

## Authenticity, Quality, and the Risk-Averse Consumer: How Perceived Value Drives Genuine Purchases in Counterfeit Markets

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### ABSTRACT

This study investigates the psychological mechanisms that drive consumers to choose genuine products over cheaper imitations in counterfeit-saturated markets. Grounded in the Stimulus-Organism-Response (SOR) framework and prospect theory, we examine how brand authenticity and perceived quality influence genuine purchase behaviour, with perceived value acting as a mediator and risk aversion as a moderator. Utilizing a quantitative approach, survey data were collected from 412 Indonesian fashion consumers and analysed via Partial Least Squares Structural Equation Modelling (PLS-SEM). The results reveal that brand authenticity and perceived quality significantly enhance genuine purchase intentions, both directly and indirectly through perceived value. Notably, risk aversion asymmetrically moderates these relationships: it amplifies the effect of perceived quality but does not significantly alter the impact of brand authenticity. Accounting for 48.7% of the variance in purchase behaviour, these findings suggest that while quality signals are critical for risk-averse segments, authenticity serves as a universal trust mechanism. The study offers actionable insights for brand managers navigating dual markets where imitation goods compete with legitimate offerings.

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## INTRODUCTION

The global trade in counterfeit goods has evolved from a niche illicit activity into a systemic challenge for legitimate brands, particularly in emerging economies. Recent estimates indicate that counterfeit and pirated goods account for up to 2.5% of global trade, with digital marketplaces accelerating the speed and reach of imitation products (OECD/EUIPO, 2023). In Southeast Asia, rapid digitalisation has outpaced intellectual property enforcement, creating an environment where high-quality imitations are readily available at a fraction of the original price (Wang & Chen, 2023). For consumers in these markets, the decision to purchase a genuine product is no longer a default choice; it requires an active justification of the price premium in the face of functional alternatives.

Despite the economic significance of this phenomenon, consumer behaviour research has historically prioritised understanding why individuals buy counterfeits—focusing on variables such as price sensitivity, social status, and ethical disengagement (Zhang et al., 2023; Li & Wang, 2023). Far fewer studies examine the reciprocal decision: what compels a consumer to reject a cheaper imitation and commit to the genuine article? Existing literature often treats brand attributes like authenticity and quality as direct predictors of purchase, overlooking the cognitive valuation processes that occur between product perception and buying action. Furthermore, the role of individual risk preferences in shaping these decisions remains theoretically underdeveloped. In markets where product failure carries financial and social risks, risk aversion may fundamentally alter how consumers weigh authenticity against quality.

This study addresses these gaps by proposing a moderated-mediation model anchored in the Stimulus-Organism-Response (SOR) framework (Mehrabian & Russell, 1974) and prospect theory (Kahneman & Tversky, 1979). We conceptualise brand authenticity and perceived quality as environmental stimuli that activate internal cognitive-affective evaluations—specifically, perceived value. This value assessment then drives the behavioural response of genuine product purchase. Risk aversion is introduced as a moderator, hypothesised to intensify the consumer's reliance on quality assurances over symbolic authenticity when evaluating potential losses.

The research addresses three primary questions:

1. Do brand authenticity and perceived quality directly influence genuine product purchase behaviour?
2. Does perceived value mediate the relationships between these product attributes and purchase behaviour?
3. Does risk aversion moderate the effects of authenticity and quality on purchase behaviour?

By shifting the analytical lens from counterfeit adoption to genuine purchase drivers, this study contributes to consumer theory by establishing perceived value as a critical mechanism in dual-market decision-making. Additionally, it refines prospect theory's application in retail contexts by demonstrating asymmetric moderation effects. For practitioners, the findings provide a segmented communication strategy, distinguishing between universal trust signals and risk-sensitive quality cues.

## LITERATURE REVIEW

### *SOR Framework and Prospect Theory in Dual Markets*

The SOR paradigm posits that environmental cues (stimuli) trigger internal psychological states (organism), which subsequently generate behavioural outcomes (response). In the context of counterfeit markets, the "stimulus" is not merely the product itself, but the comparison between the genuine item and its imitation. Prospect theory complements this framework by explaining how consumers evaluate choices relative to a reference point. When cheaper imitations are available, the reference price shifts downward, framing the genuine product as a perceived financial loss (price premium). Risk-averse consumers tend to overweight potential losses—such as product failure, social embarrassment, or safety hazards—making them more sensitive to cues that mitigate uncertainty (Li & Wang, 2023). This integration suggests that the organismic evaluation (perceived value) is heavily influenced by the consumer's tolerance for risk.

### *Brand Authenticity and Genuine Purchase Behaviour*

Brand authenticity refers to the extent to which a brand is perceived as genuine, consistent with its heritage, and transparent in its practices (Fritz et al., 2023). Authentic brands convey integrity and craftsmanship that imitations cannot replicate. Empirical studies indicate that authenticity strengthens trust, fosters emotional attachment, and increases willingness to pay premium prices (Liu, 2024). In markets flooded with counterfeits, authenticity serves as a categorical differentiator, signalling that the product carries substantive and symbolic value beyond physical appearance. Consumers often rely on authenticity as a heuristic for legitimacy, reducing the cognitive load required to evaluate complex product attributes..

H<sub>1</sub>: Brand authenticity positively influences genuine product purchase behaviour.

### *Perceived Quality and Genuine Purchase Behaviour*

Perceived quality reflects the consumer's subjective assessment of a product's overall excellence, derived from cues such as materials, construction, and performance consistency (Kim & Park, 2023). While high-quality counterfeits can blur functional distinctions, genuine products typically maintain superior durability and after-sales support. Consumers who perceive a clear quality gap between originals and imitations are more likely to justify the price premium through expected longevity and reliability (Shen et al., 2025). Unlike authenticity, which is symbolic, quality is often evaluated through functional guarantees and performance metrics.

H<sub>2</sub>: Perceived quality positively influences genuine product purchase behaviour.

### *Perceived Value as a Mediator*

Perceived value represents the consumer's holistic evaluation of benefits received relative to sacrifices incurred (Zeithaml, 1988). It encompasses functional, emotional, social, and economic dimensions. Authenticity and quality are product-level cognitions that do not automatically translate into purchase; rather, they inform a value judgment. When consumers perceive that

the net utility of a genuine product outweighs that of cheaper alternatives, purchase likelihood increases. Thus, perceived value serves as the cognitive bridge between brand attributes and behavioural outcomes (Adnan & Huda, 2025).

H<sub>3</sub>: Perceived value positively influences genuine product purchase behaviour.

H<sub>3a</sub>: Perceived value mediates the relationships between (a) brand authenticity and genuine purchase behaviour, and (b) perceived quality and genuine purchase behaviour.

*Risk Aversion as a Moderator*

Risk aversion captures the tendency to avoid uncertain outcomes and prioritise loss minimisation over equivalent gains (Kahneman & Tversky, 1979). In counterfeit contexts, purchasing imitations carries functional and social risks. Highly risk-averse consumers are more likely to scrutinise quality assurances and rely on tangible performance cues before committing to a purchase. Conversely, authenticity operates as a holistic legitimacy signal that inherently reduces perceived risk, making it less susceptible to amplification by individual risk preferences (Goh & Lee, 2024). We posit that risk aversion will specifically strengthen the link between quality and purchase behaviour, as quality cues offer more concrete risk reduction than symbolic authenticity.

H<sub>4</sub>: Risk aversion positively moderates the relationship between brand authenticity and genuine purchase behaviour.

H<sub>5</sub>: Risk aversion positively moderates the relationship between perceived quality and genuine purchase behaviour.

The hypothesised relationships are synthesised in the conceptual framework presented in Figure 1.

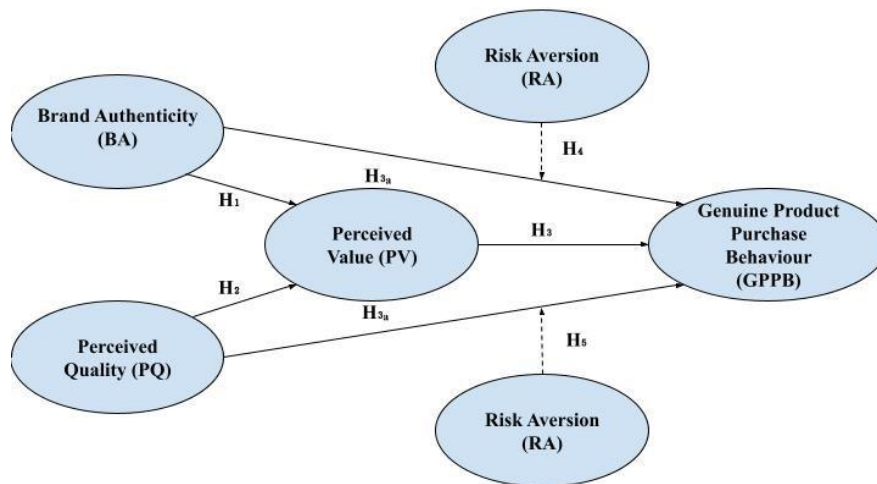


Figure 1. Conceptual Framework

The hypothesised relationships are synthesised in the conceptual framework presented in Figure 1, which outlines the direct, mediated, and moderated pathways linking brand authenticity, perceived quality, and perceived value to genuine purchase behaviour under varying levels of consumer risk aversion.

## **METHODOLOGY**

### *Research Design and Sample*

This study employed a quantitative causal design with cross-sectional data collection. The target population comprised Indonesian consumers aged 18+ who had purchased or considered purchasing fashion products within the past six months and were aware of imitation alternatives. Purposive sampling was conducted via social media platforms and university-affiliated forums from December 2025 to January 2026. After attention checks and incomplete response filtering, 412 valid responses were retained. This sample size exceeds the minimum threshold for PLS-SEM with five predictors and one interaction term (minimum 250 recommended; Hair et al., 2022).

### *Measurement Instruments*

All constructs were measured using validated multi-item scales adapted to the Indonesian context. Items employed a 5-point Likert scale. Back-translation ensured linguistic equivalence. A pilot test ( $n = 35$ ) confirmed internal consistency (Cronbach's  $\alpha > .80$  for all constructs). Brand Authenticity (5 items) and Perceived Quality (5 items) were adapted from Fritz et al. (2023) and Kim and Park (2023). Perceived Value (4 items) followed Li and Wang (2023). Risk Aversion (4 items) and Genuine Purchase Behaviour (5 items) were adapted from established scales in consumer risk and ethical consumption literature.

### *Data Analysis Procedure*

Data were analysed using SmartPLS 4.0 following a two-step PLS-SEM approach. Reliability was assessed via Cronbach's  $\alpha$  and composite reliability ( $CR > .70$ ). Convergent validity required average variance extracted ( $AVE > .50$ ). Discriminant validity was confirmed using the heterotrait-monotrait (HTMT) ratio ( $< .85$ ). Common method bias was mitigated through procedural design and statistically assessed via the unmeasured latent method construct; the method factor loading was non-significant ( $\beta = .04$ ,  $p = .31$ ), indicating minimal bias. Structural paths were tested using 5,000 bootstrap subsamples.

## **RESEARCH RESULT**

### *Respondent Profile*

The final sample ( $N = 412$ ) comprised 58.5% female and 41.5% male respondents. Age distribution: 18-24 years (34.2%), 25-34 years (43.7%), 35-44 years (14.6%), 45+ years (7.5%). Monthly fashion expenditure: <IDR 500k (28.2%), IDR 500k-1 million (41.5%), IDR 1-2 million (21.4%), >IDR 2 million (8.9%). All respondents reported purchasing fashion items within six months; 87.4% had encountered imitation versions of products they considered.

**Table 1 Respondent Demographic Profile**

Variable	Category	n	%
Gender	Female	241	58.5
	Male	171	41.5
Age	18-24	141	34.2
	25-34	180	43.7
	35-44	60	14.6
	45+	31	7.5
Monthly Spending (IDR)	< 500k	116	28.2
	500k-1M	171	41.5
	1M-2M	88	21.4
	> 2M	37	8.9
Counterfeit Exposure	Yes	360	87.4

*Note.* IDR = Indonesian Rupiah. All respondents purchased fashion items within six months prior to survey.

#### *Measurement Model Assessment*

All constructs demonstrated satisfactory reliability and validity. Discriminant validity was confirmed via HTMT values ranging from .42 to .71, well below the .85 threshold.

**Table 2. Reliability and Convergent Validity**

Construct	Cronbach's $\alpha$	CR	AVE
Brand Authenticity (BA)	0.88	0.91	0.67
Perceived Quality (PQ)	0.86	0.89	0.63
Perceived Value (PV)	0.89	0.92	0.71
Risk Aversion (RA)	0.84	0.88	0.65
GPPB	0.87	0.90	0.66

*Note.* All AVE > .50 and CR > .70 meet conventional thresholds.

#### *Structural Model and Hypothesis Testing*

The structural model demonstrated strong explanatory power ( $R^2 = .542$  for PV;  $R^2 = .487$  for GPPB).

**Table 3. Structural Model Results: Path Coefficients and Hypothesis Testing**

Path Relationship	Standardised $\beta$	Hypothesis	Decision
<b>Direct Effects</b>			
Brand Authenticity (BA) → Genuine Purchase Behaviour (GPPB)	0.34	H <sub>1</sub>	Supported
Perceived Quality (PQ) → Genuine Purchase Behaviour (GPPB)	0.31	H <sub>2</sub>	Supported
Perceived Value (PV) → Genuine Purchase Behaviour (GPPB)	0.42	H <sub>3</sub>	Supported
<b>Mediation Paths (H<sub>3a</sub>)</b>			
Brand Authenticity (BA) → Perceived Value (PV)	0.47	H <sub>3a</sub>	Supported
Perceived Quality (PQ) → Perceived Value (PV)	0.44	H <sub>3a</sub>	Supported
<b>Moderation Effects</b>			
Risk Aversion (RA) × BA → Genuine Purchase Behaviour (GPPB)	-0.02	H <sub>4</sub>	Not Supported
Risk Aversion (RA) × PQ → Genuine Purchase Behaviour (GPPB)	0.18	H <sub>5</sub>	Supported

*Note.* N = 412. Bootstrapping = 5,000 subsamples. Significance levels: \*\*\*p < .001.

*Moderation Analysis*

Risk aversion significantly moderated the PQ → GPPB relationship ( $\beta = .18, t = 3.27, p = .001$ ) but not the BA → GPPB relationship ( $\beta = -.02, t = .41, p = .682$ ). Simple slope analysis revealed that the positive effect of perceived quality on genuine purchase behaviour strengthened as risk aversion increased, confirming asymmetric moderation.

**DISCUSSION**

*Interpretation of Key Findings*

This study demonstrates that brand authenticity and perceived quality drive genuine product purchases both directly and indirectly through perceived value. The partial mediation pattern (VAF = 38–42%) suggests that while value appraisal is a central mechanism, authenticity and quality also operate through alternative pathways, such as emotional attachment or habitual loyalty. Notably, risk aversion asymmetrically moderates these relationships: it amplifies the quality–purchase link but leaves the authenticity–purchase link unaffected. This divergence indicates that authenticity functions as a categorical risk-reduction cue, whereas quality operates as a graded functional signal that becomes increasingly salient to risk-averse consumers.

*Theoretical Contributions*

First, the study extends the SOR framework to dual-market consumer decision-making, demonstrating that product-level stimuli activate value-based organismic states that drive behavioural responses. Second, the asymmetric

moderation finding refines prospect theory's application in retail contexts: risk aversion does not uniformly amplify all positive signals but selectively enhances responsiveness to functional quality cues. This aligns with the notion that authenticity already embeds legitimacy and trust, saturating its risk-reduction capacity. Third, the mediation results position perceived value as the critical cognitive bridge between brand/product attributes and purchase behaviour in counterfeit-saturated environments.

#### *Managerial Implications*

Brand managers operating in markets with high counterfeit penetration should adopt a dual-strategy approach. Authenticity-building initiatives (heritage storytelling, transparency reports, third-party certifications) yield consistent returns across consumer segments and should be maintained as foundational brand assets. Quality communication, however, should be strategically segmented: risk-averse consumers respond more strongly to durability testing, warranty guarantees, and total-cost-of-ownership messaging, while risk-tolerant segments may prioritise emotional or social value appeals. Finally, risk aversion can serve as a viable segmentation variable for targeted digital marketing, enabling more efficient allocation of communication resources.

#### *Limitations and Future Research Directions*

Several limitations warrant acknowledgment. The cross-sectional design restricts causal inference; longitudinal or experimental designs would strengthen validity. Self-reported purchase behaviour may be subject to social desirability bias; future studies should incorporate actual transaction data or incentivised choice experiments. The focus on fashion products limits generalisability to categories with different risk profiles (e.g., pharmaceuticals, electronics). Additionally, risk aversion was measured as a stable trait; situational risk priming or contextual manipulation could reveal dynamic moderation effects. Future research could also explore non-linear thresholds, cultural variations in risk perception, and the role of platform governance in shaping value appraisal.

## **CONCLUSIONS AND RECOMMENDATIONS**

In markets where imitation products are ubiquitous and price competition is intense, understanding what drives consumers to choose genuine alternatives is both a theoretical necessity and a strategic imperative. This study demonstrates that brand authenticity and perceived quality significantly influence genuine purchase behaviour, with perceived value serving as a partial mediator. Risk aversion selectively amplifies the impact of perceived quality, highlighting an asymmetric moderation pattern that refines prospect theory's application in consumer contexts. The findings offer an empirically grounded roadmap for brands seeking to navigate counterfeit-saturated environments through targeted value communication, segment-specific messaging, and authenticity-driven trust building. As imitation markets continue to evolve through digital platforms and global supply chain fragmentation, research that

centres the genuine purchase decision will remain critical to sustaining brand equity and consumer welfare.

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