

Ludovica Cesareo: Research Statement

Luxury goods satisfy unique consumer needs. Whether status, identity signaling, aesthetic pleasure or simply pursuing happiness, luxury goods spark an emotional reaction in consumers. Oftentimes though, consumers who aspire to participate in the world of luxury do not possess the financial means to do so, and they thus turn to counterfeits as a viable alternative. Research has shown that even authentic luxury good owners sometimes turn to counterfeits to satisfy their broad emotional and situational needs. I am interested in luxury good marketing and consumption, as well as in understanding when and why consumers purchase authentic versus counterfeit luxury goods. In my PhD program, I focused on developing a deep perspective on consumer behavior and managerial decision making with respect to counterfeit goods. In my Post-doctoral studies and going forward, I am concentrating on the psychological processes that influence consumer behavior toward authentic and counterfeit luxury products, as well as the integral role emotions play in consumer decision-making and marketing related outcomes.

In my three-year doctoral program at Sapienza, University of Rome, I tackled the ambitious project of summarizing the existing, interdisciplinary literature on counterfeiting and piracy. My comprehensive literature review, which includes 572 articles published in 169 journals across academic disciplines, was published as a monograph with Springer (Cesareo, 2016). Delving into the depths of the topic was an important intellectual learning experience, as it allowed me not only to highlight the limitations of prior research, but also to set forth a research agenda that would expand its boundaries by empirically investigating both consumer behavior with illicit goods and managerial decision-making to tackle the phenomenon.

While the literature has often described the antecedents of attitude and behavior toward illicit trade, scant attention has been given to consumer reaction and acceptance of existing alternatives and remedies to counterfeiting, and to differences that may exist in these areas across countries and cultures. My published research on consumer behavior tackles these questions. I focus on the understudied aspect of consumer reactions to solutions against counterfeiting and piracy, via multi-country analyses of attitudes and behaviors toward the phenomenon. I published this work on consumer behavior, executed through survey and structural equations modeling research, in four peer-reviewed journal articles. Two articles delve into music piracy (Cesareo and Pastore, 2014; Cesareo, Pastore and Ugolini, 2015), highlighting for the first time the role of music piracy in inducing trial for a potential solution to piracy, i.e., subscription-based music services, like Spotify. One article (Chaudhry, Cesareo, and Stumpf, 2014) looks at personal, product-specific, social and situational factors as predictors of movie piracy across five countries, to find that lack of ethical concern and hedonic shopping experiences are the strongest predictors of consumer complicity. The last article (Pastore, Cesaroni and Cesareo, 2016) looks at the influence of cultural factors (Hofstede, 1980) on preference for counterfeit goods, to highlight how individualistic and feminine countries have the most favorable attitudes towards counterfeiting (Pastore, Cesaroni and Cesareo, 2016). Together this work sheds light on consumer complicity with and potential remedies to counterfeiting.

To examine managerial decision-making, I interviewed 18 brand protection and anti-counterfeiting managers at world-renowned luxury brands. Based on my literature review

and their feedback, I created an overarching brand protection, anti-counterfeiting framework to guide managerial strategies and actions against illicit trade. This framework contributed to the existing literature, as it summarized in just four strategies (protection, collaboration, prosecution, in-formation) every managerial solution offered by prior researchers and practitioners against counterfeiting. I published this work in two peer-reviewed journal articles (**Cesareo** and Stöttinger, 2015; Pastore and **Cesareo**, 2014) and three peer-reviewed book chapters (Pastore and **Cesareo**, 2015, 2014; **Cesareo** and Pastore, 2014).

Since arriving at Wharton as a Post-doctoral Fellow, I have endeavored to deepen my work on luxury and counterfeiting, while also expanding it in relevant ways. Notably, I have focused on experimental investigations as a method to deepen the understanding of luxury gained through my prior survey-based research. Together with my Post-doc advisors Patti Williams and Americus Reed, as well as other collaborators, I have developed three research streams. The first builds upon my prior knowledge and work in counterfeiting, and luxury counterfeiting specifically, to understand the antecedents and consequences for luxury brands of consumers' decisions to purchase luxury counterfeit goods. We tackle these ideas through innovative experimental and methodological techniques. In the second, I examine the emotions of awe and pride and their implications for consumer behavior. In the third, we examine the emotional consequences of moral decision-making. Though these latter streams have pushed my research agenda further afield, they are both relevant to my broader interests in luxury and counterfeiting. Awe is a particularly relevant emotion for luxury marketing, as it is often evoked by beautiful and complex stimuli, as luxury products can certainly be, and pride is often the prototypical emotion linked to luxury consumption. Similarly, a decision to purchase a counterfeit versus an original has moral implications.

Luxury and Luxury Counterfeiting

My job market paper, "I'm a Fashionista and I (think) I know it: Fashion Knowledge and the Impact of Counterfeits on Luxury Brands" (**Cesareo** and Bellezza, *submitted to the Journal of Marketing Research*) investigates the role of fashion-knowledge and the impact of counterfeits on original luxury brands. While the role of product knowledge and familiarity in consumption has been previously studied, highlighting how, for example, it influences perceptions of product quality, price and brand extension evaluations, fashion-knowledge and its role in luxury and counterfeit luxury consumption is completely lacking. Fashion-knowledge reflects consumers' self-perceptions or actual savviness in fashion and luxury goods; studying this aspect of consumers' knowledge allows us to understand how domain-specific knowledge influences consumption. In this research, we find that low fashion-knowledge consumers believe counterfeits will more positively impact the original luxury brand; moreover, if they are low fashion-knowledge owners of the luxury original, they hold these beliefs because they feel flattered that their authentic good has been counterfeited, as this reflects the prestige and status of the original brand.

This paper offers counterintuitive insights to the scant literature looking at the effects of counterfeits on authentic luxury brands. Specifically, it contributes theoretically to the luxury literature by highlighting the role of fashion-knowledge and the role of reflected status and prestige in luxury and counterfeit consumption. In addition, it also offers interesting managerial implications, as luxury managers fighting against counterfeiting should focus both on building consumers' fashion-knowledge while also highlighting how a

counterfeit denigrates, rather than boosts, status and prestige of their original. Via communication initiatives that educate consumers on what a luxury brand really is and on how a counterfeit will never convey the same image as an authentic, high knowledge consumers will learn to appreciate the authentic more, likely become advocates of authenticity, and decrease their propensity to purchase luxury counterfeits.

In the working paper, “Can You Spot the Fake? Visual Cues and Suspicion in Luxury Counterfeiting” (**Cesareo, Williams and Meyer**), we investigate consumer schemas regarding authentic vs. counterfeit luxury goods. This project examines the attention, visual and physical inspection patterns consumers bring to bear on goods that are presented as authentic versus counterfeit. Specifically, this research examines the product-based factors that lead consumers to believe an item may or may not be authentic versus counterfeit. Importantly, we employ novel “heat map” techniques to do so: we have consumers inspect, either physically in field/laboratory experiments or digitally in online studies, pairs of handbags framed as either both authentic, counterfeit or one authentic and one counterfeit. After providing their evaluations of the handbags, consumers click on the images of the handbag to illustrate which elements of the bags informed their decision. Based on their click patterns and a region coding scheme created *a priori*, we create heat maps of “hot” regions (e.g., logos, handles, stitching) which drive consumer perceptions of authenticity. In the real world, typical, iconic luxury items are actually the most likely to be counterfeited. However, we find that when consumers are given pairs of products, wherein one is more typical and the other is more atypical (and gaudy), consumers believe the atypical product is more likely to be the counterfeit (and is less appreciated and less liked). Thus, we find that consumers’ lay beliefs of what constitutes a likely counterfeit is very different from what is being counterfeited in reality. Again, this highlights the importance of consumers’ fashion-knowledge, suggesting once again that the lack of an in-depth understanding of luxury and luxury products fosters favorable attitudes towards luxury counterfeits.

Emotions: Awe and Pride

My second research stream explores consumer emotions in consumption, with a specific focus on the emotions of awe and pride.

In the paper “The Unexpected Consequences of Beautiful Products: Sacredness, Awe and Forgiveness” (**Cesareo, Williams, Wu and Cutright**, *in preparation for the Journal of Marketing Research*), we find that beautiful products are perceived to be sacred and evoke feelings of awe, resulting in greater consumer forgiveness for product transgressions. Past literature on company transgressions, and consumers’ reactions to these, has focused on the constructs of consumer-brand relationships and trust as drivers of consumer response to transgressions. The literature on beauty on the other hand, has focused on the predominantly positive halo effect associated with beautiful products (in terms of attitudes, purchase intention and willingness to pay) and consequences for the self (reaffirming one’s core qualities and values). We contribute to these two literatures by highlighting how beautiful products are perceived as complex and non-ordinary, and thus inspire perceptions of sacredness which lead to feelings of awe. These perceptions of sacredness and feelings of awe, evoked by the beautiful products, in turn shift consumers’ orientations toward something greater than the self, leading them to be more forgiving of errors committed by brands.

In the paper “Connections to Brands that Help Others versus Help the Self: The Impact of Awe and Pride on Consumer Relationships with Social-Benefit and Luxury Brands” (**Williams, Verrochi-Coleman, Morales and Cesareo**, *under review, Journal of the Association for Consumer Research, special issue on Brand Relationships, Emotions and the Self*) we examine how consumers form connections with social-benefits versus luxury brands and how incidental emotions influence that process. Specifically, we propose that because incidental awe leads to a smaller sense of self, it increases consumer self-brand connections to brands offering social-benefits (e.g., TOMS, Warby Parker), while decreasing connections to luxury brands (e.g., Louis Vuitton, Gucci). By augmenting one’s sense of self, pride has the opposite effect, decreasing connections to social-benefit brands and increasing connections to luxury brands. We contend that these changes are due to a match (or mismatch) between the self-prominence engendered by awe vs. pride, and the importance of the self in how these brands are positioned in the marketplace. This work contributes to the literature that has suggested a causal link between awe and prosocial behavior by demonstrating that consumers experiencing incidental awe feel more connected to social-benefit brands and less connected to their luxury-positioned counterparts. Furthermore, we contribute to the literature on pride and luxury brands by showing that social-benefit brands provide no added value to consumers experiencing pride, thus documenting another detrimental effect that pride has on consumers. Finally, we contribute to the literature by not only demonstrating divergent effects for awe vs. pride in SBC, but also that by changing consumers’ view of the self, emotions can shift consumer interest in brands that are marketed to emphasize either their commitment to helping others or to improve one’s own standing relative to others.

Altogether, my work aims to provide a better understanding of luxury consumption and the role of emotions in consumer behavior. In helping to uncover the emotional and cognitive motives underlying consumer behavior, especially with luxury and luxury counterfeit goods, I hope to contribute to a world in which both practitioners and policymakers can better understand, and thus serve, the full variety of consumers’ needs.