

# Knowledge, Morality, and the Appeal of Counterfeit Luxury Goods

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**ABSTRACT** Counterfeiting is a negative phenomenon, bearing undesirable consequences for both companies and consumers of the original brands. Yet some consumers, while acknowledging the immorality of counterfeiting, still have positive predispositions toward such fake products. Why? We investigate consumers' reactions to counterfeits as a function of consumers' subjective knowledge in the domain of fashion and luxury goods. Four studies demonstrate that low-knowledge consumers react more positively to counterfeits than high-knowledge consumers because they are more morally disengaged and view these reproductions as acceptable. The findings offer actionable guidance to managers on how and where to concentrate their anticounterfeiting efforts depending on the average level of knowledge and moral disengagement of their customers.

Counterfeit goods flood street corners from New York City, to Shanghai, to Rome, while also being abundantly available online, on replica and auction websites. Counterfeiting, or the illegal reproduction of goods protected by legally registered trademarks, is a pervasive phenomenon, causing more than \$1.4 billion in lost retail value in the United States alone and growing quickly across the globe (US Department of Homeland Security 2020). No brand is immune to counterfeiting, although well-known luxury brands such as Louis Vuitton, Rolex, Hermès, and Cartier are the preferred targets for counterfeiters.

Beyond being illegal, counterfeiting is also an unethical business practice, as it not only bears negative consequences for manufacturers, retailers, and society at large, but is also linked to organized crime, sweatshop labor, and other illegal activities. Indeed, many consumers have concerns about the immorality and unethicity of counterfeits, but they still purchase them knowing it is wrong (Bian et al. 2016). Why?

Consumers justify their positive predispositions toward counterfeit goods via moral disengagement, a psychological process that allows them to behave in ways they know are morally wrong (Bandura 1991), whether through moral jus-

tification, diffusion of responsibility, or distortion of the consequences (Wang, Stoner, and John 2019). In this research, we examine whether some consumers are more likely than others to morally disengage when it comes to evaluating counterfeits. Specifically, we focus on subjective knowledge, or individuals' perceptions of what they know about a specific consumption domain (Raju, Lonial, and Mangold 1995). Subjective knowledge is an increasingly relevant driver of consumption and can influence a variety of behaviors and domains, from nutrition, to high-end wine and luxury goods, to investment decisions, to word-of-mouth intentions (Moorman et al. 2004; Berger and Ward 2010). Given that more knowledgeable individuals tend to make more moral decisions in most situations (Dowding 2024; Driver 2013), we propose that consumers who have low (high) subjective knowledge about fashion and luxury goods like counterfeits more (less) because they are less (more) likely to view them through a moral lens and thus are more likely to morally disengage.

Our work makes several contributions to the literature. First, we contribute to research on knowledge and its impact on consumption (Moorman et al. 2004) by highlighting its

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positive link to morality; second, we contribute to research on the morality of luxury (Goenka and Thomas 2020) and counterfeit luxury (Eisend 2019) goods by focusing on the construct of moral disengagement (Chen, Teng, and Liao 2018; Wang et al. 2019); third, we contribute to research linking knowledge to counterfeit goods (Phau and Teah 2009) by establishing a systematic relationship among knowledge and reactions to counterfeits. From a managerial standpoint, our findings suggest that brands should strive to diversify their anticounterfeiting efforts depending on the average level of knowledge and moral disengagement of their customers.

## THEORETICAL FOUNDATIONS AND HYPOTHESES

Counterfeiting, particularly in the context of luxury goods, has sparked interest in the marketing and ethics literature streams (for reviews, see Cesareo 2016; Eisend 2019). Broadly speaking, research on counterfeit and original luxury brands has focused on outcomes related to counterfeit products (e.g., intention to buy, reactions to counterfeits), the original imitated brands (e.g., brand perceptions, willingness to pay for the originals), or both (e.g., future consumption, choice of counterfeits or authentic brands). We briefly review this literature and systematically summarize it in appendix A (apps. A–G are available online).

Regarding outcomes related to counterfeits, prior research has identified personal (e.g., age, income), product (e.g., brand image, quality), functional attitudes (e.g., self-expression, status signaling), and situational factors (e.g., shopping environment, social context) as related to counterfeit purchases (e.g., Wilcox, Kim, and Sen 2009; Han, Nunes, and Drèze 2010). Regarding outcomes related to the original brands, research largely converges on the notion that counterfeits have negative effects on the original brand. First, fake products reduce sales, revenues, and profits, as some consumers who would have bought an original may turn to fakes instead. Second, counterfeiting may tarnish the luxury brand's image and reputation, causing the brand to lose its perceived rarity and exclusivity. Finally, counterfeiting increases the costs associated with the fight against the phenomenon, forcing corporations to devote vast amounts of resources every year to protect their brands, both offline and online.

Though not a prevalent view, the literature also shows some support for the notion that counterfeiting may not be as detrimental. Given that many consumers are typically aware of the inferiority of fake products in terms of quality,

durability, and after-sales service, counterfeits may not devalue the originals. An analysis of consumer lay theories confirms this premise, showing that some consumers believe that “the value, satisfaction, and status of original luxury brand name products are not decreased by the availability of counterfeits” (Nia and Zaichkowsky 2000, 494).

Of particular relevance to our investigation is research highlighting the moderators of the negative consequences of counterfeits. Romani et al. (2012) show that counterfeits may increase willingness-to-pay for well-known original brands. In a similar vein, Qian (2014) finds that counterfeits have a positive effect in terms of enhanced awareness and desirability of the original brands, especially for high-end luxury products. Moreover, the consequences for the original brand may not be as negative if the motivation to engage in counterfeit consumption is self-expression rather than status signaling (Wilcox et al. 2009). We contribute to this debate by proposing that reactions to counterfeits also depend on the level of consumers' knowledge about the specific product category of the original brand.

### *Knowledge and Reactions to Counterfeits*

Knowledge in a field of consumption refers to the amount of domain-specific information acquired by the consumer through learning and involvement (Wood and Lynch 2002). Importantly, consumers' knowledge can be conceptualized as both subjective and objective (Brucks 1985). Subjective knowledge, typically measured through consumers' self-reports, describes what consumers believe they know about a product category or domain (Moorman et al. 2004); objective knowledge is consumers' actual knowledge about a product category or domain, typically stored in memory and measured through objective tests (Alba and Hutchinson 1987). Though conceptually distinct, the two forms of knowledge are usually positively correlated (Carlson et al. 2009).

We build on the literature examining consumers' heterogeneity in knowledge across the domains of fashion and luxury goods (e.g., Berger and Ward 2010; Bellezza and Berger 2020), focusing specifically on subjective knowledge, or consumers' assessments of their levels of connoisseurship in the product domain of high-end leather goods and accessories. Although knowledge in specific product domains is undoubtedly related to ownership, as consumers who own a product tend to be more involved with the category than nonowners, even among owners of high-end goods, the level of connoisseurship varies significantly, and low-knowledge consumers represent a significant proportion of the overall consumer base (Latour and Latour 2010). For example, Kapferer and

Laurent (2016) argue that only a minority of consumers of luxury goods are truly knowledgeable about their belongings and their characteristics (e.g., materials, design, hand-crafting). Similarly, among wine drinkers, “aficionados”, who account for about one-third of the total market, consume the product frequently and are enthusiastic about it but have failed to obtain the highly developed product schemata associated with expertise (Latour and Latour 2010).

To gauge managers’ perspectives on the importance of consumers with varying levels of knowledge, we also conducted a series of semistructured interviews with luxury brand managers (e.g., head of anticounterfeiting for Southern Europe at Louis Vuitton; interviews available at OSF). These managers confirmed that most of their customers have low knowledge in the domain of fashion and high-end luxury goods, are aware only of the prestige of the brands they are purchasing and are not real connoisseurs of the brands’ history, heritage, and craftsmanship.

Regarding knowledge and conspicuous consumption, consumers with low levels of knowledge in fashion and luxury goods appreciate and have a positive predisposition toward ostentatious and easily recognizable products (Berger and Ward 2010; Bellezza 2023). Because they lack the sophisticated connoisseurship to detect subtle product nuances, these low-knowledge consumers overvalue highly discernible and loud product characteristics, such as big logos, high prices, or the social status of the product user (Han et al. 2010; Amaral and Loken 2016). Building on this research, we propose that counterfeits send a visible signal that the original products are worth imitating, and we predict that this signal will have a relatively more positive impact on low- than high-knowledge consumers. In line with this proposition, Phau and Teah (2009) conducted a correlational study in China and found preliminary evidence that consumers with low experience and information about luxury products tend to have more positive perceptions of counterfeits.

In summary, we propose that consumers’ reactions to counterfeits may differ as a function of their knowledge. Specifically, we argue that consumers with low levels of knowledge in a product domain like counterfeit products more than consumers with high levels of knowledge.

### ***Moral Disengagement***

Why might counterfeits potentially trigger less negative reactions among low-knowledge consumers? We propose that moral disengagement is the underlying driver. First introduced by Bandura (1991) from the perspective of social cognitive theory, moral disengagement refers to individuals’

cognitive tendencies to redefine, justify, and excuse their immoral behavior to make it appear more ethical and acceptable. Three types of moral disengagement are particularly relevant to counterfeiting: (1) moral justification, such as the purchase of counterfeits due to situational factors (Chen et al. 2018) or the inability to afford the real thing (Wang et al. 2019); (2) diffusion of responsibility, or the belief that counterfeiting is socially accepted (i.e., everyone does it), leading to positive responses to counterfeits (Bian et al. 2016); and (3) distortion of consequences, such as justifying purchasing a counterfeit now with the intent to purchase an original product in the future (Wang et al. 2019) or ignoring the negative effects of counterfeiting on brands.

The positive connection between knowledge and morality aligns with the insights of ancient philosophers, as well as political and spiritual leaders. Mahatma Gandhi encapsulated this connection, “true knowledge imparts moral standing and strength.” With regard to domain-specific knowledge and moral disengagement, evidence shows that experts are more likely to know what is correct, ethical, and the best course of action because they have more and better-organized knowledge than novices (Dowding 2024). Moreover, experts in a domain are more likely to pick up on the morally relevant cues in the environment than novices because they know how to make more nuanced discriminations (Driver 2013). In the context of sustainability, Sharma and Lal (2020) examine how a lack of knowledge and understanding of sustainable behaviors directly increases moral disengagement, via distortion of consequences. These authors argue that morally disengaging helps low-knowledge individuals justify their behavior, settle the moral dilemma of not purchasing sustainable alternatives, and attain self-exoneration. In organizational behavior research, Ebrahimi and Matt (2023) demonstrate that employees with high domain-specific knowledge and expertise tend to engage in more ethical decision-making because they are more likely to effortfully process the information available about a given decision, thus reducing the likelihood of moral disengagement via diffusion of responsibility. As such, we hypothesize that low-knowledge consumers will exhibit high moral disengagement about counterfeits, leading them to like counterfeits more. In other words, we expect that moral disengagement will mediate the effect of knowledge on liking of counterfeits.

Importantly, we also consider a series of alternative processes. For example, the perceived cost-benefit of counterfeits (Huang, Lee, and Ho 2004) might affect liking, such that low-knowledge individuals might prefer counterfeits because they also view these products as financially convenient.

Furthermore, subjective knowledge may influence the perceived hedonic (vs. functional) value of the original luxury product (Kempf 1999). Finally, we also examine whether subjective knowledge influences consumers' perceived socioeconomic status (Adler et al. 2000), as well as the relationship between subjective and objective knowledge of luxury and fashion goods (Raju et al. 1995) in liking counterfeits.

### STUDY 1: KNOWLEDGE AND COUNTERFEIT LIKING

Study 1 tests our premise that low-knowledge consumers tend to like counterfeits relatively more. To this end, in study 1A we build on the literature and manipulate knowledge by inducing participants to feel as if they have either low or high knowledge in fashion and luxury goods (or other domains) by varying the complexity of the questions to which they respond. Manipulating knowledge in other domains helps us show that our findings are not driven merely by perceived higher or lower knowledge in general. In other words, we expect only the manipulated knowledge in fashion and luxury goods to lead to differences between conditions in outcomes related to counterfeits of these products, while manipulated knowledge in other domains should not lead to differences between conditions in the dependent variables related to counterfeits. Then, in study 1B we replicate these findings by measuring, rather than manipulating, the construct of knowledge. All data are available at OSF.

#### Study 1A: Method

We randomly assigned lab participants ( $n = 252$ , 57.9% female,  $M_{age} = 20.09$ ) at a northeastern US university to one of four conditions in a 2 (knowledge: low vs. high)  $\times$  2 (domain: luxury goods vs. other) between-subjects design. The survey started with some demographic questions (e.g., age, income,<sup>1</sup> gender) for all respondents. Next, participants in the luxury goods conditions responded to pretested questions on the fashion and luxury goods industry (see app. B for full pretest). Specifically, participants in the low-knowledge condition responded to four difficult questions (i.e., to make them feel as if they are not knowledgeable) (e.g., "What is the name of one of the iconic Hermès bags?" Lafayette, Birkin, Mademoiselle, Jacqueline),<sup>2</sup> while participants in the high-

knowledge condition responded to four easy questions (i.e., to make them feel as if they are knowledgeable) (e.g., "What do the letters CK stand for on a bottle of perfume?" Calvin Klein, Common Knowledge, Carl Karmling, Creatine Kinase). As manipulation checks, we collected the number of correct answers (0–4), assessed certainty ("How certain are you of the answers you provided to the previous four questions" 1 = *not certain at all*, 9 = *extremely certain*), and measured participants' subjective knowledge in the domain of fashion and luxury goods through nine questions adapted from prior literature (e.g., "I am very knowledgeable about fashion," "I would describe myself as fashionable," "I am very much involved with fashion"; 1 = *strongly disagree*, 7 = *strongly agree*,  $\alpha = .93$ ; see app. C for all items). To manipulate knowledge in other domains, we used previously established manipulations on the environment for men and nail care for women (Finkelstein and Fishbach 2012; see app. D for manipulations and checks).

Next, all participants read a brief description of a luxury brand while looking at an iconic product (fig. 1, *top panel*). Specifically, female (male) participants read:

Chanel is a French Maison founded in 1909 (Patek Philippe is a Swiss luxury watchmaker founded in 1851). It is considered to be one of the world's most prestigious ready-to-wear and luxury accessories (watch) brands given the quality and beauty of its products. The brand's core values are heritage, tradition, and craftsmanship. A Chanel purse (Patek Philippe watch) is considered a global symbol of status and elegance.

To make ownership salient, participants imagined they owned the product and answered some open-ended questions (e.g., "What would it be like to own this purse (watch)?"). In all studies, the number of words written did not differ across conditions.

Female (male) participants then saw an image of a stand (fig. 1, *bottom panel*) and read:

Imagine you are walking down the street carrying your Chanel purse (wearing your Patek Philippe watch) and you notice a stand selling counterfeit purses (watches) of various brands, including Chanel, Louis Vuitton, Gucci (e.g., Patek Philippe, Rolex, Omega). As you get close to the stand, you realize they also sell your purse (watch) in a counterfeit version. Take a few moments to look at the purses (watches) on the stand and imagine how you would feel in this situation.

1. "If ~\$61,000 is the average US household income, you would say your household income is: (1) below the average, (2) at about the average, (3) above average" (US Census, 2017, <https://www.census.gov/content/dam/Census/library/publications/2018/acs/acsbr17-01.pdf>).

2. Correct answers in set in italics.



Figure 1. Stimuli used in the studies.

Participants then rated their liking of the counterfeit (“What is your overall reaction to the counterfeit Chanel purse/Patek Philippe watch?” 1 = *I do not like it at all*, 7 = *I like it very much*). As an additional outcome measure, we also collected an item related to the original brand (i.e., “How likely are you to post about the Chanel (Patek Philippe) brand on social media?” 1 = *not at all likely*, 7 = *very likely*). We report all the findings related to this measure in this and the following studies in appendix E.

#### *Study 1A: Results*

**Manipulation Checks.** Confirming the success of our knowledge manipulation in the domain of fashion and luxury

goods, participants in the low-knowledge luxury goods condition answered fewer questions correctly ( $M_{LK\_Lux} = 1.33$ ) than participants in the high-knowledge condition ( $M_{HK\_Lux} = 3.49$ ;  $t(120) = -13.90$ ,  $p < .001$ ,  $\eta^2 = .617$ ), reported lower certainty ( $M_{LK\_Lux} = 1.84$  vs.  $M_{HK\_Lux} = 6.80$ ;  $t(120) = -16.39$ ,  $p < .001$ ,  $\eta^2 = .691$ ), and reported lower levels of subjective knowledge ( $M_{LK\_Lux} = 2.64$  vs.  $M_{HK\_Lux} = 3.24$ ;  $t(120) = -2.83$ ,  $p = .003$ ,  $\eta^2 = .063$ ). Replicating Finkelstein and Fishbach (2012), the manipulation checks in other domains were also successful (see app. D).<sup>3</sup>

3. As expected, there were no significant differences between the two other domain conditions (nail care and environment) in the patterns of results; thus, we collapsed and analyzed the data jointly.

**Counterfeit Liking.** A two-way ANOVA on counterfeit liking with the knowledge (low vs. high) and domain (luxury goods vs. other) conditions as the between-subjects factors revealed no effect of knowledge ( $F(1, 248) = 3.20$ , NS), a significant effect of domain ( $F(1, 248) = 3.85$ ,  $p = .051$ ,  $\eta^2 = .015$ ), and the predicted significant interaction ( $F(1, 248) = 6.65$ ,  $p = .011$ ,  $\eta^2 = .026$ ). As expected, participants in the low-knowledge luxury goods condition liked the counterfeit relatively more ( $M_{LK\_Lux} = 3.15$ ) than participants in the high-knowledge luxury goods condition ( $M_{HK\_Lux} = 2.36$ ;  $F(1, 248) = 9.24$ ,  $p = .003$ ; fig. 2, left). By contrast, the difference between low- and high-knowledge conditions was not significant for the other domains ( $M_{LK\_other} = 2.40$  vs.  $M_{HK\_other} = 2.50$ ;  $F(1, 248) = .32$ , NS). The interaction on counterfeit liking remained significant ( $F(1, 244) = 7.04$ ,  $p = .009$ ,  $\eta^2 = .028$ ) when controlling for income ( $F(2, 244) = 2.76$ , NS) and gender ( $F(2, 244) = 1.00$ , NS).

**Posting on Social Media.** The same analysis on likelihood to post on social media about the original brand revealed a significant effect of knowledge ( $F(1, 248) = 15.12$ ,  $p < .001$ ,  $\eta^2 = .057$ ), a significant effect of domain ( $F(1, 248) = 4.70$ ,  $p = .031$ ,  $\eta^2 = .019$ ), and the predicted significant interaction ( $F(1, 248) = 5.51$ ,  $p = .020$ ,  $\eta^2 = .022$ ; more details in app. E).

### Study 1B: Method

To recruit both regular participants and those with presumably higher knowledge in fashion and luxury goods, we collected responses ( $n = 289$ ,  $M_{age} = 21.61$ ) through the behavioral lab ( $n = 222$ ) and the mailing list of the Fashion Collective and Retail Clubs ( $n = 67$ ) of the same northeastern US university. After providing demographic information (e.g., age, income, gender), participants completed the same nine items on knowledge in the domain of fashion and luxury goods as in study 1A ( $\alpha = .93$ ).

Next, participants read the same brand description as in study 1A, the only difference being the chosen brands: for women, we chose Louis Vuitton, while for men we chose Rolex (fig. 1, *central panel*). As in study 1A, participants engaged in the same writing task to make ownership salient, read the same counterfeiting stand scenario (in fig. 1, the image of the stand was the same as both Louis Vuitton and Rolex products were already included), and reported their liking of the counterfeit product with the same measure. The study concluded with demographic information (e.g., age, gender).

### Study 1B: Results

**Knowledge.** We averaged and z-scored knowledge ( $M = 3.47$ ,  $SD = 1.55$ ) and used this continuous measure as the independent variable in the analyses. As expected, members of the Fashion Collective and Retail Clubs had significantly higher levels of knowledge than participants in the lab ( $M_{RetailClub} = 4.54$  vs.  $M_{Lab} = 3.16$ ;  $F(1, 287) = 45.61$ ,  $p < .001$ ,  $\eta^2 = .137$ ), indicating the known-groups validity of the items selected to measure knowledge.

**Counterfeit Liking.** We analyzed responses using a linear regression with counterfeit liking as the dependent variable and knowledge as the independent variable. As hypothesized, the analysis revealed a significant, negative effect of knowledge on liking of the counterfeit ( $b = -.24$ ,  $SE = .09$ ,  $t(287) = -2.81$ ,  $p = .005$ ,  $R^2 = .027$ ). We also tested curvilinear trends but found only a linear effect of knowledge. As a further check, we also ran the same analysis on counterfeit liking using the subject pool as the independent variable (coded as 1 for Fashion Collective and Retail Club participants and 0 for others) and found similar results ( $M_{RetailClub} = 2.96$  vs.  $M_{Lab} = 2.52$ ;  $F(1, 287) = 4.49$ ,  $p = .035$ ,  $\eta^2 = .015$ ). Thus, lower knowledge was associated with a relatively greater liking of the counterfeit.

As additional checks, we ran the same regression, including age (z-scored), income (z-scored), gender (dummy-coded), and participant pool (dummy-coded). Confirming previous results, the analyses revealed a significant, negative effect of knowledge on liking of the counterfeit ( $b = -.20$ ,  $SE = .10$ ,  $t(283) = -2.06$ ,  $p = .041$ ,  $R^2 = .035$ ) and no significant effect of age ( $t(283) = -.45$ , NS), income ( $t(283) = .04$ , NS), gender ( $t(283) = -.76$ , NS), or participant pool ( $t(283) = -1.10$ , NS).

### Discussion

In study 1, we manipulate (study 1A) and measure (study 1B) participants' knowledge in the domain of fashion and luxury goods. We find that those not particularly knowledgeable in this domain like counterfeits more than more fashion-savvy consumers and are more likely to post about the original brand. Importantly, study 1A shows that relatively higher counterfeit liking occurs only when the knowledge manipulations pertain to the domain of the product being copied, not when the knowledge manipulations are in unrelated domains. We also replicate the effect of knowledge on counterfeit liking in a small field study with correlational data from consumers on the street in a counterfeit-laden area of New York City (app. F).

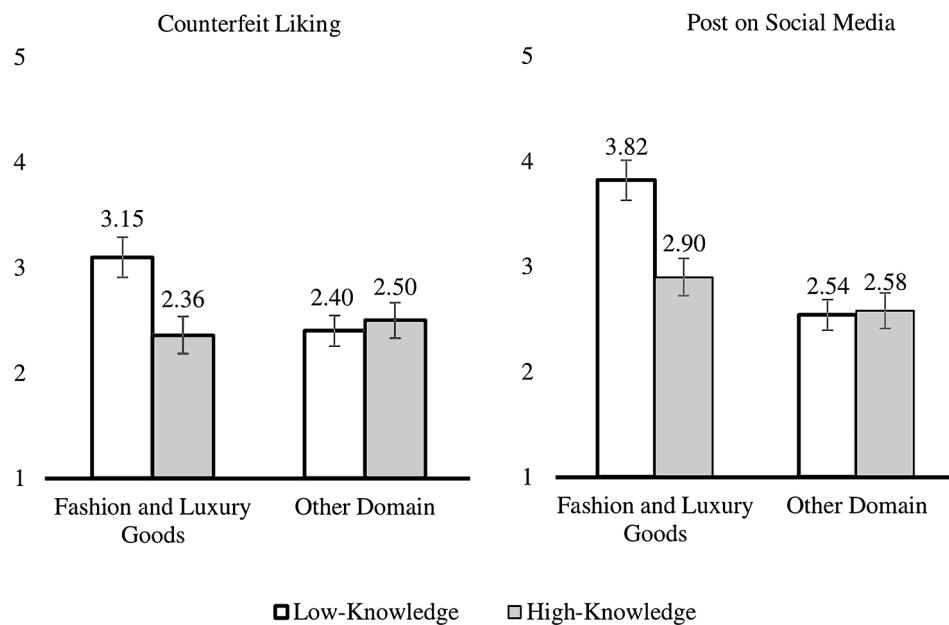


Figure 2. Study 1A results. Participants in the low-knowledge luxury goods condition liked counterfeits and were more likely to post about the original brand on social media than participants in the other conditions.

## STUDY 2: MEASURING CONSUMERS' MORAL DISENGAGEMENT

In this preregistered study (<https://tinyurl.com/MoralDisStudy2>), we manipulate participants' knowledge in fashion and luxury goods and measure their moral disengagement. We expect low-knowledge consumers to exhibit higher moral disengagement and thus like the counterfeit more than high-knowledge consumers. We also measure a series of potential alternative explanations, including the hedonic value of the luxury product and participants' perceived social status, potentially related to different levels of subjective knowledge.

### Method

We recruited participants on Prolific Academic ( $n = 200$ , 50% female,  $M_{age} = 41.96$ ) for an online study. To recruit potential luxury consumers who may better relate to the stimuli and hold income and luxury goods ownership as constant as possible in the sample, we recruited individuals whose yearly household income was above \$150,000 and who reported owning at least two luxury items priced at over \$270 through the recruiting filters of Prolific Academic. We randomly assigned participants to one of two conditions (knowledge: low vs. high) in a two-cell between-subjects design. We used the same manipulation of knowledge of fashion and luxury goods as in study 1A, having participants answer difficult or easy questions. As manipulation checks, we again collected the number of correct answers and the nine-

item subjective knowledge scale ( $\alpha = .96$ ). As is study 1B, participants then read about the Louis Vuitton/Rolex brands, wrote about owning an original, and saw the same counterfeit products' stand. They then rated their liking of the counterfeit, as well as the likelihood of posting about the original brand on social media with the same measures as in the previous studies. To measure the process, participants completed a three-item moral disengagement scale ("It is okay to buy a counterfeit product as long as you are a student and have little money"; "It is okay to buy a counterfeit product when the authentic product is high priced"; and "It is okay to buy a counterfeit product as long as I also buy real authentic products"; 1 = *strongly disagree*, 7 = *strongly agree*; Wang et al. 2019;  $\alpha = .92$ ). To address alternative explanations, we then measured (in randomized order) whether the original luxury product they imagined owning had more functional or hedonic value (Kempf 1999), the cost-benefit of buying counterfeits (three items,  $\alpha = .87$ , adapted from Huang et al. 2004), participants' perceived social status (Adler et al. 2000), and their objective knowledge of fashion and luxury goods. To measure this last construct, participants answered four fashion and luxury goods questions from quizzes from reliable online sources specialized in fashion, such as *Vogue* magazine (e.g., "Who is the editor-in-chief of American *Vogue*? Anna Wintour, Radhika Jones, Samantha Barry, Jessica Giles; coded 1 for the correct answer and 0 for the wrong answer; see app. C for all questions and answers and

all other scale items). We computed a final objective knowledge score by adding the scores of each of the four questions and creating a 0–4 measure ( $M = 2.69$ ,  $SD = 1.10$ ).

## Results

**Manipulation Checks.** Confirming the success of our knowledge manipulation, participants in the low-knowledge condition answered fewer questions correctly ( $M_{LK} = 1.97$ ) than those in the high-knowledge condition ( $M_{HK} = 3.74$ ;  $t(198) = -13.52$ ,  $p < .001$ ,  $\eta^2 = .480$ ) and reported lower levels of subjective knowledge ( $M_{LK} = 3.66$  vs.  $M_{HK} = 4.37$ ;  $t(198) = -3.11$ ,  $p = .001$ ,  $\eta^2 = .047$ ).

**Counterfeit Liking.** As preregistered, a one-way ANOVA on counterfeit liking with the knowledge conditions as the between-subjects factor revealed a significant effect of knowledge ( $F(1, 198) = 12.25$ ,  $p < .001$ ,  $\eta^2 = .085$ ); participants in the low-knowledge condition liked the counterfeit relatively more ( $M_{LK} = 3.83$ ) than participants in the high-knowledge condition ( $M_{HK} = 2.95$ ). The effect on counterfeit liking remained significant ( $F(1, 194) = 10.95$ ,  $p = .001$ ,  $\eta^2 = .053$ ) when controlling for age ( $F(1, 194) = .14$ , NS), income ( $F(1, 194) = 1.44$ , NS), and gender ( $F(2, 196) = .30$ , NS).

**Moral Disengagement.** As hypothesized, an analysis on moral disengagement also revealed a significant effect of knowledge ( $F(1, 198) = 9.09$ ,  $p = .003$ ,  $\eta^2 = .044$ ), with participants in the low-knowledge condition exhibiting greater moral disengagement ( $M_{LK} = 4.20$ ) than participants in the high-knowledge condition ( $M_{HK} = 3.46$ ). The same analysis with age, income, and gender as covariates found a similarly significant effect of knowledge ( $F(1, 194) = 8.34$ ,  $p = .004$ ,  $\eta^2 = .041$ ) and no significant effect of covariates (all  $p$ -values NS).

**Alternative Explanations.** A one-way ANOVA on the functional or hedonic value of the original product with the knowledge (low vs. high) conditions as the between-subjects factor revealed no significant effect ( $F(1, 198) = .22$ ,  $p = .643$ ); participants in the low-knowledge condition perceived the original product as equally hedonic ( $M_{LK} = 4.95$ ) as others ( $M_{HK} = 5.07$ ). A similar ANOVA on the ladder of perceived social status also found no significant effect ( $F(1, 198) = .28$ ,  $p = .601$ ); participants in the low-knowledge condition perceived themselves as equally above average in terms of social status ( $M_{LK} = 6.63$ ) as participants in the high-knowledge condition ( $M_{LK} = 6.53$ ). In line with prior research (Carlson

et al. 2009), objective and subjective knowledge had a small, positive correlation ( $r = .22$ ,  $p < .01$ ). A similar ANOVA on the objective knowledge measure found no significant effect of condition ( $F(1, 198) = .47$ ,  $p = .494$ ); participants in the low-knowledge condition were equally objectively knowledgeable in fashion and luxury goods ( $M_{LK} = 2.64$ ) as participants in the high-knowledge condition ( $M_{HK} = 2.74$ ). These findings suggest that subjective knowledge can be successfully manipulated independently of objective knowledge in the same domain. Finally, a similar ANOVA on the cost-benefit of the counterfeit measure revealed the predicted significant effect of condition ( $F(1, 198) = 5.17$ ,  $p = .024$ ,  $\eta^2 = .025$ ); participants in the low-knowledge condition perceived the counterfeit product as better value-for-money ( $M_{LK} = 3.40$ ) than participants in the high-knowledge condition ( $M_{HK} = 2.87$ ).

**Mediation Analysis.** We ran a mediation analysis with both moral disengagement and cost-benefit of the counterfeit as parallel mediators (PROCESS model 4, Hayes 2013; fig. 3). The resulting confidence intervals of the indirect effects for both moral disengagement ( $b = -.18$ ,  $SE = .09$ , 95% CI:  $-.394$ ;  $-.032$ ) and cost-benefit ( $b = -.13$ ,  $SE = .07$ , 95% CI:  $-.294$ ;  $-.012$ ) excluded zero, suggesting that these factors contextually mediated the effect of knowledge on counterfeit liking. As expected, low-knowledge participants did not view counterfeits through a moral lens, thus exhibiting higher moral disengagement ( $b = -.74$ ,  $SE = .253$ ,  $t(198) = -3.02$ ,  $p = .003$ ) but also viewed the replicas through a cost-benefit lens ( $b = -.53$ ,  $SE = .23$ ,  $t(198) = -2.27$ ,  $p = .024$ ), thus liking them more (moral disengagement:  $b = .24$ ,  $SE = .08$ ,  $t(196) = 3.02$ ,  $p = .003$ ; cost-benefit:  $b = .25$ ,  $SE = .08$ ,  $t(196) = 2.94$ ,  $p = .004$ ) than high-knowledge participants. The indirect effect via moral disengagement was 38% larger than the indirect effect via cost-benefit of the counterfeit, suggesting that moral disengagement plays a relatively larger role in driving the effect on counterfeit liking, precisely as preregistered. We also ran a direct replication of this study and confirmed these results (see app. G).

## Discussion

Study 2 establishes moral disengagement as the process underlying low-knowledge consumers' liking of counterfeit products. In addition, it finds that not only do low-knowledge consumers not view counterfeits through a moral lens, but they also see a higher cost-benefit of the counterfeit than high-knowledge consumers (though the overall mediating

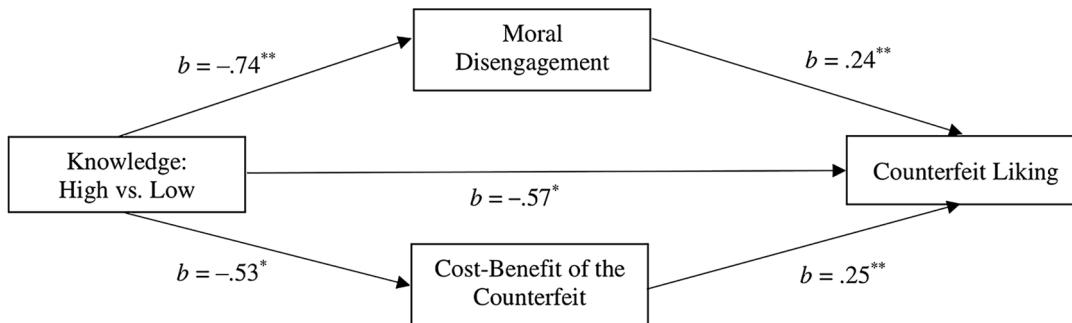


Figure 3. Study 2 results. Moral disengagement mediates the effect of knowledge on counterfeit liking. Coefficients significantly different from zero are indicated by asterisks (\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ), and the arrows indicate their associated paths. The path from knowledge to counterfeit liking in the absence of mediators was negative and significant (\*\*\* $b = -.88$ ).

effect is smaller than moral disengagement). This study also addresses several other potential explanations (i.e., hedonic value, perceived social status, and objective knowledge) and suggests that these additional processes are not at play. In study 3, we provide further evidence of causality by manipulating consumers' moral perceptions of counterfeiting, describing it as an acceptable and ethical (vs. unacceptable and unethical) practice.

### STUDY 3: MANIPULATING MORAL DISENGAGEMENT

In this preregistered study (<https://tinyurl.com/MoralDisStudy3>), we use a moderation-of-process design and manipulate whether counterfeiting is acceptable (or not) from a moral standpoint. We then measure luxury consumers' liking of the counterfeit product. As hypothesized, we expect low-knowledge consumers who experience higher moral disengagement to like the counterfeit more than those in all other conditions.

#### Method

We recruited participants on Prolific Academic ( $n = 213$ , 54% female,  $M_{age} = 43.32$ ) for an online study with two conditions between-subjects and measured knowledge. As in study 2, we enlisted luxury consumers (yearly household income above \$150,000 and owning at least two luxury items priced at over \$270). After reporting demographic information (e.g., age, gender) and completing the knowledge measure ( $\alpha = .95$ , order counterbalanced, beginning or end of the study), respondents were randomly assigned to one of two conditions between-subjects (moral disengagement: high vs. low). We crafted these manipulations following Orth, Hoffmann, and Nickel (2019) and specifically focused on moral justification, diffusion of responsibility, and dis-

tortion of consequences of moral disengagement (i.e., those most relevant for counterfeiting). All participants first read the following introduction:

Street vendors in many cities across the globe, as well as e-commerce websites, sell counterfeit versions of fashion and luxury products (i.e., purses, wallets, belts, watches) for a fraction of the cost. Often, these counterfeits look precisely like the original and even come in an identical quality, making it impossible to tell them apart.

Then, participants in the low-moral-disengagement condition read:

Buying counterfeits is never an acceptable practice regardless of the high price of the originals, if one has little money, or if a person purchases other original products. Buying counterfeits is very unethical, as very few people do it, and these fake products harm the original brands.

Participants in the high-moral-disengagement condition read the following:

Buying counterfeits is acceptable given the high price of the originals, if one has little money, or if a person also purchases other original products. Buying counterfeits is not very unethical, as everyone does it, and these fake products do little to no harm to the original brands.

As a manipulation check, participants then completed the same three-item moral disengagement measure as in

study 2 ( $\alpha = .95$ ). The rest of the study was the same as studies 1A and 2; participants read about the Louis Vuitton/Rolex brands, wrote about owning an original, and saw the counterfeit products' stand. Using the same measures as in previous studies, respondents then rated their liking of the counterfeit and their likelihood to post on social media.

## Results

**Manipulation Check.** A one-way ANOVA with moral disengagement (high vs. low) as the independent variable on the moral disengagement measure revealed a significant main effect ( $M_{\text{HighMoralDis}} = 3.65$  vs.  $M_{\text{LowMoralDis}} = 2.81$ ;  $F(1, 211) = 10.01, p = .002, \eta^2 = .045$ ); participants in the high-moral-disengagement condition exhibited higher moral disengagement than those in the low-moral-disengagement condition, confirming the success of our manipulation.

**Counterfeit Liking.** We analyzed responses using an ANCOVA, with counterfeit liking as the dependent variable, a variable for the moral disengagement conditions (coded as 1 for high and 0 for low), knowledge (z-scored,  $M = 4.25$ ,  $SD = 1.54$ ) as a covariate, and an interaction term between moral disengagement and knowledge. As figure 4 (*left*) shows, the analysis revealed a significant effect of knowledge ( $F(1, 209) = 8.18, p = .005, \eta^2 = .038$ ), a significant effect of moral disengagement ( $F(1, 209) = 17.30, p < .001, \eta^2 = .076$ ), and the predicted significant interaction ( $F(1, 209) = 6.54, p = .011, \eta^2 = .030$ ). A spotlight analysis ( $-1 \text{ SD}$ ;  $M = 2.71$ ) revealed a significant effect of moral disengagement, such that low-knowledge participants in the high-moral-disengagement condition liked the counterfeit more ( $M_{\text{HighMoralDis}} = 4.01$ ) than low-knowledge participants in the low-moral-disengagement condition ( $M_{\text{LowMoralDis}} = 2.52$ ;  $t(209) = 4.64, p < .001$ ). The same analysis with age, income, and gender as covariates found similar effects of knowledge ( $F(1, 204) = 8.17, p = .005, \eta^2 = .038$ ) and moral disengagement ( $F(1, 204) = 18.47, p < .001, \eta^2 = .083$ ), a similarly significant interaction ( $F(1, 204) = 6.90, p = .009, \eta^2 = .033$ ), and no significant effect of any of the other covariates (all  $p$ -values NS).

**Posting on Social Media.** An ANCOVA on the intention to post on social media (fig. 4, *right*) revealed a significant effect of knowledge ( $F(1, 209) = 6.11, p = .014, \eta^2 = .028$ ), a significant effect of moral disengagement ( $F(1, 209) = 10.16, p = .002, \eta^2 = .046$ ), and the predicted significant

interaction ( $F(1, 209) = 4.75, p = .030, \eta^2 = .022$ ; more details in app. E).

## Discussion

Study 3 uses a moderation-of-process design to establish causality. Low-knowledge consumers in the high-moral-disengagement condition are more likely to like the counterfeit and post on social media about the original brand than both low-knowledge consumers in the low-moral disengagement condition and high-knowledge consumers regardless of the experimental condition.

## GENERAL DISCUSSION

We add to literature on the ethical dilemma counterfeiting poses for consumers by establishing their subjective level of knowledge in a specific product domain as an important factor shaping how they react to counterfeits. Across four studies, we show that low-knowledge consumers like counterfeits more, and moral disengagement mediates such reactions to counterfeits among this consumer group.

## Future Research Directions

Our research can be further extended to examine additional moderators and boundary conditions of the effects of knowledge. First, while we made all participants feel like owners of luxury goods in our experiments, we did not test our effects among real owners (vs. nonowners) of either original or counterfeit products. Future research could address such gap as well as test our effects among so-called concurrent owners (i.e., consumers who own both the original and counterfeit products at once). These consumers purchase counterfeits not for income-related reasons but for the fun, excitement, and pleasure of the shopping experience or in unique circumstances (e.g., protecting the original while traveling, completing a collection with the latest design). How might knowledge interplay with concurrent ownership on liking of counterfeits? Would low-knowledge concurrent owners be more likely to morally disengage and pass off the counterfeit as the original product?

Second, the results of study 3 suggest that the morality of low-knowledge consumers is relatively malleable, meaning the moral disengagement manipulation elicited differences in the outcome variables, whereas the morality of high-knowledge consumers seems more fixed, in the sense that the moral disengagement manipulation did not elicit meaningful differences between conditions. This is in line with prior research suggesting that while experts have the

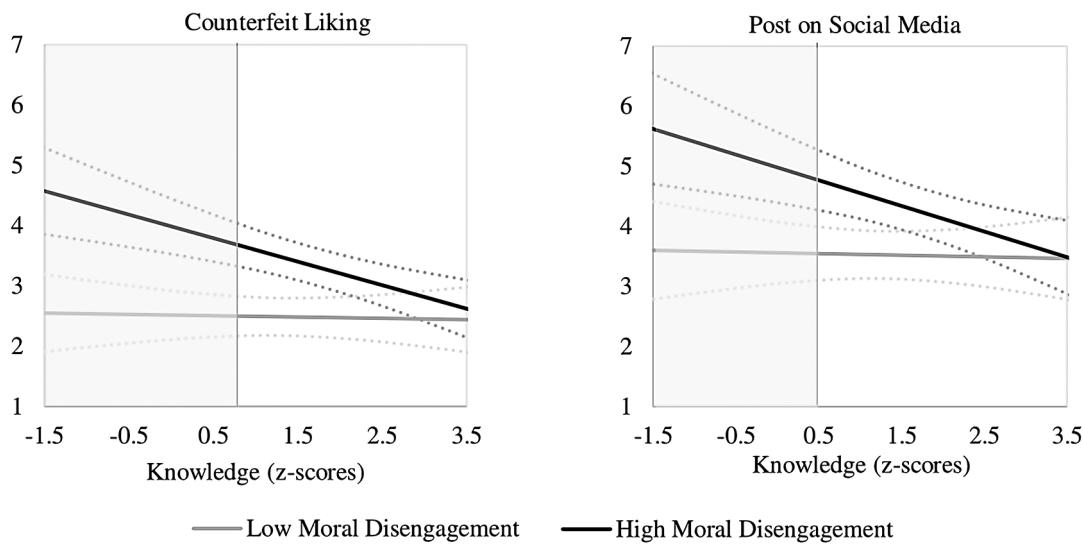


Figure 4. Study 3 results. Low-knowledge participants in the high-moral-disengagement condition liked the counterfeit more and were more likely to post about the original brand on social media than low-knowledge participants in the low-moral-disengagement condition. Dashed lines represent 95% confidence intervals. The shaded areas identify regions of significance (i.e., where the two conditions differ significantly from each other in terms of counterfeit liking and intention to post on social media) as found with the Johnson-Neyman technique (below z-score .691 for counterfeit liking and .466 for post on social media).

knowledge to consistently make the morally correct choice, low-knowledge individuals lack such knowledge and can be more easily swayed in their moral reasoning process (Driver 2013). While we focused our analysis on moral disengagement, one possibility for future research is to look at how consumers with different levels of knowledge use different moral values (e.g., individualizing vs. binding) to evaluate and accept counterfeit goods. Prior work on luxury goods and morality (Goenka and Thomas 2020) suggests that these luxury goods are seen as morally objectionable when focusing on individualizing values (i.e., equality and welfare), but morally permissible when focusing on binding values (i.e., deference to authority, in-group loyalty, and purity). In the future, it would be interesting to examine whether the same differences apply to counterfeit goods and how they interact with domain-specific knowledge. Given that counterfeits are illegal products, it is possible that the nuances of differing moral values may not apply when evaluating these goods regardless of the level of knowledge of the consumer.

Finally, while we focused on fashion and luxury goods, future research could extend the effects of knowledge found herein to additional products and situations. As long as consumers can morally disengage and justify their behavior, the effects should hold. Future work might test this premise, for example, in the wine, music, or movie domains. Would

being copied in one's wine, musical, or movie choices (e.g., learning about fake/pirated versions available for purchase/download) make low-knowledge wine, music, or movie fans be more likely to morally disengage? Similarly, in an educational setting, would students who consider themselves more knowledgeable in a subject consider cheating a greater moral violation than those who perceive themselves as less knowledgeable? We hypothesize that across these domains, we would observe similar links among low knowledge, moral disengagement, and subsequent lower condemnation of piracy or cheating.

#### Managerial Implications

Underscoring the importance of knowledge in today's consumption context, our findings suggest important differences in the way low- versus high-knowledge consumers react to counterfeits, their morality perceptions of them, and how these relate to potential consequences for the original brands, such as posting on social media. Thus, a key issue for marketers and brand managers is to understand how to channel their anticounterfeiting efforts depending on the level of knowledge of a specific target market.

In markets with mostly low-knowledge consumers, the results of study 3 demonstrate that changing these consumers' perceptions of the morality of counterfeiting may be an effective strategy to reduce their liking of counterfeits.

A good way to do so may be through targeted advertising and communication campaigns by governmental agencies, highlighting the immorality and illegality of purchasing counterfeits. Recent examples include the 2021 “Go For Real” anticounterfeiting campaign by the National Crime Prevention Council (NCPC) (<https://www.ncpc.org/goforreal>) and the US Patent and Trademark Office (USPTO), as well as the Japanese Patent Office’s (2022) campaign “We All Otter Be Against Counterfeit Products!” ([https://www.meti.go.jp/english/press/2022/1207\\_001.html](https://www.meti.go.jp/english/press/2022/1207_001.html)). These campaigns target young people (teenagers and young adults in their 20s–30s) and use mascots such as McGruff the crime dog and Kawanzo the otter to explain why consumers should not buy counterfeit products, their dangers, how to spot them, especially online, and the negative consequences for businesses.

To fight counterfeits in markets with mostly high-knowledge consumers, an important practical question is how to make consumers even more knowledgeable. First, managers can increase consumers’ knowledge about their brands by being more informative in their advertising and communication campaigns. While most luxury advertising focuses on symbolic imagery and ephemerality, our findings suggest that luxury brands would benefit from including more educational elements in their communication (e.g., brand history, explanations of craftsmanship). For example, in an article in *Adweek* magazine featuring the Louboutin brand (<https://www.adweek.com/brand-marketing/heres-how-christian-louboutin-inspired-showgirls-proved-trampy-can-be-chic-173356>), the author explained how the red-soled shoes came to be and the iconicity of the brand worn by celebrities.

Moreover, luxury salespeople can also be trained to behave as brand ambassadors, disseminating knowledge about the luxury brands for which they work. For example, Dion and Arnould (2011) describe how sales assistants educate customers about the brand, helping them develop their own knowledge by deepening their explicit knowledge of the brand’s history.

Finally, many luxury brands are currently developing shows, exhibitions, and even permanent museums for their brands (e.g., Louis Vuitton, Gucci, Ferrari). These initiatives can be useful educational tools against counterfeits, as they not only increase consumers’ domain and product-specific knowledge but also are likely to reduce consumers’ tendencies to morally disengage, especially via moral justification or distortion of consequences, by raising awareness of the complexities to produce such high-end products. For example, to celebrate the two hundredth anniversary of the brand,

Louis Vuitton created the traveling exhibit “200 trunks, 200 visionaries: the exhibition,” where consumers could experience 200 versions of the iconic Louis Vuitton trunk and learn through interactive experiences all about the history of the brand and how each trunk is made. While these experiences certainly aim to build a myth around these brands and establish them as icons, they contextually educate consumers, deepen their knowledge and involvement, and, as our results suggest, change their reactions to counterfeit goods.

Our work provides a comprehensive view of reactions to counterfeits of high-end brands. Adding novel knowledge and morality perspectives to the current literature on counterfeits, this article demonstrates that reactions to luxury counterfeits systematically depend on the level of knowledge in the product domain.

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