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A VALUE-IN-USE PERSPECTIVE OF COUNTERFEITS

Counterfeits affect businesses worldwide, causing loss of billions of dollars annually to firms. However, despite its adverse impact, counterfeiting has not only percolated but has thrived in several economies and in fact, not always to the loss of the original manufacturers. A review of the extant literature on counterfeits suggests that while it is replete with examinations of the negative outcomes of counterfeits for genuine firms, there is paucity of research on the possible positive outcomes. Conceptualising the positive effects of luxury brand counterfeits, we argue that the unreconciled implications of counterfeits are partially rooted in the notion of how value is created. We propose that the predominantly negative conceptualization of counterfeits in extant literature is primarily due to the value-in-exchange postulation of value. We examine counterfeits using a value-in-use lens and find that positive word of mouth for the original, is one form of value that may be generated, as a result of using luxury brand counterfeits.

Specifically, we propose that consumers of luxury brand counterfeits speak highly of the original as they try to pass off their counterfeit product, as an original. To this end, we examine the effect of brand type and hypothesise that when using counterfeits of lesser-known luxury brands, the tendency to spread positive word of mouth for the original is higher when talking to a strong tie, over a weak tie. Additionally, we examine the effect of the brand logo and hypothesise that for counterfeits with conspicuous brand logos, the tendency to spread positive word of mouth for the original is higher for promotion focused consumers, than prevention focused consumers. We also examine if brand engagement in self-concept mediates the relationship between luxury brand counterfeit use and the tendency to spread positive word of mouth for the original.

Four scenario-based studies confirm that consumers of luxury brand counterfeits spread positive word of mouth about the genuine brand, as they pass off their counterfeit as an original. Study 1 shows that irrespective of the brand type, consumers try to pass off their luxury brand counterfeit, as an original. In study 2, we find that tie-strength moderates the relationship between using a luxury brand counterfeit and spreading positive word of mouth for the original. In study 3, we find that regulatory focus moderates brand conspicuousness and the tendency to spread positive word of mouth. The fourth study confirms that brand engagement in self-concept mediates the relationship between luxury brand counterfeit use and the tendency to spread positive word of mouth.

Despite several calls for examining the positive effects of counterfeits, no existing study examines the possible positive outcomes of the *use* of counterfeits on the original. Since extant examinations conceptualise value with a value-in-exchange perspective, the value created in use, remains elusive. Conceptualising the positive effects of counterfeits using a value-in-use lens, the current examination makes contributions to literature. Notably, it confirms that value-in-use may be derived without the direct intervention of the firm. However, the current study does not take in to account the realisation of value-in-use over a long period and relies on cross-sectional data. The findings from this study may be relevant for managers as well as future researchers in the domain.