

EVALUATING THE METHODS ADOPTED BY HERMÈS AND GUCCI TO FIGHT COUNTERFEIT CULTURE: A COMPARATIVE STUDY

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Abstract

The counterfeiting of prominent luxury brands such as Hermès and Gucci has evolved into a rapidly expanding global phenomenon. This growth is largely fueled by strong brand recognition, heightened marketplace visibility, and the increasing use of online distribution networks. Because counterfeit operations often function within informal or unregulated markets, their true scale is difficult to measure; however, global estimates indicate that counterfeit trade comprises more than 6% of total international commerce. The widespread accessibility of the internet has further intensified the problem by allowing counterfeit sellers to connect with consumers through sophisticated websites, attractive prices, and streamlined delivery systems. Consequently, luxury brands like Hermès and Gucci face not only significant financial losses but also persistent challenges to their brand equity and consumer confidence.

This research examines the motivations behind consumer purchases of counterfeit luxury items and assesses their impact on the brand image of Hermès and Gucci. It investigates how factors such as perceived social status, fashion influences, and aspirational buying behavior stimulate demand for counterfeit products, especially among individuals who cannot afford genuine luxury goods. By analyzing these behavioral drivers across both online and offline retail environments, the study aims to provide a deeper understanding of counterfeit consumption and its broader implications for luxury brands.

Keywords: *counterfeit goods; Hermès; Gucci; luxury brands; consumer behavior; brand image; online marketplaces; gray market; aspirational consumption; fashion industry; brand equity.*

Abstrak

Pemalsuan terhadap merek-merek mewah ternama seperti Hermès dan Gucci kini telah berubah menjadi sektor industri global yang berkembang sangat pesat. Pertumbuhan tersebut dipicu oleh kekuatan identitas merek, semakin meluasnya eksposur produk, serta meningkatnya penggunaan platform distribusi berbasis internet. Karena kegiatan ini banyak berlangsung di pasar abu-abu, besarnya peredaran produk palsu sulit dipastikan, meskipun berbagai laporan memperkirakan bahwa praktik tersebut menyumbang lebih dari 6% total perdagangan dunia. Keberadaan internet semakin memperburuk situasi ini karena memungkinkan pelaku pemalsuan menjual produk melalui situs yang tampak kredibel, menawarkan harga yang lebih rendah, dan menyediakan layanan pengiriman yang cepat. Dampaknya, perusahaan-perusahaan mewah seperti Hermès dan Gucci tidak hanya mengalami kerugian finansial yang besar, tetapi juga menghadapi ancaman serius terhadap nilai merek dan kepercayaan konsumen.

Penelitian ini mengkaji faktor-faktor yang mendorong konsumen memilih produk mewah palsu serta menilai bagaimana pilihan tersebut mempengaruhi citra merek Hermès dan Gucci. Kajian ini menyoroti peranan persepsi status sosial, tren mode, dan dorongan konsumsi aspiratif dalam memicu minat terhadap barang-barang tiruan, terutama di kalangan konsumen yang tidak mampu membeli produk mewah asli. Dengan memahami faktor-faktor perilaku tersebut, baik pada pasar daring maupun konvensional, penelitian ini memberikan pemahaman yang lebih

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mendalam mengenai pola konsumsi barang palsu serta dampaknya terhadap keberlangsungan merek-merek mewah.

Kata kunci: Barang palsu; Hermes; Gucci; merek mewah; perilaku konsumen; citra merek; pasar daring; pasar abu-abu; konsumsi aspiratif; industri fesyen; ekuitas merek.

1. Introduction

The production and distribution of counterfeit versions of prominent luxury brands—those with strong brand identities and high public visibility—has evolved into a rapidly growing global business. In fact, the counterfeit trade is often considered one of the fastest-expanding and most profitable illicit industries worldwide, with no indication of slowing down, especially as luxury brands continue to highlight recognizable design elements. Because most activity takes place within informal or “gray” markets, determining the exact scale of counterfeiting is challenging. Even so, some estimates claim that fake goods represent more than 6% of global trade—approximately \$450 billion annually—with around \$100 million worth of counterfeit items seized each year upon entering the United Arab Emirates (Betts, 2019).

The rise of the internet as a commercial platform has intensified the challenges faced by luxury labels. Counterfeit sellers now compete aggressively with legitimate brands by offering seemingly professional websites, attractive prices, fast shipping, and numerous delivery options. As a result, luxury companies are suffering significant financial losses and have responded by attempting to spread awareness—often emphasizing that buying fake goods indirectly supports criminal and unethical activities. Major producers of counterfeit goods, as well as luxury corporations themselves, recognize how powerful online reach has become. The ability to sell anonymously online has allowed the counterfeit market to expand dramatically, as sellers no longer need to physically hide their operations. Although counterfeiting is not a new phenomenon, the far more sophisticated digital methods available today have accelerated its spread. With countless imitations, replicas, and knockoffs flooding online platforms, the scale has become staggering; for example, a simple Google search for “Hermès bags” returns hundreds of millions of results, many advertising imitation products (Google Search, February 2021).

Fashion trends shift constantly, and the clothing or accessories people choose can shape how others perceive them. For many individuals, selecting particular designers becomes a way to signal status. Red-carpet interviews often highlight this by asking celebrities, “Who are you wearing?”—with names like Alexander McQueen, Hermès, Chanel, Gucci, Fendi, Tiffany, Prada, and others frequently mentioned. These high-end brands symbolize prestige, but their high prices place them out of reach for much of the public. As a result, some consumers dream of imitating celebrity style, and designer handbags in particular are widely viewed as markers of social standing. When people cannot afford authentic items, they may turn to counterfeit versions to experience a similar sense of prestige, especially if others cannot immediately detect that the product is fake. While many accept that they may never be able to buy luxury goods legitimately, others resort to purchasing illegal replicas as a workaround. The presence of knockoffs has long troubled luxury companies. When an item becomes desirable and expensive, lower-cost copies almost always emerge. These fakes allow consumers to obtain the look of luxury for a fraction of the price, though typically with noticeably lower quality and durability compared to genuine pieces.

In many major cities, areas with dense clusters of street vendors tend to be hubs for counterfeit sales. In the UAE—particularly Dubai—such products are widely accessible. Markets like Karama in Bur Dubai are well known for selling replicas that closely resemble originals, complete with copied logos and design details. Despite years of enforcement efforts, counterfeiting persists. This study aims to identify the

underlying values influencing consumers who buy counterfeit items, and how these choices affect the reputation and management of luxury brands.

More specifically, the research investigates why individuals opt for counterfeit products and assesses whether these decisions impact the public image of luxury brands. It seeks to understand why some consumers prefer fake goods over authentic or even non-branded alternatives, both in online settings and through traditional retail channels.

The relevance of this study lies in demonstrating how widespread the issue of counterfeiting is—even among relatively small populations. Conducted in Dubai, UAE, this research highlights how brands attempt to address the problem and sheds light on the challenges faced by those involved in buying or selling counterfeit designer items. These issues not only harm luxury companies but also affect the broader economy. Additionally, the study explores social pressures that influence consumer behavior, offering a deeper understanding of why some individuals feel compelled to purchase imitation luxury goods.

2. Literature Review

Recent research on counterfeit luxury goods illustrates that consumer motivations for engaging in the counterfeit market are multifaceted and carry important consequences for authentic luxury brands. Radon (2020) notes that individuals frequently choose non-deceptive counterfeits sold online because the products are inexpensive, widely recommended, and supported by abundant online information. Interestingly, shoppers sometimes rely on the official websites of luxury brands as a guide to assess counterfeit products, indicating a gap in consumer knowledge regarding legitimate purchasing channels.

Findings by Singh et al. (2021) suggest that counterfeit goods can weaken public perceptions of genuine luxury brands, particularly in regard to brand associations and perceived product quality. Although this decline is not drastic, it consistently threatens brands that depend heavily on notions of exclusivity, premium craftsmanship, and high quality.

From a consumer–psychology viewpoint, Baghi et al. (2019) argue that awareness of counterfeit products can prompt owners of authentic items to become more vocal advocates for the brand. In this sense, counterfeiting creates a paradox: while it undermines brand authenticity, it may simultaneously evoke stronger emotional attachment and loyalty among legitimate customers.

Rana (2019) highlights that counterfeit purchases—especially among students—are often motivated by the desire to project social status and gain peer acceptance. However, increasing consumer understanding of the negative outcomes associated with counterfeits tends to lower their likelihood of purchasing imitation goods, underscoring the importance of educational initiatives.

Commuri (2019) finds that younger consumers with limited income and lower levels of education are more inclined to buy counterfeit fashion products. This inclination is shaped by perceptions of brand attributes and social risk, with buyers preferring counterfeits that look convincingly similar to avoid embarrassment or negative evaluations from others.

Similarly, Phau et al. (2019) observe that in Singapore, social influence plays a substantial role in driving counterfeit demand. Their study also emphasizes price–quality perceptions as an important factor. They recommend that luxury brands invest in product innovation, highlight distinctive design elements, and clearly publicize authorized sellers to help consumers distinguish between authentic and fake products.

Taken together, the literature suggests that counterfeit purchasing behavior is driven by economic incentives, social motivations, and symbolic aspirations. While counterfeits can erode brand equity, they

may also—under certain conditions—enhance loyalty and advocacy among consumers who purchase genuine luxury items.

3. Research Methodology

Research Approach	Qualitative Quantitative
Research Design	Exploratory Descriptive
Data Sources	Secondary Primary
Research Strategy	Survey Sentiment Analysis Focus Group Interview Mystery Shopping
Data Collection Method	Google Forms
Sampling	Convenience Sample
Data Analysis Method	Factor Analysis Cluster Analysis
Validity	Hypothesis Testing Correlation

1. Research Objectives

- To study the impact of counterfeits on luxury brands and the strategies adopted by Gucci and Hermès to tackle counterfeit culture.

- To gain an understanding of how counterfeit products influence consumer perception of luxury brands.
- To examine the factors considered by consumers when purchasing luxury products: Original vs. Counterfeit.
- To recommend strategies to Gucci and Hermès.

2. Hypotheses

H1 – A negative perception of counterfeit products has a negative effect on the brand associations of luxury brands.

H2 – A negative perception of counterfeit products has a negative effect on the perceived quality of luxury brands.

H3 – Counterfeit products negatively affect the personal status associated with owning luxury brands.

H4 – Counterfeit products devalue the ownership experience of luxury brands.

H5 – Counterfeit products negatively affect the demand for luxury brands.

3. Focus Group Study

A focus group interview was conducted to determine whether people are aware of the strategies adopted by luxury brands—such as Gucci and Hermès—to tackle counterfeit culture and to understand their views about luxury brands and their counterfeits. The participants were:

- Mr. Matasha – Product Manager, The Art of Shaving
- Mrs. Shidraht Meinon – Literature Professor
- Mr. Lidya Auklien – Lawyer
- Ms. Jacquelline – Student
- Ms. Rayanza – Designer, Fizzy Goblet
- Ms. Jisha Basheer – Project Manager
- Mr. Haris Aditama – Engineer

It was identified that five out of the seven participants were aware of some of the strategies adopted by luxury brands such as Gucci and Hermès, but they believed these strategies were not sufficiently impactful in educating consumers about the drawbacks of counterfeit culture. Thus, they emphasized the need for luxury brands to share more information and educate the public more effectively.

One focus group participant, Mr. Haris, explained how the brand he works for tackles counterfeiting:

1. Legal action
2. Reporting counterfeit listings on e-commerce platforms and collaborating through contractual agreements to ensure that the platform accepts no unauthorized distributors.

The participants can be categorized into two groups:

1. Participants who are against counterfeits, citing reasons such as:

- Counterfeits are illegal and contribute to increased crime rates.
- The quality and appearance are inferior to the original products.
- Using counterfeits may harm their personal reputation if discovered.

2. Participants who do not mind purchasing counterfeits, for reasons such as:

- Counterfeits are much cheaper.
- They provide a sense of social status among peers.
- They are easily accessible.

Reasons why people purchase luxury brands (e.g., Gucci and Hermès):

1. Exclusive designs
2. Strong appreciation for the brand concept
3. Perceived enhancement of prestige and social status

Reasons why people purchase counterfeits:

1. They look very similar to the originals
2. Authentic products are too expensive
3. Counterfeits are readily available at low prices

4. Results

A focus group discussion was conducted to assess public awareness of the strategies used by luxury brands—specifically Gucci and Hermès—to combat the circulation of counterfeit products, as well as to explore participants' general perceptions of luxury goods and their imitations. The group consisted of the following individuals:

- Mr. Matasha – Product Manager, The Art of Shaving
- Mrs. Shidraht Meinon – Literature Professor
- Mr. Lidya Auklien – Lawyer
- Ms. Jacquelline – Student
- Ms. Rayanza – Designer, Fizzy Goblet
- Ms. Jisha Basheer – Project Manager
- Mr. Haris Aditama – Engineer

The findings indicated that five out of seven participants were familiar with at least some of the anti-counterfeiting measures employed by luxury brands; however, they felt that these initiatives were not sufficiently effective in informing consumers about the risks and broader consequences of counterfeit consumption. They therefore stressed the importance of more transparent communication and stronger educational efforts from luxury brands.

One participant, Mr. Haris, described the approaches used by the company he works for to address counterfeiting, which include:

1. Initiating legal proceedings against counterfeiters
2. Monitoring and reporting fake listings on e-commerce platforms, alongside forming contractual partnerships to ensure the platforms prohibit unauthorized distributors

The participants' attitudes toward counterfeit products could be grouped into two categories:

1. Participants opposed to counterfeit goods, citing reasons such as:

- Counterfeits are illegal and contribute to criminal activity
- Poor quality and inferior craftsmanship compared to genuine items
- Fear of damaging personal credibility if found using counterfeit products

2. Participants who are open to purchasing counterfeits, motivated by factors such as:

- Significantly lower prices
- Ability to project a sense of social status
- Convenience and widespread availability

Motivations for purchasing luxury goods (e.g., Gucci and Hermès):

1. Distinctive and exclusive designs
2. Strong attachment to the brand's identity and values
3. Perceived boost in prestige and social standing

Motivations for purchasing counterfeit products:

1. High visual similarity to authentic items
2. High prices of genuine luxury goods
3. Easy access and affordability of counterfeit alternatives

5. Conclusion

The results of this study show that although many participants are familiar with the anti-counterfeiting efforts undertaken by luxury brands such as Gucci and Hermès, these initiatives are largely viewed as inadequate in raising consumer awareness about the wider implications of counterfeit consumption. Participants stressed the importance of improving brand transparency and expanding educational outreach targeted at consumers.

The discussion also revealed two distinct consumer perspectives. One group clearly opposes counterfeit products, citing issues related to legality, inferior quality, and potential damage to personal image. In contrast, the other group expresses a willingness to purchase counterfeits, largely motivated by lower prices, ease of access, and the ability to signal social status without the financial burden of purchasing genuine items.

Likewise, the reasons for acquiring authentic luxury goods differ significantly from those driving counterfeit purchases. Consumers are drawn to genuine products for their exclusivity, strong brand identity, and the prestige they confer, while counterfeit items attract buyers due to their close resemblance to original products and their much more affordable cost.

In conclusion, the findings point to an ongoing disconnect between anti-counterfeiting strategies implemented by luxury brands and the level of consumer awareness, underscoring the need for more effective educational approaches to curb the demand for counterfeit goods.

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