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Paradox and Market Renewal: Knockoffs and Counterfeits as Doppelgänger Brand

Images of Luxury★

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Abstract

Purpose – This study continues the emerging stream of literature that has found knockoffs and counterfeits to be unobtrusive or even beneficial to luxury companies by analyzing how they produce paradoxes of meaning and contribute to the renewal of luxury markets. This is done by exploring them as doppelgänger brand images that reappropriate brand imagery for their own purposes.

Design/methodology/approach – This is a conceptual paper that focuses on the role of knockoffs and counterfeits in the renewal of luxury markets.

Findings – The findings highlight how knockoffs and counterfeits can contribute to the emergence and cyclical diffusion of luxury. As luxury offerings are introduced to the market, knockoffs and counterfeits accelerate the snob effect, aid in anchoring trends, and contribute to induced obsolescence. During diffusion, knockoffs and counterfeits can strengthen aspiration, bandwagon, and herding effects. In doing so, knockoffs and counterfeits create a paradox as they simultaneously legitimize the idea of the ‘authenticity’ of genuine offerings through their presence in the market and create cyclical demand for novel offerings by undermining the authenticity claims of existing luxury offerings. Thus, knockoffs and counterfeits can be understood as a paradox of luxury markets that contributes to the market cyclicity not despite but because of this paradoxical interplay.

Originality/value – While research on knockoffs and counterfeiting is plentiful in the field of marketing, this is among the few studies that analyze how these offerings contribute to luxury markets and their renewal.

Keywords: authenticity; brand image; counterfeit; doppelgänger; luxury; paradox

Article classification: Conceptual paper

★ This is a fully co-authored paper; the authors are listed in alphabetical order

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Paradox and Market Renewal: Knockoffs and Counterfeits as Doppelgänger Brand

Images of Luxury

1. Introduction

“Fashion is the ecstasy of the beautiful: the pure and empty form of a spiraling aesthetics. Simulation is the ecstasy of the real” (Baudrillard, 1988, p. 187)

In marketing literature, consumer markets are generally seen to consist of customer and brand interactions that provide value for the consumer in the form of experiences with products and services that are perceived to offer ‘authenticity’ (e.g. Grayson and Martinec, 2004; Hartmann and Ostberg, 2013). These relations are particularly salient in the luxury markets where intangible associations, such as prestige and cultural desirability play a prominent role (Kapferer and Bastien, 2009; Keller, 2009; Li *et al.*, 2014; Vigneron and Johnson, 2004). While the global luxury industry has grown rapidly during the past years (D’Arpizio *et al.*, 2014), there has been a parallel proliferation of the market for knockoffs that copy features of original goods (Commuri, 2009; Hemphill and Suk, 2009a; Raustiala and Sprigman, 2006) and counterfeit luxury offerings that directly replicate original goods (Grossman and Shapiro, 1988; Lai and Zaichkowsky, 1999; Le Roux *et al.*, 2016).

Until recently, majority of studies in luxury marketing have taken a strictly polarized and rather normative stance towards product imitation, labeling it in all its forms as a threat that is strictly unethical and illegal (e.g. Poddar *et al.*, 2012; Wilcox *et al.*, 2009). However, there is a growing body of literature that has started to problematize this view. A number of studies have shown how the creation of knockoffs and counterfeits is a widespread practice within the luxury and fashion industries themselves (Barnett, 2005; Hemphill and Suk, 2009a; Raustiala and Sprigman, 2006) and how this phenomenon can even benefit luxury companies (Romani *et al.*, 2012). Similarly, several studies have shown how consumers do not tend to view

counterfeit consumption as an ethical issue (e.g. Belk *et al.*, 2005; also Pang, 2008), how they can enjoy counterfeit consumption (Gistri *et al.*, 2009; Key *et al.*, 2013), and how they justify it to themselves (Eckhardt *et al.*, 2010). Consequently, the existence of knockoffs and counterfeits has increasingly become an implicitly accepted part of luxury markets (Hilton *et al.*, 2004; Raustiala and Sprigman, 2006; also Yang, 2014).

Building on this emerging stream of research, the goal of this conceptual study is to explore how knockoffs and counterfeits produce symbolical paradoxes that reproduce brand images that legitimize the ‘authenticity’ claims of the genuine offerings and contribute to the renewal and growth of luxury markets. Our perspective draws from consumer semiotics (e.g. Grayson and Martinec, 2004; Mick, 1986), and thus the market is analyzed as an interplay of branded signs that together form the luxury market as a system of signification, one where each branded sign only makes sense in its cultural context and in relation to each other (Baudrillard, 1998). Specifically, we highlight these market dynamics by focusing on *luxury fashion* (Fionda and Moore, 2009) and *loud luxury* (Kapferer, 2005) as illustrative cases of luxury markets that are guided by strong symbolic meanings, and a systemic code of how the market is signified (Baudrillard, 1998; also Juggessur and Cohen, 2009).

To problematize the strong distinction between the genuine and the imitation, we draw from the literature on *doppelgänger brand images*; significations in the market that both subvert and appropriate extant signs and recirculate them in escalating ways. This literature has already theorized how the reappropriation of brand imagery contributes to market emergence (Giesler, 2012) and how it can be used as a diagnostic tool to reveal latent brand image problems (Thompson *et al.*, 2006). We focus our analysis on how knockoffs and counterfeits, as particular forms of *doppelgänger brand image*, add to the paradoxical semiotics of luxury that can expedite consumers’ desire for the novel and the cyclicity of the market.

We make three conceptual contributions to spark debate and inspire future research. First,

we extend the idea of doppelgänger brand images to encompass luxury markets. This provides a unifying concept under which the relationship between the genuine and the imitation can be analyzed. Second, we outline six ways in which the doppelgänger brand images can contribute to the legitimization, emergence, and diffusion of luxury by accelerating the cyclicity of the market. Third, we argue that the luxury market requires the existence of doppelgänger brand images to reproduce its paradoxical semiotic that expedites its cyclical velocity (also Mick and Fournier, 1998). We suggest that doppelgänger brand images constitute a paradox of luxury marketing that simultaneously enables the *very possibility* of the ‘authenticity’ of genuine market offerings and destroys the authenticity claim of *any specific branded luxury item*. Knockoff and counterfeit offerings thus add to the already paradoxical semiotics of the luxury market that maintains its rapid cyclicity *because not despite* its incoherencies.

2. Background

2.1 Luxury Markets and their Paradoxes

Thorstein Veblen (1899/1994) coined the term ‘conspicuous consumption’ to denote consumption of goods that signal social status, enabling elite consumers to distinguish themselves from ‘the masses’. Veblen noted that conspicuous consumption revolves around the creation of luxury designs and items for elite consumers that trickle down to the masses through imitation and mimicry. Elite consumers, in turn, try to find new ways to distinguish themselves from the general populace. While Veblen theorized long before the advent of the modern brand economy, his description of meaningful objects still applies to contemporary ‘costly symbols’ to a great extent (Yuran, 2016), and what he generally saw as the cyclical social process of luxury still drives the renewal of the luxury markets today.

Consumption objects that are considered luxurious at a particular point in time have the ability to signal scarcity and status in social contexts (Commuri, 2009; Dubois and Paternault,

1995; Kapferer and Bastien, 2009; Vigneron and Johnson, 2004). They are usually characterized by tangible factors such as product quality as well as more intangible symbolic qualities of the brand (Fionda and Moore, 2009; Li *et al.*, 2014; Vigneron and Johnson, 2004; Walley *et al.*, 2013). By taking part in the production of these symbols in the market, luxury companies offer consumers opportunities for engaging in social displays of status (Grossman and Shapiro, 1988; Kapferer and Bastien, 2009; Walley *et al.*, 2013). These manifestations of luxury range from subtle inconspicuous items (Eckhardt *et al.*, 2015) to limited edition haute couture, and widely available loud luxury (Kapferer, 2005) characterized by a strong emphasis on brand visibility.

While the basic formulation of what constitutes luxury and how luxury market functions are widely known, many studies have highlighted inherent paradoxes that relate to both of them (e.g. Dubois and Paternault, 1995; Kapferer, 2014a). With regards to luxury products, Beverland (2005) found that luxury wine companies paradoxically relate their products to both history and cutting-edge technology when constructing their brand. In the same vein, Thomas (2007a) noted that luxury products are offered at all price points and to all customers that both undermines and propagates the idea of luxury. On the market level, it has been identified that luxury should maintain its timeless elegance, but become periodically obsolete through fashion cycles (Sproles, 1981). Similarly, it has been suggested luxury companies should increase their brand awareness without hampering scarcity-based purchase intentions (Dubois and Paternault, 1995; Keller, 2009), and that in some countries such as China the ownership of luxury is becoming a social necessity (Kapferer, 2014b). Consequently, some authors have even suggested that luxury brand managers should effectively manage these paradoxes to their benefit (Okonkwo, 2009). Thomas (2007a) also notes that luxury makes paradoxical demands, for it simultaneously signals the need to own a ‘unique’ item, but also that everyone else ‘is

already getting one as well’ – in effect signaling the incessant motion of the fashion cycle and to keep up with its demands of social competition.

It is also notable that culturally-oriented research maintains that to reify ‘authenticity’ as an actually existing market phenomenon or product attribute is misguided, because this would overlook its deeply symbolic and changing nature that is gilded in market significations, legislation of trademarks, and the associations that the consumers and marketers negotiate (see Beverland, 2005; Hartmann and Ostberg, 2013). Thus, we orient our conceptual analysis to follow the tradition of consumer *semiotics* that interests itself on the signs and symbols that construct the desire for consumption through aesthetically mediated meanings (e.g. Cherrier and Murray, 2004; Mick, 1986). From this perspective, the commodity market can only operate relationally by producing images (e.g. of desirable brands and consumption experiences), where all consumable items or experiences form a code via which they communicate and produce distinctions from one another. Our study focuses on how knockoffs and counterfeits are themselves paradoxical semiotic forces. To do so, we next turn to literature on *doppelgänger* brand images.

2.2 *Doppelgänger Brand Images of Luxury*

Creating semiotic market distinctions, especially in the luxury segment, could be described as the paragon of emotional branding (Kapferer and Bastien, 2009; Keller, 2009). These signs highlight relational symbolics for achieving enduring customer relationships built on emotional attachments to brands (Roberts, 2004; also Fournier, 1998). Indeed, it is the very logic of luxury to be meaningful only when it can construct signs of the extraordinary, be it authenticity, uniqueness, heritage or sheer conspicuousness (Beverland, 2006; Commuri, 2009; Dion and Arnould, 2011; Kapferer and Bastien, 2009).

Scholars leaning toward cultural explanations have begun to question the straightforward benefits and applicability of emotional branding practices (Thompson *et al.*, 2006; also Holt, 2002) and the universality of any particular brand communications (Kjeldgaard and Ostberg, 2007). It is now generally understood that brand meanings are not uniform and ‘dictated’ by managerial efforts, but rather constantly negotiated in the market, actively constructed by consumers across cultural and social contexts (e.g. Arsel and Thompson, 2011; Luedicke *et al.*, 2010; Nakassis, 2012; Wherry, 2006). One such interplay of meanings has been theorized to consist of doppelgänger brand images, or “disparaging images and meanings about a brand that circulate throughout popular culture” (Thompson *et al.*, 2006, p. 50). Markets are thus constantly emerging through social process of legitimization (Humphreys, 2010), as brands are constructions whose semiotic veracity and claim to authenticity is prone to constant change (Cherrier and Murray, 2004; Hartmann and Ostberg, 2013; Murray, 2002). In this way, doppelgänger brand images take part in what has been conceptualized the postmodern consumer culture where suspicion, irony and play are salient parts of how market meanings are constructed and circulated (see Jameson, 1991; also Firat and Dholakia, 2006).

The doppelgänger brand image resembles a brand semiotically but communicates an alternative message to what brand managers intended. It can take many forms, for example consisting of consumer or mass media driven parody and delegitimization where it imparts suspicion upon the authenticity of the original meanings associated with the brand (Thompson *et al.*, 2006), the case of ‘Adbusters’ showcasing a pertinent example (Rumbo, 2002). Additionally, from the perspective of market creation, Giesler (2012) broadened the theorizing on doppelgänger brand images to include other stakeholders such as scientists, celebrities, and market competitors.

Doppelgänger brand images are particularly visible in the luxury market where they can manifest as remixes (Hemphill and Suk, 2009b), copies (Hilton *et al.*, 2004), knockoffs

(Commuri, 2009; Lai and Zaichkowsky, 1999; Raustiala and Sprigman, 2006), pirates (Lai and Zaichkowsky, 1999), and counterfeits (Grossman and Shapiro, 1988; Lai and Zaichkowsky, 1999). To understand these different forms of imitation, we follow a number of authors who distinguish between direct copying of original goods and copying certain features of original goods (Commuri, 2009; Lai and Zaichkowsky, 1999; Le Roux *et al.*, 2016; Nakassis, 2012). Herein knockoffs denote the copying of design and appearance of premium goods (Commuri, 2009; Lai and Zaichkowsky, 1999; Le Roux *et al.*, 2016; Raustiala and Sprigman, 2006) and counterfeits refer to the unauthorized copying of original goods where the goods are virtually exact replicas of branded products (Grossman and Shapiro, 1988; Lai and Zaichkowsky, 1999; Le Roux *et al.*, 2016). While counterfeits represent one end of the spectrum, high street garment producers and luxury companies themselves also produce knockoffs of existing luxury products. For instance, H&M and Forever 21 have been frequently sued in the past years for copyright infringements (Hemphill and Suk, 2009a). A similar example can also be given from within the luxury industry as Dolce & Gabbana was recently sued by the Finnish textile design company Marimekko for stealing its signature ‘Unikko’ print^[1]. Thus, the production of doppelgänger brand images is not a clear-cut practice, and neither is it limited to counterfeiters as it encompasses also legitimate actors in the luxury industry.

As the producers of branded luxury attempt to maintain their authenticity claims, even to the point where blatant fabrication of the brand message becomes part of it (see Beverland, 2005), it is becoming increasingly recognized that we are witnessing the blurring of the genuine/imitation binary from both the producer and the consumer perspectives (Hilton *et al.*, 2004; Nakassis, 2012; Pang, 2008). Knockoff and counterfeit offerings do not necessarily signify binary distinctions in the market vis-à-vis genuine offerings, but rather create paradoxical symbols that differentiate and complement (also Gistri *et al.*, 2009; Hilton *et al.*, 2004; Yang, 2014). While constructed in much of the extant literature as a constant threat to

the luxury market, knockoffs and counterfeits semiotically operate as doppelgänger brand images *par excellence* in the unfolding of the luxury market where the distinction between genuine/imitation is increasingly opaque and, as signs, can only be maintained ideologically from a cultural perspective (Baudrillard, 1981; also Yang, 2014). Thus, we next turn to analyze how doppelgänger brand images affect the luxury markets.

3 How the doppelgänger brand images affect the luxury markets

Various studies have argued that knockoffs and counterfeits constitute an implicitly accepted part of the luxury market (Hilton *et al.*, 2004; Raustiala and Sprigman, 2006). To add to this extant work, we ground our argument in how conspicuous consumption of luxurious products revolve around a) the creation of new styles for elite consumers, and b) the efforts of the aspirational ‘masses’ to emulate them for status and symbolic meaning. This can be understood as a process of signaling wealth and status with the goal of moving upwards on the social ladder (Barnett, 2005) that over time both creates and destroys distinction (see Yuran, 2016). In the following, we analyze how the doppelgänger brand images contribute both to the emergence of new luxury goods targeted at elite consumers and to the diffusion of luxury to the masses in the context of luxury fashion and loud luxury. Naturally, both of these tendencies are simultaneously at work in market actualities and their separation here is for nominal purposes only.

3.1 Doppelgänger Brand Images and the Emergence of Luxury

Following Veblen (1899/1994), the emergence of luxury stems from the desire of elite consumers to distinguish themselves from ‘the masses’ through conspicuous consumption, by communicating through ‘costly symbols’ (Yuran, 2016) of consumption. While both luxury consumers and producers drive this cyclical process (Sproles, 1981), doppelgänger brand

images circulating in the market accelerate it. It would seem that the interplay is saliently recognized in the industry itself, and as a case in point, Virgil Abloh, the artistic director of Louis Vuitton, summarized the role of copying in the luxury industry during a 2017 interview:

“You can’t counterfeit something that’s not wanted. So, it’s like the highest achievement that you can get. It’s to make an idea and then someone want to make a copy of it.”^[2]

Apart from the legalese realm of institutionalized trademarks, the legitimacy of the genuine has to be culturally negotiated in a social interplay of producers, media and consumers’ purchasing power each and every day. This ongoing negotiation of market signs is equally driven by the cyclical change produced by the luxury industry in the form of new lines and other brand extensions. Specifically, we claim that by constantly creating marketplace signs, doppelgänger offerings can cyclically accelerate the *snob* effect, help in *anchoring* trends, and contribute to the *induced obsolescence* of luxury products.

The *snob* effect was originally conceptualized as the decrease in the demand for a good as its consumption becomes more widespread (Leibenstein, 1950). It is related to the desire of elite consumers to consume and display signs of exclusivity. Doppelgänger brand images, both as counterfeit replicas and as knockoffs, fuel the snob effect by contributing to a faux availability of the brand images and by obfuscating the genuine offerings’ promises of authenticity. When new luxury goods enter the market, the availability and distribution of these goods is initially controlled by the luxury brands in order to preserve their status conferring benefits (Keller, 2009), allowing elite consumers to acquire and display them in social settings as signs of uniqueness and purchasing power. However, counterfeiters follow suit rapidly (Thomas, 2007b) and high street fashion companies begin to produce knockoffs (Hemphill and Suk, 2009a), which increases the signs of public availability. This directs elite consumers to find new signs of distinction (Commuri, 2009; Vigneron and Johnson, 1999) that manifests as desire and demand for new types of luxury goods (Barnett, 2005).

Luxury industry also depends on fashion cycles as the survival of luxury companies requires reconfiguration of what signals ‘style’ to stimulate demand (Juggessur and Cohen, 2009; Sproles, 1981). This means that distinguishable trends have to emerge in order that they can be subject to replacement. Doppelgänger brand images can contribute to this process in at least two ways that originate from the low-IP (intellectual property) regime regarding product designs, which means that product designs can be copied with few legal consequences (Hemphill and Suk, 2009a, 2009b; Raustiala and Sprigman, 2006). The low-IP regime enables luxury companies to converge upon certain colors and styles to generate and communicate new trends, which has been conceptualized as *anchoring* (Raustiala and Sprigman, 2006, 2012). Doppelgänger brand images contribute to anchoring by mimicking luxury products and in doing so they accelerate fashion trends. While fast fashion companies have a central part in the legitimate process of anchoring, they have also been copiously sued for copyright and trademark infringements due to the production of too close imitations (Hemphill and Suk, 2009a).

As a consequence of anchoring, the production of knockoffs and counterfeits also contributes to the replacement of trends through *induced obsolescence* (Raustiala and Sprigman, 2006, 2012). As fashion designs are intellectual property that is exceedingly difficult to protect through legislative means, their signs can be easily reappropriated (see Wall and Large, 2010; Yang, 2014). This allows designs to be expeditiously copied and diffused, again accelerating the desirability of new trends (Hilton *et al.*, 2004; Raustiala and Sprigman, 2006). For instance, fast fashion companies such as Forever 21 and Zara emulate luxury products in their designs (Hemphill and Suk, 2009a), which contributes to the replacement of trends by increasing the availability of goods that follow that trend. Thus, doppelgänger brand images destabilize original items and stimulate demand for new products and designs that could again

momentarily signify distinction through exclusivity and prestige. Table one depicts how doppelgänger brand images can affect the emergence of new luxuries.

TABLE 1:
The Effects of Doppelgänger Brand Images on the Emergence of Luxury

| Effect | Description | Impact on luxury companies | References |
|----------------------|--|--|--|
| Snob effect | The emergence of knockoffs and counterfeits commodify luxury goods and pushes elite consumers to seek new types of goods to distinguish themselves from the masses | Accelerates the demand for new types of luxury goods | Barnett, 2005 Commuri, 2009 Hemphill and Suk, 2009a Romani <i>et al.</i> , 2012 |
| Anchoring | By emulating luxury product, knockoffs and counterfeits strengthen trends and communicate them to the masses | Accelerates the crystallization of new trends | Hemphill and Suk, 2009a, 2009b Raustiala and Sprigman, 2006, 2009 |
| Induced obsolescence | By copying designs and styles, knockoffs and counterfeits accelerate the fashion cycle by destroying the status value of luxury goods | Accelerates the fashion cycle and by doing so increases the demand for new goods | Juggessur and Cohen, 2009 Raustiala and Sprigman, 2006, 2009 |

3.2 Doppelgänger Brand Images and the Diffusion of Luxury

Another key component of Veblen’s (1899/1994) conceptualization of conspicuous consumption relates to the diffusion of luxury to address the aspirational desires of the greater public. Indeed, while often justified with alibies of usefulness or other rationalistic benefits, consumption of loud luxury can be seen as an active display of distinction to produce signs of social status (Baudrillard, 1981, 1988; also Yuran, 2016). To understand how doppelgänger brand images drive the diffusion of luxury, we synthesize three tendencies of how the semiotics of knockoffs and counterfeits contribute to this process in the market. They are all grounded in the idea that while these brand images contest the authenticity claims of genuine branded

offerings that are available in the market (Giesler, 2012), they simultaneously contribute to the diffusion of luxury by amplifying its communicative reach. Specifically, counterfeit offerings have been noted to influence *aspiration*, *bandwagon*, and *herding* effects.

Knockoffs and counterfeits provide an opportunity for non-elite consumers to produce the signs of a luxurious lifestyle (e.g. Gistri *et al.*, 2009). This type of consumption phenomena has generally been labeled as the *aspiration* effect (Barnett, 2005; Bekir *et al.*, 2013; Shultz and Saporito, 1996). As already noted by Veblen (1899/1994), aspirational non-elite consumers tend to imitate elite consumers. They can do this by consuming knockoffs and counterfeits that generate brand awareness and exposure among other non-elite consumers (Barnett, 2005; Penz and Stöttinger, 2012) at the early stage of diffusion. This increases the perceived value of the luxury products (Barnett, 2005), and also expedites luxury brand awareness among consumers in general (Shultz and Saporito, 1996). Thus, while doppelgänger brand images can distort the image of original luxuries (see Nakassis, 2012), they also increase consumers' general awareness of them.

The aspiration effect can also create lock-in to certain luxury brands (Bian *et al.*, 2016), and it has the propensity to convert counterfeit consumers to consume genuine luxury offerings (Bekir *et al.*, 2013; Shultz and Saporito, 1996). For instance, Gistri and colleagues (2009) show that counterfeit consumers spend substantial time in interacting with the genuine goods to emulate their consumption as closely as possible. Therefore, counterfeits can be a gateway to interaction with the luxury brand that increases the likelihood of buying 'authentic' goods in the future (Ritson, 2007). This has been suggested to be especially pertinent in developing countries where luxury consumption is a recent development (Shultz and Saporito, 1996).

When luxuries become increasingly diffused, doppelgänger brand images can also contribute to a *bandwagon* effect among non-elite consumers. Leibenstein (1950) defined bandwagon effect as the desire of consumers to follow their peers or reference group by

adjusting their consumption decisions accordingly. Counterfeits can contribute to this process because they confer the desirability of certain luxury goods and brands over others, also signaling brand strength (Barnett, 2005; De Castro *et al.*, 2008; El Harbi and Grolleau, 2008). For instance, while Louis Vuitton is probably the most counterfeited luxury label, it still is the world's most valuable luxury brand^[3], not least because it is so widely known and desirable across social classes. Importantly, 'hopping on the bandwagon' has also been shown to manifest in forms of social togetherness involving counterfeit consumption, where 'avid counterfeit enthusiasts' engage with and learn about these offerings (Key *et al.*, 2013). Thus, luxury items in contemporary markets, be they authentic or fake, signify what is generally desired, indeed what is coveted and lusted after.

Finally, the doppelgänger products can contribute to *herding* effect. The mass diffusion of luxury often results in the unwillingness of consumers to depart from the norm, even if it would be advantageous to them (Barnett, 2005; De Castro *et al.*, 2008). In doing so, consumers become unwilling to adopt consumption choices that depart from their peers or reference group. Counterfeits can contribute to such synchronization of consumption desires as they signal to consumers which goods are desirable and appreciated at a certain point in time (De Castro *et al.*, 2008). This creates lock-in to certain luxury products and brands. Gistri and colleagues (2009) present evidence of this in the Italian context by showing how consumers buy counterfeit luxuries in order to conform to social expectations, while simultaneously propagating them.

In the diffusion of luxury, doppelgänger brand images, especially in the form of counterfeits, increase mainstream consumers' awareness of luxuries in the initial stages and later on contribute to bandwagon and herding effects that direct mainstream consumers to buy and consume certain luxury brands. Table two summarizes how counterfeits can affect the diffusion of luxury and simultaneously benefit luxury producers.

TABLE 2:
The Effects of Doppelgänger Brand Images on the Diffusion of Luxury

| Effect | Description | Impact on luxury companies | References |
|--------------------|--|---|--|
| Aspiration effects | Aspirational consumers consume counterfeits to emulate elite consumers and in doing so produce signs of the luxurious lifestyle Counterfeit products can create lock-in to luxury brands and convert their users into consumers of authentic luxuries | Increased brand awareness and perceived value of luxury products Enables conversion of counterfeit consumers to authentic luxury consumers | Barnett, 2005 Bekir <i>et al.</i> , 2013 Gistri <i>et al.</i> , 2009 Penz and Stöttinger, 2012 Shultz and Saporito, 1996 |
| Bandwagon effect | Counterfeits can signal to prospective consumers what are appropriate product choices | Increasing sales of existing products | Barnett, 2005 De Castro <i>et al.</i> , 2008 Gabielli <i>et al.</i> , 2012 |
| Herding effect | Counterfeits can discourage consumers from buying less well known products as they depart from the norm | Increasing sales of existing products | Barnett, 2005 De Castro <i>et al.</i> , 2008 |

4 Discussion and conclusion

At the beginning of this study we set out to explore how knockoffs and counterfeits contribute to the renewal and growth of luxury markets. We began our conceptual analysis with a semiotic perspective that problematizes the stark distinction between genuine luxury offerings and their imitated alternatives that marketing literature tends to maintain (cf. Poddar *et al.*, 2012; Wilcox *et al.*, 2009). While there is increasing recognition of the complexity of these market behaviors within marketing (e.g. Commuri, 2009; Perez *et al.*, 2010; Turunen and Laaksonen 2011), topical literature nevertheless often continues to posit notions such as how “Counterfeits do not merely devalue the brand; they devalue the brand-based meanings and the brand relationships that genuine-item consumers invest in over long period” (Commuri, 2009, p. 96), or even that “luxury brands could emphasize the legal, ethical, and social risks surrounding the consumption of counterfeits as a negative enforcer” (Perez *et al.*, 2010, p. 229). As examples, all of the above suggest that these distinctions go on to rewrite a propensity for the

clear-cut and logically resolvable; they treat counterfeit as an alien threat that can be done away with through better managerial and public policy efforts. Instead, we first discussed the inherent paradoxes related to luxury in consumer markets, and thereafter we conceptualized knockoffs and counterfeits as forms of ‘doppelgänger brand images’ that produce particular market semiotics (in our example, the market of luxury fashion and loud luxury). We then outlined six ways in which the doppelgänger brand images contest the stability of market symbols and thus intensify fashion cycles by redirecting consumers’ desires for new luxury offerings and by simultaneously escalating the widespread diffusion of branded luxury offerings in the entirety of the market. Yet, we contend that there was no semiotic ‘stability’ to begin with, as luxury markets inherently operate by producing paradoxical signs themselves, including simultaneous uniqueness and availability, cutting-edge historical tradition, and accessibility and exclusivity. Thus, the ways in which the doppelgänger brand images upset the semiotic code of the market should not be seen as a simple externality, but rather contributing to the logic of the market itself.

We wish to further the interest in marketing literature that does not simply attempt to naturalize luxury and the genuine/imitation as simply factual distinctions, but rather recognizes their symbolic interplay and how they are constantly negotiated in market cultures. What Nakassis (2012) calls attention to – and that is indeed increasingly recognized in the literature – is that claims of authenticity are increasingly contested in consumers’ market practices (also Hartmann and Ostberg, 2013; Wherry, 2006). It would seem that the notion of luxury itself is increasingly problematic and ambiguous in consumer culture as well, suggesting how market signification of both genuine and imitation constantly circulate and intertwine with each other (see Hartmann and Ostberg, 2013; Rose and Wood, 2005). In short, we argue that within this contested semiotic space, a) the presence of knockoffs and counterfeits both *legitimizes* the very notion of the genuine as a carrier of authenticity claims, and b) simultaneously accelerates

the cyclicity of the luxury market by *undermining* the authenticity claim of any particular luxury product. From this perspective, knockoffs and counterfeits constitute yet another paradox of luxury marketing that, instead of seeking resolution, is an integral part of the luxury market and its renewal. To recognize knockoffs and counterfeits as a form of market-mediated doppelgänger brand images allows for investigating them as an integral semiotic operator in the market rather than an epiphenomenon they are often written to be.

We can further discern three broad dimensions of this paradox that result from the semiotic interplay between knockoffs, counterfeits, and authentic luxury goods. First, knockoffs and counterfeits together with genuine luxury offerings differentiate the luxury marketplace from the marketplace of non-branded goods (Gistri *et al.*, 2009; Turunen and Laaksonen, 2011). So, while doppelgänger brand images impart suspicion on the authenticity of luxury offerings, they simultaneously separate these offerings from non-branded goods.

Second, knockoffs and counterfeits contribute to the consumers' awareness of what signifies luxury. By reappropriation luxury imagery, doppelgänger brand images amplify the communicative reach of luxury brands and by doing so 'advertise' the genuine offerings. In doing so, counterfeiting has been identified as a signal of brand strength (El Harbi and Grolleau, 2008; Ritson, 2007) and by purchasing counterfeits consumers have been argued to partake in the celebration of iconic luxury brands (Kapferer, 2014b).

Third, knockoffs and counterfeits influence the growth and renewal of the luxury market. Specifically, these doppelgänger brand images decrease the value of existing luxury items and consequently fuel demand for new luxury offerings (Commuri, 2009). In this sense, the 'alien' threat and ubiquitous presence creates both the legitimization of the genuine and accelerates consumers' desire for the latest collections and items. Thus, knockoffs and counterfeits can accelerate the destruction of symbolic value that is embedded in the existing signs of luxury and fuel the desire for novelty.

How can luxury companies then manage this complex interplay of meanings? Many of the studies we draw on state that only if luxury companies are able to provide superior quality in comparison to the copied substitutes will they be able to reap the benefits of this phenomenon (Bekir *et al.*, 2013; De Castro *et al.*, 2008; Romani *et al.*, 2012). Interestingly, this is by no means always the case, as the quality of counterfeit offerings can sometimes exceed the offerings of genuine luxury brand offerings (Hilton *et al.*, 2004). It would thus seem that while doppelgänger brand images increase the communicative reach of luxury, the only way to maintain any notion of a tangible distinction between originals and imitations is either a retreat from the most commodified forms luxury or re-establishing consumer relations based on less alienating personal consumer relations, and an orientation on craft production (also Hartmann and Ostberg, 2013).

Simultaneously, the logic of market change through imitation induced by knockoffs and counterfeits enable companies to create brand distinctions between those that are able to innovate and reinvent markets and those who only follow market changes. To stay ahead of those who imitate demands luxury companies to focus on innovation to decrease the market overlap between originals and imitations (De Castro *et al.*, 2008), to focus on first-mover advantages (Raustiala and Sprigman, 2006), and to reap the benefits of providing luxury consumers originality and uniqueness. The capacity to drive the momentary semiotics of the luxury market in new directions can enable luxury companies to stay ahead of the competition, be they fast fashion companies or counterfeiters.

While many aspects of our exploration of the market semiotics of knockoffs and counterfeits has been envisioned in cultural studies (e.g. Nakassis, 2012; Pang, 2008; Yang, 2014), we hope that our conceptual development opens up new avenues for marketing as well. By outlining different ways in which these offerings can contribute to the renewal of luxury markets, we have conducted theoretical groundwork for future empirical studies. In any case,

it would seem that simply maintaining a sharp binary distinction between the genuine and the imitation is decreasingly viable, even if marketing literature often seems to continue doing so. As a point of departure, we have attempted to demonstrate how the relationship between the genuine and the imitation in luxury markets is a paradoxical and readily contested. We suggest that these paradoxical ambiguities that generate market-mediated meanings continue to be often overlooked, even resisted in marketing literature. Building on this, what is currently needed is a deeper understanding of the internal market dynamics through which knockoffs and counterfeits and their paradoxical semiotics can regenerate the luxury market. In this sense the illusory allure of luxury continues its cyclicity not *despite* but to a large extent *because* of the emergent meanings produces in the semiotic interplay of genuine/imitation. As Baudrillard (2007) noted, luxury markets are not driven by stable meanings, but their very excesses where meaning is ‘liquidated’. Its semiotic interplay is rather one of desires that know “nothing of value-systems, nor of criteria of judgement: good and evil, beauty and ugliness, the rational/irrational – it plays within and beyond these; it acts therefore as the subversion of all order” (p. 98).

Notes

¹ <http://www.dw.com/en/marimekko-fights-dolce-gabbana-over-famous-flowers/a-3456651>

² https://www.youtube.com/watch?v=t_c9I8ob5mc

³ <http://www.forbes.com/companies/louis-vuitton/>

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