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RESEARCH REPORT



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The egalitarian value of counterfeit goods: Purchasing counterfeit luxury goods to address income inequality

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Abstract

The present research demonstrates a novel driver of the growing demand for counterfeit luxury goods: perceptions of income inequality. Across five studies, using different samples and counterfeit luxury goods, we find that as perceptions of income inequality increase, consumers value counterfeit luxury products for their "egalitarian value"—a value associated with counterfeits' perceived ability to restore equality in society. Consumers perceive both public and private counterfeit luxury goods to have egalitarian value, suggesting that their value manifests itself beyond consumers' attempts to signal status via consumption. Moreover, the egalitarian value increases consumers' motivation to purchase counterfeit luxury goods beyond their hedonic, utilitarian, economic, or status signaling value. Finally, the positive effect of the egalitarian value of counterfeit luxury goods on purchase preference is greater among consumers who think equality is more desirable and attainable (i.e., those low in social dominance orientation). Our results outline one psychological mechanism underlying consumers' interests in counterfeit luxury goods, explaining how egalitarian value may link two important societal issues: growing income inequality and increased demand for counterfeits.

KEYWORDS

compensatory consumption, counterfeits, equity, inequality, perceptions

INTRODUCTION

Income inequality reflects the extent to which wealth and income are unevenly distributed across members of a society (International Monetary Fund, 2022). It can both be objectively measured (Gini, 1921) and subjectively experienced (Schmalor & Heine, 2022). Though some may recognize a persistent income gap between the rich and the poor, inequality may also be situationally salient, such as when one walks past homeless people on the way to shop in high-end boutiques or drives past mansions on the way to their social housing.

Research finds that income inequality affects individuals' well-being and behaviors (Schneider, 2016), increasing concerns for fairness and equality (Oishi et al., 2011), and motivating strategies to restore equality in social

institutions (Ordabayeva & Lisjak, 2022). Equalitydriven motivations influence both citizenship decisions, such as endorsing tax redistribution policies (Chow & Galak, 2012; Goya-Tocchetto & Payne, 2022), and consumption decisions, such as supporting businesses that are egalitarian oriented (Acar et al., 2021; Ordabayeva & Lisjak, 2022) or rejecting businesses that perpetuate inequality (Hagerty et al., 2022). These behaviors imply that consumer ideologies—the ideas and ideals that consumers hold regarding the marketplace (Schmitt et al., 2022)—underpin decisions to reduce income inequality. The present research investigates if conditions of income inequality influence decisions to buy counterfeit luxury goods, and whether those decisions are undergirded by counterfeits' perceived ability to reduce inequality in the marketplace.

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THE EGALITARIAN VALUE OF COUNTERFEIT LUXURY GOODS

Counterfeit luxury goods are manufactured to resemble legitimate luxury branded goods but are typically lower-priced. The global market for all counterfeit goods was estimated at \$1.8 trillion USD in 2020, leading to \$98 billion USD losses for luxury consumer brands specifically (Global Brand Counterfeiting Report 2018–2020, 2018). The growth of the counterfeit market is driven in large part by consumers' demand (Bloch et al., 1993), highlighting the importance of understanding factors that affect the preference for counterfeit luxury goods.

We argue that an antecedent of the demand for counterfeit luxury goods is consumers' perceptions of income inequality (interchangeably: "perceived inequality"). Though income inequality restricts access to luxury markets to a few wealthy consumers (Gabszewicz & Thisse, 1979; Veblen, 1889), counterfeit luxury goods remain accessible to a wider range of "normal" consumers. By democratizing access, counterfeit luxury goods may be seen as undermining the hegemony of luxury markets (Amaral & Loken, 2016). Indeed, some consumers consider counterfeits as emblematic of the "little guys who fight big businesses" (Tom et al., 1998, p. 408). Thus, under rising income inequality, counterfeit luxury goods may level the unequal playing field of luxury markets, creating more egalitarian conditions that undermine the exclusivity of luxury goods. We term this value the egalitarian value of counterfeits.

By ostensibly creating more egalitarian conditions in exclusionary luxury markets, counterfeit luxury goods provide symbolic adjustments to the structure of unfair social institutions (c.f. Borge & Rattsø, 2004; Kuziemko et al., 2015; Ordabayeva & Lisjak, 2022), allowing consumers to address inequality through consumption. Guided by consumers' ideals about the market, consumption decisions may "affirm" the market, by accepting or engaging with activities that reinforce existing conditions, or "reject" the market, by avoiding or taking actions to alter existing conditions (Schmitt et al., 2022). Rather than serving as an alternate and relatively cheap source of status-signal that "affirms" the existing hierarchy in the luxury market (Wilcox et al., 2009), we argue that counterfeit luxury goods may be used as a means of "rejecting" the existing market conditions (Schmitt et al., 2022) and resisting exclusionary institutions (Bourdieu, 1998) under rising income inequality.

Supporting the posited relationship between income inequality and demand for counterfeits, we conducted a Google Search Trends analysis (2013—2022), finding positive correlations between searches for counterfeit luxury brands (e.g., "replica Rolex", "fake Gucci") and existing levels of income inequality (Gini coefficients) in

the US states where the searches took place (ps < 0.001: Methodological Detail Appendix-I; hereafter MDA-I). Motivated by this relationship, we examine whether the egalitarian value of counterfeit luxury goods is an underlying mechanism, linking income inequality to counterfeit purchases.

We posit that the egalitarian value of counterfeit luxury goods increases the purchase of counterfeits. But the strength of this effect may further depend on consumers' ideologies regarding the desirability of social equality. Social Dominance Orientation ("SDO" hereafter) reflects individuals' "degree of preference for inequality among social groups" (Pratto et al., 1994, p. 741). Consumers with low [high] SDO endorse and strive for [reject or deny] equality in social structures. Accordingly, the egalitarian value of counterfeits should be more appealing to low (vs. high) SDO consumers, exerting greater effects on the purchase intentions of these consumers. Thus, we predict SDO moderates the relationship between egalitarian value and purchase of luxury counterfeits.

Five studies test the effect of perceived inequality on the egalitarian value of counterfeit luxury goods (all studies), its effect on downstream purchase decisions (Studies 1B-4), and its conceptual moderator (Study 4). We address alternative explanations regarding price (Study 2) and status-signaling motives (Study 3), while demonstrating our effects using various luxury brands and products. We focus on egalitarian value, but report the results of the other values in Tables 1–7.

TABLE 1 Studies 1A-1B, Regressions on egalitarian value, using perceived inequality as the key predictor, controlling for other values.

Study 1A				
IVs	b	SE	t(203)	p-Value
Perceived inequality	0.17	0.06	3.04	0.003
Hedonic value	0.02	0.06	0.31	0.76
Utilitarian value	0.13	0.06	2.08	0.04
Economic value	-0.05	0.05	-0.95	0.34
Status signaling value	0.23	0.04	5.74	< 0.001

Study 1B				
IVs	b	SE	t(402)	<i>p</i> -Value
Perceived inequality	0.21	0.05	3.93	< 0.001
Order of measures	0.02	0.05	0.46	0.66
Inequality × Order interaction	-0.04	0.05	-0.78	0.44
Hedonic value	0.49	0.08	6.36	< 0.001
Utilitarian value	0.32	0.07	4.36	< 0.001
Economic value	0.04	0.06	0.63	0.53
Status signaling value	0.27	0.07	3.86	<0.001

TABLE 2 Study 1B, Parallel mediation analysis on purchase intentions (PROCESS Model 4).

Regressions on each	value, using	perceived	inequality as	s the
independent variable	(IV)			

DVs	b	SE	t(408)	<i>p</i> -Value
Egalitarian value	0.17	0.05	3.46	< 0.001
Hedonic value	0.03	0.05	0.60	0.55
Utilitarian value	0.004	0.05	0.08	0.94
Economic value	-0.09	0.05	-1.91	0.06
Status signaling value	0.06	0.05	1.14	0.26

Regression on purchase intentions toward the counterfeit (as DV)

IVs	b	SE	t(403)	<i>p</i> -Value
Perceived inequality	0.02	0.06	0.26	0.79
Egalitarian value	0.64	0.08	7.65	< 0.001
Hedonic value	0.52	0.09	5.53	< 0.001
Utilitarian value	-0.08	0.07	-0.93	0.35
Economic value	-0.35	0.07	-5.20	< 0.001
Status signaling value	0.06	0.08	0.73	0.46

Indirect effects, using all values as parallel mediators

Mediators	b	SE	95% CI
Total	0.16	0.06	0.039, 0.286
Egalitarian value	0.11	0.04	0.037, 0.186
Hedonic value	0.02	0.03	-0.040, 0.073
Utilitarian value	-0.0003	0.01	-0.014, 0.012
Economic value	0.03	0.02	0.001, 0.078
Status signaling value	0.003	0.01	-0.009, 0.020

Stimuli and pre-registrations are reported in MDA-II. Confirmatory factor analyses and correlation analyses demonstrate the construct validity of egalitarian value (MDA-III). Participants' income/SES does not moderate perceived inequality's effect on egalitarian value, nor its indirect effect on purchasing counterfeit luxury goods (MDA-IV). All data selection criteria are preregistered, and sensitivity analyses suggest that the sample sizes across studies would detect medium-small effect sizes given adequate power (0.80). Analyses using full samples are reported in MDA-V. Data are available at: https://osf.io/wypb6/?view only=19ea1b5cbe 124fe282c697956b7c4f32.

STUDIES 1A-1B: MEASURING PERCEIVED INEQUALITY

Studies 1A-1B measure perceived inequality and establish its relationship with the egalitarian value of counterfeit luxury goods, examining both counterfeit watches in a country with low-income inequality (Sweden: Study 1A) and counterfeit scarfs in the U.S. (Study 1B).

Study 1A

Participants approached by researchers in the center of a large Swedish city (N=220) first completed a 4-item perceived inequality scale (Schmalor & Heine, 2022; $\alpha = 0.77$; e.g., "Almost all the money that is earned goes to only a few people"; 1=Not True At All, 7=Extremely True). They then received and examined a counterfeit Rolex "Submariner" watch designed to replicate the original watch on all dimensions. They learned about the features of the replica, its cost (€250), and the legitimate Rolex's retail price (€12,000). Afterward, participants completed measures of the relative egalitarian value of a counterfeit Rolex compared to a legitimate Rolex (e.g., "Helps make life more fair"; 1=Completely Disagree, 7=Completely Agree), and its relative hedonic, utilitarian, economic, and status values. All scale measures are reliable across studies (all $\alpha > 0.70$, see MDA-III). As preregistered, seven men who did not complete the survey and four women were excluded, leaving N=209 for analyses $(M_{\text{age}} = 28.29, \text{SD} = 8.30).$

We regressed egalitarian value on perceived inequality, with other values as covariates. Perceived inequality positively related to the egalitarian value of the replica Rolex (b=0.17, SE=0.06, t(203)=3.04, p=0.003, $r^2=0.30$: Table 1, Figure 1), supporting our predictions using an actual counterfeit watch.

Study 1B

Study 1B builds on Study 1A in several ways: First, measuring inequality prior to rating the counterfeit (Study 1A) may have inadvertently created a demand effect. To address this issue, here, we randomized the order of the inequality measure: the *Inequality First* [Last] condition reported perceived inequality before [after] rating the values of a counterfeit Louis Vuitton (LV) scarf. Second, Study 1A measured values of a counterfeit luxury good relative to its legitimate counterpart. Here, we measured the values of a counterfeit in isolation. Third, we measured purchase intentions (1=Not at All; 7=Very Much) to understand how egalitarian value influences consumption decisions. American participants (N=411, CloudResearch Connect) completed this study. One participant failed the attention check, leaving N=410 for analyses (45.1% females, $M_{\rm age}$ = 39.56, SD $_{\rm age}$ = 12.61). We regressed the egalitarian value of the counter-

feit LV on perceived inequality (standardized), measurement order (1=inequality first, -1=inequality last), and their interaction, with hedonic, utilitarian, economic, and status values as covariates. We found a main effect of perceived inequality (b=0.21, SE=0.05, t(402)=3.93, p<0.001), but no effect of measurement order (b=0.02, SE=0.05, t(402)=0.46, p=0.64) or an interaction (b=-0.04, SE=0.05, t(402)=-0.78, p=0.44;Table 1, Figure 2). A second regression of purchase

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Study 2, Regressions and moderated mediation, controlling for other values (PROCESS Model 7).

Regression on egalitarian value of the product (as DV)					
IVs	b	SE	t(396)	p-Value	
Perceived inequality	0.08	0.05	1.48	0.14	
Product (1=counterfeit-luxury, -1=non-luxury)	0.26	0.05	4.79	< 0.001	
$Inequality \times Product \\$	0.15	0.05	2.91	0.004	
Hedonic value	0.23	0.07	3.14	0.002	
Utilitarian value	0.14	0.07	2.07	0.04	
Economic value	0.38	0.06	6.79	< 0.001	
Status signaling value	0.53	0.06	8.37	< 0.001	

Regression on	nurchase i	ntentions	for the nr	oduct (a	c DV)
Regression on	Durchase i	ntentions	ior the br	ouuci (a	$s \mathbf{p} \mathbf{v} \mathbf{r}$

IVs	b	SE	t(397)	p-Value
Perceived inequality	0.16	0.06	2.53	0.01
Egalitarian value	0.44	0.06	7.40	< 0.001
Hedonic value	0.56	0.09	6.28	< 0.001
Utilitarian value	0.11	0.08	1.30	0.20
Economic value	0.28	0.07	3.89	0.001
Status signaling value	0.10	0.08	1.20	0.23

Indirect effects mediated by egalitarian value, conditional on product conditions

Product conditions	b	SE	95% CI
Counterfeit-luxury product	0.10	0.04	0.037, 0.174
Non-luxury product	-0.03	0.04	-0.111, 0.040
Index of moderated mediation	0.13	0.05	0.036, 0.245

intentions on perceived inequality, order of measure, and their interaction yielded a main effect of perceived inequality (b=0.18, SE=0.08, t(406)=2.09, p=0.04) and no other effect [measurement order: b = -0.02, SE=0.08, t(406) = -0.19, p = 0.85; interaction: b = -0.02, SE=0.08, t(406) = -0.24, p = 0.81, Figure 3]. Thus, perceived inequality predicted the egalitarian value of and purchase intentions for a counterfeit luxury good, regardless of when inequality was measured.

Egalitarian value mediated the relationship between perceived inequality and intentions to buy the counterfeit LV scarf, both when controlling for the other values (Hayes, 2017: PROCESS Model 4, Bootstrapped sample=5000, 95% CI=[0.039, 0.156]), and when entering all values as parallel mediators (95% CI=[0.037, 0.186]; Table 2), outlining the unique effect of egalitarian value on the purchase intentions for counterfeit luxury goods.

STUDY 2: COUNTERFEIT LUXURY VERSUS NON-LUXURY

We posit that counterfeit luxury goods have egalitarian value under income inequality because they undermine the exclusivity of luxury markets. However, it may simply be that all low-priced goods provide egalitarian value through their general availability compared to

higher-priced goods. Study 2 tests this alternative explanation by experimentally comparing counterfeit luxury goods to non-luxury but similarly priced products.

Method

Participants (N=412 Americans,CloudResearch Connect) completed a two-condition (product type: counterfeit-luxury, non-luxury) between-subjects study. We recruited female participants as our stimuli are handbags (Wang et al., 2019). Participants first completed a perceived inequality scale (as in Studies 1A-1B), then shopped for a handbag online using one of two realworld e-commerce websites embedded in the study, allowing them to browse and interact with products. The Counterfeit-Luxury [Non-Luxury] condition browsed a webpage selling a replica Gucci [a Guess] handbag. We described Gucci [Guess] as a "luxury and prestigious designer brand" ["popular fashion brand"]. Gucci was indeed pretested to be more luxurious and exclusive than Guess (MDA-VI). To keep price perceptions constant, both products were similarly priced and were "cheaper" than alternative options (the replica Gucci was cheaper than a legitimate Gucci, and the Guess was temporarily on sale; MDA-III). As in Study 1B, participants reported the egalitarian, hedonic, utilitarian, economic

TABLE 4 Study 2, Moderated mediation with parallel mediators (PROCESS Model 7).

Regressions on each value, using perceived inequality, product, and their interaction as the independent variable (IV)					
DV: Egalitarian value	b	SE	t(400)	<i>p</i> -Value	
Perceived inequality	0.12	0.06	1.79	0.07	
Product type (1 = counterfeit-luxury, -1 = non-luxury)	0.22	0.06	3.27	0.001	
Perceived inequality × Product type	0.14	0.06	2.16	0.03	
DV: Hedonic value					
Perceived inequality	0.04	0.08	0.57	0.57	
Product type (1 = counterfeit-luxury, -1 = non-luxury)	-0.17	0.08	-2.21	0.03	
Perceived inequality × Product type	0.05	0.08	0.61	0.55	
DV: Utilitarian value					
Perceived inequality	-0.02	0.07	-0.33	0.74	
Product type (1 = counterfeit-luxury, -1 = non-luxury)	-0.19	0.07	-2.82	0.005	
Perceived inequality × Product type	-0.01	0.07	-0.21	0.83	
DV: Economic value					
Perceived inequality	-0.11	0.07	-1.47	0.14	
Product type (1=counterfeit-luxury, -1=non-luxury)	0.24	0.07	3.31	0.001	
Perceived inequality × Product type	-0.01	0.07	-0.16	0.87	
DV: Status signaling value					
Perceived inequality	0.18	0.08	2.38	0.02	
Product type (1 = counterfeit-luxury, -1 = non-luxury)	-0.19	0.08	-2.46	0.01	
Perceived inequality × Product type	-0.05	0.08	-0.61	0.54	
Regression on purchase intentions for products (as DV)	,	,	.'		
IVs	b	SE	t(397)	<i>p</i> -Value	
Perceived inequality	0.16	0.06	2.53	0.01	
Egalitarian value	0.44	0.06	7.40	< 0.001	
Hedonic value	0.37	0.06	6.28	< 0.001	
Utilitarian value	0.08	0.06	1.30	0.20	
Economic value	0.19	0.05	3.89	< 0.001	
Status signaling value	0.06	0.05	1.20	0.23	
Indirect effects conditional on product conditions, using all values a	as parallel mediators		,	. '	
Mediator: Egalitarian value	b	S	E	95% CI	
Counterfeit-luxury product	0.11	0.	.05	0.026, 0.206	
Non-luxury product	-0.01	0.	.05	-0.105, 0.078	
Index of moderated mediation	0.12	0.	.07	0.002, 0.256	
Mediator: Hedonic value					
Counterfeit-luxury product	0.03	0.	.05	-0.060, 0.127	
Non-luxury product	-0.001	0.	.04	-0.074, 0.074	
Index of moderated mediation	0.03	0.	.06	-0.084, 0.151	
Mediator: Utilitarian value					
Counterfeit-luxury product	-0.003	0.	.01	-0.033, 0.017	
Non-luxury product	-0.001	0.	.01	-0.021, 0.017	
Index of moderated mediation	-0.002	0.	.01	-0.039, 0.024	
Mediator: Economic value					
Counterfeit-luxury product	-0.02	0.	.03	-0.078, 0.023	
Non-luxury product	-0.02	0.	.02	-0.064, 0.025	
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TABLE 4 (Continued)

Indirect effects conditional on product conditions, using all values as parallel mediators				
Mediator: Egalitarian value	b	SE	95% CI	
Index of moderated mediation	-0.005	0.03	-0.074, 0.058	
Mediator: Status signaling value				
Counterfeit-luxury product	0.01	0.01	-0.010, 0.036	
Non-luxury product	0.01	0.01	-0.008, 0.048	
Index of moderated mediation	-0.006	0.01	-0.039, 0.020	

TABLE 5 Study 3, ANOVA on egalitarian value, controlling for other values.

Egalitarian value as the dependent variable (DV)				
IVs	F(1, 497)	<i>p</i> -Value	$\phantom{aaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaa$	
Perceived inequality	4.55	0.03	0.01	
Social visibility (1=public, −1=private)	0.54	0.46	0.001	
Perceived inequality × Social visibility	0.20	0.66	< 0.001	
Hedonic value	24.94	< 0.001	0.05	
Utilitarian value	34.97	< 0.001	0.07	
Economic value	20.42	< 0.001	0.03	
Status signaling value	1.68	0.20	0.003	

TABLE 6 Study 3, Parallel mediation analysis on purchase intentions (PROCESS Model 4).

Regressions on each value, using perceived inequality as the

Status signaling value

. ...

independent variable (IV)						
DVs	b	SE	t(503)	p-Value		
Egalitarian value	0.12	0.05	2.33	0.02		
Hedonic value	0.11	0.05	2.09	0.04		
Utilitarian value	0.04	0.04	0.84	0.40		
Economic value	-0.07	0.06	-1.08	0.28		

0.13

0.06

1.98

0.05

Regression on purchase preference (as DV) IVs SE t(498)p-Value Perceived inequality 0.04 0.07 0.60 0.55 Egalitarian value 0.39 0.07 5.77 < 0.001 Hedonic value < 0.001 0.45 0.076.04 Utilitarian value 0.23 0.08 2.82 0.005 Economic value 0.17 0.06 2.70 0.007 0.02 0.07 0.78 Status signaling value 0.28

Indirect effects, using all values as parallel mediators					
b	SE	95% CI			
0.10	0.05	0.010, 0.195			
0.05	0.02	0.007, 0.104			
0.05	0.03	0.002, 0.102			
0.01	0.01	-0.011, 0.040			
-0.01	0.01	-0.041,0.010			
0.002	0.01	-0.016, 0.023			
	b 0.10 0.05 0.05 0.01 -0.01	b SE 0.10 0.05 0.05 0.02 0.05 0.03 0.01 0.01 -0.01 0.01			

and status values, and their purchase intentions for the respective handbag. Eight participants failed the attention check, leaving N=404 for analysis ($M_{\rm age}$ =41.26, ${\rm SD}_{\rm age}$ =12.87).

Results and discussion

We regressed egalitarian value on product type (1=counterfeit-luxury, -1=non-luxury), perceived inequality (standardized), and their interaction, with other values as covariates. We found an interaction (b=0.15, SE=0.05, t(396)=2.91, p=0.004), a product-type main effect (b=0.26, SE=0.05, t(396)=4.79, p<0.001), but no perceived-inequality main effect (b=0.08, SE=0.05, t(396)=1.48, p=0.14; Figure 4). Slope effect analyses showed that perceived inequality increased the egalitarian value of a counterfeit-luxury handbag (b=0.23, SE=0.08, t(396)=3.07, p=0.002), but not that of a non-luxury handbag (b=0.08, SE=0.07, t(396)=-1.01, t=0.31).

A moderated mediation analysis using egalitarian value as the mediator, keeping other values as covariates, yielded a significant result (PROCESS Model 7, bootstrapped sample=5000, 95% CI=[0.036, 0.245]). Egalitarian value mediated the positive effect of perceived inequality on purchase intentions for a counterfeit-luxury handbag (95% CI=[0.037, 0.174]), but not for a non-luxury handbag (95% CI=[-0.111, 0.040]; Table 3). This moderated mediation was replicated when entering all values as parallel mediators (95% CI=[0.002, 0.256]; Table 4).

We predicted perceived inequality to increase purchase of the counterfeit-luxury but made *no* prediction

TABLE 7 Study 4, Moderated parallel mediation analyses (PROCESS Model 15).

Regressions on each value, using perceived inequality as the independent variable (IV)					
DVs	b	SE	t(973)	<i>p</i> -Value	
Egalitarian value	0.29	0.04	6.62	< 0.001	
Hedonic value	0.20	0.05	4.28	< 0.001	
Utilitarian value	0.23	0.05	4.86	< 0.001	
Economic value	-0.04	0.05	-0.80	0.42	
Status signaling value	0.01	0.05	0.27	0.79	

Regression on purchase preference as DV, using SDO as the moderat	Regression o	n purchase preferenc	e as DV, using S	SDO 2	as the moderato
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IVs	b	SE	t(961)	p-Value
Perceived inequality	0.04	0.05	0.66	0.51
Egalitarian value	0.38	0.05	7.73	< 0.001
Hedonic value	0.37	0.05	7.06	< 0.001
Utilitarian value	0.43	0.05	8.23	< 0.001
Economic value	0.17	0.05	3.32	< 0.001
Status signaling value	-0.04	0.05	-0.75	0.46
Social dominance orientation (SDO)	-0.40	0.41	-0.99	0.32
Inequality × SDO	-0.05	0.05	-0.92	0.36
Egalitarian value × SDO	-0.11	0.04	-2.48	0.01
Hedonic value × SDO	0.04	0.05	0.80	0.42
Utilitarian value × SDO	0.01	0.04	0.24	0.82
Economic value × SDO	0.09	0.05	1.81	0.07
Status signaling value × SDO	0.04	0.05	0.84	0.40

Conditional indirect effects with each value as the mediator

Mediator	Moderated mediation index	SE	95% CI
Egalitarian value	-0.033	0.02	-0.066, -0.004
Hedonic value	0.008	0.01	-0.019, 0.035
Utilitarian value	0.003	0.01	-0.025, 0.030
Economic value	-0.003	0.001	-0.015, 0.005
Status signaling value	0.001	0.003	-0.006, 0.009

on how it would affect purchase of the non-luxury. A regression on purchase intentions yielded main effects of product-type (b=-0.20, SE=0.08, t(400)=-2.33, p=0.02) and perceived inequality (b=0.22, SE=0.08, t(400)=2.65, p=0.01), but no interaction (b=0.04, SE=0.08, t(400)=0.53, p=0.6), suggesting perceived inequality also increased purchase of the non-luxury. However, this effect was not mediated by egalitarian value.

Study 2 clarifies the process through which egalitarian value emerges. Perceived inequality increased the egalitarian value of counterfeit-luxury bags, but not that of similarly priced non-luxury bags. These results suggest that egalitarian value emerges *not* from a product's low price, but from its ability to provide access to an otherwise restricted luxury market. To increase the ecological validity of our investigation, we chose to use the websites of the actual vendors selling these products. However, this decision also meant that there were

potentially influential differences in product design and user interface between the two conditions as well. In the study that follows, we use the same product framed differently to ensure that the natural confounds in the design of Study 2 do not drive our effects.

STUDY 3: MANIPULATING INEQUALITY AND PRODUCT VISIBILITY

Study 3 builds on previous studies in two ways. First, we manipulate perceived inequality to establish causality. Second, we address an alternative explanation that counterfeits provide egalitarian value through status seeking that ameliorates income anxiety (Kurt & Gino, 2023; Velandia-Morales et al., 2022; Walasek & Brown, 2015). As consumers have a greater desire for

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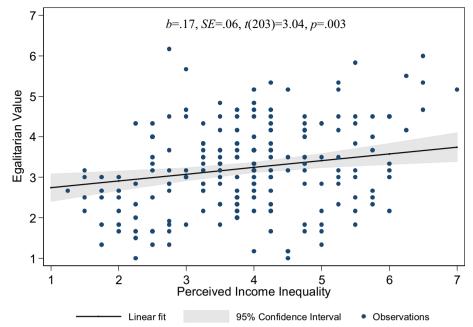


FIGURE 1 Study 1A, Effect of perceived inequality on egalitarian value, controlling for other values as covariates.

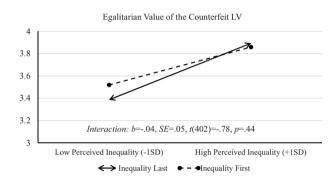


FIGURE 2 Study 1B, Perceived inequality by measurement order interaction on *egalitarian value*, controlling for other values as covariates.

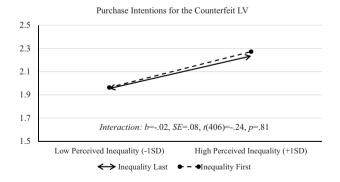


FIGURE 3 Study 1B, Perceived inequality by measurement order interaction on *purchase intentions*.

status goods in public versus private (Dubois et al., 2012; Griskevicius et al., 2010), we manipulate the social visibility of counterfeit-luxury goods through its public versus private use. This manipulation tests whether our

effect is tied to internal ideologies versus a desire for social status.

Methods

Participants (N=628 female Americans, Prime Panel) completed a 2 (inequality cue: inequality, control) by 2 (visibility: public, private) between-subjects study. We recruited female participants based on a pre-tested female preference for Burberry scarves and throw blankets. We manipulated perceived inequality following prior research (Liu et al., 2023): In the *Inequality* [Control] condition participants watched a video about research on income inequality in the U.S. [on brain science]. To manipulate visibility, we varied how a good was described. In the *Private* condition, participants imagined shopping for a throw-blanket to use at home, where public attention is low. In the Public condition, participants imagined shopping for a scarf to use during social outings, where public attention is heightened. Participants in both conditions viewed the same image of a counterfeit and a legitimate Burberry throw-blanket/scarf displayed side by side.

Participants rated the counterfeit and legitimate Burberry on their relative egalitarian, hedonic, utilitarian, economic, and status values, (1=More representative of the original, 7=More representative of the replica) and reported their purchase preference (1=Definitely the original Burberry, 7=Definitely the replica Burberry). Finally, they completed comprehension and manipulation checks for the visibility manipulation, and demographic information, including subjective SES (Adler et al., 2000; MDA-II). As pre-registered, we excluded

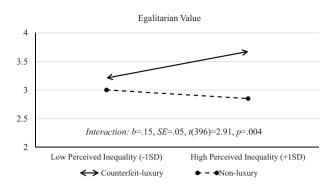


FIGURE 4 Study 2, Product type by perceived inequality interaction on egalitarian value, controlling for other values as covariates.

those who failed the inequality cue comprehension check (n=32) or visibility comprehension check (n=91), leaving N=505 responses ($M_{age}=43.89$, $SD_{age}=16.88$) for analyses.

Results and discussion

Both manipulations were successful. Perceived inequality was reported higher in the inequality (vs. control) condition ($M_{\text{inequality}} = 6.00$, SD_{inequality} = 1.35, $M_{\text{control}} = 5.11$, SD_{control} = 1.48, F(1, 501) = 49.05, p < 0.001, $\eta_p^2 = 0.09$), and not affected by the visibility manipulation (main effect p=0.95, interaction p=0.7). The product was perceived to be used in more public settings in the public (vs. private) condition $(M_{\text{public}} = 6.19, \text{ SD}_{\text{public}} = 1.44, M_{\text{private}} = 2.43, \text{SD}_{\text{private}} = 1.76, F(1, 501) = 698.07, p < 0.001, \eta_p^2 = 0.58), \text{ and}$ not affected by the inequality cue manipulation (main effect p=0.8, interaction p=0.6).

An ANOVA on egalitarian value using inequality cue and social visibility as factors yielded a main effect of inequality cue ($M_{\text{inequality}} = 5.13$, SD_{inequality} = 1.23, $M_{\text{control}} = 4.88$, SD_{control} = 1.17, F(1, 501) = 5.27, p = 0.02), but no main effect of visibility (F(1, 501) = 0.01, p = 0.92), or interaction (F(1, 501) = 0.06, p = 0.81). These results hold when controlling for the other values (Table 5).

An ANOVA on purchase preference using the same factors revealed a marginal effect of inequality cue $(M_{\text{inequality}} = 5.76, \text{ SD}_{\text{inequality}} = 1.83, M_{\text{control}} = 5.47, \text{ SD}_{\text{control}} = 1.97, F(1, 501) = 2.90, p = 0.09), but no main ef$ fect of visibility (F(1, 501)=0.20, p=0.66) or interaction (F(1, 501)=0.38, p=0.54). Mediation analyses found that egalitarian value mediated the effect of perceived inequality on purchase preferences (PROCESS Model 4, Bootstrapped Sample=5000), both when controlling the other values as covariates (95% CI=[0.006, 0.087]), and including all values as parallel mediators (95% CI=[0.007, 0.104]; Table 6).

By manipulating perceived inequality, Study 3 offers causal evidence linking perceived inequality to the egalitarian value of and purchase preference for counterfeit luxury goods. These effects hold whether the counterfeit

luxury good is used in public or private, suggesting that the egalitarian value operates through the psychological value of counterfeit luxury goods undermining exclusionary markets, rather than through consumers' motivation to signal social status. Moreover, a supplementary analysis of the interaction between perceived inequality and SES in predicting egalitarian value was insignificant, p=0.58 (MDA-IV) where the effect holds across levels of SES, discounting the role that SES might play in these effects.

STUDY 4: SOCIAL DOMINANCE ORIENTATION

Study 4 examines the moderating effect of consumers' social dominance orientation (SDO). As noted in the introduction, we predict consumers' beliefs regarding the desirability and feasibility of equality in society ultimately influence their decision to buy counterfeit goods to make the world feel more equal.

Methods

Participants (N=1029 Americans, Prime Panel) completed a 2 (inequality cue: inequality, control) by SDO (measured) between-subjects study. They completed the same perceived inequality manipulation, comprehension check, and manipulation check as in Study 3. Next, participants viewed photos of a legitimate iPhone and a GooPhone – a counterfeit phone that copies the design and look of an iPhone at a reduced cost. They reported the egalitarian, hedonic, utilitarian, economic, and status values of the GooPhone relative to the iPhone and their preference for purchasing a GooPhone over an iPhone. Participants also completed demographic information, an attention check, and a measure of SDO (Sidanius et al., 2000; α =0.89). We excluded respondents who failed the attention check (n=31) or comprehension check (n=21), leaving N=975respondents (58.2% females, $M_{age} = 61.42$, $SD_{age} = 15.85$) for analyses.

Results

The manipulation of inequality was successful. Perceived income inequality was reported higher in the inequality (vs. control) condition ($M_{\text{inequality}} = 6.21$, SD_{inequality} = 1.28, $M_{\text{control}} = 5.04$, SD_{control} = 1.53, F(1, 974) = 167.62, p < 0.001, $\eta_p^2 = 0.15$). The manipulation had no effect on SDO (p=0.97), allowing us to test SDO as a moderator.

We conducted a moderated mediation analysis model (PROCESS Model 15), using inequality cues as the independent variable (1=Inequality, -1=Control), purchase preference as the dependent variable, egalitarian value

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as the mediator, and SDO as the moderator (i.e., moderating both b-path, the link between egalitarian value and purchase preference, and c-path, the link between perceived inequality and purchase preference). We entered the other values as parallel mediators.

Regression analyses in the model revealed predicted results: First, perceived inequality increased egalitarian value (b=0.29, SE=0.04, t(973)=6.62, p<0.001). Second, the egalitarian value interacted with SDO to affect purchase preferences (b=-0.11, SE=0.04, t(973)=-2.48, p=0.01; Figure 5). As predicted, the effect of egalitarian value on purchase preference was stronger among those with low (-1SD) SDO (b=0.49, SE=0.06, t(961)=7.63, p<0.001), compared to those with high (+1SD) SDO (b=0.27, SE=0.07, t(961)=3.85, p<0.001).

Furthermore, using egalitarian value as the mediator, we found a moderated mediation effect (bootstrapped sample=5000, 95% CI=[-0.066, -0.004]). The mediating effect of egalitarian value was stronger among low-SDO consumers (b=0.14, SE=0.03, 95% CI=[0.088, 0.206]) than high-SDO consumers (b=0.08, SE=0.02, 95% CI=[0.034, 0.130]). No other moderated mediation effects were found with other values as mediators (see Tables 7 and 8 for details).

An alternative moderated mediation analysis using income as moderator did not produce significant results (95% CI=[-0.045, 0.015]; MDA-IV). Thus, the effect of egalitarian value on purchase holds across individuals' economic status. Income and SDO did not correlate (r=0.04, p=0.24), validating their conceptual and empirical distinctions.

Discussion

Study 4 identifies a moderating effect of SDO: the egalitarian value of the counterfeit had stronger effects in driving purchases among consumers with lower SDO (i.e., desire equality in hierarchies). This suggests that the psychological driver of our effects reflects ideologies related to social equality. Moreover, finding that SDO, but not income, moderated our effects further supports that egalitarian value reflects a counterfeit's perceived ability to adjust the structure of social hierarchies, rather than its ability to inflate users' status.

GENERAL DISCUSSION

This research presents a novel link between income inequality and counterfeit luxury goods, driven by the egalitarian value of counterfeits. We rule out alternative accounts, such as price (Study 2) and status motives (Study 3) and demonstrate that egalitarian value arises regardless of consumers' income/SES (DMA-IV). These findings contribute to several streams of literature, offering theoretical and empirical directions for future inquiry.

Contributions

First, we contribute to research on counterfeit luxury goods by demonstrating that, beyond traditional values of luxury and counterfeit goods (i.e., hedonic, utilitarian, economic, and status values), counterfeit luxury goods carry a distinct egalitarian value that functions to address inequality. Although earlier work pointed to the social-adjustive function of counterfeit luxury goods in facilitating status gain (Wilcox et al., 2009), we contribute to this literature by showing how counterfeit luxury goods may undermine (vs. affirm) existing social structures (Schmitt et al., 2022), leveling the playing field for consumers.

Second, we contribute to the income inequality literature by identifying a novel consumption consequence. Whereas perceived inequality has been shown to increase genuine luxury consumption through various status motivations (Jaikumar & Sarin, 2015; Kurt & Gino, 2023; Ordabayeva & Chandon, 2011; Sharma & Alter, 2012; Velandia-Morales et al., 2022), we show that it also increases consumption of counterfeit luxury goods. Importantly, this effect is *not* driven by status seeking motives, but by motives to restore social equality. These findings contribute to the understanding of how consumers react to income inequality by using consumption to ostensibly shape social conditions.

Relatedly, our findings suggest that "illegitimate" goods, such as counterfeits, may serve social, political, or moral purposes (Koos, 2012; Rössel & Schenk, 2018). Both theoretical (Schmitt et al., 2022) and empirical (Kozinets & Handelman, 2004) work have examined the macro and sociological conditions that contribute to consumer efforts to undermine existing institutions. However, scholarship has only begun to understand how micro-level consumption accomplishes these goals. Contributing to this literature, our findings suggest that counterfeits may serve as a means of rejecting and resisting the existing exclusionary institutions (Bourdieu, 1998).

Implications and future directions

The present findings suggest that perceived inequality increases counterfeit purchases through the egalitarian value of counterfeits, independently of other values. Of course, egalitarian motives are not the sole reason that consumers purchase counterfeits. Research shows that consumers also purchase counterfeits for status reasons (Wilcox et al., 2009) and that income inequality increases status seeking (Walasek & Brown, 2015). Thus, there are likely situations where consumers—possibly those prone to social comparisons (Gibbons & Buunk, 1999) or those with social-adjustive motives (Wilcox et al., 2009)—may purchase counterfeits for their status value, such that multiple values may influence consumption. In addition, consumers may purchase counterfeits to fit in with

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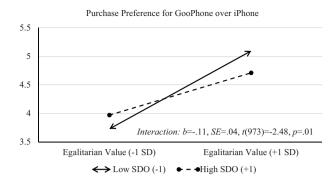


FIGURE 5 Study 4, Egalitarian value by perceived inequality interaction on purchase preference (in PROCESS Model 15).

TABLE 8 Study 4, Direct effects on purchase preference (without mediators in the model)

Regressing on purchase preference, using perceived inequality and
SDO as IVs (SDO moderating the IV-DV link, without mediator)

IVs	b	SE	t(971)	p-Value		
Perceived inequality	0.31	0.07	4.58	< 0.001		
SDO (standardized)	-0.23	0.07	-3.39	0.001		
Inequality \times SDO	-0.12	0.07	-1.82	0.07		
Spotlight effects of perceived inequality on purchase preference						
Low SDO (-1 SD)	1.27	0.08	16.24	< 0.001		
High SDO (+1 SD)	1.08	0.08	13.58	< 0.001		

Note: Perceived inequality increased purchase preference for counterfeits for both high and low SDO consumers, but the positive effect is stronger among those with higher SDO.

a desired social group—to indicate "belonging" to certain wealth or status-oriented groups. Future research is needed to understand the contextual and personal factors that explain when and why consumers are more likely to use counterfeits for status versus egalitarian motives.

Furthermore, we focus on *perceived* income inequality and complement our findings with secondary data from Google Search Trends and objectively measured inequality (MDA-I). Future research should investigate the evolution of inequality and the rise of counterfeits. It is possible that the existence of counterfeit luxury goods motivates luxury brands to protectively restrict access to products, ironically increasing market inequalities in ways that perpetuate the presence of counterfeits. For example, Rolex is known for creating "wait lists" that make buyers demonstrate loyalty before being able to purchase new or popular watches: an enforced exclusivity that might explain the abundance of counterfeits.

Finally, future research should investigate the psychological process through which consumers construct the egalitarian value of counterfeit luxury goods. Indeed, rather than genuinely using counterfeits to address inequality, consumers might "construct" egalitarian value as an unconscious way to justify their counterfeit purchase (Bian et al., 2016). Understanding the origin, support for,

and delimitations of these beliefs will help businesses and governments address the rise of counterfeit goods.

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DATA AVAILABILITY STATEMENT

The data for this paper are publicly available on the Open Science Framework (OSF): https://osf.io/wypb6/? view only=19ea1b5cbe124fe282c697956b7c4f32.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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