

Counterfeit Luxury Goods – Effects on the Brand Image and Exclusivity Perception

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Abstract

Counterfeits of luxury brands increase their presence on European markets and thereby threaten the authenticity of genuine brands, i.e., in particular their exclusivity, and if they are of bad quality, the brand image. This study considers, in the context of a quantitative empirical analysis, the impact exposure to good and bad counterfeits has on the perception of the exclusivity and the brand image of genuine luxury brands. The monolithic concept of brand image is split into the four dimensions of quality, price, aesthetics, and tradition, which are key aspects of any luxury brand. This study contributes to the existing literature by offering a current look at the post-Covid situation regarding the impacts of counterfeiting in the luxury market in Central Europe, i.e., Germany, from a multi-faceted perspective. Aside from replicating pre-Covid studies and their results regarding negligible effects on exclusivity, this study establishes that for quality and aesthetics perceptions, counterfeits do not harm the brand image of genuine luxury items. In contrast, they would rather strengthen the consumer-brand relationship. For brands, these results imply that while counterfeits decrease their profits, they are no threat to the brand perception, but could see increase brand loyalty and valuation.

Keywords: authenticity; brand valuation; empirical; product piracy; retail