**Louis Vuitton in the bazaar: Negotiating the value of counterfeit goods in Shanghai’s Xiangyang market**

**Abstract:** Much work on counterfeiting takes the perspective of brand holders and focuses on strategies for restricting the infringement of their intellectual property rights (IPR). This article takes a different approach. Based on long-term ethnographic fieldwork in a market bazaar in Shanghai, the article examines the way in which market participants negotiate the value of counterfeit goods. Brand holders attempt to control the valuation of branded goods, which are usually traded in fixed-price markets. Counterfeit goods, on the other hand, are subject to intensive bargaining in Chinese bazaar-type markets. Identifying different types of value that market participants refer to in their attempts to manipulate prices, the article argues that counterfeit goods and their markets create a more active role for both vendors and consumers in negotiating, denaturalising and temporarily re-fixing the value of goods.

**Keywords:** value; counterfeits; IPR; China; bazaar; negotiation.

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# 1 Introduction: Denaturalising value

A fundamental question of everyday life in capitalist economies is: What is the price? The answer to this question sometimes seems clear-cut, with nothing to discuss. In some markets, stakeholders manage to naturalise prices by indexing fixed values of goods to the extent that participants take them for granted. One only has to try to bargain for a *Coca-Cola* in a 7-Eleven store or a handbag in a Louis Vuitton shop to realise the extent of this naturalisation. In other markets, the price and value of goods are matters of debate. Anthropologist Clifford Geertz (1963, 1978) coined the term ‘bazaar economy’ to describe markets in which prices are negotiated through bargaining. The bazaar is a social and cultural system, in which business is strongly affected by relationships and networks Dana (2000). Consumers are not treated equally. Different people pay unlike prices. The price paid and the level of service provided is a function of status and relationships (Dana, 2000; Dana, Etemad and Wright, 2008). The ‘sliding price system’ of the bazaar moves competition between sellers to competition between a seller and a buyer (Geertz, 1963). This endows both vendors and consumers with a higher degree of agency than is available in most fixed-price markets. In contemporary capitalism, stakeholders often attempt to create a fixed-price market for branded goods, shrouded in advertising and legal protection. Conversely, counterfeit goods are usually sold in bazaar-type markets. Both the sliding price system of the bazaar and counterfeit goods’ deviation from morally saturated legal and commercial standards serve to legitimise the high prices of branded goods and to intensify reflections and negotiations between vendors and consumers that denaturalise value and price.

This article discusses how the value and price of counterfeit goods are negotiated in a bazaar-type market that developed symbiotically with fixed-price markets for branded goods following Chinese market reforms. The Xiangyang Clothing and Gift Market (henceforth ‘the Xiangyang market’) was a bustling outdoor bazaar in central Shanghai that, from its opening in 2000 to its closure in 2006, offered a variety of counterfeit branded goods ranging from DVDs to Louis Vuitton bags. ‘Counterfeit’ here refers to an infringement of intellectual property rights (IPR) through the copying or imitation of brands (trademarks), industrial inventions (patents) or creative work (copyrights) without authorisation from the authors or inventors. Although the official rationale for the closure of the Xiangyang market was the IPR protection of – especially – Western companies, four new counterfeit markets opened in different locations in Shanghai immediately following the Xiangyang market’s closure. At least two of these markets were still hosting a very active counterfeit business as of 2015. While primarily based on ethnographic data from the Xiangyang market, our discussion of value negotiations pertains more widely to counterfeit branded goods, which, in many accounts, became more or less synonymous with reform-era Chinese capitalism at the turn of the millennium (see, e.g., Pang, 2008).

Some scholars of IPR have examined consumer attitudes towards counterfeiting (e.g. Gentry, Putrevu and Shultz II, 2006; Penz and Stöttinger, 2008). Most work, however, has taken the perspective of IPR holders, focusing on their policies and strategies (e.g. Maskus, 2000; Yang, Fryxell and Sie, 2008). Counterfeiting, and the more generic term ‘piracy’, is often posited in moralistic terms. Roth (2014, p. 400) argues for a ‘dismoralised view on piracy’, suggesting that the concepts of entrepreneurship and piracy ‘can hardly be distinguished as soon as we hustle them from their moral burdens’. Pirate entrepreneurs are often active in developing new technological, business and social innovations (Kaivo-oja, 2014). Product piracy can further be found to ‘have positive effects even for the victims […] whenever the copy of a product multiplies the publicity and value of the original’ (Roth, 2014, p. 401). Rather than constituting a subversive negation of the genuine branded good, the counterfeit can be considered an ostracised but mutually constitutive reverse, or, as Nakassis (2013) suggests, ‘surfeit’ of it. Branded foreign goods did not emerge on a large scale in China until the initiation of market reforms. At this point, counterfeit goods emerged more or less simultaneously as affordable alternatives; this taught aspiring Chinese consumers about the connotations of different foreign brands and cultivated their aspiration to consume brands in order to communicate social status in China’s stratifying society. Our goal is not to condemn IPR violations in China or to devise strategies for IPR holders. By including perspectives from nodes of supply, exchange and demand, this article rather seeks to expose variations in the way in which different market participants negotiate the value and price of counterfeit goods in China.

Dana and Dana (2005) argued that the holistic-inductive qualitative methodology, common in anthropology and sociology, also could be applied in studies of entrepreneurship. The ethnographic method is based upon flexible, exploratory research strategies that evolve through interaction with informants and take into account their local standards and environment. The data for this article is based primarily on research from 2005 to 2006, during which time we followed and interviewed shop owners, vendors and customers in and around the Xiangyang market. Møller conducted a total of nine months of anthropological fieldwork at the Xiangyang market in 2005–2006, one year of follow-up research in two new counterfeit markets in Shanghai in 2008–2009 (see Møller, 2010) and interviews with counterfeit good vendors in 2013. The long-term fieldwork strategy illuminated a pragmatic approach to IPR among Chinese officials over time, and enabled changes in information about the value and price of counterfeit goods, as vendors gradually ceased to perceive the researcher as a potential customer. We further conducted three surveys at the Xiangyang market among 75 Chinese shop owners, assistants and middlemen, 70 customers (68 of whom were foreigners) and 24 Chinese hawkers, respectively. The surveys exposed some correspondence between moral perceptions of counterfeit goods and the background, positions and experiences of market participants (ibid). Finally, we bought a counterfeit Louis Vuitton bag, which we brought to different settings in Shanghai and the counterfeit production bases around Guangzhou in southern China to learn about contextual variations in the construction of value and the price of counterfeit goods in nodes of supply, exchange and demand.

In what follows, we first discuss some theories of value and argue for a consideration of interactive negotiations of value. In section 3, we discuss two theoretical takes on counterfeiting in China, before presenting Shanghai’s Xiangyang market, its goods and its actors in section 4. In section 5, we discuss how the legality, quality and morality pertaining to counterfeit goods were diversified at the Xiangyang market. Section 6 examines negotiations of value evolving around a counterfeit Louis Vuitton bag, while section 7 discusses the extent to which the Xiangyang market manifested characteristics of a bazaar-type market. In section 8, we propose to consider bargaining a separate source of value, before concluding our discussions in section 9.

# 2 From embedded to negotiated value

The relationship, and sometimes the apparent lack of relationship, between value and price has fascinated scholars for centuries. One contribution, usually credited to Adam Smith ([1776] 2003), is the diamond-water paradox. The obvious contradiction is that water, although of crucial importance to life, is lower in price than the exchange value of diamonds ­– a good that is primarily aesthetic (see White, 2002).

When people negotiate the price of a commodity, their arguments often refer to production price. Both Smith (1776) and Ricardo ([1821] 2001) referred to the value of a product as the result of the labour and inputs required for its manufacture (Sheppard and Barnes, 1990). In this perspective, value is embedded in a product as part of its production process, relatively independent of context. However, the very existence of markets and exchange serves to underline the fact that value is not independent of context and subjective evaluation. Marx ([1867] 2005) distinguished between ‘exchange value’, ‘labour value’ and ‘use value’. Labour and other inputs are invested in the process of manufacturing in order to increase the exchange and use values of the commodity. Exchange value refers to the number of other goods (e.g. money) for which a commodity is generally exchanged in the market. According to Marx, the governing type of value is use value. Unless a commodity is able to satisfy the needs or desires of potential users, it has no exchange value and the labour and inputs that have been invested into it are wasted. Marx argued that use value must be differentiated from exchange and labour value, because no meaningful scale of measurement for use value can be derived that applies to more than one person in more than one context (Sheppard and Barnes, 1990).

The Austrian economist Böhm-Bawerk ([1891] 2006) came up with a partial solution to the diamond-water paradox by suggesting that a person in possession of a good will use it to satisfy the demand that takes the highest priority in his or her relevant situation. In other words, a person lost in the desert would probably give up a few diamonds for a bottle of water. This resonates with Simmel’s ([1907] 1990) understanding of objects as valuable when they resist our desire to possess them. To Simmel, value is not an attribute of an object, itself. Rather, value is relational, depending on a subject’s evaluation of the object and its perceived ability to fulfil a desire.

A desert and a bottle of water represent very basic forms of context and demand. When the context gets more complex and the demand less basic, prioritisation of values becomes more complicated. According to Charles Smith (1990), who studies the dynamics of auctions, participants do not know exactly how to value objects for sale. Unlike the economic and psychological perspectives that view auctions as revealing of market forces and constraints, Smith’s sociological perspective posits auctions as means for generating market forces and constraints. Value, hence price, is enacted by a complex set of determining factors, and cannot simply be traced back to nature (physical scarcity), technology (production cost or labour) or psychology (marginal utility or satiation) (Zafirovski, 2000).

Thaler (1985) proposes ‘acquisition utility’ and ‘transaction utility’ to explain the evaluation of transactions and prices. Acquisition utility depends on the evaluation of an object compared to its cost ­– the value equivalent of an object being the amount of money that would leave a person indifferent as to whether he or she were to receive the object or the money as a gift. Transaction utility, on the other hand, depends on the price an individual would pay relative to a reference price – in other words, the perceived merits of the deal. The most important factor in determining reference price is fairness, which in turn depends on the seller’s costs, an external reference price (such as the retail price suggested by the manufacturer or the price other people pay) and internal references (for instance, the price paid previously). Thaler concludes that even when acquisition utility is constant (i.e. an object is the same and is used or consumed under the same circumstances), the prices consumers are willing to pay may significantly differ, depending on the reference price triggered by the vendor and the context of the transaction.

Meaning and value can be embedded in objects through their production, but they do not necessarily remain fixed when objects are exchanged or consumed. Appadurai (1986) directs focus on the way in which a thing takes on different statuses – alternating, for instance, between an inalienable gift and an alienable commodity – as it moves through different spatiotemporal contexts in its ‘social life’. While Marxist approaches focus on the way in which things are infused with value through production, a focus on exchange can direct attention to the way in which they are continually maintained, altered, or vested in new value potentials, which are usually realised in shared, public contexts (Graeber, 2001). The same commodity can have fundamentally different meanings for different individuals and for the same individual over time (Jackson and Thrift, 1995). Callon et al. (2005) distinguish between ‘the product’, which they describe as a process, and ‘the good’, which corresponds to a state ­– or, more precisely, a moment in that process. A product is thus an economic good, seen from the point of view of its production, circulation and consumption. A good is defined by the qualities attributed to it during qualification trials at some point in its life cycle. These qualities are both intrinsic, in the sense of being embedded within the good, and extrinsic, in that they are dependent on tests and measures used to qualify the good as well as the preferences of the qualifying agent (ibid.).

Based on the discussion thus far, we propose that an understanding of input (the labour and materials invested in the good), utility (the assumed capability of goods in fulfilling needs and desires) and exchange (the reference price) is important for understanding value, but these value potentials are realised in inter-subjective and context-dependent negotiations. Consumers can never be certain that all of their buying goals will be achieved (Cox, 1967). There will always be some level of uncertainty attached to the input, utility and exchange value of goods. The seller usually attempts to reduce this uncertainty by devising persuasive arguments in favour of the value of the good. The buyer then couples his or her subjective evaluation of the good with assumptions of other people’s assessments. This negotiation of value occurs at the marketplace, but also later, when the object is brought from the market to other social environments (see Figure 1).

[insert Figure 1 about here]

A brand is a mark of ownership intended to instil trust in customers as a guarantor of a commodity’s quality through identification of origin (Lury, 2005). Furthermore, brands bear symbolic attributes, which consumers use to create their self-images (Penz and Stöttinger, 2008). Branded fashion goods such as Louis Vuitton bags are often designed and marketed to communicate social distinctions, belonging and positioning. The brand may thus be seen as an effort made by the producer to temporarily fix the qualification of a commodity. However, the relation between the exterior logos and designs of counterfeit goods and their quality and value is fraught with uncertainty. Furthermore, if the social group to which a person aspires to belong does not approve of counterfeit goods, the owner runs the risk of being socially sanctioned for using them (Wee, Tan and Cheok, 1995). Upon reaching markets, the value of counterfeit goods is thus not as qualified and fixed as that of genuine branded goods. The greater indeterminacy of counterfeit goods creates a prolonged and more demanding qualification process through which a consumer must evaluate and negotiate their value alongside moral attitudes towards brands and counterfeiting in different social environments.

# 3 Counterfeiting in China: Institutions and culture

The list of products currently counterfeited in China is almost inexhaustible, ranging from aircraft parts, petrol stations, luxury handbags, watches and jewellery to everyday consumer products such as foodstuffs and pharmaceuticals. Scholars have provided various explanations for the poor IPR enforcement in China, but two main types of arguments can be identified.

First, ‘institutionalist’ arguments focus on the way in which China’s institutional environment fails to delimit IPR infringements. Scholars have pointed to China’s opaque bureaucracy, legal system and corruption, as well as to the insufficient enforcement of existing laws to explain the lack of efficient protection of IPR in the country (see, e.g., Yang, Sonmez and Bosworth, 2004). Valid as this argument is, one must examine why institutions do not move from the diagnosis of symptoms to the explanation of causes. Shi (2008) acknowledges that the IPR enforcement problem in China has a cultural element, but underlines the fact that evasive regulation and enforcement of IPR is also part of the economic planning and reality of other developing economies. Due to the rapid growth of the Chinese economy, some sectors – such as the IPR regime – are lagging behind the development; nonetheless, they will eventually catch up (see also Nelson, 2004). This explanation may adequately address changes in Chinese counterfeiting, though there is little evidence of its decline in the face of continuing economic development in China. Further, assumptions of economic development as a universal teleological road towards the rule of law fail to take seriously the continuities and particularities in Chinese cultural history that guide perceptions, practices and institutions pertaining to counterfeiting.

The second type of argument, which we might label ‘culturalist’, suggests that the core concepts underpinning IPR, such as rights, knowledge, originality, creativity and copying, are fundamentally different in China, relative to the West. Essentially representing Western ideas about ownership, modern trademark laws can be traced back to‘the medieval European practice of inscribing the name or mark of the manufacturer [into commodities]’ (Miller and Davis, 1983, p. 146). China, on the other hand, does not have a similar tradition of intellectual ownership. In the fine arts, the ‘art’ of copying has traditionally been considered a great skill, and even stealing the ancient classics could be considered ‘elegant offence’, rather than a crime (Alford, 1995). Incorporating orientations towards pragmatism and relativity from Chinese Buddhism, Taoism and Confucianism, *shanzhai* (literally referring to a bandit stronghold outside government control) has become the term used to describe the flexible approach to creation and copying found in China (Han, 2011). While Chinese *shanzhai* products often copy IPR protected high-tech products such as branded mobile phones, they are re-designed and customised, and produced cheaply enough for most Chinese to afford them. Characterised by ‘mimesis, primitive technology, small operation, low cost, swift market adaptation, customer-tailored design’ (Wu and Li, 2011, p. 2), some *shanzhai* mobile phones are designed with new features such as solar chargers, telephoto lenses and ultraviolet lights to detect counterfeit currency. *Shanzhai* culture appeals especially to urban youth, for whom it ‘symbolizes an alternative attitude which mingles entertainment with non-mainstream factors’ (ibid.). *Shanzhai* connotes a rebellious subcultural creativity for many Chinese that contrasts the negative connotations often attached to counterfeit goods in Western culture. By implication, *shanzhai* manifests notions of creation and creativity devoid of the ‘ethics of authenticity’ that encompasses not only objects, but also subjects and their experiences as an ideal in Western thought that is gaining importance in the (post-) modern era (Taylor, 1991; Boyle, 2004).

While ‘institutionalist’ approaches are perhaps best suited to address the way in which potential changes in IPR protection in China may develop in correspondence with institutional changes, ‘culturalist’ approaches seem better designed to explain why core concepts such as counterfeit, authorship, ownership and creation may mean different things and carry different moral connotations in China, as compared to Western countries. The two types of explanations should not be considered exhaustive or mutually exclusive, and market actors in Shanghai employ elements of both types in their accounts of the involvement of themselves and others in the counterfeit trade.

# 4. A Chinese counterfeit goods market and its participants

In 2000, Shanghai’s Huating market relocated to the intersection of Xiangyang Road and Huaihai Road, a famous shopping street with high-end malls and flagship stores for foreign brands. Shanghai’s Xuhui district administration had offered a five-year lease on the soil to a local market developer, New Shanghai International Commercial Development Co Ltd. The company constructed an outdoor bazaar environment with rows of stores flanking shopping streets, distributed along a main square and with ten entrances from the four roads encircling the market. The Xiangyang market occupied 24,000 square metres, hosting 874 shops and 2,000 stalls selling an assortment of watches, bags, DVDs, clothes, sports equipment and cigarette lighters whistling ‘The East is Red’. The atmosphere at the market was hectic at all times. According to vendors, more than 10,000 people were employed in the market and its surrounding shops, and officials estimated that around 50,000 customers visited the market every day, with up to 100,000 visitors on the weekends. Officially, the market brought in 400–500 million renminbiand paid 30 million renminbi in taxes every year; but as transactions were made in cash and without receipts, the actual revenue figure is likely to have been much higher.[[2]](#endnote-2) Transactions were carried out in various languages, often aided by big calculators on which buyers and sellers would punch in their prices.

Shop owners at the market rented their shop from the market developer, hired managers and shop assistants and organised the flow of commodities from wholesalers, who were supplied by factories predominantly located in Guangdong province. The shop owners who invested in the initial 874 shops sat on a golden egg, as business boomed from 2002 onwards. Many of them rented out their shop to managers for a fixed price or a percentage of the profit, and did not work at the market themselves. The managers were then in charge of the daily operation of the shop. Many further rented out space for two to three small stalls outside their shop.

The shop assistants were often referred to as ‘water cows’ (*shuiniu*). They were almost exclusively young, female migrants recruited to the market via hometown friends and family members, and usually worked for a fixed salary. The shop assistants conducted the bargaining with customers, and the shop owners instructed them on minimum prices. Shop owners said that the young women were more patient and better at bargaining than were men. Some shop assistants further revealed that flirting with male customers was a good strategy for getting higher prices for their goods.

The term ‘yellow bull’ (*huangniu*) designates a hawker whose job it was to catch potential customers at the outskirts of the market and guide them to particular shops (generally those of particular shop owners they had relationships with). Most yellow bulls were male and almost all were migrants. Competing factions of yellow bulls divided the market into territories based on provincial origin, and violent fights often erupted if yellow bulls tried to fish for customers outside their territory or approached customers already ‘caught’ by other yellow bulls. Yellow bulls needed to cultivate good relationships with shop owners and be charming smooth talkers to customers, while communicating an embodied capacity for violence *vis-à-vis* competitors, in order to succeed in the market. A few yellow bulls earned regular and quite high salaries from the shop owners, but most of them worked for commissions – usually 50 per cent of the profits from the sales they initiated.

For its Chinese workers, the Xiangyang market offered glitzy dreams of big money and aspirations for social re-positioning. Stories circulated about migrant workers arriving in Shanghai with no money, earning millions of renminbiselling counterfeit goods at the Xiangyang market and buying a big house and a nice car in Shanghai ­– the ultimate indexes of ‘making it’ in the city. The monthly salaries of some shop assistants only just covered rent payments for small, shared rooms, daily expenses and a small remittance (some hundred or a thousand renminbi) to send home to their parents. But, on the average, salaries for all workers at the market were relatively high in the local context. When the market closed, some of the more forward-looking shop assistants and yellow bulls, who had saved their earnings, invested in their own shops in the newly opened counterfeit markets in Shanghai, and advanced significantly in the local social and economic hierarchy.

While the Xiangyang market and its counterfeit goods provided currency for a potential social transformation for its Chinese workers, foreigners visited the market for different reasons. Foreigners looking to buy counterfeit goods would often know about the Xiangyang market even before arriving in Shanghai. One enthusiastic customer on the Shanghai expat webpage Shanghaiexpat.com described the Xiangyang market as follows: ‘Ever had a wet dream about a shopping haven where goods are plentiful and prices are low? Ever wanted to bargain for an item to the point your “opponent” vomits blood while you savour the victory of the battle? The Xiangyang market is the answer to your prayers.’ This picturesque description of bargaining battles in a Chinese counterfeit heaven vividly expresses the exotic vibe that many tourists and expats took from the market. The market was a place for them to hone their bargaining skills, make good deals on copies of famous branded goods, practice Chinese or just check the crowd.

Many small-scale entrepreneurs bought counterfeit goods at the Xiangyang market for resale. For instance, Møller’s upstairs Chinese neighbour operated a small business out of her apartment, employing six staff members who sold counterfeit goods on eBay. She went to the Xiangyang market for supplies once or twice a week. Similarly, Mika (a pseudonym), a Finnish man, bought counterfeit fashion clothes and accessories at the Xiangyang market, which he then sold to customers in Europe and the USA. After Mika was banned from eBay for selling counterfeit goods, he took orders from regular customers via MSN Messenger and email. His customers were usually – but not always – made aware that the goods were counterfeit, but his business was flourishing. A good month’s work was worth close to 100,000 renminbi for Mika.

# 5 Diversified legality, quality and morality

The legal status of the Xiangyang market was ambiguous. Most goods sold at the market were counterfeit and thus illegal to manufacture and trade according to Chinese law. Yet counterfeit goods were openly traded in the Xiangyang market, as they are now traded in the new counterfeit markets in Shanghai. The shop owners paid rent to the market developer, who in turn paid taxes to the Xuhui district administration. A local Shanghainese explained that the salaries of officials in the Xuhui district administration were dependent on the taxes they managed to collect. Alongside informal earnings from the market, the tax revenues provided an obvious incitement for officials to keep the business running.

While the role of security guards and local police officers was mainly to ensure no one was robbed and to prevent fights in the market, many yellow bulls had to bribe them to avoid being harassed. Several of our yellow bull informants had been arrested and kept in jail for two weeks after failing to have paid such bribes. A number of larger-scale raids were conducted by officials from the Shanghai Industrial and Commercial Bureau, sometimes aided by officials from the national bureau in Beijing. The raids usually meant that certain goods would be moved out of sight from the market to storage houses on adjacent streets, while a corps of journalists would move in to photograph the officials inspecting the market. Usually, the raids would last for a few days, and business would be back to normal within a week. Occasionally, a few shop owners would be fined. However, the majority of shop owners maintained good personal relations (*guanxi*)with the relevant authorities through donations of dinners, gifts or money, and thus avoided being targeted during raids. As one of our yellow bull informants once exclaimed: ‘My boss [shop owner] makes joint venture with the government. The government just wants to show America and Europe that we don’t have any copies in China. One hand says you can’t sell copies, the other hand joins the trade.’

Counterfeit goods were diversified according to a hierarchy of illegality and quality at the market. In November 2005, a coalition of the five luxury brand companies Burberry, Chanel, Gucci, Louis Vuitton and Prada, representing altogether 48 brands, sued the landlord of another famous Chinese counterfeit market, the Silk Market in Beijing. The coalition won a landmark victory, and, after the verdict, it became ‘more forbidden’ to sell copies of these brands at markets in both Beijing and Shanghai. Forty brands were officially banned from the Xiangyang market, and posters were placed throughout the market that warned, ‘Anyone who sells the above-listed forbidden goods shall be investigated’. The verdict furthermore made it possible for any market sponsor who ‘tolerates or indulges the act of selling’ the 40 brands to be prosecuted. In practice, older counterfeit models of these brands were still sold inside the market, while the newer and highest quality versions of them were moved to underground shops located in small alleyways near the market. As these shops were hidden behind locked doors, customers needed a yellow bull to access them. Ironically, then, the signs of prohibition at the market became advertisements for the available counterfeits of these brands.

The shops in the alleyways offered the highest quality counterfeit goods. The quality and prices of counterfeit goods usually increased as one ascended higher in the building. This vertical ascent ideally further corresponded to a spatial distance from China as the source of origin of the counterfeit goods. Chinese respondents almost unanimously considered goods made in China to be of lower quality than goods made in more economically developed Asian and Western countries. One vendor explained that watches sold on the third floor were equipped with original Swiss clockwork and imported from Hong Kong, South Korea or Japan. Workers at the market usually referred to such counterfeit goods as ‘A-quality’, opposing them to the B- and C-quality goods sold at the market, which were manufactured in China. Others distinguished between A, AA and AAA quality. However, while different qualities of counterfeit goods were on offer at the Xiangyang market, closer informants eventually revealed that most goods were of similar quality and were almost always produced in China. Segmenting counterfeit goods according to quality and place of production allowed vendors to diversify the goods – presenting references that served to raise the value of the good a customer was negotiating for. Vendors had to maintain an image of a diversified stock of goods in order to keep the goods negotiable. A consensus about their similarity would facilitate information about prices for customers, and could create fixed-price markets.

Based on Prendergast, Chuen and Phau (2002) and Hung (2003), counterfeit goods can be divided into three categories. ‘Fakes’ replicate branded products and are sold to customers unaware of the fact that the goods are not genuine. ‘Pirated’ products are more or less exact copies of branded products, but are sold to customers who are aware of the status of the product. Finally, illegal ‘imitations’ are not identical to genuine products, but have brands, qualities, designs and packaging that resemble them. All three categories represent IPR infringement. Most of the goods at the Xiangyang market were ‘pirated’ according to this taxonomy, but we mostly refer to them as counterfeit goods for the sake of simplicity.

Whereas Prendergast et al. (2002) and Hung (2003) propose to classify counterfeit goods based on resemblance to the original and customer awareness of counterfeit status, our informant Mika divided them into two categories that reflect whether they are considered genuine in the social environment of users. This is partly based on the technical and visual resemblance of the counterfeit good to the genuine product, but also based on the price of the genuine good, as some goods are easily recognised as counterfeit if they are seen as somehow incongruent with the economic capacity and style of the user. The first category could be termed ‘fakes-for-fun’, and includes counterfeit versions of products that most people could not afford or prioritise to purchase, such as luxury watches from Breitling and Rolex and jewellery from Cartier, which can be bought counterfeit for prices below 1 per cent of the original product’s price. Counterfeits of these products are often, but not always, bought for fun and used by people who do not mind admitting to using counterfeit goods. The second category consists of counterfeits of brands used by ordinary, fashion-minded consumers, such as clothing from Levis, Lacoste, Evisu and Canada Goose, which are usually bought for something like 10 per cent of the price of the genuine product. In terms of price, a counterfeit Louis Vuitton bag falls somewhere between the two categories, as it is commonly 30 to 40 times cheaper than its genuine counterpart.

Many foreign consumers at the market framed their purchase of counterfeit goods ‘for fun’ in terms of an ironic, and sometimes moral, distance from brands and corporate capitalism, arguing that brands invite counterfeiting by charging prices that are too high relative to their production prices. In comparison, our Chinese middle-class respondents, in particular, generally seemed to have adopted the moral messages provided by many brands, arguing that being caught using counterfeit products would equal a ‘loss of face’. Whether or not a consumer would be suspected of using counterfeit goods in Shanghai, however, seemed to depend on his or her social and economic ‘level’ and nationality. One Chinese consumer said that rich Chinese people would generally not be suspected of using counterfeit goods, whereas this suspicion was a concern for many aspiring middle-class consumers. The Chinese business partner of a Danish businessman said that the counterfeit Rolex watch worn by the Dane looked genuine on him, being a foreigner, but that he would never wear a counterfeit himself, as people would be more suspicious towards him as a Chinese.

Prendergast et al. (2002) and Gentry et al. (2006) suggest that consumers primarily identify counterfeit clothing by its price and the location of the purchase, rather than the quality and design of the object. In other words, the key identification marks of a counterfeit good are contextual to the actual purchase, and do not automatically follow the product when it is taken from the market to other social contexts by the buyer. Mika said that most of his Internet customers would wear counterfeit goods as genuine products. Conversely, 74 per cent of the customers in our survey asserted that they, in fact, would tell others that they were using counterfeit goods if they were doing so. Only 7 per cent confessed that they would keep this fact to themselves. One reason for this might be that not admitting to using counterfeit goods (if one were doing so) would somehow be associated with cheating or lying. On the other hand, if one were to wear counterfeit brands and admit doing so, this might be interpreted as evidence of a sense of cleverness, or as calling attention to one’s role as a global citizen making good deals in exotic cities such as Shanghai (see also Gentry et al., 2006).

Only 9 per cent of respondents in our customer survey found buying counterfeit products ‘quite’ or ‘very’ immoral. Not surprisingly, customers generally found it more immoral to sell counterfeit goods than to buythem. Combined with the interviews, our surveys among Chinese workers at the market revealed that vendors employed five major types of moral justifications for their engagement in the trade, referring to: 1) the demand for counterfeit goods by foreign customers; 2) the involvement in the trade by corrupt government officials; 3) the argument that copying is not considered morally wrong in China; 4) the fact that other actors were engaged in the trade; and, finally 5) the claim that they were just trying to make a living.

The yellow bulls and shop assistants often referred to use value when they negotiated prices, emphasising that the quality of their products was good, even though the products were counterfeit. For instance, the watches still worked and the winter jackets would still keep their wearer warm. On the other hand, a close informant among the yellow bulls said that the quality of goods was poor at the market, and that he preferred Chinese brands, which were both cheaper and of better quality than the counterfeits. But brands refer to more than quality – understood as the object’s durability, ability to keep its wearer warm, look good, tell the time, and so on (see for instance Lury, 2005). Branded goods obviously have a value even if the brand is no mark of guarantee, as in the case of counterfeit goods. Mika suggested: ‘The reason why people wear pirated clothes is not that they want good quality. It is because they want to be associated with a certain group wearing a certain brand’.We define ourselves by the products we buy and by the meaning we give to the goods and services we acquire (Jackson and Thrift, 1995). Or, as Bourdieu (1984, p. 6) noted, ‘taste classifies and it classifies the classifier’. Consumers partly assign value to branded products due to the value that other people assign to them. Value, in this sense, is inter-subjective. Brands are not just marks of guarantee, referring to the goods they are glued to. Rather, they are tags of information, referring directly to the taste and qualities of the user, as illustrated in the following comment by a Louis Vuitton fan on the company’s fan page: ‘A Louis Vuitton is not just another fashion item; it’s a statement of where we stand in life and a reflection of our personality’.

# 6 The social life of a counterfeit Louis Vuitton bag

A world famous brand, Louis Vuitton is generally considered an icon of luxury and quality craftsmanship. It is also one of the most counterfeited brands in fashion history, and was one of the most popular counterfeit brands at the Xiangyang market. Appadurai (1986, p. 5) argues that, in order to understand the way in which humans endow things with meaning, ‘we have to follow the things themselves, for their meanings are inscribed in their forms, their uses, their trajectories. It is only through the analysis of these trajectories that we can interpret the human transactions and calculations that enliven things’. In order to explore how values are created and assigned for different purposes in different environments, we bought a counterfeit Louis Vuitton handbag and carried it around to different people and in varying situations to collect opinions and arguments regarding its quality, value and price in different arenas.

The first stage was finding, negotiating and buying the bag. We waited outside themarket for a yellow bull to approach us with the characteristic offer of ‘Watch, bags, DVDs?’ We made sure that he could take us to a store selling high quality counterfeit Louis Vuitton bags, and followed him to a shop in a narrow alleyway opposite the market. We entered a room full of bags with brand names dominated by Gucci, Prada, Chanel and Louis Vuitton. The manager said that all of the bags in her store were A or AAA quality bags made in Korea, and that we would have to go elsewhere if we wanted cheap B- or C-quality bags made in China. We found a bag resembling the ‘Luco’ in the Louis Vuitton’s monogram canvas series, and started bargaining. The shop manager first said that the bag had been bought tax-free in France and was ‘almost genuine’, but did not elaborate on this story. This was a common template reference, and it was not the first time we had been presented with ‘genuine’ Louis Vuitton bags that had allegedly been made in France, bought tax-free by Chinese visitors to Paris and re-sold at cheaper prices than they would have been had they been bought (taxed) in China. Perhaps the shop owner realised the paradox of her statement, as the bag would have been genuine – not ‘almost genuine’ – had it been made and bought tax-free in France. But her momentary confusion of categories did not prevent her from continuing to employ the reference categories that were most common at the market. She quickly proceeded to say that the bag was AAA quality, one of the best bags on offer, and asked 1,200 renminbi for it. Seasoned in bargaining by then, we made a counter offer of 200 renminbi. The shop manager acted shocked (also a common strategy), and argued that the bag might be a counterfeit, but that it had good craftsmanship – it was made with first-class components, quality leather and genuine YKK zippers, which are used in genuine Louis Vuitton bags. In order to demonstrate the leather quality, she burned the bag with a lighter, demonstrating that it was not damaged. She further argued that the bag was an exact copy of a bag that would originally cost more than 7,000 renminbi, thus using the genuine good as a reference for valuing the counterfeit. She then lowered her price to 800 renminbi, which we countered with 280 renminbi. Following this, she used her calculator to add 280 to 800, divided this sum by two, then declared that her final offer was 540 renminbi. We presented 300 renminbias our final bid, and used one of the most common customer strategies for manifesting final bids: starting to walk out of the shop. The strategy worked, as the shop owner finally said, ‘Ok, you can have it for 300 renminbi, but next time, bring some friends!’

Then we introduced the bag to one of our yellow bull informants. We asked for his opinion about the bag, not revealing our purchase price or whether the bag was counterfeit. The yellow bull easily recognised the bag as a counterfeit, but thought it was a decent one. When we told him that the shop owner said it was AAA quality, he said that the grading systems – C-, B- and A-grade, as well as A, AA, and AAA – were employed by vendors to get higher prices. Also, he said that references to places of production outside mainland China, such as Hong Kong, Korea and Japan, were invoked to increase customers’ perceptions of the quality of the counterfeit goods at the market. Furthermore, the use of a lighter to demonstrate the quality of the good was another common trick. He ignited a lighter and ran the flame over his own suit to demonstrate. It is no problem, he said, when you do it fast. The yellow bull summed up the different strategies employed to raise prices by vendors in the market in moral terms, saying: ‘They are all lying. I never do this. It is cheating.’ He estimated that the wholesale price of our bag would be 80 renminbi or less in the Guangdong province. This type of bag usually sold for 200–300 renminbi in the market, but some Japanese customers might pay up to 2,000 renminbi. It was a popular gift from men to their wives or girlfriends.

We then took the bag to Guangzhou, the capital of Guangdong province and China’s production base for counterfeit goods. In the northern part of the city, a large wholesale market offered both counterfeit goods and nameless products in large quantities. Most vendors in this market operated or represented factories in the outskirts of Guangzhou, where all kinds of goods were manufactured on demand. One vendor operated a factory with 100 workers and offered what he claimed were exact copies of Louis Vuitton bags made with Italian leather, YKK zippers and good thread. He said that our bag was a good copy, very similar to the original, and showed a picture of the same bag in a Louis Vuitton brochure. Nonetheless, he thought our bag was below the quality of his best copies: its colour was slightly off and the leather was not as good as the leather he used for his best models. Like other vendors, he employed a reference to manipulate and establish value. His factory had never made this exact model, but they could easily make a copy of our bag. He offered to make a test sample for 125 renminbiin the same quality of our bag, or even higher quality. If we would buy 500 pieces, we could get them for 115 renminbi each. Delivery time for 500 bags would be ten to twelve days. We would not be allowed to visit the factory until we had established a closer personal relationship with him, but if we bought 500 bags, it could become an option. The company risked a very high fine if they were discovered to be producing counterfeit products, and this could put them out of business. The factory operator liked Louis Vuitton because the brand name provided him an income, but he also admired the company for its long history of quality craftsmanship.

Lizzie Wu (a pseudonym) was a former employee of Louis Vuitton in Beijing. She was a passionate lover of luxury brands and owned several genuine Louis Vuitton bags. We asked her why she loved brands so much, and she quite simply explained, ‘Because it’s luxury!’ We showed her our bag and asked if she would use it. She instantly recognised it as a counterfeit and said, ‘It would be very embarrassing if my friends saw me with a fake Louis Vuitton. If I carry a fake one, I will lose face’. She estimated that our bag probably would cost between 200 and 300 renminbi, while the genuine bag would cost around 7,000 renminbi. According to Lizzie, the difference between a genuine and counterfeit Louis Vuitton bag is that the genuine one is of good quality, the design is simple and the bag feels good to touch and use. It can be difficult to tell the difference, and most ordinary customers are not able to. Lizzie rapidly listed a range of properties that revealed our bag as counterfeit. For instance, she said that the paper tag on our bag was too yellow, and was supposed to be inside the bag, not attached to the grip by a thread. The leather grip was slightly too long, whereas the chain that attached the small wallet to the bag was too short. The lining was too red and also not very well stitched. The list of technical details continued, but the main difference was, according to Lizzie, the feeling. She said: ‘I think money is not the issue. It’s about how you feel, when you use the bag. It’s like a dream. If you think it’s worth it, it’s worth it!’ For Lizzie, the ‘feeling’ characterised both the tactile sensation of the bag and the more intangible meanings attached to it through the brand. Value, in this sense, was – for her – simultaneously concrete and abstract.

Finally, a contact in the apparel industry took our bag and used it to acquire information about how to make copies of Louis Vuitton products and the prices involved in production. Within a few days, her assistant established contact with three companies offering to make copies of our bag. The final offer came from a Shanghai-based company that proposed to make 10,000 copies of our bag for 28 renminbiper piece.

# 7 Values in action

The rational superhero homo economicus has become a less frequent character in recent stories about the Xiangyang market. Markets are diverse and manifold, and there are significant differences in their degree of perfection. Some markets provide all participants with more or less the same price information; in the financial markets studied by Knorr-Cetina (2005), the computer screen is more than a device for monitoring the market. As hundreds of thousands of traders act and react to each other online, the screen *is* the market – a system that effectively integrates within its framework all relevant venues of the specialised life-world of financial markets. Information about underlying assets and values may still be highly asymmetrical (ibid.). The bazaar is a hub of information exchange, but tapping into this information hub requires relationships and skills (2002). In the Xiangyang market, information about goods, their qualities and their transaction prices was not publicly available, but had to be acquired; this information constituted a crucial resource in negotiations between vendors and customers.

Even though all goods in the Xiangyang market were subject to hard bargaining, somewhat established prices had developed for some goods. Avid shoppers exchanged price information, and guiding price lists circulated on expat blogs and emails. Mika, for instance, suggested that the standard Canada Goose parka could usually be bargained down to about 250 renminbiat most shops at the market in 2006. However, another model of more or less the same quality, which resembled the same brand but was produced and sold at a lower volume, had a minimum price of 600 renminbi. Volume was an important factor affecting minimum prices at the market. Mainstream goods produced in large quantities usually sold for far lower prices than did more exclusive products. Mika emphasised the inflation in the counterfeit clothing market, which included the Internet market that he operated in, saying: ‘Some [counterfeit] stuff can be hot on the Internet for a week and the early birds trading it can make a small fortune, then, suddenly there are 70,000 people selling the same sweater and the prices fall like a rock.’ While professional shoppers followed changing price levels closely, it was impossible for the occasional visitor to the Xiangyang market to know exactly which purchase prices were currently ‘cheap’ or ‘expensive’ at the market.

Both vendors and customers at the Xiangyang market, at some level, related to an understanding of value as rooted in supply, demand and production costs. Customers often drew on estimated cost prices in negotiations, albeit they sometimes gravely miscalculated such prices. Most foreigners had an image of China as a global production plant, where salaries and therefore also goods were very low compared to values in their home countries. Customers also had differing levels of information about and experience with the market. Some tested price levels at different outlets before they starting bargaining, while others engaged in bargaining without having a clue about what the price would be in the store next door. Vendors, in turn, often attempted to raise the value of the counterfeit goods by using the price of its genuine counterpart as a reference point.

In the financial markets discussed by Knorr-Cetina, participants are able to see the market as a whole on their screens; in the Xiangyang market, however, participants were confined to the fraction of the market they were dealing with. Information search, notes Geertz, is ‘the really advanced art in the bazaar, a matter upon which everything turns’ (Geertz, 1978, p. 30). The Xiangyang market might be seen as an example of the ‘bazaar economy’, which is characterised by a fragmentation of the market, weak organisation and a ‘sliding price system’, in which prices are negotiated in relation to actors’ knowledge about the market, their negotiating abilities and their stubbornness. For market participants, this situational determination of prices necessitates ‘a quick wit, a tireless persistence, and an instinctive shrewdness in evaluating men and material on the basis of very little evidence’ (Geertz, 1963, p. 33). In order to make good deals, both vendors and customers at the Xiangyang market needed to evaluate both the goods they were bargaining for and their bargaining opponent. This implies that they had to create a temporally varying relation to the good and to their transaction partner. Value creation is strongly influenced by relationships and networks; relationships and preferential treatment are integral to business. Different people pay different prices (Dana, Etemad and Wright, 2008). As we got closer to workers at the market, they revealed to us that they contended that Chinese people paid lower prices than did foreigners. Furthermore, many successful yellow bulls and shop owners had a portfolio of foreign customers who returned to them for their purchases in Shanghai. Such customers got generous discounts, while the vendors enjoyed a more stable financial situation than those who, by pushing up prices too aggressively, might have made a good profit on single deals, but often also pushed away customers.

One of the most important skills of the market’s workers was their ability to categorise and evaluate customers in order to devise particular bargaining strategies. While many Chinese people shopped at the Xiangyang market, the big spenders were generally foreign tourists who did not know local price standards and bought more at higher prices. For many of the workers who had migrated from small rural towns, the market provided their first encounter with foreign customers from a range of nationalities, whom they learned to associate with different types of consumer demand and behaviour. Some liked Western customers, who often bought a lot of goods in a single shop. Usually, well-dressed, middle-aged tourists were seen as the best customers, as they were considered wealthy, unaware of the general price levels at the market, and lacking in bargaining skills. First-time visitors were also favourites, as they had not visited many shops to compare prices, and often thought the quality of the products was quite high. Many vendors favoured Japanese customers because they were too polite to bargain hard. Some Japanese would pay several thousand renminbi for a counterfeit Louis Vuitton bag. Historical national and racial relations intersected in business, as when one vendor explained, ‘I don’t like Japanese people, but I like Japanese money!’

The professional shopper Mika also emphasised the importance of carefully evaluating the customer. He explained: ‘It is crucial to interpret how a customer talks about clothes. A person who typically buys his or her clothing in regular shops in Finland or Sweden has completely different ideas about what the price should be like, than a person who buys everything on eBay. The Internet customers know they can buy [counterfeit] stuff for one-fifth of the original price online, and I have to adjust my prices according to the different customers’. Dana et al. (2004) emphasise the similarities between the bazaar economy and the Internet-based ‘new economy’, and argue that, unlike the institutionalised ‘firm-type economy’, with its impersonal transactions and non-negotiable prices, the Internet represents a revival of status, relationships, price negotiation and multi-polar networks. In a similar vein, Callon et al. (2005) assert that the static ‘economy of the good’ gives way to an ‘economy of relations’, in which the consumer participates more actively in the qualification of products.

# 8 The strength of imperfection

Transaction utility theory (Thaler, 1985) and, by extension, equity theory (Darke and Dahl, 2003) suggest that social cues such as the price other customers pay and the relationship between the buyer and the seller influence consumer perceptions of fairness in pricing. In the Xiangyang market, buyers and sellers were usually complete strangers to each other, and strangers are much less likely to accept each other’s word as to what something should cost, how much time and labour was spent on it, what it sold for previously, and other factors that affect the determination of value (Smith 1990). The Xiangyang market can, in this sense, be described as a quite imperfect market, as most customers had limited knowledge of production costs and what other customers paid, and hence no solid points of reference to establish the value and price of goods, except for their own desire to own them. But this ‘imperfection’, which is typical of the bazaar-type economy (Dana et al. 2004), can also be understood as one of its ‘strengths’, as it provided customers with an opportunity to put their own skills to work.

Many customers ascribed the outcome of their deals in the market to their own skills, endurance and efforts as shoppers. A woman who came out of the Xiangyang market with a pair of Puma sneakers said, ‘I was satisfied for five seconds after the deal was closed on seventy renminbi. Then I realised that I would probably never use the shoes anyway, and if I did, they’d probably just fall apart before I could manage to tie the laces’. However, she did not blame the producer or the vendor; rather, she blamed herself for not having been able to evaluate the quality of the shoes before she actually bought them. Other customers ascribed their purchases to the smooth talking and cunning nature of yellow bulls and vendors. As one customer explained, ‘The sellers are really good at making you feel good about the deal. They always make me believe that they give me this good price because I speak good Chinese, or because we became buddies, or because the business is so bad today’. Inducing customers to ascribe the result of negotiations to their own personal properties and agency served as another common strategy used by vendors to make customers accept their price offers.

Many customers described the Xiangyang market as a hunting ground where one could make a bargain if one was alert and up for it. Ninety per cent of customers in our survey had bargained for the goods they had bought. Seventy per cent stated that they enjoyed bargaining, and half of the customers described themselves as quite or very good at bargaining. Only 7 per cent asserted that they had limited skills in the art of bargaining. The ‘smart shopper’ hypothesis (Schindler 1998) suggests that getting a discount may satisfy ego-expressive goals. People find bargains enjoyable, as they provide a separate source of psychological value (Darke and Dahl, 2003). According to Phillips (2005), many of us have an emotional need for authenticity in experience that is not matched by our need for authenticity in products. For example, few people would buy discounted tickets to watch a knockoff Manchester United team with poor players playing against an equally poor Liverpool, but, on the other hand, the market in knockoff Manchester United shirts is thriving. The same logic may apply to the Xiangyang market: the goods are counterfeit, but the experience is real. Consciously buying a counterfeit Louis Vuitton bag obviously does not provide the tactile and emotional ‘feeling’ that Lizzie Wu and other aficionados appreciate in the genuine counterpart, but it provides a genuine counterfeit market experience. The indeterminacy and negotiability of value and the price of counterfeit goods in the bazaar-type market acts as an invitation for buyers to participate in the process of qualification. This, in turn, adds a new component of value to the counterfeit good and its market – namely, the value of participation.

# 9 Conclusion: Re-fixing value interactively

This article has examined some of the values that came into play in the negotiation of counterfeit goods in a bazaar-type market in Shanghai. Particularly, we have emphasised how counterfeit goods and their market induce a more active role for both vendors and buyers in the process of establishing prices by referring to different aspects and sources of value.

Counterfeit goods exist in a symbiotic relationship with the originals they resemble. Branding and IPR are meant to qualify and consolidate the value of genuine goods. If goods were not protected by IPR, they would be able to be manufactured and sold by anyone. They would consequently be more widely available, but less exclusive and expensive. However, while IPR are devised to protect the value and exclusiveness of genuine goods, their enforcement may also increase the value and exclusiveness of counterfeit goods. After counterfeits of certain brands, including Louis Vuitton, were officially banned from the market, they re-emerged as more exclusive and expensive goods in the underground back-alley shops. Their increased level of illegality was actively employed by vendors to create an aura of exclusivity around them, which in turn increased their prices.

In contrast to their legitimate counterparts, counterfeit goods are subject to higher uncertainty due to their exchange in a sliding price system market and the lack of guarantee with regards to both their quality and their resemblance to the original. The prices that vendors referred to when discussing our counterfeit Louis Vuitton bag spanned from 7,000 renminbi for the genuine bag to 28 renminbi as a unit price for 10,000 similar copies. Counterfeit bags of similar quality to the one we bought for 300 renminbiwere usually traded for 200–300 renminbi, but were sometimes sold for several thousand renminbi. Manoeuvring this range of exchange values in order to reach a price that both sides found acceptable required negotiation and qualification trials, which depended on the skills, endurance and preferences of both vendors and consumers.

Vendors employed different arguments pertaining to the value of counterfeit goods. They usually employed references against which to measure and increase the value of the goods they were offering. Sometimes they tried to establish a high price by emphasising the similarities between the counterfeit good and the original, and by establishing the price as the main difference. In the case of our Louis Vuitton bag, the similarity was substantiated by arguments that involved the labour and material input invested in the counterfeit, which they suggested was almost the same as in the original, arguing, for instance, that the zippers were genuine YKK and the leather and seams were similar to those of the genuine Louis Vuitton counterpart. They also often emphasised utility value, arguing that the counterfeit could be used just as the original, for instance to keep time or to keep one warm. The vendors further placed their counterfeit goods within a system of diversified legality and quality. Many argued that their goods were ‘almost’ genuine – or, in the case of tax-free Louis Vuitton bags bought in Paris, actually genuine. They employed a classification system – spanning from A to AAA quality and from A- to C-quality – in order to diversify quality and keep their goods negotiable. Furthermore, they claimed more economically developed countries as production sources for their goods, in order to escape the ‘made in China’ stigma that, for many, indexed poor quality. Through these value arguments, the counterfeit status of goods could be constructed as something intangible that could ultimately be detached from a good once it was taken from the market into other social environments.

Whereas input and utility value were generally negative modifiers, diminishing the value of counterfeit goods as measured against their genuine templates, the uncertainty and the efforts made to qualify and bargain for counterfeit goods in the Xiangyang market added some value. The efforts invested in negotiating for a good could be compared to input value as a personal investment in the good. The counterfeit good could become a trophy of a good or a bad deal, charged with transaction utility, to use Thaler’s (1985) concept. After buying a counterfeit Louis Vuitton bag at the Xiangyang market, a customer might bring it to other social environments where it might be used by the buyer, or given as a gift, as if it were genuine. Or it may be introduced as some kind of joke, or as a great deal, practically as good as the genuine bag, but perhaps 30 or 40 times cheaper.

Consumers operate in markets in which companies work to standardise, fix and naturalise both the intangible value (manifested in brands) and the straightforward exchange value (the price) of commodities. As this article has demonstrated, counterfeit goods and their markets can constitute an alternative wherein market participants engage interactively in processes of evaluation and negotiation. Here, both vendors and consumers reclaim more active roles in denaturalising, and temporarily re-fixing, the value of goods.



Figure 1: Inter-subjective evaluations and components of value

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# Notes

1. Both authors contributed equally to this article. [↑](#endnote-ref-1)
2. 1 USD roughly equalled 8 renminbi during our main fieldwork in 2005–2006. [↑](#endnote-ref-2)