Counterfeits Can Benefit Original Brands When People Are Caught Using Counterfeits: the Role of Face Restoration

Liangyan Wang, Shanghai Jiaotong University, USA
Qin Wang, Arizona State University, USA
L. Robin Keller, University of California Irvine, USA
Eugene Chan, Monash University, Australia

We examine consumers’ preference and purchase intentions for genuine products after they are caught using counterfeit versions. We show that consumers with an interdependent self-construal increase their preference for genuine products when caught using counterfeit symbolic (vs. functional) products because they wish to restore face.

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EXTENDED ABSTRACT
Counterfeits are typically inferior-quality imitations of genuine products, especially ones that carry a high brand value (Lai and Zaichkowsky 1999), usually sold at a much lower price to be affordable for everyday consumers. As for the impact of counterfeit on the genuine products, previous research revealed mixed findings. On the one hand, counterfeits can reduce consumers’ demand for genuine products, particularly luxury ones (Wilcox et al. 2009). However, Nia and Zaichkowsky (2000) found that over 70% of survey respondents indicated that the availability of counterfeits does not decrease their faith in and purchase intention for genuine (luxury) brands. Thus, there are different views regarding whether counterfeit products benefit or harm the image and equity of genuine products. This incongruity illustrates the complexity of understanding counterfeit consumption, as well as the need for further study to understand its impact for both consumers and marketers.

In the current investigation, we add to this literature by examining how a specific phenomenon, namely being caught with counterfeits, would increase consumers’ preference for the genuine products. We propose an interactive effect between consumers’ self-construal (interdependent vs. independent) and product type (symbolic vs. functional). Specifically, we hypothesize that consumers with an interdependent self-construal who are caught using symbolic (vs. functional) products increase their preference for genuine products because they are embarrassed and wish to restore face – and one (but not the only) way to do so is by consuming the genuine version of the counterfeit product that they use or wear. We also predict no effect on preference for genuine products among consumers with an independent self-construal because they are not embarrassed when caught using such products. We test and confirm our hypotheses in a series of four experimental studies.

Theoretical Background
Caught Using Counterfeit Products
Research on counterfeit consumption has predominantly explored its pre-purchase antecedents, such as how and why consumers procure counterfeit products. For example, Wilcox et al. (2009) argued that consumers buy counterfeits when the genuine product, especially in the case of luxuries, provides a social-adjusive function. Other studies have focused on other factors such as the product attributes and cultural norms that determine consumers’ decisions to purchase counterfeit products (Eisenb and Schuchert-Güler 2006). Interestingly, only a few studies have examined the post-purchase phases. Nia and Zaichkowsky (2000) and Amaral and Loken (2016) investigated how the owners of genuine products feel and value their authentic merchandise when they see that other consumers are sporting counterfeit products. However, it is not known how consumers who buy, use, and/or wear counterfeit products themselves subsequently change their preference for genuine products. This motivated our present inquiry in which we focus specifically on consumers who are caught using counterfeit products.

Consumers buy counterfeit products primarily because they typically resemble, superficially at least, genuine or luxury products in terms of the prestige that they convey, but they cost far less than originals (Cordell et al. 1996; Grossman and Shapiro 1988). Purchasing based on a desire to convey prestige to others means that, if they are caught using counterfeits, consumers should feel embarrassed for using a product that only superficially appears prestigious but is actually not. Embarrassment results from a public observation of an action that others consider inappropriate; it threatens the positive public self-image that people convey; and it impairs the effectiveness of social interactions (Dahl, Manchanda, and Argo 2001). The emphasis is on public action, in that embarrassment is distinct from what an individual feels alone (Keltner and Buswell 1997). Behaviorally, embarrassment motivates individuals to take actions that restore their self-image (Feinberg, Willer, and Keltner 2012), also known as restoring face. According to Goffman (1967), face is a positive self-image that is affirmed through interaction with others. It is a social resource that is maintained, enhanced, or lost through interpersonal interactions. In our case, being caught with counterfeits should result in embarrassment and drive consumers to restore their face because they are observed using products that go against socially-approved norms and that elicit social disapproval.

We hypothesize that one (but not the only) way to restore face – that is, engaging in facework (Jiang and Cova 2012) – is to opt for the genuine version of the counterfeit product that consumers are caught using. Given that consumers caught using counterfeits are embarrassed because their products only convey prestige but are not actually prestigious, this should motivate them to restore their face by acquiring and possessing the product that is actually prestigious – that is, the genuine article.

Interdependent Consumers and Symbolic Products
However, not every consumer who is caught using counterfeit products should demonstrate a greater preference for genuines, and she/he should not show a greater preference for genuines when caught with any product. Rather, the preference for genuine products should be strongest for consumers with interdependent (vs. independent) self-construals who are caught using counterfeit symbolic (vs. functional) products. The distinction in product type is crucial (Penz and Stottinger 2005). Symbolic products allow consumers to express their actual or ideal self-image (Onkvisit and Shaw 1987). Functional products provide consumers with utility or other functional benefits (Yoo, Chung, and Han 2006). It is important to note that the same product can be either symbolic or functional depending on how consumers view and use it. A handbag can be symbolic since it offers feelings of status or professionalism, but it can also be functional because it allows women to carry everyday articles. Thus, given that symbolic products are more important for consumers’ self-image, we firstly expect that consumers who are caught with counterfeit symbolic products should show a greater preference for genuine articles than those who are caught with counterfeit functional products.

We secondly – and perhaps more importantly – predict that consumers with interdependent self-construals should express a greater preference for genuine articles when caught with a counterfeit symbolic product, compared to those with independent self-construals. Purchase of symbolic products is strongest by consumers high on
face consciousness (Chen et al. 2014), namely those with interdependent self-construals (Hwang, Francesco, and Kessler 2003). Members of interdependent cultures view the self as part of a collective identity with others, and they view face as a socially-defined aspect. This concern for face makes Asian consumers less tolerant of social failures (Chan, Wan, and Sin 2009). Consumers with interdependent self-construals should be more embarrassed when caught using counterfeit symbolic products because they lose an aspect of the self that they define and convey socially. They are likely to be seen as frugal, vain, or that they intend to impress others without putting in the effort (Commuri 2009). This also makes it more likely that interdependent consumers who have been embarrassed when “caught in the act” should express a stronger preference for genuine products, in comparison to independent consumers. Indeed, negative evaluations motivate interdependent consumers to protect their public self-image to maintain their well-being that is largely defined by their social self-worth (Dickerson, Gruenewald, and Kemeny 2004).

In sum, we hypothesize that interdependent (vs. independent) consumers feel embarrassed when they are caught using counterfeit symbolic (vs. functional) products, motivating their preference for the genuine versions as a means to restore face. We test our proposed framework in four studies.

Study 1

Study 1 demonstrated our main hypothesis that interdependent (vs. independent) consumers caught with counterfeit symbolic (vs. functional) products express a greater preference for genuine products, compared to a baseline condition in which they sport the counterfeit products but are not caught using them.

Method. This study used a 2 (self-construal: interdependent, independent) × 2 (product type: symbolic, functional) × 2 (caught: yes, no) between-participants design. Participants (n = 173) from a large university in China first finished a pronoun circling task which primed them either an interdependent or independent self-construal (Brewer and Gardner 1996). Then they randomly received one of two ad copy conditions for a Longines watch that highlighted either its symbolic or functional benefits, which we adapted from Wilcox et al. (2009). Subsequently, participants were shown an actual counterfeit Longines watch and asked to wear the watch, ostensibly as market research for Longines (the actual company) to understand consumers’ interest in counterfeit versions of its products. Afterward, participants proceeded to a different room while wearing the counterfeit Longines watch, ostensibly to help another researcher with their study while we were preparing the second part of the Longines watch study. They were either “caught” or “not caught” by a confederate in this unrelated task. We obtained participants’ preference change for a genuine Longines watch by subtracting the purchase intent measured before the counterfeit Longines watch usage task from the intent measured afterwards.

Results. We first conducted manipulation check for our manipulations of self-construal as well as product type and got results validating the manipulations. Then we conducted a 2 × 2 × 2 ANOVA and found a main effect of being caught or not with a counterfeit watch, with participants who were caught scoring higher on preference than those not caught (β = 3.92, S.E. = 1.71, t = 2.29, p = .02). This offers evidence for our fundamental hypothesis that being caught with counterfeits in general can shift preference towards genuine products, relative to not being caught at all. Crucially, the three-way interaction was marginally significant (F = 3.43, p = .07). As such, we analyzed the 2 (self-construal) × 2 (product type) interaction within each of the caught and not caught conditions to further decompose the effects. When the participants were caught using counterfeits, the 2 × 2 interaction was significant (F = 3.89, p = .05). Subjects with interdependent self-construals indicated a more positive preference change for a genuine Longines watch in the symbolic than functional conditions (M_{symbolic} = 1.17 vs. M_{functional} = .17, r = 2.87, p = .005). In contrast, students with independent self-construals did not show such a preference change for a genuine Longines watch (M_{symbolic} = .51 vs. M_{functional} = .47, p = .90). However, when the students were not caught by others, there was neither a main effect nor a two-way interaction (p > .55).

Study 1 provided beginning evidence for our proposition. Since there is no effect in the condition where consumers use counterfeit but are not caught by others, we only focused on the “caught” situation in the following studies.

Study 2

Study 2 aims to replicate the results from Study 1 and also demonstrate that being caught with counterfeit symbolic products increases interdependent consumers’ embarrassment, which then mediates their preference for genuine products.

Method. This study used a 2 (product type: symbolic, functional) × 2 (self-construal: interdependent, independent) between-participants design. 135 undergraduate students from a large university in Australia participated in this study. We first primed self-construal using the Sumerian warrior story task (Trafimow, Triandis, and Goto 1991). The manipulation of product type was the same as in Study 1 except using a different brand Tissot. Then participants imagined being caught with a counterfeit Tissot watch at a friend’s party. Upon completion, participants completed willingness to pay for genuine Tissot watch that we adapted from Rucker and Galinsky (2008). Participants also indicated on separate 9-point scales (1 = “Not at all” to 9 = “Very much”) the extent they felt the following emotions at the current instant: ashamed, embarrassed, insecure, and vulnerable.

Results. As predicted, a 2 × 2 ANOVA on students’ willingness to pay (WTP) for a genuine Tissot watch revealed only an interaction between the two factors (F = 10.10, p < .002). Participants primed with interdependence expressed a higher WTP for genuine Tissot watches when they imagined being caught with counterfeit symbolic rather than with counterfeit functionals (M_{symbolic} = 4.26 vs. M_{functional} = 4.30, t = 3.32, p < .001). No such effect emerged for participants with independent self-construal (M_{symbolic} = 4.83 vs. M_{functional} = 5.64, p = .21). A moderated mediation analysis with embarrassment as mediator was significant (95% CI: -1.51, -0.07), supporting our hypothesis.

Study 3

In Study 3, we aim to demonstrate that being caught with counterfeit symbolic products also increases their motivation to restore face, which then also mediates their preference for genuine articles.

Method. This study used a 2 (self-construal: interdependent, independent) × 2 (product type: symbolic, functional) between-participants design, in which self-construal was measured and product type was manipulated. Participants (n = 129) completed a similar manipulation of product type of iPhone 5s and the self-construal measurement (Singelis 1994). We also assessed participants’ motivation to restore face by asking them to indicate their agreement with the following statement on a single 7-point scale (1 = “Strongly disagree” to 7 = “Strongly agree”): “After being caught wearing a counterfeit iPhone 5s, I can restore face by purchasing and using a genuine iPhone”.

Results. As predicted, the product type × self-construal interaction was significant (β = .70, S.E. = .29, t = 2.43, p = .02). Specifically, students with an interdependent self-construal (+1 S.D.) indicated a more positive preference for a genuine iPhone after getting caught using counterfeit symbolic products than counterfeit functionals (β = 1.04,
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S.E. = .42, t = 2.78, p = .01). But for participants with an independent self-construal (-1 S.D.), there was no such difference (p = .31). A moderated mediation analysis with face restoration as mediator was significant (95% CI: .03, .49).

Study 4

In Study 4, we present a boundary condition for the effect. Interdependent consumers no longer prefer genuine symbolic products even when they are caught with them when they do not expect to see again the other individuals who caught them.

Method. The study used a 2 (expected re-encounter: yes, no) × 2 (product type: symbolic, functional) × 2 (self-construal: interdependent, independent) between-participants design (n = 284). We manipulated self-construal and product type using the same tasks as in Study 2. In the scenarios in which participants imagined being caught while wearing a counterfeited Tissot watch at a party, half of them specifically imagined that they expected to attend another party the week after with the same party attendees, while the other half did not have such an expectation.

Results. A 2 × 2 × 2 ANOVA revealed that the three-way interaction of product type, self-construal, and expected re-encounter was significant (F = 3.73, p = .05). When participants expected to see the same party attendees again, the 2 × 2 interaction was significant (F = 5.44, p = .02). Participants primed with independence expressed a greater preference for genuine Tissot watches when they imagined being caught with counterfeited symbolic products rather than with counterfeited functional products (M_interdependent = 5.88 vs. M_functional = 4.60, t = 2.43 p = .016). In contrast, participants primed with independence expressed a similar preference whether they imagined being caught with counterfeited symbolic or with counterfeited functional products (M_interdependent = 5.34 vs. M_functional = 5.46, p = .69). But when participants did not expect to see the same party attendees again, there was no two-way interaction between self-construal and product type (c).

In conclusion, this research focuses on being caught with counterfeits, thus adding a component to this domain of study that is largely missing in the literature. Our findings offer contributions for academic scholars, policy makers, and marketing practitioners.

REFERENCES


