Luxury consumption and the moderating role of attitude toward counterfeits: The case of an emerging market

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Abstract

The purpose of this research is to investigate the moderating role of positive attitude toward economic benefit of counterfeit products in the relationship between luxury value perception and purchase intention of luxury brands among Iranian consumers. Data were collected using questionnaires, which were completed by 386 customers at various shopping malls. Structural equation modeling was used to test the direct hypotheses in Amos v.18, and moderated regression analysis to test the moderating hypothesis in SPSS v.19. The results indicate that financial and social value are important drivers of luxury value perception in shaping the purchase intention of consumers, while functional value is not involved in this regard. Moreover, attitude toward counterfeits, as a moderator, reduces the positive effect of luxury value perception on purchase intention. This research provides important insights not only with regard to market entry decision-making but also to develop marketing strategies for positioning a luxury brand in an Asian emerging market. The findings could be potentially generalized to other developing countries in the Middle East with analogous socioeconomic and cultural circumstances. While several studies have been conducted regarding counterfeiting and luxury brand consumption, this is an initial investigation on the moderating role of positive attitude toward economic benefits of counterfeits in the relationship between luxury value perception and purchase intention in the context of an emerging market. This research facilitates further investigations in this regard.

Keywords

attitude, counterfeits, emerging market, luxury brands, luxury value perception, purchase intention

Introduction

Today, Asian consumers' desire for luxury products has led to emergence of fast-growing luxury consumption (Shukla and Purani, 2012). Compared to developed markets, consumers in emerging markets have become the most important target of luxury brands (Shukla, 2011). The increment in the income of middle-class populations and extensive usage of Internet and satellite televisions (Teimourpour and Heidarzadeh Hanzaee, 2011) have led to creation of desire for luxury products.

Luxury researchers and international marketers attach too much importance to investigation of buying behavior (Yang and Mattila, 2016) and discovery of how consumers' perceived value of luxury brands influences their buying behavior (Chattalas and Shukla, 2015). The purchase intention of individuals can be effectively used to predict the luxury brands purchasing process determined by several factors, including consumers' value perception (Zeithaml, 1988), their attitude, and consideration of the product price

by consumers (Jaafar et al., 2012). Previous research has contributed to evaluation of the antecedents of consumers' decision and attitude toward purchase of luxury brands (e.g. Shukla, 2011; Yoo and Lee, 2009) and conceptualization of luxury value (Sari and Kusuma, 2014; Wiedmann et al., 2009). The results suggest that the desire for the consumption of luxury brands involves several dimensions of the customers' perceived value. According to the literature on luxury consumption (Tynan et al., 2010; Vigneron and Johnson, 2004), personal aspects (psychological and functional needs) and social orientation of customers are the key determinants of customers' perceived value of luxury brands. Taking this into account, Wiedmann et al. (2009) conceptualized luxury value perception based on three

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distinctive value-based dimensions, including social, financial, and functional values. Nevertheless, a comprehensive model encompassing all the relevant dimensions is yet to be presented (Wiedmann and Hennigs, 2013). Depending on their economic, cultural, and social backgrounds, customers' perceptions of luxury brands may vary (Seo and Buchanan-Oliver, 2015). Although previous studies have indicated a positive relationship between the perceived value and purchase intention (e.g. Punyatoya, 2015; Sweeney and Soutar, 2001), the studies on factors affecting in the perception of luxury value across Asian markets have been inconclusive (Shukla, 2012), necessitating further empirical investigations in this field (Gurzki and Woisetschläger, 2016). Since consumers' luxury value perception and behaviors are context-specific phenomena, they may be affected by cultural aspects and features of markets (Teimourpour and Heidarzadeh Hanzaee, 2011). Moreover, researchers have long argued that attempts to explain the social behaviors of consumers in one region based on another region may be wrong due to the differences in the value associations and psychology of consumption (Aliyev and Wagner, 2018; Sheth et al., 1991). According to Veblen's Theory of Conspicuous Consumption (1899), luxury brands must be examined in a socioeconomic context.

Being home to more than 80 million people who are mostly well-educated, fashion-oriented, and status-seeker youth, Iran can make a potentially successful market for luxury brands. This can be attributed to the fact that Iranian youth are more brand-conscious than the previous generations and are mostly concerned with the impression they make in the perception of others (Esmaeilpour and Abdolvand, 2016). Despite the growing desire for luxury brands in Iran, the market for luxury brands has shrunk, and the brands that have already entered into this market have experienced a significant drop in sales and profits over the past few years. Furthermore, the rate at which new luxury brands are introduced to Iran has been remarkably lower than that in other emerging markets. Unfortunately, luxury branding in the Iranian market has not been investigated so far. In the present study, attempts are made to address this issue using the analysis based on the counterfeiting phenomenon.

For many years, there has been a confrontation between genuine products and their counterfeits. Marticotte and Arcand (2017) have asserted that luxury brands are the "victims" of counterfeits. Counterfeiting trade is considered to be a major threat to luxury brand management (Yoo and Lee, 2012) because purchasing counterfeits can damage luxury brand equity and ultimately result in the loss of market share (Amaral and Loken, 2016; Chen et al., 2018). Studies have emphasized on the significance of realizing the impact of counterfeiting on luxury consumption (e.g. Wilcox et al., 2009), particularly in emerging markets (Staake et al., 2009). Several studies have been focused on the adverse effects of counterfeits on luxury brands (Eisend and Schuchert-güler, 2006; Hieke, 2010).

Counterfeit products are deceptive or nondeceptive. The present research focuses on nondeceptive counterfeiting, which occurs when consumers are fully aware that they are purchasing fake products. On the other hand, nondeceptive counterfeiting is prevailing in the luxury market, allowing for identification of consumers' perceptions, which influence their decision to purchase genuine or counterfeit luxury brands in the trade-off (Wiedmann et al., 2012).

Counterfeit products have spread worldwide, and Iran is no exception. The Iranian market has been one of the major targets of counterfeit products imported from other countries. Nevertheless, accurate statistics on counterfeiting trade are scarce. According to the most recent report published by the Iranian Minister of Economic Affairs and Finance, the worth of smuggled imported goods reached 26 billion dollars in 2016. Undoubtedly, counterfeiting import accounts for a large volume of the national trades in Iran. Using remarkable import tariffs, the government protects most domestic industries against foreign competition. High tariff rates are applied on luxury products, and people must pay almost twice the actual price to purchase these products. In addition, the devaluation of the Iranian national currency has caused decline in purchasing power of consumers in recent years. The aforementioned factors can be recognized as the main reasons for the Iranian market being flooded by counterfeit products. According to DelVecchio and Puligadda (2012), widespread exposure to a product with lower price minimizes the potential negative attribution effects and provides a rationale for the development of a more positive brand evaluation. The proliferation of counterfeits means that consumers are widely exposed to lower prices and are more likely to regard shopping at lowest price as a norm rather than an immoral behavior. The above rationale provides the ground for creation of a potentially positive attitude toward counterfeits due to their lower price.

In marketing research, attitude has been used as a predictor to measure intention and behaviors of consumers (e.g. Hidayat and Diwasasri, 2013; Noor et al., 2018). Ahmad et al. (2014) revealed that price, as a major factor affecting consumer's attitude, can give people an incentive to purchase and repurchase counterfeits particularly when genuine products are much more expensive than counterfeit products. Moreover, ubiquity of counterfeit products in the market has increasingly intensified customers' desire for fake products (Bhatia, 2018). The positive attitude toward counterfeit products stems from tendencies to gain higher social status and prestige without paying high prices for original brands (Marticotte and Arcand, 2017). Investigation of the counterfeit buyers' attitudes and the way they affect purchase intention of luxury brands can help marketers in luxury sectors to develop policies that encourage counterfeit buyers to switch from counterfeits to genuine luxury brands. It can also give an insight into how counterfeits affect luxury brand users and the authentic brands themselves beyond the existing literature.

Although the attitude of customers toward counterfeits has already been addressed in the literature (Marcketti and Shelley, 2009; Phau and Teah, 2009), the way attitude toward counterfeits may affect the relationship between luxury value perception and luxury purchase intention has been mostly overlooked in the previous studies, causing a

gap in the literature. To bridge this gap, the current research has made the following theoretical contributions.

First and foremost, this research contributes to the previous studies on luxury consumption by assessing the moderating role of the attitude toward counterfeit products as an under-investigated subject. Therefore, the results of the present study could give an insight into consumer behavior and help explore the attitude toward counterfeit products and its effect on the correlation between the perception of luxury brands and purchase intention.

Second, as the majority of the studies on the consumption of luxury brands have been theoretical and conducted in the markets of western developed countries (Smith and Colgate, 2007), study of luxury consumption in emerging Asian markets (e.g. Iran) could contribute to the marketing theory by highlighting the key role of the context for consumer behavior through evaluating the related theories to further explain the phenomenon in a new context. Moreover, the findings of the current research have proposed a new variable that could change the existing theoretical framework and reveal the nuances that have remained unidentified between markets.

Theoretical background and hypotheses

Luxury concept

Luxury originated from "luxus" and "luxuria" (Roux and Floch, 1996) that means light in Latin. Sari and Kusuma (2014) defined it "enlightening." An early insight into the concept of "luxury" was provided by Veblen (1899), who described the *Theory of Conspicuous Consumption*, according to which consumption is defined as a means of gaining status. The definition of this concept is not simple and includes multiple dimensions (Wiedmann et al., 2009). It is a subjective viewpoint that depends on the mood, experiences, and needs of consumers (Yang and Mattila, 2016). Luxury brands are associated with exclusivity, desire, and pleasure (Hwang and Lyu, 2018; Phau and Prendergast, 2000). This notion signifies high-quality materials, premium price (Li et al., 2014). This study applies the definition of luxury brand, which was proposed by Vigneron and Johnson (1999: 2). They defined "luxury brands" as a highly prominent brand that encompasses several physical and psychological values. Based on prior research, there are many factors affecting motivations for luxury consumption such as enhancing social prestige (Marticotte and Arcand, 2017), signaling accomplishment and superior power (Hennigs et al., 2013), gaining attention (Rucker et al., 2014), dominance over people and resources (Mo and Wong, 2019), displaying of wealth and pleasurable lifestyle (Yang et al., 2018), and satisfying individuals' emotional needs (Aliyev and Wagner, 2018). However, consumers' evaluation of a brand value predominantly affects their motivation for luxury consumption (Ko et al., 2019). Value as a complex construct is the balance between quality (perceived benefits) and price (perceived costs) (Ko et al., 2019). Zeithaml (1988: 14) defined perceived value as "consumer's overall assessment of the

utility of a product based on the perception of what is received and what is given." Luxury value includes the broad assessment of all the benefits and costs of luxury brands (Shukla and Purani, 2012). Value perception of luxury brands encompasses three dimensions, namely financial, functional, and social values (Wiedmann et al., 2007). This research focuses on the dimensions above mentioned, because according to prior researchers, each luxury value dimension plays a key role in customer perceived value in the process of luxury purchase intention (Wiedmann et al., 2009).

Financial value and luxury value perception

Financial value addresses pecuniary aspects of luxury products such as price, discount, and investment (Wiedmann et al., 2009). It is a well-known fact that luxury products are associated with premium prices and the value of brand positively affects the consumer's desire to pay high prices (Butcher et al., 2017). Luxury products are more desirable because customers perceive higher price as an indicator of high quality, wealth, and prestige. Moreover, paying a premium price for luxury goods has a positive impact on an individual's self-esteem (Ngo et al., 2020). In line with this claim, Veblen's (1899) theory of conspicuous consumption confirms that luxury products are used to signal one's wealth, power, and status to others. Price is considered to be of vital importance in evaluation of prestige and wealth and creation of specific impressions (Shao et al., 2019). Expensiveness evokes an image of exclusivity or scarcity that increases perceived quality (Phau and Prendergast, 2000) and makes these brands look desirable and valuable (Hwang and Lyu, 2018). Hence, financial value is an important aspect of luxury value perception (Wiedmann et al., 2009). In this regard, it is hypothesized that

H1: The financial value of luxury brands positively influences the luxury value perception.

Functional value and luxury value perception

Functional value refers to the logical purpose and utility of a product (Shukla and Purani, 2012). Drawing on Exclusive Value theory developed by Groth and McDaniel (1993), luxury goods are purchased for the utility they offer to the buyer. It means that consumers who have high expected quality buy luxury brands with the purpose of receiving maximum effectiveness. This dimension refers to product performance and basic utilities such as quality, uniqueness, usability, durability, and reliability of the product (Sheth et al., 1991). As luxury products are produced in small quantities, not in mass production, so consumers believe that luxury brands offer higher quality and performance compared to non-luxury brands (Hwang and Lyu, 2018). In other words, consumers perceive luxury products as unique craftsmanship with longer life span. Unique design and material are the predominant factors in the luxury fashion industry and perceived uniqueness increases the value of such products (Shukla, 2012). There is a strong

association between designing luxurious products and their usability, which is concerned with their effective function. This is considered one of the important purchasing factors (Han et al., 2000).

Donthu and Yoo (1998) in a comparative study of British, Canadian, American, and Indian customers found that individualistic consumers tend to demand higher levels of functionality and have higher quality expectations in comparison to collectivist consumers. Yang et al. (2018) further proposed a cross-cultural framework by comparing China and USA and found that role of perceived functional value on purchase intention was statistically significant only among US consumers. Consequently, the finding suggests that perception of luxury through functionality varies across nations. Few studies have investigated the influence of functional value on luxury value perception, which necessitates further empirical experiments in this regard (Wiedmann et al., 2007). Thus, the second hypothesis is

H2: The functional value of luxury brands significantly influences the consumer's luxury value perception.

Social value and luxury value perception

Based on the prior research on luxury consumption, this notion has a significant social function (e.g. Vigneron and Johnson, 2004). Social value pertains to gaining the social approval through luxury consumption (Truong and McColl, 2011). The concept of social value has its roots in Veblen's (1899) theory of conspicuous consumption. Conspicuous value is a driver of luxury consumption since it improves self-image and conveys the individual's social status and prestige (Truong and McColl, 2011). The social dimension of luxury value perception refers to the consumption of luxury goods, with the aim of symbolizing success, elevating one's position in the social hierarchy (Pino et al., 2019) and gaining social acceptability (Shukla, 2011). Even middle-class consumers have the desire for luxury goods so as to gain social status and earn the respect of others (Walley et al., 2013). Drawing on theory of uniqueness developed by Snyder and Fromkin (1977), some consumers need to differentiate themselves from others to be influential. It means that one of the main motives behind the purchase and consumption of luxury products are "social salience" and "social identification (Chattalas and Shukla, 2015). Social comparison theory proposed by Festinger (1954) is another prevalent theory that focuses on the motivations for consumption centered on perceptions of others. This theory describes how people tend to define themselves by comparing to others, getting precise self-evaluations. Soh et al. (2017) further found that social comparisons shape preference for luxury brands. From a sociological perspective, according to the theory of impression management, consumers tend to create a favorable social image through their purchase behavior (Shukla, 2012). Asian middle-class members of developing nations consume luxury products to gain status (Gao et al., 2009; Piron, 2000) as they are highly concerned about their social standing and others' judgments. While in mature markets

(e.g. the United States and France), consumers generally buy such products for personal reasons and focus on functional features of luxury products (Pino et al., 2019). Thus, the third hypothesis is

H3: The social value of luxury brands has a positive effect on the luxury value perception.

Luxury value perception and purchase intention

Perception is a psychological factor that can affect purchasing behavior (Sheth et al., 1991). The customers' perceived value is an indicator of how a product can satisfy their needs; hence, consumers tend to select specific products based on their individual perceptions (Vijaranakorn and Shannon, 2017). According to Smith and Colgate (2007), in general, customer perceived value plays a major role in buying behavior. Particularly, in the context of luxury products, researchers argued that luxury value perception is a strong predictor in purchase intention (e.g. Sari and Kusuma, 2014; Tynan et al., 2010). Purchase intention is a sign that a product is favorable in the viewpoint of the consumer (Gupta and Zeithaml, 2006) and determines the consumer's reaction to the purchase offering. In addition, the theory of planned behavior (TBP) posits that measuring intention is the most significant predictor of an individual's behavior (Ajzen and Driver, 1992), as supported in prior research focusing on luxury brand purchases (e.g. Salehzadeh and Pool, 2017; Yoo and Lee, 2009). According to TPB, purchase intention can measure the probability or certainty of consumers' plan to purchase a product. Since "*intention*" has extensive indications and positively influences an individual's actions on a regular basis (Ajzen and Driver, 1992), this research is more concerned with the intention of purchasing than the associated behaviors. Previous research has observed that perceived value of luxury brands relates to purchase behavior of Malaysian (Jaafar et al., 2012) and German consumers (Wiedmann and Hennigs, 2013). The important point is that luxury value perception can have variable influences on consumer purchase intention across different cultures and nations (Chattalas and Shukla, 2015). Aliyev and Wagner (2018) believed that buying behavior of Western and Eastern consumers is not similar due to the differences in psychology of consumption among collectivistic and individualistic cultures. Considering this matter, the aim of fourth hypothesis to determine whether it applies to the Iranian luxury market:

H4: The luxury value perception positively affects luxury purchase intention.

The moderating role of attitude toward the economic benefit of counterfeits

Counterfeit products bear a striking resemblance to their original luxury equivalents, but their price is significantly lower (Geiger-Oneto et al., 2013). Although consumers would like to purchase a luxury brand, they are seemingly unwilling to spend substantial amount of money for them
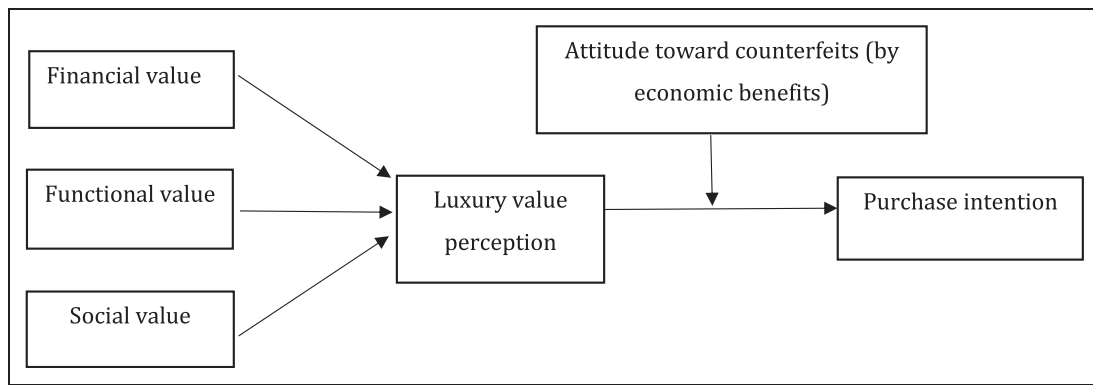
Figure 1. Conceptual model.

(Cordell et al., 1996). According to the literature on counterfeit consumption, though a variety of factors can motivate people to buy counterfeit products, price advantage is the primary motive in this regard (Hieke, 2010; Ngo et al., 2020) and counterfeits are appealing to consumers due to their lower price (Gentry et al., 2006). Thus, it could be concluded that price can significantly affect the intention to buy counterfeits, which in turn reduces the luxury purchase intention. Hence, the relationship between luxury value perception and purchase intention is expected to depend on the attitude toward counterfeits.

According to the theory of reasoned action (TRA), individuals tend to consider the consequences of alternative actions and perform actions to attain favorable outcomes (Ajzen and Fishbein, 1980). TRA has usefully described the psychological/ cognitive processes to discover consumers' decision-making because it assumes that humans are rational (Paul et al., 2016). The TPB is an extension of TRA and proposes that the best predictor of behavior is the individual's intention that is determined by one's evaluation of alternative outcomes through his/her perceptions and attitudes (Abraham and Sheeran, 2003). Hence, it can be argued that there is a link between attitudes, behavioral intention, and actual behavior. Willingness to knowingly purchase counterfeits is explained largely by consumer's attitudes (Hussain et al., 2017). Consumers have positive attitude toward lower-priced counterfeits, which also reduces their expectations of quality (Jiang and Yang, 2019). Particularly, when counterfeits are comparable to genuine brands in terms of quality, customers prefer counterfeits due to economic benefits.

The attitudes toward counterfeits can also be explained by the theory of moral reasoning. According to Kohlberg's (1976) moral competence theory, consumer's behavior is predicted by their personal sense of justice. Consumers try to justify their counterfeit purchasing behavior and do not deem it illegal since the original luxury brands are too expensive. Therefore, favorable attitude of consumers toward counterfeits can give them an extra incentive to purchase counterfeits (Tom et al., 1998). This could be a deterrent to buying original luxury brands (Marticotte and Arcand, 2017). Yoo and Lee (2009) found that attitude toward the economic benefits of counterfeits negatively

affects luxury purchase intention of South Korean consumers. It was in line with the result of studies among Chinese (Phau and Teah, 2009), Singaporean (Phau et al., 2009), and Korean consumers (Kim et al., 2016).

China has been the leading trading partner of Iran for several years. It also has recognized as the largest producer of counterfeits (Priporas et al., 2020; Wang and Song, 2013). Iranian merchants import Chinese counterfeits since they have come to realize that low prices attract more customers. While both luxury value perception and attitude toward counterfeits affect luxury purchase intention, the interaction effect of these two factors has not been addressed in the literature. This research proposes that attitude toward counterfeits decreases the positive relationship between luxury value perception and luxury purchase intention. Based on the above logic, this study posits that

H5: Attitude toward economic benefits of counterfeits plays a moderating role between luxury value perception and purchase intention of luxury brands.

Following the above stated hypotheses, Figure 1 shows the conceptual model of this study based on exclusive value theory, the theory of impression management, theory of conspicuous consumption, theory of uniqueness, social comparison theory in shaping value perceptions frame, as well as TRA and theory of moral reasoning in explaining the moderating variable.

Methods

Sample and data collection

The research was conducted in Tehran (*the capital of Iran*). Data were collected through questionnaires using mall intercept approach within various shopping centers that are famous for providing both luxury brands and counterfeits. Mall intercept is a popular technique in studying attitudes and purchase intention of consumers (Goswami, 2016; Hornik and Ellis, 1988) because the memories about shopping experience are fresh and the place is conducive for studying purchase behavior (Sreejesh et al., 2014). Through this method, more varied sample can be obtained that ensures ecological validity

Table 1. Reliability of the constructs and factor loadings of indicators.

Question items	Variables	Factor loading	p-Value	t-Value	Cronbach's α*
In my opinion, luxury brands are reasonable priced.	Financial value	0.585	0.000		0.722
In my opinion, luxury brands offer value for money.		0.692	0.000	9.809	
In my opinion, luxury brands are good products for the price.		0.634	0.000	9.287	
In my opinion, luxury brands are economical.		0.600	0.000	8.946	
In my opinion, luxury brands have consistent quality.	Functional value	0.620	0.000		0.729
In my opinion, luxury brands have poor workmanship. ⌐		0.664	0.000	9.536	
In my opinion, luxury brands do not last a long time. ⌐		0.606	0.000	8.983	
In my opinion, luxury brands perform consistently.		0.642	0.000	9.343	
Luxury brands help me to feel acceptable.	Social value	0.761	0.000		0.838
Luxury brands improve the way I am perceived.		0.872	0.000	16.362	
In my opinion, luxury brands make a good impression on other people.		0.658	0.000	12.560	
Luxury brands give me social approval.		0.729	0.000	14.004	
Luxury brands make me want to use it	Luxury value perception	0.579	0.000		0.814
Luxury brands are ones that I would feel relaxed about using.		0.690	0.000	10.423	
Luxury brands make me feel good.		0.849	0.000	11.782	
Luxury brands give me pleasure.		0.809	0.000	11.491	
I have high intention to purchase luxury brands.	Purchase intention	0.827	0.000		0.862
I have strong possibility to purchase luxury brands.		0.806	0.000	18.083	
I am likely to purchase luxury brands.		0.618	0.000	12.768	
I intend to buy luxury brands again in the future.		0.870	0.000	20.045	
I buy counterfeit products if I think genuine designer products are too expensive.	Attitude toward counterfeit	0.896	0.000		0.881
I buy counterfeit products if I cannot afford to buy original luxury brands.		0.913	0.000	26.430	
I buy counterfeit products without hesitation if I have a chance to buy the counterfeits.		0.760	0.000	18.789	
I buy counterfeit products, instead of the luxury brands, if I prefer specific brands.		0.641	0.000	14.444	
I boast about counterfeit products as if they are the genuine brand products.		0.447	0.000	9.134	
I usually purchase counterfeits when it is difficult to distinguish between the counterfeits and the genuine products.		0.754	0.000	18.526	

*Acceptable value for Cronbach's α is greater than 0.7 and for t-value is |t-value| > 1.96; p-value must be lower than 0.05.

(Hornik and Ellis, 1988). The following major shopping centers were chosen: Sam Center is considered as the most luxurious malls in Tehran, home to expensive brands. Palladium Mall is another luxury shopping center with 200 brand retail shops and other malls are as follows: Modern Elahiyeh Complex, Kourosh Complex, Tirajeh Mall, Boostan Shopping Center, and Bazaar Reza. The last third are home to counterfeit products and customers are well exposed to the wide range of counterfeits. Therefore, we acknowledge that our samples are representative for both luxury and counterfeit buyers.

In total, 408 questionnaires were personally distributed among real consumers at shopping malls in various locations around the city. To avoid respondent bias, the research was done at three different times of the day (on both weekdays and weekend) over a period of 2 weeks in August 2019. This dispersion in location and time is strongly recommended by Ferber (1977) to reduce unforeseen biases when using convenience samples. Our major concern in a mall intercept survey was sampling the correct respondents. Therefore, we asked people whether they have ever bought counterfeits or luxury products to answer a set of questions. To improve the response rate, once a respondent was handed the survey, he/she was instructed by the researchers directly on the proper completion of the survey. Twenty-two questionnaires were eliminated due to missing data or incoherent completion, resulting in a response rate of 94.6%. Therefore, 386 questionnaires were used for analyses, which were approximately equal to proper sample size for large populations by utilizing Cochran's formula. This study took into consideration the consumers from different age groups, education levels, occupations, and income levels. Of the respondents, 59.1% were female, which may be due to the fact that compared to men, women have a more positive attitude toward luxury products (Hennigs et al., 2013). More than two-thirds of respondents (79.8%) were aged 18–40 years, accounting for the age group who are most interested in luxury consumption (Hung et al., 2011). Table 1A details the sample characteristics.

Measures and analysis tools

To ensure that the participants had an integrative understanding of the terminology, the cover page provided the definition of luxury brands and counterfeiting. It focused on five luxury fashion product categories, namely handbags, shoes, apparel, sunglasses, and watches mainly because mere use or display of these products bring prestige on the owner, and functional utility of products usually gives way to prestige (Vigneron and Johnson, 2004). It should be noted that these product categories are produced by top international luxury brands and are naturally more likely to be counterfeited. Furthermore, many prior studies on luxury brands and counterfeits have chosen at least three of the aforementioned categories to define luxury goods and minimize the confusion of respondents (Tsai et al., 2013; Wiedmann et al., 2017; Yoo and Lee, 2012).

The questionnaire was divided into two sections. The first section focused on demographic details such as gender, age, and so on. The second part included 26 questions that covered all constructs. Questionnaire items were drawn from the standard measures used in the previous studies conducted in this regard and were asked on a five-point Likert-type scale ranged from $1 = $ *Strongly disagree* to $5 = $ *Strongly agree*.

Luxury value perception and its dimensions (financial, functional, and social values) were each measured by four items adopted from Sweeney and Soutar (2001). Sample item for the financial value was "In my opinion, luxury brands are reasonably priced," while it was "In my opinion, luxury brands have consistent quality" for the functional value, "Luxury brands help me to feel acceptable" for the social value, and "Luxury brands make me want to use them" for the luxury value perception. Purchase intention was also measured by four items adopted from Hung et al. (2011). Sample item was "I intend to buy luxury brands again in the future." Six items adopted from Yoo and Lee (2009) were used to measure attitude toward counterfeits. Sample item was "I buy counterfeit products if I think genuine products are too expensive."

The English version of the questionnaire was translated into Persian (the Iranian official language). No changes were made to the substantive meaning of items because we wanted the items to be as close as possible to the original scales. The approach of back translation as suggested by Sperber et al. (1994) was employed by a professional translator to ensure consistency and accuracy of translation, eliminating any potential translation variation.

Content validity of the instrument was improved by four academics and two bilingual experts in questionnaire design. Afterwards, it was tested via a pilot study conducted on 20 participants, who were randomly selected to identify and eliminate impolite or ambiguous statements before the main data collection. The results ensured the clarity of the questions and no further improvements were made to the questionnaire.

Common method bias

Collecting data from the same source using a questionnaire can produce common method bias (Podsakoff et al., 2003). To check the possibility of common method bias, confirmatory factor analysis was conducted such that all items were restricted to loading on a single factor. The underlying assumption is that the analysis should yield a single method factor if common method bias is present (Podsakoff et al., 2003). The results indicated that the risk of common method bias was not serious, revealing a very poor model fit: ($\chi^2 = 3688.982$ (degrees of freedom (df) = 299, $p = 0.000$); $\chi^2/df = 12.271$; TLI = 0.364; CFI = 0.415; RMSEA = 0.17, RMR = 0.256).

Analysis and results

Reliability and validity of measures

Previous studies (Ford and Maccallum, 1986) have recommended examining the measurement model prior to developing a structural model. Therefore, confirmatory factor analysis was conducted to assess the measurement model. The key fit indices were within acceptable ranges ($\chi^2 = 690.236$, $df = 284$, $\chi^2/df = 2.430$, CFI = 0.905, NFI = 0.900, GFI = 0.858, AGFI = 0.801, RMR = 0.061), indicating a satisfactory model fit (Hu and Bentler, 1998). The convergent validity of the constructs was assessed by t-values and factor loadings (Anderson and Gerbing, 1988; Bagozzi and Yi, 1988). The indicators of the constructs loaded on only their designated constructs, without cross-loadings. All t-values considerably exceeded the standard threshold of 2.00 (with the lowest t-value of 8.946) as a cutoff threshold recommended by Anderson and Gerbing (1988). Thus, convergent validity was achieved. Construct reliability was assessed by analyzing internal consistency based on Cronbach's α. The results indicated that all values well exceeded the acceptable threshold of 0.70 (Nunnally, 1978), ranging from 0.722 (financial value) to 0.881 (attitude toward counterfeits). Hence, the results indicated good reliability of the measurements (Bagozzi and Yi, 1988). Moreover, factor loading for questions were all greater than 0.40 and were statistically significant. Therefore, none of the items were eliminated from the subsequent analyses (Ford et al., 1986). Detailed information is provided in Table 1.

Discriminant validity was also assessed to determine the extent of distinctness for each construct. Fornell and Larcker (1981) suggested that a scale has discriminant validity if the square root of the average variance extracted (AVE) for each latent variable is greater than correlations among the constructs. Thus, each construct is distinct. Table 2 shows descriptive statistics including the means, standard deviations, and correlations among all variables. The square roots of the AVE are presented diagonally, which confirm the discriminant validity of model. AVE for each construct must exceed 0.5 (Fornell and Lacker, 1981).

Table 2. Correlations, means, and SDs.

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Sex	1.4093	0.49235	I									
2. Age	1.7539	0.89387	−0.237**	I								
3. Income	3.3264	1.23464	0.096	0.167**	I							
4. Education	3.8031	1.39855	0.159**	−0.259**	−0.005	I						
5. Financial value	2.8400	0.85022	0.186**	−0.201**	0.232**	0.219**	0.634					
6. Functional value	3.7254	0.73505	0.060	−0.108*	0.191**	0.203**	0.566**	0.609				
7. Social value	3.3698	0.96819	−0.054	0.060	−0.136**	−0.242**	−0.045	0.012	0.753			
8. Luxury value perception	3.0920	0.94162	0.131**	−0.061	0.161**	0.034	0.414**	0.329**	0.412**	0.744		
9. Purchase intention	3.1425	0.95759	0.200**	−0.100*	0.290**	0.217**	0.601**	0.426**	0.107*	0.695**	0.764	
10. Attitude toward counterfeits	2.6438	1.07690	−0.245**	0.167**	−0.143*	−0.265**	−0.447**	−0.304**	0.320**	−0.167**	−0.393**	0.917

Note: *, **Correlation is significant at the 0.05 and 0.01 levels (two-tailed), respectively. Values in the diagonal represent the square root of AVE. SD: standard deviation.

Hypothesis testing

Figure 2 shows the output structural model. The structural model was assessed for key fit indices. The amount of χ^2 for model was 510.045, normed χ^2 was 2.47, and CFI, RMSEA, RMR, NFI, and GFI were, respectively, 0.94, 0.083, 0.062, 0.91, and 0.901, which indicated that the model was appropriate for hypothesis testing. In a favorable structural model, the acceptable fit indices are as follows: the χ^2 has to be insignificant, the ratio of χ^2 to freedom degree lower than 3, NFI and GFI higher than 0.80, CFI higher than 0.9, RMR lower than 0.09, and RMSEA lower than 0.08 (Hu and Bentler, 1998).

Table 3 shows the direct effects for all hypothesized paths. The two antecedents, namely financial value ($\beta = 0.52$, $p < 0.001$) and social value ($\beta = 0.44$, $p < 0.001$), had significant positive effect on luxury value perception, providing support for hypotheses 1 and 3, respectively. Furthermore, there existed a significant positive relationship between luxury value perception and purchase intention ($\beta = 0.78, p < 0.001$), in support of hypothesis 4. Contrary to our expectation, the finding revealed an insignificant relationship between functional value and luxury value perception ($\beta = 0.06$, $p = 0.552$). Therefore, hypothesis 2 is not supported. Furthermore, R^2 values indicated that 51% of the variance in luxury value perception was explained by financial, functional, and social values, and 61% of the variance in purchase intention was predicted by luxury value perception.

Testing the moderation hypothesis

Moderated regression analysis was conducted to verify the moderating effect of positive attitude toward counterfeits. To assess multicollinearity, mean centering was performed prior to generating the interaction terms by following Aiken and West (1991). Table 4 lists the results of moderated regression analyses.

Model 1 represents the base model, which only contains the control variables (a set of demographic variables) to partial out their effects from the hypothesized relationships, recommended in previous research (e.g. Dubois and Duquesne, 1993). Gender, education, and income level significantly influenced purchase intention. Model 2 contains the results regarding the main effects of value perception and attitude toward counterfeits on purchase intention. Model 3 concerns the moderating effect of attitude toward counterfeits in hypothesis 5. It includes the interaction term "Luxury perception × Attitude toward counterfeits." The results in model 3 show that attitude toward counterfeits has a negative moderating effect in the relationship between luxury value perception and purchase intention ($\beta = -0.251$, $p < 0.001$). Thus, hypothesis 5 is supported due to the significant improvement in the R^2 values ($\Delta R^2 = 0.004$). According to Jaccard et al. (1990), a moderating or an interaction effect is present if difference between the R^2 values in models 2 and 3 is statistically significant ($p < 0.001$).

To better illustrate the moderating effect, the interaction effect between luxury value perception and attitude toward counterfeits on purchase intention was shown through graph (see Figure 3). As anticipated, when attitude is high,
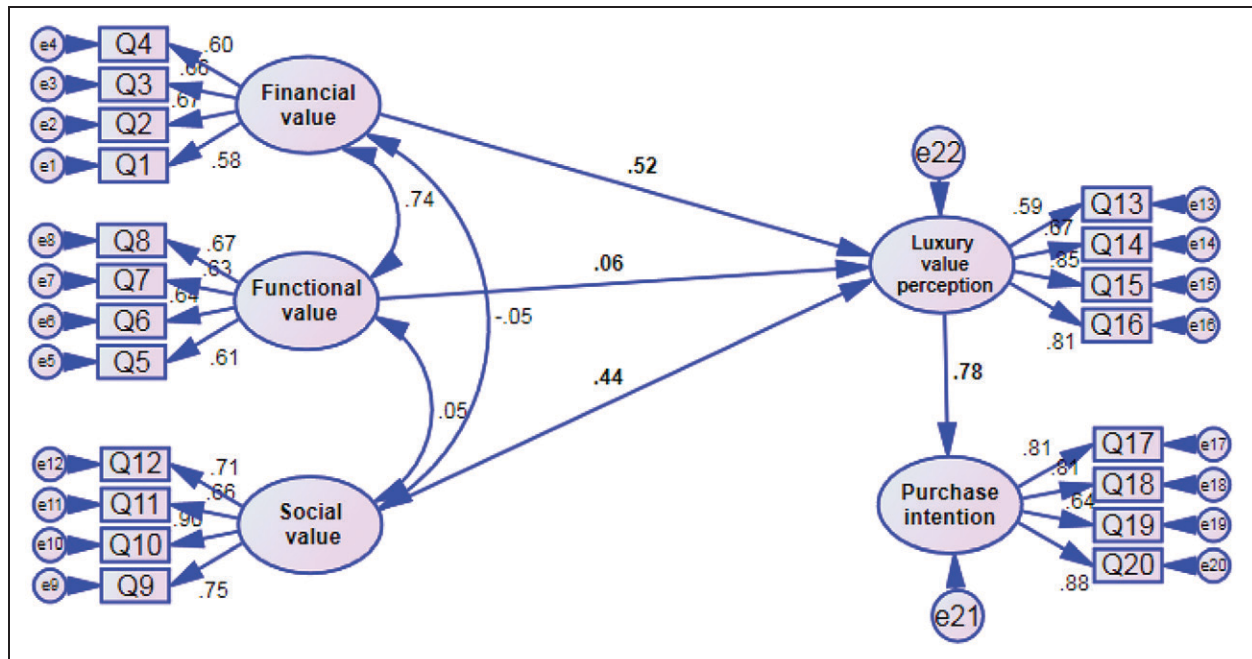
Figure 2. Structural model.

Table 3. Summary of hypotheses testing.

Path	Standardized coefficient	t-Value	p-Value	Result
Financial value → Luxury value perception (H1)	0.525	4.404	***	Support
Functional value → Luxury value perception (H2)	0.062	0.595	0.552	Reject
Social value → Luxury value perception (H3)	0.443	7.168	***	Support
Luxury value perception → Purchase intention (H4)	0.783	10.271	***	Support

***Correlation is significant at the 0.001 level.

Table 4. Analysis of the moderating effect of attitude towards counterfeit.

Variables	Model 1			Model 2			Model 3		
	β	t	Sig	β	t	Sig	β	t	Sig
(Constant) control		−0.264	0.792		−0.372	0.710		−0.373	0.709
Gender	0.130	2.645	0.009	0.031	0.873	0.383	0.035	0.977	0.329
Age	−0.051	−0.998	0.319	0.008	0.230	0.818	0.006	0.154	0.877
Education	0.200	4.095	0.000	0.153	4.293	0.000	0.169	4.637	0.000
Income	0.287	5.974	0.000	0.159	4.550	0.000	0.156	4.486	0.000
Luxury perception				0.605	17.644	0.000	0.761	8.669	0.000
Attitude				−0.216	−5.992	0.000	0.002	0.016	0.987
Luxury perception * Attitude							−0.251	−1.970	0.044
R^2		0.160			0.579			0.584	
ΔR^2		—			0.419			0.004	
F		18.200			87.044			75.678	
Sig		0.000			0.000			0.044	

luxury value perception has a less significant impact on purchase intention.

Discussion and conclusion

Research implications

The present study was an attempt to investigate the antecedents of luxury value perception and the moderating role

of positive attitude toward economic benefits of counterfeit products in the relationship between luxury value perception and luxury purchase intention. Consumers' luxury value perception and their purchase intention have already been addressed in the literature (e.g. Chattalas and Shukla, 2015; Pino et al., 2019). The current work is designed to be the first to consider the role of attitude toward counterfeits that affect luxury consumption. In the present study, it is hypothesized that economic benefit of counterfeits can
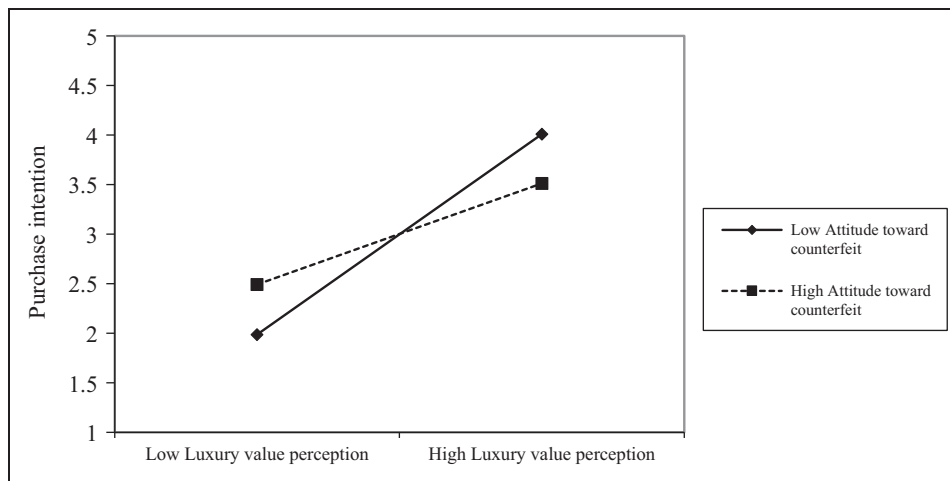
Figure 3. Moderating effect of attitude toward counterfeits on the relationship between luxury value perception and purchase intention.

affect the relationship between luxury value perception and luxury purchase intention. The findings suggest that when an attitude toward economic benefits of counterfeits is high, luxury value perception has a less significant impact on purchase intention.

This research integrates and extends the theory of conspicuous consumption, exclusive value theory, TBP, theory of uniqueness, and social comparison theory to investigate the relationship between luxury value perception and purchase intention of luxury brands, contributing to the relatively limited literature on the concept of luxury in the context of Iranian market. Furthermore, it advances our theoretical understanding of the relationship between moral reasoning and attitude toward counterfeits that negatively affects luxury consumption since individuals justify their immoral behavior through price advantage of counterfeits.

The results clearly indicate that financial value plays a pivotal role in luxury value perception. This finding confirms Veblen's (1899) theory of conspicuous consumption, denoting that luxury products are used to signal one's wealth, power, and high value of luxury brands in the consumer's mind. It contributes to deeper understanding of this theory regarding luxury consumption in an emerging market and complements recent empirical research (Ko et al., 2019). Since product price is an important marketing element with a great impact on luxury value perception and purchase intention, the significance of this finding is highlighted by its ability to link the theoretical results to marketing domains.

Although functional value is an important factor in the purchasing process (Hennigs et al., 2012), it had, contrary to our expectation, no significant effect on luxury value perception in the present study. This finding was found to be inconsistent with findings of previous studies (e.g. Hennigs et al., 2013; Shukla et al., 2015; Wiedmann et al., 2007). The discrepancy could be attributed to the scarcity of high-quality luxury brands in the market. Most of the luxury brands in Iran don't have the proper function and their durability is below expectation. Therefore, customers do not consider luxury brands as products with longer life span and superior quality and performance compared to nonluxury brands. This gives potential investors an opportunity to outperform their competitors. According to the exclusive value theory proposed by Groth and McDaniel (1993), customers purchase luxury brands to enjoy maximum effectiveness. The results of the present study extend the theory in terms of the differences in the customers' perceptions by shedding light on the fact that their expectation of function and purchase experience vary from one state or region to another. In emerging markets facing economic recession, luxury marketers should focus on enhancing the perceived functional value to compensate for the high prices, since customers expect luxury brands to be functionally reliable.

According to the literature (e.g. Aliyev and Wagner, 2018; Shukla, 2012), consumers in emerging Eastern markets prefer luxury brands that are well-recognized by others. Thus, they are less interested in extremely unique or unknown brands. By purchasing luxury brands, Iranian consumers mainly intend to gain desirable social outcomes, such as exhibiting their distinction from other social classes and signaling their belonging to an important social class. This finding is consistent with the results of the previous studies (Vigneron and Johnson, 2004; Zhang and Kim, 2013) and confirms the theory of impression management according to which consumers tend to influence other people's perceptions by their purchase behaviors. By incorporating the social value in luxury consumption into social comparison theory, theory of uniqueness and theory of conspicuous consumption, the present study offers a more comprehensive picture of consumer behavior. Through this framework, finding suggest that affluent youth and middle-class consumers who purchase luxury brands are image-conscious. They use luxury products to be influential, boost their self-esteem, and gain social prestige. The present study also complements previous research findings (e.g. Pino et al., 2019), implying that social value has a more positive effect on luxury purchase intentions among collectivistic than individualistic societies. Findings also show how the attitude toward counterfeits can negatively affect

the correlation between luxury value perception and luxury purchase intention. Although consumers perceive the value of luxury products, this may not always make them set an intention to purchase these products. This is can be attributed to positive attitude of consumers toward lower prices of counterfeits that negatively affects luxury purchase intention. This finding complements prominent studies carried out in this field (Kim et al., 2016; Phau and Teah, 2009; Yoo and Lee, 2009).

To the best of our knowledge, this is the first study to further establish the application of the TRA and its extension, known as the TPB, in the counterfeiting literature and further associates them with the moral competence theory to explain the positive attitude toward the economic benefits of counterfeiting and its moderating role in the relationship between luxury value perception and luxury purchase intention, which could, in turn, account for lower purchase intentions in an Asian emerging market. The main contribution of this theoretical framework is to extend our understanding of the significance of counterfeiting in luxury brand consumption, outlining an agenda for further investigations in this field. Findings reveal that Iranian consumers are highly sensitive to the product prices and this account for their positive attitude toward the economic benefit of counterfeits. Loss of purchasing power can primarily be attributed to considerable inflation and devaluation of the Iranian national currency over the recent years. Furthermore, the variety-seeking purchase behavior and widely available counterfeit products are considered to be the other factors that could account for positive attitudes toward counterfeits. Nevertheless, further research is required to confirm this hypothesis.

Managerial implications

Our findings reveal the confrontation between genuine and counterfeit sectors. Using the research findings, the genuine brand manufacturers would be able to focus on strategies through which they can distinguish features of genuine brands from counterfeits, thereby changing the perceptions of consumers and highlighting the benefits they can receive. In this section, attempts are made to offer some recommendations that help marketers in luxury sectors in target and develop strategies which could encourage counterfeit buyers to join the consumers of genuine goods.

Iranian younger generations have changed their lifestyle and become familiar with Western culture. In comparison to Western consumers, Iranian consumers attach greater importance to the social value, rather than functional value of luxury brands. Thus, marketers should develop their branding strategy so as to offer products that mirror consumer's values. For example, product customization using online platform, visible logos, and names can help meet consumers' need for uniqueness. Moreover, store atmosphere is recognized as an important driver of purchasing behavior of consumers (Aboiron and Aubin, 2016). Internal decoration of stores and their service quality can also enhance the concept of desire for exclusivity. Thus, this feature can raise financial and social value in consumers'

mind. Status-seeking consumers tend to talk about their luxury purchases (Yang and Mattila, 2017) and young female consumers are more likely to be influenced by their peers and social media (Eom et al., 2019). Therefore, marketers can design campaigns to take advantage of the power of word-of-mouth communications. For example, Instagram could provide consumers with an ideal platform to display luxury goods, share their consumption experiences, express themselves, make a positive impression, and help promote brands. Emphasis on personal image could be taken as a weapon against counterfeits especially among higher-income consumers.

In Iran, original luxury brands are extremely expensive compared to their counterfeits. Thus, marketing managers should focus on advertising strategies and launch promotional campaigns to convince consumers that higher prices could be justified by high quality and uniqueness of products. Emphasis on the function and reliability of products in advertisements could also influence customers' perception of the functional value of luxury brands. For example, they can offer lifetime warranties to enhance functional value of brands. This action will raise brand awareness and can reduce customers' price sensitivity, thereby increasing luxury brands purchase intentions. Moreover, value-based offerings are recommended to capture the middle-income group (Qin et al., 2018). The results suggest that luxury manufacturers provide Iranian middle-income consumers interested in luxury brands with some lower-grade versions of genuine brands. This policy can enhance customer base by recapturing the consumers of nondeceptive counterfeits. "Masstige branding" is assumed to be an effective strategy in this market. Hence, luxury manufacturers could attract middle-income consumers and boost their sales with more affordable and reasonably priced luxury brands (Truong et al., 2009). This policy can enhance customer base by recapturing the consumers of nondeceptive counterfeits. Insufficient punishment and weak regulations are also found to be responsible for promotion of counterfeit consumption. Luxury manufactures can evoke moral and ethical dilemmas among customers by engaging them in different social activities and programs as part of an attempt to encourage consumers switch from counterfeit to genuine luxury (Amar et al., 2018). Chen et al. (2018) believed that counterfeit buyers will reject fake products if they feel socially embarrassed among their peers. Thus, dissemination of information through online social networks, public campaigns, or infographics can enhance peers' knowledge of differences between genuine and counterfeit items and the potential risk that is involved in counterfeit purchasing. Through this policy, one can link luxury brands to the culture of consumption in the target nation and make customers develop a negative attitudes toward counterfeiting of luxury brands. It is notable that counterfeiting is prevalent in developing countries such as Pakistan (Chaudary et al., 2014), Oman (Varghese et al., 2013), and other Middle East countries such as Kuwait (Riquelme et al., 2012), and so on, and consumers have developed a positive attitude toward them due to price advantage. Therefore, the findings of the present study

could be potentially generalized to other emerging markets and Middle East developing countries with analogous socioeconomic and cultural circumstances, especially where counterfeit imports are rampant.

Limitations and directions for future research

This research had some limitations and offers several suggestions for further investigations.

The research was conducted using mall intercept method in capital of Iran, which may limit the populations that could be reached. Further research is needed in different shopping centers and in different cities for better generalizability since Iran is a multicultural country with wide diverse ethnic groups and there are differences in the cities of Iran in terms of average income growth and culture of consumption. Furthermore, the effects of cultural and demographic factors on variables were not explored, which can be considered in future studies. Future researchers can seek other dimensions of luxury brand perception and explore key antecedents of consumer attitudes toward counterfeits. Further exploration using qualitative approaches is also recommended to examine underlying drivers (such as psychological factors) for luxury value perception and purchase intention of luxury brands, providing deeper insights. To support the generalizability of these findings, it is recommended that further investigations empirically evaluate or extend our conceptual model across various countries because the results may vary depending on cultures, GDP, level of individualism, and collectivism.

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Appendix I

Demographic characteristics of respondents

Demographics	Number of people	% of total N^*
Age (years)		
18–25	115	29.8
26–40	193	50
41–55	58	15.0
>56	20	5.2
Gender		
Male	158	40.90
Female	228	59.10
Marital status		
Single	204	52.80
Married	132	34.20
Divorced	50	13
Education		
Junior high school	27	7.0
High school diploma	61	15.80
Associate degree	40	10.40
Bachelor degree	128	33.20
Master degree	93	24.10
Doctoral/Postdoctoral	37	9.60
Occupation		
Student	77	19.90
Employee	118	30.60
Self-employed	165	42.70
Unemployed	26	6.80
Income		
No income	46	11.90
Very low income	66	17.10
Low income	33	8.50
Middle income	202	52.30
High income	35	9.10
Very high income	4	1.00

Note: $^*N = 386$.