine items cost. Previous research appears to converge on the premise that when this happens, the genuine item's equity is compromised. Building on prior evidence that counterfeits are often of lower quality, Zaichkowsky (1995) proposes that consumers who are unaware of brand cues and distinction, and thus are deceived into purchasing a counterfeit or knockoff, attribute the lower quality to the brand itself, thus devaluing the brand's equity. Conversely, when consumers willingly purchase counterfeits that are not necessarily inferior in quality to the genuine item, they do not have a reason for dissatisfaction with their purchase. Under such conditions, unable to perceive the additional value associated with the higher price of the genuine item, consumers begin to question its

merit. Therefore, whether counterfeits are of subpar or equivalent quality and whether consumers purchase them willingly or unwittingly, counterfeits appear to unanimously imperil the equity of the genuine item.

However, little is known about the impact of counterfeiting on consumers who choose the genuine item over a counterfeit. Although it is now widely accepted that "a single good will possess more than one characteristic, so that the simplest consumption activity will be characterized by joint outputs" (Lancaster 1966, p. 133), the genuine-item buyer is seldom considered to have experienced a loss of utility when counterfeits swell, as if to imply that these consumers have received a suitable trade with the receipt of the physical good. Yet, as Reder (1947, p. 64) proposes, "the utility function of one individual contains, as variables, the quantities of goods consumed by other persons," thus turning consumption of prestigious brands competitive. In addition, consumer–brand relationships are a matter of perceived goal compatibility between the brand and the consumer (Fournier 1998). In the case of genuine-item consumers, who expend price premiums for prestigious brands, a likely goal, as clarified initially, is exclusivity. Under the relationship paradigm (Fournier 1998), such consumers elect brands that unambiguously espouse the same goal; the brand's commitment to exclusivity is a necessary condition for an alliance. By upsetting a brand's flair to remain exclusive, counterfeits have the potential to unsettle a prestigious brand's relationship with genuine-item consumers at its most vulnerable point: the ego significance of the brand (Fournier 1998). These are some of the pretexts for why genuine-item buyers may be disenchanted when the brands they patronize become widely accessible.

In summary, previous research has focused on the direct loss of revenue or has examined buyers of counterfeits, shunning interest in the potential loss of utility experienced by genuine-item consumers. Yet the protection of intellectual property and trademarks is of scant value to the firm if genuine-item consumers lose interest in the brand that is widely counterfeited. The genuine-item consumer is an important, underresearched segment and thus is the focus of this research. The following sections first discuss the study's method and then isolate three dominant strategies that genuine-item consumers adopt in the face of a rise in counterfeiting. Finally, an integrative discussion outlines the relevance of the findings.

Method

Forty in-depth interviews with genuine-item consumers were conducted for this study, 20 each in Thailand and India. Asia is witnessing a spectacular rise in prosperity and a scurry among luxury fashion brands to enter or expand in these markets. For example, India stands second only to Singapore in the rise of its number of millionaires (Capgemini & Merrill Lynch 2006). Brands such as Brioni, Chanel, Escada, Fendi, Louis Vuitton, Valentino, and Versace have all recently entered the Indian market, and others are reported to be actively considering such a move.

At the same time, fashion brands encounter some of their worst abuse in Asia (Ibison 2006). Both India and

Thailand have long histories of trafficking in counterfeits across multiple product categories, such as pharmaceuticals, clothing, and even unauthorized reproductions of the Ferrari P4 (found in Thailand). India and Thailand also were deemed to be suitable sites for this research because of the large proportion of premium-brand consumers who speak English.

In-depth interviews were conducted in the cities of Bangkok (in Thailand) and Mumbai/Bombay and Hyderabad (in India). Respondents were recruited for an in-depth interview when they reported a purchase in the last six months of at least one brand for which counterfeits were available locally and when prima facie evidence (price paid) was available that the genuine item had been purchased. Respondents were between the ages of 21 and 61, and approximately half were women (Table 1). Interviews were conducted in shopping malls, homes, coffee shops, and private social events. All interviews were conducted in English, with occasional support from a translator in Thailand. Interviews lasted between 40 and 90 minutes.

The overarching goal of the interviews was to discuss thoughts, feelings, and behaviors associated with a rise in the counterfeiting of brands the respondents currently patronized. With the aid of a detailed interview protocol document, the interviews covered three complementary themes: (1) general knowledge of and opinions about fashions and fashion brands, including past purchases; (2) awareness of protocols and incidence of counterfeiting locally; and (3) opinions about and reactions to consumers who purchase counterfeits.

An initial reading of the transcripts and field notes revealed that the dominant reactions to counterfeit proliferation could be sorted into three pools. One group of respondents was clearly more agitated than the others and appeared to have the most at stake when counterfeits become abundant. Members of a second group steered the interview toward a discussion of their pioneering patronage of some brands and the subsequent loss of exclusivity. A third group emphasized how to tell themselves apart from counterfeit buyers. Because of such clear clustering of the respondents into three groups, subsequent stages of analysis used this tripartite classification as a dominant framework.

In the second stage of the analysis, interviews in each group were analyzed to identify dominant models of response to counterfeits; the goal was to characterize and dimensionalize the key themes in such models (for a discussion of the procedures used in this stage, see Spiggle 1994; Strauss and Corbin 1990). In the final stage, the findings from each group were compared with and contrasted against findings from the other two. The goals at this stage were to identify the key dimensions on which the groups differed and to identify the bases for such differences.

Findings

In the face of proliferating counterfeits, respondents appeared to adopt one of three strategies: (1) flight (abandoning a brand), (2) reclamation (elaborating on pioneering patronage of a brand), and (3) abranding (disguising all brand cues). Next, each strategy is discussed, followed by an integrative summary and additional interpretation.

Flight

Consumers who adopted flight tended to be younger (typically between the ages of 21 and 27) and college educated. In many cases, their respective brand affiliations dated back no more than a couple of years. Being younger, they did not carry much wealth, but their opulent purchase behaviors and general preference for prestigious brands obscured this; brands and trappings associated with upper classes appeared to be important to them. Relationships with such brands appeared to serve an urgent need for brand-based identity construction to overcome marginalization that accompanied their migration across social classes (see Mills 1997). In almost all cases, these consumers appeared to be the first in their families to have arrived at their respective income levels. In both India and Thailand, many were employed in areas related to computing, high technology, and sales.

When the patronized brands were counterfeited, this group abandoned them in favor of new ones. Members of the group did not feel confident that others would readily believe that they were wearing a genuine item rather than a counterfeit. They reported finding it difficult to make a positive first impression because others may not believe they had the purchasing power to buy the genuine item. An undemanding way to avoid being perceived as consumers of counterfeits was to abandon the brands that were widely counterfeited, thus succumbing to the reverberation of counterfeiting on the signaling potential of brands.

Such flight from one brand to another appeared to take place in three stages: recognition, projection, and separation (see Figure 1). Consumers first became aware of disapproval in the recognition stage and then became uneasy about the challenge in coming across as bona fide patrons of the genuine article. Comfort with newly acquired purchasing power appeared to determine the extent to which they experienced such unease. When these young consumers began drawing high salaries associated with high-tech jobs in India and Thailand, some became unsure whether they were comporting in accordance with such income levels:

> Computer programmers earn a lot of money now. It is even better now; that is why everyone wants to get into computer science. We are rich after the first salary. But some people don't always know how—I mean like how to do things, like how to dress or what clothes to wear. I buy what I like, but when I wear it I realize that maybe that is not what I should have purchased [laughs]. Sometimes, it looks like some of these people are buying clothes from the shops in Ameerpet [shopping area where counterfeits are easy to find] because they are too gaudy and … look cheap; like, I mean everyone has those kinds of clothes. All stores have the same clothes (styles) in Ameerpet. (Respondent 2, Indian man, age 25)

Respondents blamed proactive others for directly or subtly making such disapproval known. This was true in both countries, and women reported more instances of such disapproval than men. The difference observed between the sexes may be an artifact of social desirability, such that it is

TABLE 1
Respondent Profile

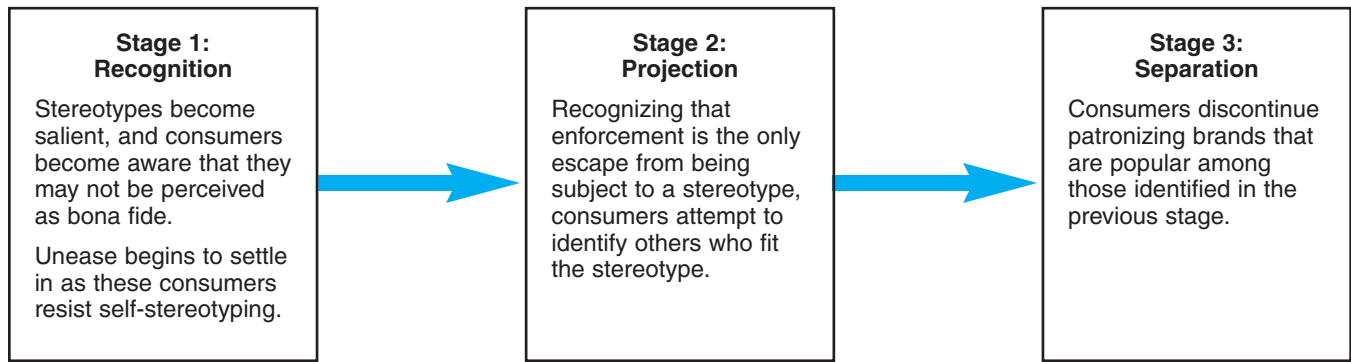| Number	Country	Sex	Age	Response to Counterfeits	Profile
1	Thailand	Male	24	Flight	Migrated to Bangkok from northern Thailand. Currently promotes new electronic products at department stores and special events.
2	India	Male	25	Flight	Computer programmer. Moved to Hyderabad first to attend college and secured his first job with a business process outsourcing unit.
3	Thailand	Female	24	Flight	Grew up in Bangkok and currently works at a bank as a customer service manager.
4	India	Female	25	Flight	Computer programmer. This was her first job; she started on this job at a large Indian technology company six months ago.
5	Thailand	Female	31	Flight	Migrated to Bangkok from northern Thailand at 25. Currently a salesperson at a craft store.
6	Thailand	Male	24	Flight	Worked many part-time jobs since graduation three years ago. Currently unemployed and considering enrolling in a technical college.
7	India	Male	27	Flight	Computer programmer since the age of 22. No significant lifestyle changes until about two years ago, when he started updating wardrobe and venturing out to pubs on weekends.
8	India	Female	23	Flight	Travel and ticketing associate with a major European airline.
9	Thailand	Female	26	Flight	Security agent with a private event security contractor.
10	Thailand	Male	50	Reclamation	Banker. Married with three children. Worked in various capacities at the same Thai bank for almost 30 years.
11	Thailand	Male	52	Reclamation	Bangkok native. Currently a senior sales manager at a Benz dealership. Married with two children.
12	India	Female	56	Reclamation	Holds senior management position at family business. Employed there for almost 25 years. Divorced.
13	India	Female	45	Reclamation	Social worker with a national nongovernmental organization. Married to a civil servant.
14	Thailand	Male	47	Reclamation	Voluntarily retired early from public service. Currently owns five cabs and leases them out. Although the same drivers have been leasing them for extended periods, lease payments are received on a daily basis.
15	Thailand	Female	40	Reclamation	Married to a civil servant. Migrated after marriage from southern Thailand 20 years ago. Never employed. Mother of two children.
16	Thailand	Female	38	Reclamation	Floorwalker at an upscale department store in the children's department. Migrated from northern Thailand five years ago. Never married.
17	India	Male	48	Reclamation	Admissions director at a business school. Travels abroad once a year, mostly to the United Kingdom and the United States.
18	India	Female	43	Reclamation	Event planner at a leading hotel for 12 years.
19	India	Female	49	Reclamation	Accountant at a manufacturing firm. Travels frequently across South Asia for procurement.

TABLE 1
Continued

Number	Country	Sex	Age	Response to Counterfeits	Profile
20	India	Male	40	Reclamation	Sales manager with a residential real estate developer. Previously self-employed.
21	India	Male	50	Reclamation	Office manager at a private engineering college.
22	India	Female	27	Abranding	Public relations manager with leading magazine that covers Bollywood. Educated in the United Kingdom, Never married.
23	India	Male	40	Abranding	Chief executive officer of a software company. Spends time equally in the United States and India. Married with two children.
24	Thailand	Male	45	Abranding	Employed in family business in various capacities but has no particular job designation.
25	Thailand	Male	61	Abranding	Owner of a commercial real estate company that invests in prime properties. Married with one child.
26	India	Male	47	Abranding	Head of family's manufacturing business. Travels abroad several times a year on work and vacation.
27	Thailand	Male	35	Abranding	Head of marketing in his family business. Key responsibilities include liaising with advertising agencies and hosting visiting foreign associates.
28	Thailand	Female	55	Abranding	Married to a businessman. Never employed. Comes from a family of business owners.
29	Thailand	Male	51	Abranding	Politician.
30	India	Male	40	Abranding	Independent graphic artist. Married and no children.
31	India	Female	21	Abranding	College student.
32	India	Female	24	Abranding	Worked in family business until recently. Currently not employed.
33	Thailand	Male	35	Abranding	Consultant at an American financial consultancy. Travels abroad once a year mostly for pleasure.
34	India	Female	40	Indifference	Client service manager at an advertising agency. Widowed.
35	Thailand	Male	30	Indifference	Concierge at a full-service apartment building.
36	India	Male	39	Indifference	Senior executive at software consulting firm. Travels abroad several times a year.
37	Thailand	Female	23	Indifference	Waitress at an upscale restaurant. Bangkok native.
38	India	Male	55	Indifference	Administrative assistant to a senior media executive at a leading advertising agency.
39	Thailand	Male	40	Indifference	Artist and owner of boutique that sells handcrafted handbags and laptop sleeves.
40	Thailand	Female	27	Indifference	Statistician at National Statistical Office.

more acceptable for women to acknowledge succumbing to such pressures (see Feingold 1994). Another explanation may be that women are also better equipped to decode such disapproval (McClure 2000).

As is evident in the following quotation, the response to disapproval began with a ruffled interpretation that perhaps the consumer was not entitled to brands that were in vogue among the more affluent consumers:

FIGURE 1
Three Stages of Flight

Stage 1: Recognition	Stage 2: Projection	Stage 3: Separation
Stereotypes become salient, and consumers become aware that they may not be perceived as bona fide.	Recognizing that enforcement is the only escape from being subject to a stereotype, consumers attempt to identify others who fit the stereotype.	Consumers discontinue patronizing brands that are popular among those identified in the previous stage.
Unease begins to settle in as these consumers resist self-stereotyping.		

Sometimes I see these other girls give me those looks in the store. If I don't notice them, it is one thing, but if I notice them, sometimes I am hurt, you know; it spoils my day. I think of it all day; you don't enjoy shopping. As if they are wondering, "How come you are able to dress like me?" Some people don't want others to buy the same clothes they do; then what is the difference? It is not even like they are pretty. They have a lot of money. They can't believe I go shopping in the same store they go to. (Respondent 4, Indian woman, age 25)

In a class-conscious society, such as India, trappings serve as markers of distinction among classes. Many consumers engaging in flight appeared to be new migrants of social class, trading brands and other signals associated with one class for those associated with another. As employment opportunities and education increasingly enable previously underprivileged classes to migrate across class boundaries, stereotypes appear to be placing such migrants on the defense. This phenomenon is consistent with the notion that stereotypes are often used effectively to enforce prejudice (Allport 1954; Simpson and Yinger 1965). Rather than respond to or challenge such stereotypes, consumers engaging in flight appeared to endorse the inalienable nature of such socioeconomic stereotypes. Ironically, their only escape from the stereotype appears to be an active endorsement of it. In other words, the way to escape a stereotype is by finding other cases that fit it—as if enforcing prejudice liberates a person from being subject to it. Thus, those engaging in flight embraced the clarity of stereotypes (Lippmann 1922) by exerting prejudice themselves, leading to projection, the second stage of the flight strategy:

Now look at her. She is a real *&#! You can tell that her tee is fake. Those shoes, you get them for 20 baht. She might think others are stupid not to notice, but when I see a real item, I can tell which is a fake. I will tell that she will need much, much more money before she can get the real thing. (Respondent 3, Thai woman, age 24)

[Pointing at another shopper in the mall] If you go close, you can see [that the bead work on the jeans is not very good]. That is one way to tell a cheap imitation. I can guess that she rode a bus and does not have a car. There

are so many differences [between the two of us]. (Respondent 4, Indian woman, age 25)

I have worked and paid my rent and everything since I was younger than 20. I don't have a lot of money to throw away, but I can take care of myself. I went to visit my parents last week, and I did not get paid [while away], but I can afford that. I don't buy many clothes, but whatever I buy, I buy thoughtfully. No fakes, but there are the other types too. There is this girl I work with, J_____; you may have seen her when you first came in. She is the tall one. She is always wearing new clothes, and I know, I can tell they are fake; she cannot earn so much to wear new clothes every day. [laughs] Who can? (Respondent 5, Thai woman, age 31)

As is evident in these quotations, after sensing an apparent enforcement of stereotypes, the interviewees' responses were not a rejection of the stereotype but a statement that it was others, not them, who fit it. Such a response of the stereotype implies that it is as much generated internally as enforced externally. As Lippmann (1922, p. 90) suggests,

[Preconceptions] mark out certain objects as familiar or strange, emphasizing the difference, so that the slightly familiar is seen as very familiar, and the somewhat strange as sharply alien. They are aroused by small signs, which may vary from a true index to a vague analogy. Aroused, they flood fresh vision with older images, and project into the world what has been resurrected in memory.

It may be on account of such endogenous locus that consumers engaged in flight found it preferable to alter their brand preferences than to fight the stereotype. This decision was made in the final flight stage, separation. Here, consumers distanced themselves from others they regarded as fitting the stereotype and the brands that were widely counterfeited. Such behavior bears remarkable similarity to behaviors associated with social mobility, particularly in class-based societies such as India, in which embracing the aspiration group's customs, rites, and beliefs in place of preexisting ones was a necessary component of "Sanskritization" (Srinivas 1952, p. 30; see also Srinivas 1956). In other words, consumers engaged in flight recognized the stereotypes they were being fit into and deliberately distanced themselves from the brands associated with

those stereotypes. For example, at the time of the study, Diesel was a popular brand in Thailand and also widely counterfeited. Consequently, consumers using the flight strategy actively avoided Diesel products to eliminate any doubt about whether they were wearing a genuine item or a counterfeit. As two of the interviewees said:

> Go to Paragon [a local shopping area] on Friday evening, and you will see Diesel everywhere. Most of them are fakes because I know these [kinds of] people [and] where they buy from, just across the street. I never do such stuff, because [when] you are going out with your girl, it is not cool to do that. So I don't wear Diesel, because you cannot tell who is real and who is fake. (Respondent 6, Thai man, age 24)

> There are some [brands] that are more [counterfeited] than others. Lee? Most are not original. Even Levi's you have to be careful. So if I wear Lee jeans, then the petrol pump attendant is also wearing the same. So why bother spending so much money? (Respondent 7, Indian man, age 27)

In summary, the young and the newly affluent consumers at a socioeconomic cusp experienced substantial pressure to flee the brands they otherwise would have patronized. The reason for this was the unease that their purchasing power, and therefore ownership of the genuine item, would be second-guessed because of prejudices enforced through stereotypes. Subsequently, these consumers fled the stereotype through a dual process of enforcing it on other consumers and simultaneously disowning widely counterfeited brands.

Reclamation

A second strategy common among buyers of genuine items was reclamation: offering at every opportunity ego enhancing and elaborate descriptions of pioneering brand patronage. The underlying theme across interviews with such consumers (hereinafter termed "reclaimers") was that they are subject to the externalities of choices that others have made. The rise of a brand's popularity was inversely related to its potential to grant reclaimers favorable interpersonal comparison. Consumers pursuing this strategy tended to be older and principally unsettled by the loss of exclusive ownership of brand territory. Yet reclaimers were unwilling to terminate their current brand choices. A reason for this may be that investments in the brand have been made over many years, unlike in the case of those engaged in flight, for whom brand affiliations were more recent.

When faced with counterfeiting, reclaimers sense a slight and thus invest their efforts into showcasing their erstwhile exclusive and privileged relationship with the brand. Because the incidence of counterfeiting closely follows a brand's popularity, counterfeiting accentuates reclaimers' loss of peerless patronage of a brand because now they must share the stage not only with the mass market but also with those buying counterfeits.

> You may think of me as mean, but it is not about being mean. I am bringing this up only because you ask. I feel offended. Does that make me mean? I don't know; you have to decide, you are the professor. But since you are asking me, I can tell you. I don't like [the rampant counterfeiting] very much. I have so many Polo shirts. I like

them so, all my shirts at one time all my shirts were Polo. They are very comfortable, very high quality. Then there was a big craze; everyone was wearing Polo. There was a time—oh, maybe five or ten years ago—when every store in the garment market sold Polo. What is the value of that to me? At one time, I was the only one—or maybe there were two of us—who wore Polo. Everyone looked up to us, you know, I mean as being very stylish, well dressed. I even met my wife that way. She used to say that she noticed me for my Polo shirts [laughs]. But now, you enter the (office) building, and there are a hundred people wearing Polo. I am not exaggerating. It is true. (Respondent 10, Thai man, age 50)

Although this reclaimer begins his response only as a statement of his dissent, he proceeds to state particulars of his fashion distinction. It is evident that his narration took this course because he felt relegated to a large denominator by the mass market, particularly by people buying counterfeits. This effect of a loss of exclusivity is consistent with Hellofs and Jacobson's (1999) observation of the impact of a rise in market share of exclusive goods. It suggests that market share can send different signals to current and prospective consumers; the latter may infer it as a testament to good quality, whereas the former may infer it as a loss of exclusivity. Note that though many reclaimers labeled themselves as fashion and brand pioneers, they were not the typical fashion opinion leaders or change agents (Sproles 1981; Summers 1970) who frequently adopt new brands. Reclaimers were merely the early adopters of their respective brands; they never changed after that. Perhaps their anguish against counterfeits was rooted in the disbelief that they remained passive spectators as their hitherto exclusive relationships with brands were transgressed.

When asked about recent purchases, reclaimers often detailed how they are making the right choice to patronize the genuine item. Akin to appending consonant cognitions when contested with dissonance (Festinger 1957), these consumers appeared eager to recast the variance between themselves and distant others by highlighting a moral imperative that guided the choice between honesty and deception. Reclaimers contemplated their purchase decisions on a moral high ground.

> [Purchasing a counterfeit item] is like, what do you call that? Fake breasts. You know what I am talking about? They put those bags there. They are not real breasts. I am sure you know because it is very popular in America. It is also becoming popular in Thailand. Now, people from America come here to get fake breasts because it is cheaper in Thailand. You find a girl in America with fake breasts, and you go out with her. Unless people look closely, they cannot tell. Everyone looks at your girl, and they are saying "narakjang" ["You are pretty/sexy."] How does that make you feel? You are cheating. You are cheating them because you know that [the breasts] are not real. Those people who buy fakes are the same way, cheating others and cheating themselves. I am foolish not to buy fakes, because it would save me a lot of money, but I don't buy fakes, because I don't go out with women who have fake breasts. (Respondent 11, Thai man, age 52)

These two themes—a history of purchasing the genuine item and a clear exercise of choice in favor of it—were dominant among many reclaimers. Perhaps because women

experienced a lower level of dissonance or possibly because they were downplaying assertiveness (Eagly 1995; Feingold 1994), in general they were subtler about how they emphasized these two themes:

> You are really making a moral choice, more than anything else. Maybe moral is not the right word. Let's say, something very personal. It says something about you—who you are inside. Should we steal if we know we will not get caught? I am not trying to preach to you. What I am trying to say is that [counterfeiting] is wrong, and we should not encourage [the counterfeiters]. Fortunately, I am well to do, and I do not have to consider the price of an item, but I know it is a big deal for some people. Price is a big deal. They are always looking for a sale or discount. A fake item is like a discount, because this top I am wearing, I paid over 4,000 rupees, but you can get it on Fashion Street for 400. It is amazing, that you will not be able to tell the difference if you stand there (about 20 feet away). Then, what is the difference between the woman who shops on Fashion Street and me? Is it just money? How wealthy we are? I don't think so. There are some really good outfits for that money, which are made by honest workers and even I would buy, but she wants only that top which looks like the 4,000 one. But you don't have 4,000! You see the mismatch? So what does it come down to? It simply means that she, she wants that top at any cost. We all make choices. But the point is, what choices are we making? What are the moral consequences? (Respondent 12, Indian woman, age 56)

> To be honest with you, I don't care. Does it really affect me at all? Who cares what some other people are doing? In the circles I move in, it does not cross anyone's mind that maybe I or someone else in our circles is buying such stuff. But sure, it does matter in a larger sense. In the sense that, let me put it this way: Imagine I am walking down the street, and someone else walks by, and she is wearing the same dress, only that she paid next to nothing for that knockoff. I don't think it affects me, but I think it affects her. She might be thinking that she is the same, let's say, fashion equivalent, or she may even think that I am also wearing one of those knockoffs [laughs]. So, yeah, it does affect her in a good way, but I don't think it affects me. Except in the sense that only I know my story; she does not. Like how you feel when your voice is not heard? You know what I mean? (Respondent 13, Indian woman, age 45)

This dimension—that the voice is not being heard—appeared to be at the core of reclaimers' responses to the proliferation of counterfeits. Among these respondents in both India and Thailand, there was a disappointment that there may be no due segregation between these pioneering champions of the genuine item and other consumers. This tendency to express disappointment and yet contend with new migrants to the brand (rather than switching brands) implies that reclaimers may be as unhappy with the limits of their own opportunities to switch brands as they are with consumers of counterfeits. As mentioned previously, many reclaimers were older and thus were overseeing responsibilities that extended beyond discretionary personal expenditure. Wardrobe change was less likely to be an option for many of them as they juggled with other priorities.

> Sometimes, like on a holiday or something, I give [the day] off to my driver, and I drive the cab myself. Why not? There are still passengers, even on holidays. That is when I have a problem. Because I am driving, they think I am the driver. No one thinks I am the owner. So even if you wear nice clothes, no one will believe they are from a nice store. They think like, drivers do not have a lot of money, so maybe I purchased in small shops or MBK [large garment market where it is easy to find counterfeits]. I don't like that. So I tell them that I am the owner, and I am driving because I gave a holiday to my driver. Some people don't believe it because they think rich people should not drive a taxi. (Respondent 14, Thai man, age 47)

In summary, reclaimers were typically older, more affluent, and carried a longer history of respective brand affiliations than those likely to engage in flight. Yet even these consumers appeared to become defensive in the face of counterfeits. The main concern for reclaimers was the potential loss of exclusivity and absence of recognition as early patrons of popular brands.

Abranding

The third and final observed strategy, common among the most affluent in our sample, was to conceal consumption habits from the lay gaze of distant others. Underlying this behavior was a rampant desire to perpetuate social distance by restricting the knowledge others had about these consumers (Simmel 1950). Consumers in this group did not recognize a distinction between those buying counterfeits and any other consumer who wants to emulate the rich. Affluent consumers—uneasy with the idea that previously disenfranchised consumers wanted to emulate them—appeared to gravitate preemptively toward brands that lower-income consumers find difficult to detect. This tendency is referred to as "abranding," or a state of consumption in which the brand may carry high personal meaning, but neither its identity nor the meaning is readily accessible to a distant observer. Such behavior, more than others reported in this article, demonstrates the preservation of exclusivity at the heart of competitive consumption and patronage of premium brands. The affluent consumers in the sample valued exclusivity and reported hostility toward those trying to threaten it:

> There is always this need to be distinctive—let's say, like someone others notice and admire. It is not something you do consciously, but it happens to everyone. But it just happens that everyone in circles where I move [are] fashionable in a very individual way—you know, their own special touches. So naturally, I don't want to dress like the masses, because then it means that I do not have that individual flair. So I almost have to be a bit protective, you know, about what I wear and how I wear it. You watch everyone, but you don't show anyone anything. The worst thing that can happen is for you to dress up and arrive at a party looking like a regular person—you know, like those guys in Tommy Hilfiger shirts! [laughs] (Respondent 22, Indian woman, age 27)

Disdain for imitators was common among abranders, particularly in suggesting that lay consumers are downright unaware of their consumption behaviors. Abranders invoked three important themes: (1) The main distinction between them and others is the extent to which brand patronage is

(in)conspicuous; (2) an absence of overt exhibition of brand patronage is a step in the right direction; and (3) there is a need to hide brand affiliations, lest others embrace them as well. Perhaps on account of relatively greater fluency with the English language, in general, respondents in India were more critical than those in Thailand:

> You can imitate all you want, but what are you going to imitate? You don't even know what I'm wearing. Some people like to flaunt, always making sure that everyone knows that they are wearing X and Y names. But those poor people do not realize that now everyone wearing X and Y is the same. Is that what they wanted in the first place? I don't think so. I don't even shop in India. I do most of my shopping in Europe and the U.S. It will be a while before these guys even learn to pronounce the brand names correctly! (Respondent 23, Indian man, age 40)

> It is easy to tell the difference between people at my level and others. The easy way is to see what we are wearing. Do you see any nametags (brand insignia) here? But you go there (on the streets) and look at the so-called trendy, and you will notice that they all have nametags. They are trying to be like each other, but not like me, because there is no nametag (on my clothes). So how do you start to be like me if you don't know me? The difference is that they are trying to be like each other, but I am not. (Respondent 24, Thai man, age 45)

As previously mentioned, respondents in this group also believed that an absence of visible brand affiliations is a step in the right direction. They regarded the tendency to flaunt brand names and the corresponding imagery as a sign of inadequate fashion sense and a lack of confidence. Although such a value judgment had little to do with preventing others from emulating, respondents were reassured that it would serve a more direct purpose of signaling their own status:

> In my business I meet top people—CEOs and presidents. You can look around here and see the people who are here. These are my friends. People like this. There are customs on how one must present oneself. If my wife wears Prada sunglasses, then it does not give a good impression, as if we want to show how much wealth we have. You have to be quiet about those things. They know I have a lot of money. Otherwise I would not be where I am. And we only buy good stuff. They know that. What is needed, then? There is no need to show that, because they know already. They buy the same things as we do. (Respondent 25, Thai man, age 61)

Although this quotation does not necessarily convey the relevance of distance from other consumers, further probing revealed that this consumer was indeed concerned about it:

> Who is the person who wants to show how well-to-do he is? Who is he? The one who is not well-to-do, or someone who is young and not confident. When you really have a lot of money, you don't show it. It is there. My son is wearing an Armani suit today. He is over there. I complimented him earlier on his suit, and he said it was Armani. I did not know it was Armani. You just look at the quality; it also happens to be a famous name because famous names have high quality. If it was obvious what suit he was wearing, then in my mind he is not wealthy. He is like a commoner, because they don't have money to buy real high quality, so they buy only the high-quality names they

see around them. Then they try to show that they are wearing the same name as others. Without the name, there is nothing. When I buy based only on top quality and don't care at all whether you see the name of my suit, then you see why people here are different from the others you find outside this room. (Respondent 25, Thai man, age 61)

Such distaste for brand displays was common in this segment. Unlike a probable tendency among consumers of counterfeits to showcase their favorite brands, abranders expressed a zeal for the opposite approach: to hide all such affiliations from public gaze. This was driven by a predominant instinct to designate substantial social distance from others and nominate an axiomatic eminence. Any contest by others was reckoned futile. The following two men, one in India and one in Thailand, summarized the essence of such a strategy:

> When you are rich, you have everything. You can get anything you want. Then, what is it that you want the most? Can you guess? [long pause] I can tell you. Every rich guy wants just one thing. He does not want others to be like him. Like being unattainable. He wants to be the only one like him. It sounds pompous, but I tell you, when it comes down to it, that is the truth. I don't want them wearing the clothes I wear, I don't want them driving the same car I drive, I don't want them in my club. But you know what? That will happen. When they make loads of money, who doesn't want to? When they make that money, what do you think they want to do? They want to do things that I do. It is a game. You think I am going to sit here and let them win? Of course not! I will always have to be ten steps ahead. (Respondent 26, Indian man, age 47)

> How would I describe myself? [long pause] Mystery man! [Uneasy laughter] Like James Bond. All the men want to be like James Bond. All the women want to marry James Bond. Everyone knows James Bond, but no one really knows him, because he keeps too many secrets. People want to be like him, but how to be like James Bond? It is a secret. No one knows. Do you know where he learns that style? It is a mystery. Do you know what suit James Bond is wearing? You want a suit like that, but where do you get it? It is a mystery. (Respondent 27, Thai man, age 35)

Although abranders implied that they would benefit from the absence of others who emulate them, they needed these others to be distant from; that is, to maintain social distance, people need distant others from whom to keep away. As Veblen (1912, p. 36) suggests, to "gain and to hold the esteem of men it is not sufficient merely to possess wealth or power. The wealth or power must be put in evidence, for esteem is awarded only on evidence." However, in placing their wealth on display, abranders were unwilling to risk putting forth duplicable proof and tried to focus on the singularity of such proof.

Although abranding can occur even in the absence of counterfeiting, it is a significant issue in understanding counterfeiting and competitive consumption. A buyer of counterfeits wants an accessible way to affiliate with brands patronized by affluent consumers. Abranding reveals that efforts to realize such aspirations will be actively muddled.

> The good designers don't announce their names the way others do. The department store brands do that, not the designer ones. Even if I wear a very attractive [department

store] dress, I am equal to another person wearing the same company's clothes, even if her dress is not as attractive. The name of the company makes us equal. But if you don't know what company clothes I am wearing, then you have to only look at whether my dress is attractive or whether her dress is attractive. And my dress will be attractive because this is from a famous name designer. And you don't know that, unless you ask me. [laughs] (Respondent 28, Thai woman, age 55)

In summary, the most affluent consumers in this study reported relative immunity from competitive consumption championed by counterfeiting because of the apparent privacy surrounding their brand relationships. Yet such privacy did not appear to be a natural extension of their respective brand affiliations but rather an outcome of orchestrated abranding.

Summary of Strategies

As counterfeits expand the number of consumers who can now gain access to a brand, that brand loses much of its potency as a signal of exclusivity. When that happens, consumers seeking exclusivity will adopt one of the three strategies: flight, reclamation, or abranding (see Table 2). Consumers engaged in flight are fleeing from the possibility of being mistaken as consumers of counterfeits, reclaimers are dislodging dissonance by typecasting the new patrons of the brand as lacking scruples, and abranders want to sustain social distance by muddling comparison and emulation.

The three core strategies and the underlying reasons for them have relevance beyond responses to counterfeits. As the next section elaborates, brands are as important to consumers as they are to marketers. The dynamics discussed in the preceding sections reveal the competitive relationships that consumers have with one another and the use of brands as tools, a topic that the following section also explores further. Finally, some respondents expressed relative indifference to counterfeiting of the brands they currently patronized. Although it was not possible to explore all the reasons for such indifference, one factor that was consistent across many of these consumers was their relative indifference to brands in general and an acknowledgment that they have switched brands many times in the past.

Discussion

This research concludes that genuine-item consumers are not indifferent to the proliferation of counterfeits. In the past, a focus on aggregate sales, an investigation of the playful component of purchasing counterfeits, and an interest in the purchase of counterfeit accessories have led to the conclusion that "counterfeits may not devalue the sense of ownership of luxury goods" (Nia and Zaichkowsky 2000, p. 495). The current research expands this focus and draws attention to the competition between genuine-item consumers and those of counterfeits.

TABLE 2
Summary of Responses to Proliferation of Counterfeiting

	Flight	Reclamation	Abranding
Key response to proliferation of counterfeits	Flee brands popularly counterfeited	Offer evidence of pioneering brand affiliations and (self-declared) fashion leadership	Disguise information on brands patronized
Motivation behind key response	Fear of conforming to stereotypes	Dissonance arising out of two factors: (1) others not similarly stationed are dressing as these consumers do, and (2) the inability to change wardrobe on account of substantial investments already made and lower discretionary incomes	Desire to sustain high social distance from others not similarly stationed
Profile	Young Newly rich Transitioning social classes Mean age: 25 years	Older Well-established brand loyalties Mean age: 47 years	Very affluent Mean age: 40 years
Brands patronized	Pepe Diesel Dolce & Gabbana Gucci Nike Armani Exchange	Ralph Lauren Coach Tommy Hilfiger DKNY Fendi	Giorgio Armani Versace Hermes Anderson & Sheppard Escada
Topic that engaged them the most	When you see counterfeits, how does that make you feel?	Tell us about your last purchase of a fashion item.	How will I be able to tell the difference between you and someone wearing a counterfeit?

Implications for Theory

By drawing attention to the externalities of brand relationships, the findings herein extend the understanding of consumer–brand relationships and suggest that compatibility between a consumer and a brand is contingent on which other consumers relish such compatibility. Accordingly, pride, possessiveness, and envy should be included in considerations of consumer–brand relationships because such relationships are not operating as secluded dyads but rather as part of a sociocultural system of heterogeneous, elective brand relationships of many consumers. As with other cultural categories that have turned elective (McCracken 1986), wider access to fashions—engineered out of wider access to economic capital—to which only the wealthy were once privy has resulted in a devaluation of that capital to its original owners (Bourdieu [1979] 1984; Davis 1992). Such effects are commonly accounted for by the trickle-down thesis, pioneered by Simmel ([1904]1957) and Veblen (1912), that "once adopted by the upper-class, fashions are imitated by each succeeding lower class until they have 'trickled down' to the lowest class" (Sproles 1981, p. 119). However, this explanation does not thoroughly account for the competitive trading in brand capital observed in the current research, in which reclaimers and abranders, for example, were hostile to this process and attempted to choke it. This is an important finding because it implies that in constructing consumption identities through perceived contrast to others (Thompson and Haytko 1997), consumers do not hesitate to demand possessive, exclusive relationships with brands to be able to manage the complex process of showcasing their distinction among consumers while concealing the thrust of such distinction.

Consumers across all the three strategies—flight, reclamation, and abranding—are managing brand affiliations to impose order when challenged by migrants of social class. This finding lends broader support to the argument that fashion enables consumers to promote order—an idea consistent with the "traditions" of modernity (Berman 1988, p. 18)—rather than escape into a "disjointed and noncommittal stance" (Thompson and Haytko 1997, p. 35). Furthermore, the nature of brand affiliations reported here suggests that though marketers benefit from broad brand appeal, such appeal is predicated on qualified access to the brand, to the extent that some consumers pine for near-exclusive relationships with their brands and actively abhor broader access to them. This is a zero-sum competitive relationship among consumers that is seldom examined in research. Although the current research has specifically examined counterfeits, it rests on the broader theses of exclusivity and privilege, making these findings widely relevant.

Implications for Brand Management

The findings carry various implications for brand managers. Primarily, the variance in responses to counterfeits noted in this research suggests a necessity to consider response to counterfeits in defining target markets, in identifying the relationships of those targets with the brand, and in crafting brand strategy. If a consideration of consumers' potential response to counterfeits is absent from brand strategy, the brand risks turning into a malleable gadget that is used without tact when there is a sociocultural duel between genuine-item consumers and those of counterfeits. Note that genuine-item consumers did not express sympathy for a brand when it was extensively counterfeited. For a brand's voice to rise above the shrill of historically prevalent and culturally rooted stereotypes that are invoked in a fight against erosion of exclusivity, the brand must be proactive in reinforcing its relationship with genuine-item consumers, and this is better accomplished when potential response to counterfeits is integral to how such customers are segmented and targeted. Therefore, it appears imperative for a brand to consider its customers' likely responses to counterfeits through its entire relationship with those customers.

The findings also lend support for programmatic multibranding aimed at retaining consumers who otherwise would have fled the brand when faced with widespread access to it. Akin to the quintuple branding strategy practiced by Armani, entry-level brands at the bottom should embrace faddish themes aimed at younger, fickle buyers in need of reassurance on fashion sense and brand choice. When these consumers are faced with the prospect of flight, as discussed elsewhere, subbrands at higher tiers represent easy destinations. Such an approach will benefit the brand and the consumer. Although the parent brand will benefit from customer retention, customers who flee to a more expensive subbrand because of a step up in status are not likely to experience any dissonance, compared with customers who flee to another brand along the same price point.

In fighting counterfeits, managers have focused on sales lost to purchases of counterfeits that should have been purchases of the genuine item. The current research suggests that such unalloyed counting underestimates the monetary consequences by overlooking the losses that result when genuine-item consumers abandon the brand. Perhaps more vital is that this does not account for the loss of equity with which genuine-item consumers contend. Counterfeits do not merely devalue the brand; they devalue the brand-based meanings and the brand relationships that genuine-item consumers invest in over long periods. The findings of this research suggest that in fighting counterfeits, brand managers must aim to protect and account for customer equity, not merely brand equity.

Implications for Policy

Counterfeits pose an odd challenge to public policy. Marketers are granted trademarks so that they can reap return on intellectual property by electing to exclude, at will, access to their brands and trademarks. Conversely, nonexcludable public goods remain within the purview of public policy. The current findings argue that given this dichotomous view, policy instruments may not be fully equipped to cope with the loss of utility experienced by genuine-item buyers. This is because public policy does not yet recognize the value of the brand to consumers and the equity that consumers associate with it. It is worth debating whether consumers of private goods should also be afforded protections, particularly in the case of rivalrous consumption.

Even a symbolic recognition of the interest of genuine-item consumers may be a valuable beginning. Currently, battling threats from counterfeits typically requires a firm either to establish direct or contributory infringement or to prove that a trademark risks losing its ability to serve as a unique identifier. The devaluation of the trademark in the minds of genuine-item buyers must also be included in this discussion. Otherwise, brands will continue to be singled out for unilateral onus in preventing infringement, and policy will continue to overlook the impact on genuine-item consumers.

Direction for Further Research

The implications addressed here are better understood when this research is extended to draw particular attention to these and other related issues. Such extensions may include a calibration of brand equity when faced with a rise in counterfeiting. At what point do some consumers begin to flee a brand? When does the brand become sufficiently counterfeited that a sizable group of consumers becomes uneasy about being seen with it? What early indicators signal an impending defection?

Counterfeiting of global brands receives the bulk of research attention, and there is a dearth of research on the impact of counterfeiting of popular domestic brands. With the rising profile of local and regional brands, it would be fruitful to compare the responses to counterfeiting of global and domestic brands. Along the same lines, further research should also investigate responses to counterfeits across markets. The higher quality of fakes and the rise of affluence in South Korea and China make these two countries fertile grounds for such research. Further research should also explore and identify the credentials a brand manager can offer to the reclaimer. At a macro level, further research could investigate whether computations of the cost of counterfeits should include the cost that genuine-item consumers incur as they lose the value of their purchases as signals.

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