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ECONOMICS OF LUXURY: COUNTING PROBABILITY OF BUYING COUNTERFEITS OF LUXURY GOODS

Abstract:

According to various economists, a main reason for a so-called demonstrative (conspicuous, ostentatious) consumption is a signaling of economic wealth, i.e. the aim to demonstrate a social status of the individual, or the aim to pretend so. The latter mentioned behavior generates a base for counterfeit (fake) goods consumption that imitates consumption of well-known brands and trademarks. We build a discrete choice model with binary dependent variables, which employs the data from the omnibus research in the Czech Republic and determines a probability of a certain action by certain individuals with common characteristics. Our results indicate that measures age, household income, size of community people live in and opinion about noxiousness of the market with counterfeits influence the probability of counterfeit goods purchase.

Keywords:

Economics of luxury; social status; conspicuous consumption; luxury goods; counterfeits

JEL Classification: C25, D10, D12