Discrepancy Between Social Status and Implicit Self-Esteem Prompts Preference For Counterfeit Luxury

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The current research explores how perceived social status and implicit self-esteem influence counterfeit luxury consumption. Results of two studies showed a novel effect that a discrepancy between social status and implicit self-esteem led to higher preference for counterfeit luxury products.

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Session Overview

Luxury consumption is an increasingly important aspect of consumer behavior, with luxury goods showing the strongest growth among 100 categories of consumer spending (Sparshott 2014). Prior research on the topic has been primarily focused on understanding consumer motivations for purchasing luxury goods, both authentic and counterfeit. This session presents a set of papers that explore the influence of the social context on the desire and consumption of genuine and counterfeit luxury goods. We explore two questions: 1) How can others influence the usage of luxury and counterfeit luxury goods? and 2) How does the actual consumption experience of using a luxury or counterfeit luxury good affect a consumer’s psychological state and subsequent behavior?

The first two papers examine the purchase of counterfeit luxury products. The paper by Wang, Stoner, and John examines the use of counterfeit luxury goods. These authors propose that interest in counterfeit luxury products is perpetuated by the process of moral disengagement, where unethical behavior such as purchasing illegal counterfeit products is rationalized. They examine the role that social feedback plays in moral disengagement and find that when counterfeit users receive a compliment from other people, they are more likely to morally disengage and desire additional counterfeit options in the future. However, the opposite occurs when others question the source of the counterfeit goods. The second paper by Hu and Lee shows that perceptions of relative status can impact counterfeit purchases. They propose that perceptions of low or high status in relation to others interact with implicit self-esteem to lead to the desire to purchase counterfeit luxury products. They find that counterfeit luxury consumption can be driven by a discrepancy between perceived social status and implicit self-esteem.

The final two papers examine the conspicuous consumption of luxury goods. Lee, Shrum and Yi show that social exclusion effects on conspicuous consumption versus pro-social (non-conspicuous) behavior are culture-dependent. They propose and find that responses to explicit and implicit exclusion differ cross-culturally because of cultural differences in communication norms. Exclusion that is communicated in a norm-congruent manner produces pro-social behavior, whereas exclusion that is communicated in a norm-incongruent manner produces conspicuous consumption. The final paper by Wang and John also looks at consumption of authentic luxury products. They propose and find that using luxury products in public makes consumers feel self-conscious and needing to monitor their behavior carefully in front of others. This mindfulness depletes one’s self-regulatory resources and impairs self-control on subsequent tasks. Thus, the papers in this session focus attention on the influence of social factors and context on luxury consumption. This focus is unlikely to emerge in any other format than a special session, since individual luxury consumption papers appear sporadically on the conference program in sessions not devoted to the topic. Given the variety of settings and questions, this session is likely to appeal to a broad set of conference attendees interested in luxury and conspicuous consumption, branding, culture, individual differences, and ethics.

You’re Not Fooling Anyone: How Social Feedback Affects Moral Disengagement and the Purchase of Counterfeit Luxury Products

Extended Abstract

Counterfeit products have become a major problem for luxury brands, with counterfeits accounting for nearly 10% of worldwide trade (Townsend 2013). Prior research has examined consumer motivations for purchasing counterfeits, such as the desire for status and self-enhancement. However, only one study has examined actual use of counterfeit products and the effects of using these products on beliefs and behaviors (Gino, Norton, and Ariely 2010). In this paper, we study the actual use of counterfeit luxury products, and examine how the social feedback that counterfeit users receive affects their moral beliefs and behaviors. We propose and find that certain types of social feedback encourage counterfeit users to rationalize their behavior (a process called moral disengagement), while other types of social feedback have the opposite effect. Further, we use these insights to develop communication strategies that are effective in reducing the desire for luxury counterfeit products. In four studies, we find that social feedback alters the degree of moral disengagement that takes place when consumers wear counterfeit luxury products. Receiving compliments from others increases moral disengagement, which leads to greater interest in purchasing luxury counterfeit items in the future. In contrast, questions about the source of the luxury counterfeit has the opposite effect. We use these findings in a final study, where we show that demand for counterfeit luxury products can be decreased by anti-counterfeiting ads that focus on a social sanction—other people can easily identify counterfeits.

Study 1. In this study, we examine how social feedback while wearing a counterfeit luxury product influences the likelihood that the counterfeit user will rationalize their behavior (moral disengagement). Female participants were given a Tiffany bracelet to wear...
while filling out a survey of general questions unconnected with the study. They were told the bracelet was counterfeit, even though it was a real Tiffany bracelet. After filling out the survey, participants were asked to imagine themselves wearing the counterfeit Tiffany’s bracelet to a shopping mall, where they are approached by a salesperson who comments on the bracelet. For one group of participants, the salesperson is complimentary (“I really like your Tiffany bracelet. It looks so cute on you!”); for the other group of participants, the salesperson is complimentary, but questions the source of the bracelet (“I really like your Tiffany bracelet. Is it real?”). Participants then completed a 3-item measure of moral disengagement (e.g., “It is okay to buy a counterfeit product especially when the authentic product is high priced.”) Results showed women in the compliment condition had a higher level of moral disengagement than those in the question condition (Ms = 4.84 vs. 3.37; F(1, 37) = 13.26, p < .001).

**Study 2.** The procedure was similar to that in study 1, except that participants imagined the social interaction occurred with another shopper. After receiving the compliment or question, participants recorded the thoughts they had about the interaction with the shopper before completing the measure of moral disengagement. Replicating the results of study 1, those in the compliment condition had a significantly higher level of moral disengagement (M = 4.58) than in the question condition (M = 3.71, F(1, 38) = 4.09, p < .05). Thoughts about the interaction with the other shopper were coded for intensity of negative external thoughts, negative internal thoughts, and external positive thoughts. Only the intensity of negative externally directed thoughts (e.g., “I don’t want to get caught lying.”) were found to mediate the relationship between social feedback and moral disengagement.

**Study 3.** In this study, we incorporate actual social feedback into our experimental procedure. Participants were randomly assigned to one of three conditions: compliment, question, or no feedback (control). Each participant was brought to a private interviewing room and was asked to wear a Burberry scarf (which was labeled as a counterfeit) and complete filler tasks. After 15 minutes, a female confederate entered the room pretending to look for a lost cell phone. She made a quick comment about the Burberry scarf in the compliment and question conditions consistent with Study 1, or made no comment at all (control). After this brief interruption, participants completed a survey that included the moral disengagement measure. Finally, participants were taken to another private room which had different “counterfeit” luxury products displayed. Participants evaluated them and indicated their interest in purchasing these products in the future (1-9 scale). Results showed that participants who received a compliment when wearing a fake luxury scarf were more likely to engage in subsequent dishonest behavior involving counterfeits. Compared to participants in the question condition, participants receiving a compliment were more interested in purchasing counterfeit products in the future (M = 7.19 vs. 4.10, p < .001). Counterfeit purchase intention was also higher for participants receiving a compliment versus those in the control condition (M = 7.19 vs. 5.89, p < .05). The effect of social feedback on purchase intention was mediated by moral disengagement.

**Study 4.** Using insights obtained by our prior studies, we examined the effectiveness of different ads aimed at reducing desire for luxury counterfeit products. Novice users (participants who had previously purchased 1 to 5 counterfeit products) viewed either (1) an anti-counterfeiting advertisement highlighting self-sanction “When it’s fake, you know it’s fake,” (2) an anti-counterfeiting ad highlighting social sanction “When it’s fake, we ALL know it’s fake” or (3) a control advertisement for candy. After answering some basic questions about the ad, participants answered questions about intentions to purchase counterfeits in the future. Results revealed that participants in the self-sanction condition had a significantly lower counterfeit product purchase intention than did participants in the self-sanction condition (Ms = 3.92 vs. 4.98, t(242) = -1.86, p < .05) or participants in the control condition (Ms = 3.92 vs. 5.02, t(242) = 1.94, p < .05). Additionally, there was no difference in purchase intention between the self-sanction condition and the control condition (t(242) = -0.08, p > .46).

**Discrepancy Between Social Status and Implicit Self-Esteem Prompts Preference for Counterfeit Luxury**

**EXTENDED ABSTRACT**

Consumers purchase counterfeit products to convey positive signals to themselves and to others (Gino, Norton, and Ariely 2010; Wilcox, Kim, and Sen 2009). Particularly in the luxury goods market, consumers knowingly purchase counterfeit products as a social signaling mechanism with low financial costs (Nia and Zaichkowsky 2000; Penz and Stöttinger 2005). In this project, we explore psychological factors that underlie consumers’ preference for counterfeit luxury goods.

Past studies have identified perceived social status as a predictor of counterfeit consumption. In particular, correlational evidence suggests that people who prefer counterfeit luxury are self-identified as lower in social status compared with people who prefer authentic luxury (Bloch, Bush, and Campbell 1993). Poor consumers in developing countries are also more likely to use counterfeits as a status-signaling device (Van Kempen 2003). In the current research, we examined the effect of implicit self-esteem as a potential moderator of the effect of perceived social status on counterfeit consumption.

Implicit self-esteem is thought to play an important role in predicting status-signaling behaviors as it has been shown to affect materialism, conspicuous consumption, and compulsive buying (Hanley and Wilhelm 1992; Park and John 2011; Sivanathan and Pettit 2010). In the current project, we offer a novel proposition that perceived social status and implicit self-esteem jointly influence the preference of counterfeit luxury goods. Specifically, we hypothesize that counterfeit luxury consumption can be driven by a discrepancy between perceived social status and implicit self-esteem. Recent research lends suggestive evidence for this hypothesis. In particular, Park and John (2011) has shown that a discrepancy between implicit and explicit self-esteem leads to high levels of materialism through a desire to self-enhance. Also, people with low self-esteem were found to prefer status-signaling brands when they were socially included (which creates a discrepancy between self-esteem and social acceptance) but not when socially excluded (Dommer, Swaminathan, and Ahluwalia 2013).

We hypothesize that a discrepancy between social status and self-esteem leads to heightened psychological discomfort and a need for self-enhancement to alleviate that psychological discomfort. Compared with consuming authentic luxuries, counterfeit luxury consumption can be viewed as an effective self-enhancement strategy via status signaling, but without the burden of high financial costs. Thus, we predict that people experiencing a discrepancy between social status and implicit self-esteem will have more favorable attitudes towards counterfeit luxury products. Two studies tested this core hypothesis.

**Experiment 1: Louis Vuitton Study.** The design of the study is a 2 (perceived social status: high vs. low) × 2 (implicit self-esteem: high vs. low) between-subject design. Eighty-five undergraduate students were recruited to participate in this lab experiment. Only
female participants were recruited due to anticipated gender differences on familiarity with Louis Vuitton handbags. 

Participants’ level of implicit self-esteem was measured through a 9-point single-item asking “How much do you like your name in total?”. The measure was adopted from Gebauer et al. (2008) and higher preference for one’s own name has been validated as a proxy for higher implicit self-esteem. Participants’ level of perceived social status was manipulated via a manipulation adopted from Pfiff et al. (2010). In the high social-status condition, participants were asked to compare themselves to people from the bottom of the social ladder. In contrast, in the low-social-status condition, participants compared themselves to people from the top of the social ladder. Participants were then asked to imagine themselves in a shopping scenario in which they tried out a Louis Vuitton handbag but learned about an opportunity to purchase a counterfeit bag that looked and felt identical to the authentic one. Participants answered questions on their attitude and preference for the counterfeit Louis Vuitton handbag.

Results showed a significant two-way interaction on attitude towards the counterfeit LV bag (b = -.29, t(85) = 2.71, p = .008). Spotlight analysis revealed that among participants with low implicit self-esteem (−2SD), those who were high in perceived social status had more favorable attitudes toward the counterfeit LV bag compared with participants who were low in perceived social status (b = -.64, t(85) = 2.67, p = .009). In contrast, among participants with high implicit self-esteem (+2SD), it was those low in perceived social status who had more favorable attitudes toward the counterfeit bag compared with participants high in perceived social status (b = .52, t(85) = 2.18, p = .03). Similar patterns were also observed for an additional DV asking participants how often they would use the counterfeit bag had they bought it (b = -.27, t(85) = 2.48, p = .02).

The results of the current study support our core hypothesis that a status leads to a preference for counterfeit luxury goods.

Experiment 2: Rolex Study. Ninety-nine participants recruited via MTurk participated in this online study. Similar to experiment 1, the design of the current study is a 2 (perceived social status: high vs. low)× 2 (implicit self-esteem: high vs. low) between-subject design. Rolex watches were used as the central stimulus brand, and only male participants were recruited. The procedures of the current study were similar to experiment 1.

Results show a significant two-way interaction on attitude towards a counterfeit Rolex watch similar to the pattern shown in experiment 1 (b = -.29, t(99) = 2.90, p = .005). Among participants with low implicit self-esteem (−2SD), high social status led to more favorable attitude towards a counterfeit Rolex watch (b = .49, t(99) = 2.25, p = .03). The contrast reversed for those with high implicit self-esteem (+2SD) (b = 1.75, t(99) = 2.76, p = .007).

Conclusion and Contributions. The current findings shed light on the psychological factors that dictate the consumption of counterfeit products and have important implications for managing luxury brands and products in the marketplace.

Cultural Influence on Conspicuous Consumption and Pro-Social Behavior in Response to Social Exclusion and the Role of Communication Norms

EXTENDED ABSTRACT

Recent research suggests that differences in how social exclusion is communicated have large effects on responses because implicit and explicit social exclusion threaten different needs (Lee and Shrum 2012). Implicit exclusion (e.g., being ignored) threatens efficacy needs (e.g., power), which results in attention-getting responses such as conspicuous consumption, whereas explicit exclusion (e.g., being rejected) threatens relational needs (e.g., self-esteem), which results in pro-social responses such as helping (non-conspicuous behavior).

Although the previous research provides insights into the mechanisms underlying exclusion effects, at least two questions remain unanswered: 1) whether responses to social exclusion are universal or culture-specific, and 2) why implicit and explicit communication of social exclusion threatens different needs. In the present research, we address both questions. Specifically, we propose that responses to explicit and implicit types of exclusion differ cross-culturally, and that these differences are related to the ways in which social exclusion is communicated. To support these propositions, we build on Hall’s (1976) conceptualization of high- versus low-context communication cultures. In low-context cultures (e.g., the U.S., some European countries), the normative way of communication occurs through explicit statements, and is relatively context-free. In high-context cultures (e.g., Korea, Japan, China), the normative way of communication occurs through implicit, nonverbal cues such as facial expressions and silence, and people often draw true meaning from the social context.

In three experiments, we test the general proposition that reactions to social exclusion depend on whether social exclusion is communicated in a norm-congruent or norm-incongruent manner. We contrast Korean and American cultures, which differ in their communication norms, and show that Koreans and Americans react to explicit and implicit types of social exclusion in essentially opposite ways. Further, we document three interrelated processes that underlie these effects: 1) implicit and explicit types of social exclusion threaten different needs for Koreans and Americans, 2) threats to different needs produce different compensatory responses, and 3) the culturally opposing responses to the two types of social exclusion arise from cultural differences in communication norms. This general set of relations is presented in Figure 1.

In all experiments, participants wrote about experiences of either being ignored or rejected (Molden et al. 2009) and indicated their preferences for conspicuous logos and for willingness to help (operationalizations were varied). Means and standard deviations are summarized in Table 1. Experiment 1, using a Korean sample, examined the effect of being rejected versus ignored on conspicuous consumption and helping. We included a control condition in which participants described their college campus. Recall that in Lee and Shrum (2012), being ignored increased conspicuous consumption, whereas being rejected increased helping. However, for Korean participants, the results were the opposite. Being ignored increased helping relative to the rejected (F(1, 59) = 6.22, p < .05) and control (F(1, 58) = 4.99, p < .05) conditions, whereas being rejected increased conspicuous consumption relative to the ignored (F(1, 59) = 4.50, p < .04) and control (F(1, 57) = 7.75, p < .01) conditions.

Experiment 2, using a Korean sample, examined the underlying process that reactions to exclusion depend on which needs are threatened in Korea. We manipulated the process by boosting either self-esteem or power (moderation-of-process; Spencer, Zanna, and Shrum 2012). The design was a 2 (rejected vs. ignored) × 3 (self-esteem boost vs. power boost vs. no boost) between-subjects factorial. The interaction was significant for helping (F(2, 215) = 4.54, p < .05) and for conspicuous consumption (F(2, 215) = 5.69, p < .01). For helping, the self-esteem boost reduced the effects of being ignored, relative to the no-boost (F(1, 215) = 5.78, p < .05) and power boost (F(1, 215) = 10.19, p < .01) conditions. Thus, being ignored threatened self-esteem but not power. For conspicuous consumption, the power boost reduced the effects of being rejected, relative to the
no-esteem boost (F(1, 215) = 17.08, p < .001) and self-esteem boost (F(1, 215) = 14.18, p < .001) conditions. Thus, being rejected threatened power, but not self-esteem.

Experiment 3, using both Korean and American samples, tested our prediction that the culturally opposite responses were mediated by communication norms. The design was a 2 (Koreans vs. Americans) × 2 (rejected vs. ignored) between-subjects factorial. The interaction was significant for helping (F(1, 128) = 11.23, p < .01) and for conspicuous consumption (F(1, 128) = 9.43, p < .01). Ignored Koreans increased helping relative to rejected Koreans (F(1, 74) = 4.77, p < .05), but rejected Koreans increased conspicuous consumption relative to ignored Koreans (F(1, 74) = 4.88, p < .05). The results were opposite for Americans. Ignored Americans increased conspicuous consumption relative to rejected Americans (F(1, 54) = 5.15, p < .05), but rejected Americans increased helping relative to ignored Americans (F(1, 54) = 5.67, p < .05). This interaction was mediated by communication norms (95% CI = .0053 to .4394 for conspicuous consumption; 95% CI = .0057 to .6823 for helping).

In conclusion, our research demonstrates that compensatory responses (conspicuous consumption and helping behavior) to explicit and implicit types of exclusion were opposite between high- and low-context cultures and that these effects depended on which needs were threatened and were explained by cultural differences in communication norms.

Louis Vuitton and Your Waistline: Using Luxury Goods Depletes Self-Regulatory Resources and Impairs Self-Control

EXTENDED ABSTRACT

Whereas past research in luxury and conspicuous consumption has looked at motivations for desiring luxury goods, this paper looks at the actual experience of using luxury goods and examines the negative psychological costs of luxury consumption. We propose that using a luxury item in public makes consumers feel more self-conscious, and more mindful of needing to watch their behaviors in public. We further propose that being at such mindset requires self-regulatory resources to manage, depletes one’s self-regulatory resources, and therefore impairs consumers’ ability to exert self-control in subsequent situations (e.g., resisting candy). We test these hypotheses in four experiments.

Experiment 1 tests the basic theory. Eighty-four female students were randomly assigned to use a luxury handbag (Louis Vuitton, retail price: $730) or a non-luxury handbag (retail price: $75). After using the handbag in public for 15 minutes, participants returned to the lab and completed a survey, with a small bowl of M&Ms candy provided nearby as a complimentary snack. The survey asked participants to recall their experiences using the assigned handbag, including questions about whether they felt they were in the spotlight during the experience: “When you walked around with the handbag, to what extent did you feel you: (1) attracted attention from others, (2) were being noticed by others, (3) needed to be more careful in front of others, and (4) felt self-conscious about carrying the handbag?” (1=not at all, 7=very much). The four items were averaged to form a Spotlight Index (α=.68). After completing the survey, participants were dismissed and the weight of the M&M’s they consumed was measured (in grams). As expected, participants in the luxury condition consumed significantly more M&M’s than participants in the control condition (M= 26.19 vs. 15.21, t(82)=2.11, p=.03). Similarly, participants in the luxury condition also had stronger feelings of being in a spotlight (M=-4.19 vs. 3.42, t(82)=1.99, p=.025). Finally, we found that the effect of luxury product use on M&M’s consumption was mediated by the Spotlight Index (95% bias-corrected, CI = [-.0007, .0956]).

Study 2 provides further process evidence by comparing food consumption contexts that require self-control (unhealthy food) versus those that do not (healthy food). We predicted that the luxury depletion effects should only occur for unhealthy food. Study 2 had a 2 (Product Type: Luxury vs. Control) by 2 (Food Type: Healthy vs. Unhealthy) between-subjects design and used a procedure similar to study 1. Our analysis showed a significant interaction effect (F(1, 84) = 3.88, p=.05). Specifically, participants in the Luxury condition ate significantly more unhealthy food than participants in the control condition (Ms = 40.45 vs. 28.31, t(84) = 1.78, p = .035). However, there was no difference for healthy food consumption cross conditions (p=.31). Furthermore, the interaction effect was mediated by the Spotlight Index (95% bias-corrected, CI = [-8.52, -.45]). Study 2 also ruled out mood and power/status as alternative explanations.

In study 3, we varied luxury consumption to be public or private. If feelings of being in a spotlight are responsible for the luxury depletion effect, we should observe the effect for the public, but not the private, consumption context. To add to our process evidence, we add a third condition where we directly manipulate the spotlight mindset. For this condition, prior to participants use luxury handbags privately, we prime them with a message about how others are always watching them and how they need to be careful about their behavior in public, which is consistent with how luxury users feel when using these goods in public. Thus, we expect that participants using the luxury handbag in private will exhibit the same spotlight feelings as participants using the luxury handbag in public. Eighty female students were randomly assigned to one of the three conditions: Luxury Public vs. Luxury Private vs. Luxury Private with Spotlight Mindset Prime. As predicted, participants in the Luxury Public condition and Luxury Private with Spotlight Mindset Prime conditions had similar spotlight feelings (M=4.32 vs. 4.19, t(77)=.29, p = .77), and both had significantly greater spotlight feelings than participants in the Luxury Private condition (M= 3.20, t > 2.10, ps < .05). Participants in the Luxury Public condition consumed significantly more candy than participants in the Luxury Private condition (Ms=24.11 vs. 14.68, SD = 15.97, t(77) = 1.90, p = .031). Finally, participants in the Luxury Private with Spotlight Mindset Prime condition also ate significant more candy than participants in the Luxury Private condition (Ms= 28.70 vs. 14.68, t(77) = 2.42, p = .01).

Our final experiment tests two moderators: levels of luxury and self-control trait. Although both are luxury brands, premium luxury brands (e.g., Prada) are more exclusive than affordable luxury brands (e.g., Coach). Thus, the social spotlight effect should be more pronounced in the case of premium luxury brands, and we predicted that unhealthy food consumption would be greater in this condition. Finally, we expected the effects to be stronger for people who have lower self-control. One hundred and seven female students were randomly assigned to wear either a premium luxury bag (Prada, retail price: $1890) or an affordable luxury bag (Coach, retail price: $295). As expected, for participants with stronger self-control, using the premium luxury handbag or the affordable luxury handbag did not affect how much candy they ate (M = 16.83 vs. 12.95, p = .55). In contrast, participants with weaker self-control ate significantly more candy when they used the premium compared to the affordable luxury handbag (M = 29.66 vs. 13.54, t(103) = 3.11, p = .001).

In summary, four experiments demonstrate that engaging in luxury consumption in public depletes one’s self-regulatory resources and therefore leads to more unhealthy food intake subsequently. To our knowledge, our work is the first to explore the psychological states and behavioral consequences of using luxury goods and makes...
a number of novel and important contributions to luxury consumption, self-regulation, and consumer well-being.

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