My Louis Vuitton bag is a counterfeit : the role of regulatory focus in consumer deceptive behavior

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**MY LOUIS VUITTON BAG IS A COUNTERFEIT:
THE ROLE OF REGULATORY FOCUS IN CONSUMER DECEPTIVE
BEHAVIOR**

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ABSTRACT

Why are consumers of counterfeit goods more or less likely to acknowledge that they use counterfeit luxury goods? In order to answer this question, we examine what dispositional and situational factors may drive counterfeit users to tell or not to tell the truth about their counterfeit goods. Through four experiments, we demonstrate that whether or not consumers tell the truth about their counterfeit goods depends on which goals are activated (especially, regulatory goals) and how close they are to the target person (e.g., in-group member versus out-group member). The first three experiments show that prevention-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit purchase whereas promotion-focused consumers show no difference in willingness to tell the truth regardless of whether the target person is a friend (in-group member) or an acquaintance (out-group member). This effect occurs because prevention-focused consumers are guided by their ought-selves, whereas promotion-focused consumers are guided by their ideal-selves. Hence, telling the truth to fulfill interpersonal duties fits prevention focus, whereas not telling the truth to achieve desirable images fits promotion focus. However, we also prove that this is not true all of the time. We demonstrate that under certain circumstances, promotion-focused consumers are willing to tell their friend (versus acquaintance) the truth about their counterfeit purchase when telling the truth helps them achieve different positive attributes.

Keywords: counterfeit, luxury goods, regulatory focus, social norm

1. INTRODUCTION

Imagine that you bought a counterfeit Louis Vuitton (LV) bag a few days ago. Now, you are out running errands while carrying the bag, and you run into someone you know. While talking to her, she comments that your LV bag looks nice. Would you tell her the truth that your LV bag is a counterfeit? If you tell her the truth, you would lose a chance to signal the desired positive attributes (e.g., high status or respectable taste) that made you buy the counterfeit bag in the first place. However, not telling the truth might violate important values of interpersonal relationships (e.g., openness and honesty). This dilemma exemplifies our research question: What are individual and situational factors that may influence counterfeit users' likelihood of engaging in deceptive behavior? In particular, we examine why and when consumers of counterfeit products deceive others about their counterfeit purchases.

Previous research has revealed that people lie less frequently to others in close relationships than those in casual relationships (DePaulo and Kashy 1998). Following this line of research, if you meet a friend (in-group member) in the situation above, you would tell her the truth that your LV bag is a counterfeit, but you would not do so for an acquaintance (out-group member). Though this effect sounds reasonable, anecdotal evidence would suggest that this cannot be true all of the time. Specifically, in the context of counterfeit products, we suggest that whether you opt to tell the truth or deceive the other party depends not only on your interpersonal relationship with the other person, but also on the goals (specifically regulatory goals) salient at the moment.

Regulatory focus theory (Higgins 1997) proposes two distinct motivational systems: promotion, in which one strives to achieve aspiration and advancement to ensure

nurturance and gains, and is willing to take risks to ensure positive outcomes; and prevention, in which one strives to fulfill duties and obligations to pursue security and safety, and is unwilling to take risks to avoid negative outcomes. According to this theory, it is possible that prevention-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit goods in order to fulfill their duty and obligation as a friend. However, promotion-focused consumers may have the same tendency to tell the truth about their counterfeit goods regardless of relationship closeness because they may want to project positive attributes (e.g., status) to not only their friend but also acquaintance through the consumption of counterfeit luxury goods, which is consistent with promotion-focused individuals' emphasis on achievement and presence of positive outcomes.

We further propose that the interaction between regulatory focus and relationship closeness with the target person will be moderated by social norms regarding the consumption of counterfeit luxury goods. We expect that when social norms regarding the consumption of counterfeit luxury products are positive, promotion-focused consumers would be more likely to tell their friend (versus acquaintance) the truth because they can show different types of positive attributes by revealing that they are using counterfeit luxury goods (e.g., they can signal an image of being a smart shopper by telling the truth about their counterfeit luxury goods).

In examining whether and under what circumstances consumers of counterfeit products reveal information about their purchases of such products, this research poses important implications not only for academics, but also for marketing managers. For academics, this research is among the first to examine the psychological and behavioural

consequences of counterfeit goods consumption and thus offers unique insights into how consumers of these goods behave, particularly regarding whether they disclose to others that their purchase is counterfeit. Despite the healthy body of research investigating why consumers buy counterfeit goods, very little attention has been paid to how consumers of these goods behave after purchasing them. As such, this research expands upon existing knowledge of the consumption of counterfeit products by elucidating the post-purchase behaviour of this consumer group. This research also poses certain significance for marketing managers. Since counterfeit products cannot be legally advertised, word-of-mouth communication plays a crucial role in spreading information about these products—most importantly, where people can buy them (Hung 2003). Recent research (e.g., Lan et al. 2012) has demonstrated that consumers obtain information regarding counterfeit goods primarily by word-of-mouth. In this sense, it may be important for marketing managers to know which dispositional and situational factors persuade consumers to be more (or less) likely to discuss their counterfeit purchases, so that more effective strategies can be designed and implemented to prevent the spread of information regarding counterfeit goods. From this perspective, the present research may also help marketing managers to understand when and how information regarding counterfeit goods spreads.

Findings from this research contribute to the marketing, deceit and counterfeit consumption literature on multiple fronts.

Theoretically, this research fills an important gap in the marketing literature by examining how individual and situational factors may affect consumers' deceptive behavior. As mentioned, to our knowledge, there has been minimal prior research in the

marketing literature that examines consumers' deceptive behavior. Hence, this research extends the marketing literature by demonstrating counterfeit users' deceptive behavior. This is also the first research to examine deceptive behavior of consumers of counterfeit products. Most previous research on the consumption of counterfeit luxury goods has focused on the antecedents of consumption of counterfeit luxury goods (e.g., "Why do consumers buy counterfeit luxury goods?" "Who is more likely to purchase counterfeit luxury goods?" See Han, Nunes, and Dreze 2010; Wilcox, Kim, and Sen 2009). However, not much research (as an exception, see Stephanie 2008; Gino, Norton, and Ariely 2010) has focused on the consequences of counterfeit consumption (e.g., "How do they use counterfeit luxury goods to deceive others?"). In particular, minimal research has examined how consumers feel about the use of counterfeit luxury goods and how it leads to further deceptive behavior. Thus, current research helps open a new area of research in understanding psychological and behavioral consequences of consuming counterfeit luxury goods.

Second, this research also contributes to the regulatory focus and deception literature. Much research has been done in understanding the antecedents and consequences of regulatory focus. However, to our knowledge, sparse research (e.g., Gino and Margolis 2011) has examined how individuals' regulatory foci may affect one's ethical behavior. Moreover, there has been no research on how the interaction between regulatory focus and relationship closeness with the target person influences consumers' deceptive behavior. Thus, the two streams of research on regulatory focus and deception have, until recently, evolved fairly independently. This research builds on Gino and Margolis (2011) to continue the dialogue between these two streams of literature.

Third, we examine the moderating role of social norms regarding counterfeit luxury goods. In doing so, we go beyond previous research by demonstrating that promotion-focused consumers are also willing to tell the truth under certain circumstance. We suggest that while telling the truth helps promotion-focused consumers achieve their ideal self, they are also willing to tell others the truth about their counterfeit luxury goods.

2. THEORETICAL BACKGROUND

1. Literature review on deception

Lying occurs in everyday social interactions (Kashy and DaPaulo 1996). It may be a small, innocuous lie or it may be a more profound lie about a major issue. Regardless, people lie at least once per day (DePaulo et al. 2004). Hence, it is important to understand why and when people engage in deceptive behavior in general before we discuss about our theoretical framework.

1.1 Deception

According to Miller (1983, p. 97-98), deceptive communication can be defined as “message distortion resulting from deliberate falsification or omission of information by a communicator with the intent of stimulating in another, or others, a belief that the communicator himself or herself does not believe.” In other words, deception involves any behaviors that intentionally give incorrect information or hide relevant information. In a similar vein, DePaulo et al. (1996) suggest that a lie occurs when people make intentional attempts, including nonverbal ones, to mislead a target person. According to this definition, not correcting the target’s assumption or keeping silent is also regarded as

deception (Wood, Schmidtke, and Decker 2007). Taken together, deceptive behaviors can be defined as any intentional behaviors including delivering not only falsified or omitted messages, but also any nonverbal behaviors (e.g., gestures) to mislead a target person¹.

1.2 Various types of deception

Previous studies on deceit (e.g., Bok 1978; Dunleavy, Chory, and Goodboy 2010; Galasinski 1994; Kim et al. 2008; Schweitzer and Croson 1999; Spranca, Minsk, and Baron 1991; Wood et al. 2007) propose that there are mainly two different types of deceptive communication: omission and commission. Deception by omission occurs when people withhold critical information (Dunleavy et al. 2010). On the other hand, deception by commission occurs when people give false information to a target person (Wood et al. 2007). Hence, omission is perceived as the most passive form of deceptive communication, whereas commission is perceived as the most active form of deceptive communication (Galasinski 1994; Kim et al. 2008).

People are more likely to withhold relevant information (omission) rather than lie about the information (commission; Steinel, Utz and Koning 2010) when they engage in deception. This may be because deception by commission requires more effort and stronger intention than deception by omission (Spranca et al. 1991). Furthermore, people may not easily detect liars' intention to omit important information because it is difficult to confirm whether the liars intentionally excluded information or whether they simply

¹ Even though some of previous research (e.g., Bok 1978; Schweitzer and Croson 1999) distinguish between lies and deception, most of research in deception literature uses deception and lies interchangeably (e.g., Peterson 1996; Schweitzer and Croson 1999). Hence, we also use deception and lies interchangeably in this research.

forgot to include it (Wood et al. 2007). Therefore, deception by omission is easier to engage in and to avoid being punished for, even when the deception is uncovered.

Although most of the previous studies divide deceptive behaviors into two main types: omission and commission, some studies divide deceptive behaviors more specifically. For example, Peterson (1996) proposes six different types of deceptive communication: omission, failed deception, half-truth, white lie, distortion, and blatant lies. In a similar vein, Hubbell, Chory-Assad, and Medved (2005) suggest four different types of deception: withholding, distortions, ambiguity, and changing the subject.

1.3 Different motives for lying

Even though not much research focuses on the motives people have that encourage or discourage their tendency to engage in deceptive behavior (Steinel and Dreu 2004), there are some studies in communication and psychology literature on why and when people are more likely to engage in dishonest behaviors.

Kashy and DePaulo (1996) suggest that there are six important factors that influence people's lying behaviors: (1) people high in Machiavellianism are more likely to lie (especially, self-oriented lies) than people low in Machiavellianism because people high in Machiavellianism are more cynical and less concerned about moral issues; (2) people who are more concerned about their self-image are more likely to lie to convey positive impressions to others because they want to present themselves positively through lying; (3) people with low self-confidence are more likely to lie for themselves (self-oriented lies) as well as for others (altruistic lies) because self-oriented lies help them look more positive (e.g., smarter and more attractive) and other-oriented lies help them to be

accepted by others; (4) since deceptive behaviors are condemned in most societies, people are less likely to lie, especially self-oriented lies if moral value is strongly internalized; (5) people who are extraverted and high in social interactions are more likely to lie than people who are introverted and low in social interactions because not only do the extraverts have more opportunities to lie but they also become have accustomed to lying during social interactions; and (6) level of intimacy may influence the occurrence of different types of deceptive behavior. In case of self-oriented lies, people are less likely to lie to others in valuable relationships. However, in the case of other-oriented lies (e.g., lies to protect others), people are more likely to lie to others in valuable relationships.

Previous research also shows that whether or not people engage in deceptive behavior depends on expectation about partners. For example, Steinel and Dreu (2004) suggest that people's tendency to engage in deceptive behavior is guided by their expectation about their partner's motive. They found that they are more likely to deliver inaccurate information (providing inaccurate information) and less likely to give accurate information (withholding accurate information) when they think that their partners are competitive rather than cooperative.

Other research (Steinel et al. 2010) suggests that during group decision-making situations, people's intention to engage in deceptive behavior may depend on their motivation and the importance of information they have. Through three experiments, they found that pro-social people are more likely to share important information with others, whereas pro-self people are more likely to distort information and share unimportant information with others.

Previous research also shows that intelligence may influence people's dishonest behavior. For example, Gino and Ariely (2012) found that creative people are more likely to engage in dishonest behavior (i.e., overreporting their performance on the tasks to receive financial gains) as creativity helps them justify their dishonest behaviors more easily.

Since lying, misrepresentation, and deception has been mainly studied in communication and psychology, only minimal research has examined consumers' deceptive behavior (Horne, Norberg, and Ekin 2007). For example, Sengupta, Dahl, and Gorn (2002) found that consumers are more likely to misrepresent the price of a product that they possess when they have a desire to convey a positive impression. Therefore, they suggest that impression management is a key factor in understanding consumers' lying behavior about product-related features. In a similar vein, Argo, White, and Dahl (2006) propose that lying is done not only to impress others but also to increase self-worth. They found that under self-threatening social comparison situations, consumers are more likely to lie about product-related features (i.e., price) to convey a positive impression to others as well as to increase their own self-worth. Other research in marketing found that consumers are more likely to engage in dishonest behaviors without damaging their positive self-view when they pay less attention to moral standard and their categorization malleability increases (Mazar, Amir, and Ariely 2008).

1.4 Deception in interpersonal relationships

In interpersonal relationships, the communicator's relationship influences the occurrence of deceptive behaviors (Miller et al. 1986). For example, DePaulo and Kashy (1998) found that participants tell fewer lies to people in close relationships (i.e., friends)

than people in casual relationships (i.e., acquaintances and strangers) because of not only emotional but also practical reasons. According to DePaulo and Kashy (1998), feelings of closeness and security promotes people to lie less often in close relationships because telling lies goes against friendship ideals such as openness. Furthermore, people are more afraid of their deception being uncovered by the close person and feel less confident that the close person believes their lies, since close friends know each other better and meet frequently (DePaulo and Kashy 1998). Ennis, Vrij, and Chance (2008) also found that participants lie more often to people who have no emotional bond (i.e., strangers) than people who have close emotional bonds (i.e., close friends). In a similar vein, Gillath et al. (2010) found that attachment security discourages people to lie to their close partners. Another study (Whitty and Carville 2008) also found that regardless of the type of media used (e.g., email, phone, or face to face), participants are more likely to tell self-oriented lies to people who they do not know well whereas they are more likely to tell altruistic lies to people who they feel close to (e.g., family and friends).

What about consequences of deception being uncovered? People generally experience negative emotions such as being disappointed, betrayed, and upset when they know that they are deceived (Bok 1978). Given that people perceive deceptive behaviors (e.g., serious lies) as threats, offences, and betrayals, liars' reputations and interpersonal relationships are destroyed, and they are sometimes even punished by law when the deception is uncovered (DePaulo et al. 2004). Although people show negative reactions to discovered deception, they may experience different levels of negative emotions depending on relationship closeness. Since people in close relationships are interdependent—not only emotionally but also behaviorally—and share past experiences

and plans to build their future together (Metts 1989), people have a tendency to perceive deceptive behaviors more seriously when conducted by someone in a close relationship (e.g., a friend). Previous research (Mccornack and Levine 1990) found that people are more likely to experience negative emotions and terminate relationships when lies told by familiar people (verses unfamiliar people) are uncovered. Therefore, consequences of uncovered deception are more severe in close relationships than in casual relationships.

Taken together, the common findings of previous research on deception in interpersonal relationships are that people lie less often to their in-group members (e.g., friends) than their out-group members (e.g., acquaintances)². This is because consequences of deceptive behaviors being uncovered are generally more severe when the deceptive behaviors target in-group members (e.g., friends). However, are people always less likely to lie to in-group members (e.g., friends) than out-group members (e.g., acquaintances)? How one behaves in such situations is influenced by many things, one of which is the goals that are salient at the moment. Therefore, it is possible that people who have different goals at the moment have different tendencies to engage in deceptive behavior. Since regulatory focus posits two different motivational systems that significantly influence people's decisions and behaviors, we propose that individuals' deceptive behavior tendency is influenced, in part, by the regulatory goals salient at the moment. Therefore, in this research, we will examine how the interaction between regulatory focus and relationship closeness with the target person influences consumers' deceptive behavior, especially counterfeit users' deceptive behavior.

² In this study, we focus only on lies that are intended to benefit the liars themselves (self-benefit lies). Previous research (e.g., DePaulo and Kashy 1998) found that people are less likely to tell in-group members (rather than out-group members) self-benefit lies. However, they also found that people are more likely to tell in-group members (than out-group members) other-benefit lies in order to protect their in-group members.

In the next section, we will discuss why regulatory focus is important to understand consumers' deceptive behaviors in general.

2. Literature review on regulatory focus

2.1.Regulatory focus

Regulatory focus is concerned with how people approach pleasure and avoid pain in different ways.

(Higgins 1997, p.1282)

The regulatory focus theory proposed by Higgins (1997) has been widely used to explain different aspects of people's behaviors. The theory (Higgins 1997) suggests two distinct self-regulation systems: promotion focus and prevention focus. According to this theory (Higgins 1997), promotion-focused individuals pursue the "ideal self" by emphasizing achievements, progress, and aspirations to fulfill their needs for nurturance and gains, and they are sensitive to the presence and absence of positive outcomes; prevention-focused individuals pursue the "ought self" by emphasizing responsibilities and duties to fulfill their needs for safety and security, and they are sensitive to the presence and absence of negative outcomes. For example, Higgins et al. (1994) found that individuals are more likely to remember stories with a strategy of approaching matches to desired end states when they are guided by their ideal self, whereas individuals are more likely to remember stories with a strategy of avoiding matches to undesired end states when they are guided by their ought self. In a similar vein, Shah, Higgins, and Friedman (1998) found that ideal strength increases performance under the gain and non-gain

situation (promotion condition), whereas ought strength increases performance under the loss and non-loss situation (prevention condition).

Given that promotion-focused individuals tend to focus on what they can gain from a situation (positive outcomes) and prevention-focused individuals tend to focus on what they can lose from a situation (negative outcomes), promotion-focused individuals are more willing to take risks in order to achieve gains, whereas prevention-focused individuals are risk averse to avoid losses (Förster and Higgins 2005; Righetti, Finkenauer, and Rusbult 2011). Since promotion- and prevention-focused individuals have different motivations, goals, and attitudes toward risks, they use different means to achieve their goals. Promotion-focused individuals use eagerness means whereas prevention-focused individuals use vigilance means (Higgin 1997; Crowe and Higgins 1997). For example, Crowe and Higgins (1997) found that in a signal detection task, promotion-focused people who are in a state of eagerness are more likely to maximize “hits” (successfully finding a target) and minimizing “misses” (omitting a target) while prevention-focused people in a state of vigilance are more likely to maximize “correct rejection” (successfully avoiding a mistake) and minimize “false alarm” (committing a mistake). In another study, Förster, Higgins and Idson (1998) demonstrate that promotion- and prevention-focused individuals employ different strategies to approach (or avoid) their desired (or undesired) end-states. They found that promotion-focused participants in the arm flexion condition (approach) correct more solutions of an anagram task than those in the arm extension condition (avoidance), whereas prevention-focused participants in the arm extension condition (avoidance) correct more solutions of an anagram task than those in the arm flexion condition (approach).

Previous research shows that promotion- and prevention-focused individuals experience different emotions when their goals are achieved and are not achieved. Higgins, Shah, and Friedman (1997) found that promotion-focused individuals are more likely to experience cheerfulness-related emotions (i.e., happy and satisfied) when their goals are achieved (presence of positive outcomes), whereas they are more likely to experience dejection-related emotions (i.e., disappointed and discouraged) when their goals are not achieved (absence of positive outcomes). In contrast to promotion-focused individuals, prevention-focused individuals are more likely to experience quiescence-related emotions (i.e., calm and relaxed) when they successfully avoid their undesired goals (absence of negative outcomes), whereas they are more likely to experience agitation-related emotions (i.e., tense and uneasy) when they fail to avoid their undesired goals (presence of negative outcomes). Another study also shows that promotion- and prevention-focused individuals experience different levels of emotional intensity when they attain and do not attain their desired goals. For instance, Idson, Liberman, and Higgins (2000) found that individuals in a strong promotion status feel happier than those in a strong prevention status when they obtain positive outcomes, whereas individuals in a strong prevention status feel tenser and less relaxed than those in a strong promotion status when they have negative outcomes.

Taken all together, promotion-focused individuals fulfill hopes, wishes, and aspirations because they are guided by their ideal self to satisfy their needs for nurturance and gains; they are more concerned with the absence and presence of positive outcomes, and they experience cheerfulness-related emotions when they successfully achieve their desired goals. On the other hand, they experience dejection-related emotions when they fail to achieve their desired goals. Compared to promotion-focused individuals,

prevention-focused individuals fulfill duties and obligations because they are driven by their ought self to satisfy their needs for safety and security; they are more concerned with the absence and presence of negative outcomes, and they experience quiescence-related emotions when they successfully avoid their undesired outcomes, whereas they experience agitation-related emotions when they fail to avoid undesired outcomes (see Table 1).

TABLE 1
REGULATORY FOCUS: PREVENTION VS. PROMOTION

	Prevention	Promotion
Underlying needs	Safety and security	Nurturance and gains
Goals	Ought-self (Duties, responsibilities, and obligations)	Ideal-self (Hopes, wishes, and aspirations)
Strategies	Avoidance strategy Vigilance Risk averse	Approach strategy Eagerness Risk seeking
Concerns	Absence and presence of negative outcomes	Absence and presence of positive outcomes
Emotions	Quiescence-related emotions Agitation-related emotions	Cheerfulness-related emotions Dejection-related emotions

2.2 Regulatory focus in information processing, judgment, choice, and decision making

Extant research on regulatory focus shows that promotion- and prevention-focused individuals have different consequences on information processing styles, decisions, memory, judgments, choices, etc.

Since promotion-focused individuals want to use given information more actively to get gains, they employ a global processing style (Förster and Higgins 2005; Righetti et al. 2011). In contrast, prevention-focused individuals use a vigilant processing style because they need to focus more on the given information to keep security and safety (Förster and Higgins 2005; Righetti et al. 2011). For example, Pham and Chang (2010) found that promotion-focused consumers are more likely to search for information at a global and broader level, whereas prevention-focused consumers are more likely to search for information at a local and narrower level. The authors propose that this is because considering fewer alternatives may increase risks of excluding opportunities to get gains for promotion-focused consumers while considering more alternatives may increase risks of including more mistakes for prevention-focused consumers.

Promotion- and prevention-focused individuals not only employ different processing styles but also pay attention to different contents of information. For instance, Pham and Higgins (2005) suggest that promotion-focused individuals focus more on positive signals about available options while prevention-focus individuals focus more on negative signals about available options. For consumer product properties, Higgins (2002) suggest that promotion-focused individuals value aspects of luxury that reflect accomplishment (e.g., high status), and of innovation that reflect advancement whereas

prevention-focused individuals value aspects of protection and warning that reflect safety and security. In a similar vein, Wang and Lee (2006) propose that consumers are more likely to pay attention to information that fits their regulatory concerns. They found that promotion-focused consumers more favorably evaluate toothpaste with strong promotion features (e.g., breath freshening, teeth whitening, tooth enamel strengthening) than toothpaste with strong prevention features (e.g., cavity prevention, gingivitis prevention, plaque control) whereas prevention-focused consumers more favorably evaluate toothpaste with strong prevention features than toothpaste with strong promotion features. However, they suggest that this effect occurs only when participants are not highly motivated to process information.

Promotion- and prevention-focused individuals remember different information. In other words, promotion-focused individuals are more likely to remember information that contains promotion features whereas prevention-focused individuals are more likely to remember information that includes prevention features. For example, Aaker and Lee (2001) found that independents (mostly those who are promotion-focused) are more likely to recall information with promotion features (e.g., boosting energy) than interdependents (mostly those who are prevention-focused) whereas interdependents are more likely to recall information with prevention features (e.g., preventing cancer and heart disease) than independents. Neuroscience research (Cunningham, Raye, and Johnson 2005) also supports that under a prevention focus, the amygdale system is more activated to negative stimuli whereas the amygdale system is more activated to positive stimuli under a promotion focus.

Individuals in different regulatory foci prefer different options and choices. For example, Liberman et al. (1999) found that promotion-focused individuals are more likely to choose a new option whereas prevention-focused individuals are more likely to choose an old option. However, the other research suggests that this is not true under certain circumstances. For instance, Louro, Pieters, and Zeelenberg (2005) found that high prevention pride individuals are less likely to repurchase products from the same seller than high promotion pride individuals because they may be afraid of losing promotion deals that may be available elsewhere if they repurchase products from the same seller.

Promotion- and prevention-focused individuals have different attitudes toward risks. Promotion-focused individuals are more likely to be risk taking whereas prevention-focused individuals are more likely to be risk averse (Pham and Higgins 2005). Crowe and Higgins (1997) found that promotion-focused individuals show more risky response bias (maximizing opportunities not to miss a target) whereas prevention-focused individuals show more conservative response bias (minimizing mistakes not to include a wrong target). In a similar vein, Förster, Higgins, and Bianco (2003) found that promotion-focused individuals finish the task (connecting dots) with lower accuracy but faster speed whereas prevention-focused individuals finish the task with higher accuracy but slower speed because promotion-focused individuals use eagerness means to achieve nurturance and gains, whereas prevention-focused individuals use vigilance means to protect safety and security.

Although promotion-focused individuals are generally risk taking while prevention-focused individuals are generally risk averse, it is not true all the time (Pham and Higgins 2005). For example, Zhou (2002; cited in Pham and Higgins 2005) found that

promotion-focused individuals are more likely to choose a modest but certain gain than a greater but uncertain gain whereas prevention-focused individuals are more likely to choose a greater but uncertain loss than a modest but certain loss. Therefore, under certain conditions, promotion-focused individuals become risk averse to ensure certain gains whereas prevention-focused individuals become risk taking to avoid certain losses.

Even though regulatory focus has been studied in many research areas including marketing, to our knowledge, there is only minimal research that examines the effect of regulatory focus on people's dishonest and unethical behaviors.

2.3 Deception and regulatory focus

Prior research has shown that regulatory goals may also influence individuals' propensity to engage in unethical behavior. For example, Gino and Margolis (2011) found that promotion-focused individuals are more likely to engage in unethical behaviors because promotion-focused individuals are more likely to take risks to achieve gains than prevention-focused individuals. In their two studies, they found that promotion-focused people are more likely to misreport their task performance than prevention-focused people in order to achieve financial gains. They also found that the effect of regulatory focus on unethical behavior can be explained by different risk-taking tendencies of promotion- and prevention-focused individuals. In their research, they found that promotion-focused individuals are more likely to engage in unethical behavior than prevention-focused individuals because they are more risk taking to ensure monetary gains. Though these findings by Gino and Margolis (2011) provide preliminary evidence that individuals' regulatory goals do matter in the context of ethical behavior, they did not consider the possibility that promotion- and prevention-focused individuals may react differently

depending on the context of their relationship closeness with the person being deceived (i.e., in-group member versus. out-group member). Given that deception occurs when there is a target person, it is important to consider not only whether the person is promotion- or prevention-focused but also who the target person is (e.g., whether the target person is an in-group member or an out-group member) in order to better understand consumers' deceptive behavior. Furthermore, people do not often lie to achieve monetary gains but they lie more often for psychological benefits (e.g., maintaining self-esteem and being respected by others, DePaulo et al. 1996). Hence, current research is tested in the context of counterfeit luxury goods in which telling lies about counterfeit luxury goods brings psychological benefits (e.g., looking prestigious). In summary, current research focuses on how the interaction between regulatory focus and the relationship closeness with the target person influences consumers' deceptive behavior, especially deceptive behavior of consumers of counterfeit products.

In the next section, we will discuss the literature review on counterfeits.

3. Literature review on Counterfeits

3.1 Counterfeiting and piracy

Even though trading and selling of counterfeits is illegal in most countries (Carpenter and Lear 2011), global trade in counterfeiting is growing fast every year. According to the International Chamber of Commerce (n.d.), counterfeit trading is worth \$600 billion a year, which accounts for 5-7% of world trade. Given that counterfeit products have not been advertised through the media (Lan et al.2012), this is a huge

number. Hence, it is important to know the overall trends in counterfeiting in order to better understand the consumption of counterfeits.

The World Customs Organization publishes a report every year to track global trends in counterfeiting and piracy. According to its report published in 2011:

- Around 980 brands have been illegally copied in 2011.
- The most frequently counterfeited product category is accessories (15.3%), followed by clothing (14.5%), and pharmaceutical products (8.9%).
- In terms of values in USD, Nike is reported as the most frequently counterfeited brand (26.86%), followed by Louis Vuitton (7.91%), Tag Heuer (4.91%), Nokia (2.60%), Burberry (2.44%), and Rolex (1.90%).
- In terms of exported countries, China accounts for more than 50% of the total exported counterfeits, followed by Hong Kong (23.67%), India (4.99%), and Thailand (1.06%). These counterfeited products have been traded to the United States (43.53%), Germany (8.2%), Saudi Arabia (7.67%), and France (7.17%). This indicates that counterfeits are usually made in Asian countries (e.g., China and India) and exported to Western countries (e.g., United States and Germany).

As shown in the report, famous brands (e.g., Nike and Louis Vuitton) in the fashion industry are mainly counterfeited, made in Asian countries, and exported to other countries across the world.

3.2 Definition of counterfeits

In order to better understand consumers' attitudes and behaviours toward counterfeits, it is necessary to understand the meaning of counterfeits. Counterfeits refer to products that are illegally copied versions of original brands but usually have inferior

quality even though this is not always true (Lai and Zaichkowsky 1999). In a similar vein, Bloch, Bush, and Campbell (1993) define counterfeits as copied versions of branded products by unauthorized manufacturers. Romani, Gistri, and Pace (2012) also have a similar definition of counterfeits, which refers to products made by unauthorized manufacturers that replicate specific characteristics of original brands.

Taken together, counterfeits can be defined as illegal goods made by unauthorized producers that copy specific features (e.g., logo and design) of genuine goods³. Generally, counterfeits are regarded as copied products that look similar to original brands but have low quality and low price. However, these days, counterfeit manufacturers also offer high-quality counterfeits. In South Korea, SA (Special A) counterfeits mean very high-quality counterfeits that almost all consumers, including experts, cannot recognise as counterfeits, and they are sold at much higher prices compared to lower-level counterfeits. Therefore, it is true that counterfeits are products that copy specific characteristics of original brands but it is not always true that they have inferior qualities and are sold at much cheaper prices, even though they are still cheaper than original brands.

3.3 Deceptive vs. non-deceptive counterfeiting

Previous research (Grossman and Shapiro 1988; Nia and Zaichkowsky 2000; Penz and Stöttinger 2005; Staake, Thiesse, and Fleisch 2009) suggests two different types of counterfeiting depending on whether or not consumers are fully aware that they are buying counterfeits: deceptive counterfeiting and non-deceptive counterfeiting. Deceptive counterfeiting occurs when consumers do not know the products they are buying are

³ Previous research (e.g., Phau, Prendergast, and Chuen 2001) use the terms “piracy” and “counterfeiting” interchangeably. However, pirated products usually refer to illegal copies of technological products (e.g., software; Wilcox et al. 2009). Thus, we use the term “counterfeit” in this research.

counterfeits (Grossman and Shapiro 1988; Nia and Zaichkowsky 2000; Penz and Stöttinger 2005; Staake et al. 2009). In this case, counterfeit sellers usually deceive consumers into believing that counterfeits are genuine (Lai and Zaichkowsky 1999). In contrast to deceptive counterfeiting, non-deceptive counterfeiting appears when consumers know that the products they are buying are counterfeits (Grossman and Shapiro 1988; Nia and Zaichkowsky 2000; Penz and Stöttinger 2005; Staake et al. 2009). In this case, consumers are fully aware that the products are counterfeits through differences in price, distribution, and product features such as quality and design (Lai and Zaichkowsky 1999). Non-deceptive counterfeiting usually occurs in counterfeit luxury markets (Nia and Zaichkowsky 2000).

3.4 Previous research on counterfeits

Research on counterfeits has two main streams. One is about antecedences of consuming counterfeits. Research in this stream mainly focuses on why consumers purchase counterfeit products. The other is about consequences of consuming counterfeits. Research in this stream mainly focuses on how consumers behave after consuming counterfeit products. Even though there is enormous research on why people purchase counterfeits, there is relatively little research on how people behave after consuming counterfeits.

- **Antecedence of consuming counterfeits**

Kim, Kim, and Park (2012) classify various factors that influence consumers' intention to purchase counterfeit products into three categories: individual difference variables (e.g., desire for status, self-identity, ethics, and willingness to take risks),

product characteristics (e.g., price, functional quality, and logo) and demographic variables (e.g., education, age, income, and gender).

First, overwhelming research shows that individual difference variables (e.g., desire for status, self-identity, ethics, and willingness to take risks) influence the consumption of counterfeit products.

People who want to signal status but do not want to pay the high price that comes with it have the tendency to buy counterfeit luxury goods as counterfeits help them signal the meaning that is associated with the original brands (Wee, Ta, and Cheok 1995). In addition, these people may regard themselves as smart shoppers because counterfeits allow them to deliver the meaning related to the original brand even though they do not pay the full price. For example, Penz and Stöttiner (2005) found that the smart shopper image positively affects the purchase of counterfeit luxury goods. In a similar vein, people are more likely to purchase counterfeits when they seek value for their money (Phau and Teah 2009).

Other studies suggest that self-identity, self-esteem, and self-monitoring influences the intention to purchase counterfeit products. For instance, people with weaker self-identity are more likely to purchase counterfeits than people with stronger self-identity because the status associated with the counterfeits may help them boost their self-identity and self-image (Penz and Stöttinger 2005). Taormina and Chong (2010) suggest that self-esteem and self-monitoring could influence the consumption of counterfeit products. They found that people with low self-esteem are more likely to purchase counterfeits than people with high self-esteem because they are more likely to accept less valuable products such as counterfeits. Furthermore, they also found that people with high self-monitoring

are more likely to purchase counterfeit products because counterfeits help them deliver a positive image associated with the original brands to others. In a similar vein, Wilcox et al. (2009) found that consumers with social-adjustive attitudes (self-presentation) are more likely to purchase counterfeits than consumers with value-expressive attitudes (self-expression) because counterfeits allow consumers who consume products for image-related reasons (social-adjustive function) to express their desired image.

Since trading counterfeits is illegal in most countries (Carpenter and Lear 2011), purchasing and consuming counterfeit goods is generally regarded as an unethical behavior. Furthermore, to impress others by using counterfeits is also treated as an immoral behavior among many people (Penz and Stöttinger 2005). Therefore, consumers' ethics influence the consumption of counterfeit luxury goods. For example, people who think that they need to fulfil ethical obligations have less favorable attitudes toward symbolic counterfeits, and they are less likely to purchase symbolic counterfeits. Phau and Teah (2009) found that people with high integrity show more negative attitudes toward counterfeit luxury goods than people with low integrity. However, previous research also suggests that consumers may care less about ethics in the context of luxury goods. For example, Davies, Lee, and Ahonkhai (2012) found that consumers care less about ethics when they purchase luxury products than when they purchase commodity products because they think more about price and the image of the luxury products than ethics. Therefore, it is possible that consumers care less about moral issues when purchasing and consuming counterfeit luxury goods because counterfeits have the same image as original brands but the price is much cheaper.

Willingness to take risks is also related to the consumption of counterfeit products because purchasing and consuming counterfeits is related to finance, performance, and social risks (e.g., Michaelidou and Christodoulides 2011; Taormina and Chong 2010; Penz and Stöttinger 2005; Penz, Schlegelmilch, and Stöttinger 2009). Consumers lose money if the counterfeits they have bought have deficiencies (Penz and Stöttinger 2005). Thus, consumers may need to consider financial and performance risks when they decide to purchase counterfeits. In addition to financial and performance risk, social risk is also involved in consuming counterfeit products because there is the possibility of being detected by others (Penz and Stöttinger 2005; Wee et al., 1995). Therefore, consumers need to consider social risks involved in consuming counterfeit products (e.g., feeling embarrassed after being detected) when they purchase counterfeit products. Empirical research (e.g., Michaelidou and Christodoulides 2011; Taormina and Chong 2010; Penz and Stöttinger 2005) also prove that people who are willing to take risks are more likely to purchase counterfeit goods.

Previous experience with counterfeits and originals could influence consumers' intention to buy counterfeit luxury goods. For instance, Yoo and Lee (2012) found that previous experience with counterfeit luxury goods positively influences intention to purchase counterfeit luxury goods because of hedonic reasons (i.e., novelty and variety seeking), symbolic needs, and price advantage. Furthermore, they also found that previous experience with genuine luxury goods negatively influences intention to purchase counterfeit luxury goods because of social and functional risks. Tom et al. (1998) found that people who have bought counterfeits more favor counterfeit goods than people who

have not bought any counterfeits. Thus, people who have bought counterfeits have more favorable attitudes toward counterfeits, and they are more likely to buy counterfeits.

Second, product characteristics such as price, product quality, and logo prominence influence consumers' intention of purchasing counterfeit products.

Much research on the effect that price has on consumers' willingness to purchase counterfeit products has been conducted. Enormous research shows that price is the dominant factor that influences consumers' intention of purchasing counterfeit products because counterfeits are similar to original products but they are much cheaper (Tom et al. 1998; Harvey and Walls 2003; Penz, Sclegelmilch, and Stöttinger 2009; Wee et al., 1995). However, previous research also finds that price is not the sole determinant (e.g., Phau et al. 2001; Wee et al. 1995) for counterfeit consumption. For example, Phau et al. (2001) found that consumers consider not only price but also performance (i.e., product quality) when buying counterfeits.

Other studies demonstrate that logo prominence is related to consumers' willingness to purchase counterfeits. For example, Han, Suk, and Chung (2008) found that conspicuousness appeal strongly influences consumers' intention to purchase counterfeit luxury products, and only 2.7% of participants have reported that they want to purchase counterfeits with subtle logos. In a similar vein, Wilcox et al. (2008) found that brand conspicuousness is positively related to intention of purchasing counterfeit luxury brands, especially for participants with social-adjustive attitude. Furthermore, Han et al. (2010) analyzed 287 copies of LV bags and 141 copies of Gucci bags available on a website, and in Thailand, respectively, and found that counterfeit manufacturers copy original bags with louder logos than quiet logos. This finding may indicate that there is high demand for

counterfeit luxury goods with loud logos. In other words, in counterfeit markets, consumers prefer to purchase counterfeit luxury goods with loud logos in order to signal positive attributes (e.g., status and prestige) to others.

Third, previous research demonstrates that demographic variables (e.g., education, age, household income, and gender) may affect consumers' intention to purchase counterfeit products. For example, Wee et al. (1995) found that education and house income negatively influence consumers' intention of purchasing fashion-related counterfeit products. In a similar vein, Tom et al. (1998) found that age, income, and education negatively influence consumers' intention to purchase counterfeits.

Extant research also demonstrates that there may be a gender difference in purchase intention of counterfeit products. For example, Cheung and Predergast (2006) found that females more frequently purchased fashion-related counterfeit products than males. However, Vida (2007) found that males showed more favorable attitudes toward other types of counterfeit products (software and watches) than females.

In addition to three variables suggested by Kim et al. (2012), previous research demonstrates that social and cultural variables may influence consumers' intention to purchase counterfeits. For example, Penz and Stöttinger (2005) suggest that social pressure from important others influences people's decision to purchase counterfeits.

Previous research also suggests cultural differences in purchasing and attitudes toward counterfeits because Asian countries are more tolerant of violating intellectual property laws (Cheung and Prendergast 2006; Lai and Zaichkowsky 1999). For example, Harvey and Walls (2003) found that Hong Kong participants more often purchased counterfeit products than American participants. In a similar vein, Bian and Veloutsou

(2007) found that Chinese participants reported that buying counterfeits is less illegal than British participants

- **Consequences of consuming counterfeits**

Although there is enormous research that examines antecedents of consuming counterfeits, not much research has examined the consequences of consuming counterfeits. To our knowledge, there is sparse research that demonstrates consumers' behaviours after consuming counterfeit products. For example, Gino et al. (2010) found that counterfeit users are more likely to engage in unethical behaviours. In experiment 1a and b, they ask participants to wear either counterfeit or genuine sunglasses, and then give them a task to check whether two groups would differently report their performance. Through two experiments, they found that participants who wear counterfeit sunglasses are more likely to misreport their performance than participants who wear genuine sunglasses. Furthermore, they also found that compared to participants wearing a genuine product, participants wearing a fake product believe that other people are more likely to lie. They suggested that this is because the feeling of inauthenticity is more salient when participants wear a fake product than when participants wear a genuine product (experiment 3). Similarly, Chiou and Chao (2011) demonstrate negative consequences of consuming cheaper and generic products. Through two experiments, they suggest that consuming generic products could reduce self-worth and self-evaluation. They found that participants who use a generic keyboard and mouse expect lower salary than participants who use a genuine keyboard and mouse. They also found that participants who use a generic battery evaluate themselves as less attractive than participants who use a genuine battery, and this effect is mediated by self-worth.

Previous research also suggests that people's perception of counterfeit users could be different depending on the relationship with the users. For example, Stephanie (2008) found that people have a tendency to evaluate counterfeit users less favourably when they are out-group members than when they are in-group members.

As mentioned above, there is tremendous research on counterfeits. However, most of the research has focused on the antecedents of consuming counterfeits instead of the consequences of such use. There is especially little research that examines how consumers deceive others in the context of counterfeits, even though consuming counterfeits is a frequently used deceptive behaviour among many consumers (Van Kempen 2003). Hence, in this research, we focus on how regulatory focus interacts with relationship closeness with the target person in order to better understand counterfeit users' deceptive behaviour.

In the next section, we will discuss how three research areas—deceit, regulatory focus, and counterfeit luxury goods—are integrated in the current research.

4. Deceits, regulatory focus, and counterfeit luxury goods

Though consuming counterfeit products of luxury brands seems more prevalent in developing countries, counterfeit consumption can also be found in countries considered to be more developed. For example, in 2012, imports of counterfeit purses and wallets to the U.S. had increased by 142% (Chang 2013). Furthermore, consuming counterfeit luxury goods has moved into social acceptance even in developed countries such as the United Kingdom (Davenport Lyons 2007). Even though consuming counterfeit luxury goods is a common phenomenon observed in many countries, there is surprisingly no research that examines how counterfeit users deceive others about their use of counterfeit

luxury goods (i.e., consumers' willingness to acknowledge the purchase and use of counterfeit products). Bear in mind that in most cases, consumers who purchase counterfeit products do so with an implicit intention to elevate their own status and deceive others about the product they consume⁴. For example, Han et al. (2010) found that counterfeit manufacturers are more likely to copy luxury products with loud logos. Given that high supply for counterfeit luxury products with loud logos means high demand for them, consumers use counterfeit luxury goods to boost their self-image. Therefore, acknowledging that the product one uses is a counterfeit would defeat the goal of purchasing the counterfeit products. However, not acknowledging the dubious nature of the consumption may violate important values (e.g., honesty) in interpersonal relationships. Thus, deciding when to "come clean" with the consumption and when to perpetuate the lie is not an easy decision. Previous research (DePaulo and Kashy 1998) found that people tell fewer lies to others in close relationships (in-group members) than those in casual relationships (out-group members). Based on this finding, it is highly possible to predict that people would be more likely to tell their in-group member (vs. out-group member) the truth about their counterfeit luxury goods. However, it is also possible that motives and goals that are salient at the moment might drive people to engage or disengage in dishonest behaviours. Thus, in order to better understand counterfeit users' deceptive behaviour, it is important to know not only who the target person is but also what motives and goals are more salient at the moment. Hence, in this current research, we propose that the decision of whether to tell the truth or perpetuate the lie about

⁴ We acknowledge that in some cases, consumers may buy counterfeit products for reasons other than to elevate one's status. However, the very premise of counterfeit products is to let people who cannot afford (or who are unwilling to pay a high price for) the genuine items acquire what is essentially considered the same product at a substantially cheaper price. Thus, we believe such deceitful intent should be present in a high proportion of counterfeit purchases.

counterfeit goods depends on the relationship closeness with the target person and one's regulatory goals. Even though regulatory focus has been widely used to explain consumers' decision-making processes and behaviours, it has not used to explain counterfeit users' deceptive behaviour even though it is highly possible that promotion- and prevention-focused consumers may have different tendencies to engage in dishonest behaviour as they use different strategies to pursue different goals. Hence, in this research, we focus on how the interaction between regulatory focus and relationship closeness with the target person influences counterfeit users' deceptive behaviour.

As discussed in the previous section, prevention-focused consumers strive to fulfill their duties, obligations, and responsibilities to ensure security and safety (Higgins 1997, 2002; Shah and Higgins 2001). Therefore, their behaviors and decisions are derived by their "ought-self" (Higgins et al. 1994; Higgins 1997, 2002; Shah and Higgins 2001). Hence, when the target person is an in-group member such as a friend, we propose that prevention-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit luxury goods because "being honest" is a duty and obligation in close relationships. In interpersonal relationships, lying and deceptive behavior is undesirable because it threatens respect and trust, thereby negatively impacting interpersonal relationships (Tyler, Feldman, and Reichert 2006). Hence, being honest is one of the fundamental rules in close relationships that people should follow. In a similar vein, a previous study demonstrates that people have a tendency to tell fewer lies to other people in close relationships than those in casual relationships because lying violates important values in close relationships such as openness and authenticity (DePaulo and Kashy 1998). However, their "ought-self" would become less salient if the target person is

an out-group member, such as an acquaintance, because they do not feel the same duties and obligations to the acquaintance. Since being honest is not as important in distant relationships, prevention-focused consumers are less likely to tell their acquaintance (versus friend) the truth about their counterfeit luxury goods.

What about promotion-focused consumers? Promotion-focused consumers seek aspiration, achievement, and accomplishment to satisfy their needs for nurturance and gains (Higgins 1997, 2002; Shah and Higgins 2001). Hence, their behaviors and decisions are guided by their “ideal-self” (Higgins et al. 1994; Higgins 1997, 2002; Shah and Higgins 2001). For example, product features related to safety and security (e.g., protection and warning) may be more important for prevention-focused consumers, while product features related to accomplishment and advancement (e.g., high status and technological innovation) may be more important for promotion-focused consumers (Higgins 2002). Counterfeits allow users to acquire the status associated with original goods without paying the whole cost (Bekir, Harbi, and Grolleau 2011; Grossman and Shapiro 1988; Van Kempen 2003) and thus the counterfeit users can signal somebody who they wish to be (Gino et al. 2010). Hence, promotion-focused consumers carrying counterfeit luxury goods can signal their aspiration and achievement if they misrepresent that their counterfeit luxury goods are original. On the other hand, if promotion-focused consumers tell the truth about their counterfeit luxury goods, they would not be able to convey the meaning associated with the original brand and therefore they would not signal aspiration and achievement, and gain nothing by using counterfeit luxury goods. Since not telling the truth helps promotion-focused consumers signal their aspiration and achievement, they would have the same tendency to tell the truth about their counterfeit

goods regardless of relationship closeness because they want to show positive attributes to not only friend (in-group member) but also acquaintance (out-group member) through the consumption of counterfeit goods. Thus, we hypothesize that prevention-focused consumers would be more likely to tell their in-group member (e.g., friend) the truth about their counterfeit purchase than their out-group member (e.g., acquaintance). However, promotion-focused consumers would show no difference in the truth telling tendency regardless of whether the target person is an in-group member or out-group member. More formally,

H1a: Prevention-focused consumers will show different tendencies to tell the truth about their counterfeit goods, depending on the closeness of their relationships to the person they tell. More specifically, prevention-focused consumers will be more likely to tell a friend than an acquaintance the truth about their counterfeit goods

H1b: Promotion-focused consumers will show no differences in their tendency to tell the truth about their counterfeit goods, regardless of relationship closeness

In the previous section, we made a prediction that promotion-focused consumers would have the same tendency to tell the truth about their counterfeit luxury goods regardless of relationship closeness. However, is there any situation where promotion-focused consumers may have different tendency to tell the truth depending on relationship closeness? The implicit assumption in the argument leading to H1 is that social norms regarding consumption and purchase of counterfeit products are generally negative. However, according to Gentry et al. (2001, p.260), “The predominantly western notion that the genuine article is the norm and the counterfeit is deception may not be valid in

marketplace where counterfeits abound and where consumers have begun to build norms for comparison of counterfeits with genuine items.” For example, in some societies (e.g., Slovakia), purchase and consumption of counterfeit goods are prevalent enough for most people to accept it and they therefore do not view it negatively. According to a survey in the previous research (Kollmannova 2012), 81.4% of Slovaks report that they know someone who owns counterfeit products and many people think that consuming counterfeit products is not related to public shame or moral barriers. Furthermore, they report that they would recommend counterfeit products to their friends if the price of the counterfeits is much cheaper than that of originals. We argue that in such situations, when social norms toward the consumption of counterfeit products are not negative, promotion-focused consumers may be willing to tell their friend (versus acquaintance) the truth because telling the truth also helps them signal a different type of positive attributes (e.g., the smart shopper image).

Counterfeit users may regard themselves as smart shoppers when the quality and the performance of the counterfeit products are similar to those of the originals, but the price is much cheaper (Penz and Stöttinger 2012). In addition, consumers think that they make a smart choice when counterfeits are much cheaper, which brings additional happiness to the consumers (Jiang and Cova 2012). In a similar vein, Warlop and Alba (2004) found that when copycat brands looked more similar to the original ones, consumers favored the copycat brands more when the price was lower. From this perspective, if counterfeit brands resemble originals but their price is much lower, then consumers may interpret the similarity between the counterfeit and original brand in a more positive light. Hence, consumers may be willing to reveal where they buy the

counterfeits in order to signal their image as a smart shopper (see the details in Penz and Stöttinger 2012). Therefore, when social norms regarding counterfeit consumption are positive, there are two ways for promotion-focused consumers to signal positive attributes. One way is to signal a smart-shopper image by telling others that they are using counterfeit luxury goods. Consumers may think that they get a good deal after buying counterfeits that look like originals. Hence, they may want to let others know that they got a good deal and made a smart choice. For example, in the UK, a society where using counterfeit luxury goods is becoming socially acceptable, two-thirds of respondents say that they are proud of admitting to their friends and family that they have bought counterfeit luxury products (e.g., clothing; Davenport Lyons 2007). The other way is to signal status by not telling the truth. Since promotion-focused consumers cannot achieve two different images at the same time, they will have to decide which image is more desirable and achievable in the particular circumstance. We argue that when the target person is a friend (in-group member), promotion-focused consumers are more likely to tell the truth about their counterfeit luxury goods in order to signal a smart-shopper image. This is because compared to a high-status image, a smart-shopper image is easier to signal to friends as friends share lots of information (e.g., income), so the probability of success in signaling high status might not be as high as signaling one's ability as a smart shopper. Furthermore, DePaulo and Kashy (1998) found that people feel more distressed and uncomfortable about lies that they told to people in a close relationship than those in a casual relationship. Therefore, if both telling the truth and not telling the truth help promotion-focused consumers to achieve their ideal-self images, they are more likely to choose "telling the truth" when the target person is a friend. Hence, we propose that

promotion-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit luxury goods when using counterfeit luxury goods are prevalent and accepted in the society, which means social norms toward counterfeit consumption are positive. In addition, people use different self-presentation strategies depending on target persons (Tice et al. 1995; Vohs, Baumeister, and Ciarocco 2005). If the target person is an out-group member (e.g., stranger), people present themselves in a way that maximizes positive impressions of themselves (Vohs et al. 2005). Since the target person who is an out-group member does not have prior knowledge of them, the target person may judge them negatively by even one negative trait (Farkas and Anderson 1976). Hence, people have a tendency to present themselves more favorably to out-group members. Given that impressing others by using counterfeit luxury goods is ethically wrong (Penz and Stöttinger 2005) even when purchasing and using counterfeit luxury goods is prevalent, people might judge counterfeit users negatively especially when the users are out-group members (e.g., acquaintance). Hence, we propose that promotion-focused consumers are less likely to tell their acquaintance (versus friend) the truth about their counterfeit luxury goods when social norms are positive.

However, as previously mentioned, they would show no difference in truth telling rate regardless of relationship closeness when the social norms are negative; in this case, not telling the truth is the only way for them to achieve their ideal-self images when the social norms are negative.

What about prevention-focused consumers? Earlier, we proposed that prevention-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit luxury goods as they are guided by their ought-self. Since being honest is

a duty and an obligation in close relationships, prevention-focused consumers are more likely to tell their friend the truth about their counterfeit luxury goods whereas they are less likely to tell their acquaintance the truth about their counterfeit luxury goods because they do not need to fulfill the same duties and obligations to the acquaintance. Hence, we propose that prevention-focused consumers' ought-selves may not be affected by social norms toward the consumption of counterfeit luxury goods because prevention-focused consumers guided by ought-self need to fulfill their duties and obligations to their friends and do not need to do so to their acquaintance regardless of whether or not purchasing and using counterfeit luxury goods is perceived positively. Therefore, we hypothesize the following:

H2a: Promotion-focused consumers will be more likely to tell a friend than an acquaintance the truth about their counterfeit luxury goods when social norms affirm the consumption of counterfeit products. However, they will show no difference in their tendency to tell the truth, whether the target person is a friend or an acquaintance, as long as social norms disapprove the consumption of counterfeit products.

H2b: Prevention-focused consumers will be more likely to tell a friend than an acquaintance the truth about their counterfeit luxury goods, regardless of social norms.

3. METHOD

1. PRELIMINARY TEST

Overview. The preliminary test was designed to provide a basic understanding of the effect of regulatory focus on the consumption of counterfeit luxury goods before we conducted our main studies. Given that promotion- and prevention-focused consumers have different motivations and pursue different goals by using different strategies, it is possible that people in different regulatory foci may have different attitudes toward counterfeit and genuine luxury goods, and have different views on the consumption of counterfeits, and therefore may have a different tendency to tell the truth about their counterfeit luxury goods. Hence, we conducted a preliminary test to examine the effect of regulatory focus on consumers' consumption of counterfeit luxury goods. More specifically, we checked whether consumers in different regulatory foci would show different attitudes toward counterfeit luxury goods and genuine Louis Vuitton (LV) products, which was used as a focal brand in this research, and purchase intention for a counterfeit and genuine LV bag, and perceived prevalence of using counterfeit luxury goods.

Participants and design. A total of 37 female Americans were recruited from Amazon Mturk to complete this study ($M_{\text{age}}=33.78$, $SD = 10.85$, ages 18-63). We restricted participants to females because (1) a previous study has shown that females are more likely to purchase fashion-related counterfeit products than males (Cheung and Predergast 2006); and (2) our focal brand in this study is Louis Vuitton, whose products are mainly for females.

Procedure. First, we asked participants to do an anagram task adopted from previous research (e.g., Jain, Agrawal, and Maheswaran 2006; Shah et al. 1998) in order to manipulate regulatory focus. Participants were randomly assigned to either a promotion- or a prevention-focused condition. Participants in the promotion-focused condition were exposed to a gain/non-gain situation whereas participants in the prevention-focused condition were exposed to a loss/non-loss situation. Participants in the promotion focus condition read the instructions entitled, “Finding correct puzzle solutions” as follows:

“In this study, we ask you to unscramble five jumbled words. You start with 0 points. Each correctly unscrambled word gains you 2 points. If you don’t get a word correct, you won’t gain 2 points.

Your goal is to gain as many points as possible by maximizing the number of words you get right. For every word that you get right, you will win 2 points. For every word that you don’t get right, you won’t win 2 points.”

On the other hand, participants in the prevention-focused condition read the instructions entitled, “Avoiding incorrect puzzle solutions”:

“In this study, we ask you to unscramble five jumbled words. You start with 10 points. Each incorrectly unscrambled word loses you 2 points. If you do not get a word wrong, you won’t lose 2 points.

Your goal is to lose as few points as possible by minimizing the number of words you get wrong. For every word that you get

wrong, you will lose 2 points. For every word that you don't get wrong, you won't lose 2 points."

Participants were then required to unscramble five jumbled words (see the appendix A). After completing the anagram task, participants were asked to respond to two questions adopted from previous research (Jain et al. 2006): (1) I focused on scoring more points when playing the word quiz; and (2) I focused on not losing any points when playing the word quiz (1 = strongly disagree, 7 = strongly agree). Answers to the two questions were later used to check whether regulatory focus manipulation was successful in inducing either a promotion goal or a prevention goal.

After the anagram task, participants were asked to indicate their general attitudes toward counterfeit luxury goods and genuine LV products, which were measured on nine 7-point bipolar scales (e.g., low status symbol-high status symbol; low value for money-high value for money; inclusive-exclusive).

Next, we asked participants to indicate their intention to purchase a counterfeit LV bag. We asked participants to imagine that they see a counterfeit Louis Vuitton (LV) bag with an affordable price when they go traveling to Hong Kong. To assess participants' purchase intention, we asked participants to answer two questions: (1) How likely would you consider purchasing the counterfeit LV bag? (1 = not at all likely, 7 = very likely) and (2) Would you buy the counterfeit LV bag as a gift for yourself? (1 = definitely wouldn't buy, 7 = definitely would buy). Later, the two questions were combined and averaged to form an index of intention to purchase a counterfeit LV bag.

We also asked participants to indicate their intention to purchase a genuine LV bag. We asked participants to imagine that they are out shopping for a luxury bag. To assess their intention to purchase a genuine LV bag, we asked participants to answer two questions: (1) How likely would you consider purchasing an LV bag more than another luxury brand bag? (1 = not at all likely, 7 = very likely) and (2) Would you prefer purchasing an LV bag to another luxury brand bag? (1 = definitely wouldn't prefer, 7 = definitely would prefer). The two questions were later combined and averaged to form an index of intention to purchase a genuine LV bag.

Next, in order to check whether promotion- and prevention-focused consumers have different views on the consumption of counterfeit luxury goods, we asked participants to indicate how prevalent they think people in their society use counterfeit luxury goods by using two questions: (1) I think many people buy counterfeit LV bags; and (2) I think many people use counterfeit luxury products (e.g., LV bag and Gucci watch, 1=strongly disagree, 7=strongly agree).

Finally, we asked participants to answer demographic questions (i.e., age and race).

Results

Manipulation check. As expected, participants in the promotion-focused condition were marginally more likely to focus on scoring points when they did the anagram task than participants in the prevention-focused condition ($M_{\text{promotion}} = 5.61$, $SD = 1.61$ vs. $M_{\text{prevention}} = 4.47$, $SD = 2.22$; $F(1, 35) = 3.14$, $p = .085$). On the other hand, participants in the prevention-focused condition were more likely to focus on not losing any points when they did the anagram task than participants who were promotion focused ($M_{\text{prevention}} = 5.95$,

$SD = 1.35$ vs. $M_{\text{promotion}} = 3.78$, $SD = 2.26$; $F(1, 35) = 12.68$, $p < .01$). These results provide evidence that our regulatory focus manipulation was successful.

Attitudes toward counterfeit luxury goods. We created an index of attitudes toward counterfeit luxury goods by combining and averaging a total of nine items ($\alpha = .90$). We found that promotion- and prevention-focused participants had equal attitudes toward counterfeit luxury goods ($M_{\text{promotion}} = 3.20$, $SD = 1.27$ vs. $M_{\text{prevention}} = 3.09$, $SD = 1.01$; $F(1, 35) = .08$, $p > .1$).

Attitudes toward LV goods. We combined and averaged a total of nine items to create an index of attitudes toward genuine LV goods ($\alpha = .84$). The result indicated that promotion- and prevention-focused participants had no significant difference in attitudes towards genuine LV goods ($M_{\text{promotion}} = 4.93$, $SD = .84$ vs. $M_{\text{prevention}} = 5.18$, $SD = 1.16$; $F(1, 35) = .58$, $p > .1$).

Intention to purchase a counterfeit LV bag. To test whether regulatory focus would affect consumers' intention to purchase a counterfeit LV bag, we combined two questions and averaged them to create an index of intention to purchase a counterfeit LV bag ($\gamma = .90$). We found that there was no significant effect of regulatory focus on the intention to purchase a counterfeit LV bag ($M_{\text{promotion}} = 2.30$, $SD = 1.87$ vs. $M_{\text{prevention}} = 2.73$, $SD = 2.07$; $F(1, 35) = .43$, $p > .1$).

Intention to purchase a genuine LV bag. In order to test whether regulatory focus would affect intention to purchase a genuine LV bag, we combined and average two questions to create an index of intention to purchase a genuine LV bag ($\gamma = .90$). We found that the effect of regulatory focus on intention to purchase a genuine LV bag was

not significant ($M_{\text{promotion}} = 2.55$, $SD = 1.61$ vs. $M_{\text{prevention}} = 3.47$, $SD = 1.91$; $F(1, 35) = 2.47$, $p > .1$).

Perceived prevalence of using counterfeit luxury goods. We combined and averaged two questions to form an index of perceived prevalence of using counterfeit luxury goods ($\gamma = .84$). We found that promotion- and prevention-focused participants had equal views on the prevalence of using counterfeit luxury goods ($M_{\text{promotion}} = 5.30$, $SD = 1.26$ vs. $M_{\text{prevention}} = 5.26$, $SD = 1.33$; $F(1, 35) = .01$, $p > .1$)

Discussion

A preliminary test provides evidence that regulatory focus does not influence consumers' general consumption of counterfeit luxury goods and attitudes toward counterfeit luxury goods and genuine LV products. Furthermore, we also found that promotion- and prevention-focused consumers do not have different intentions to purchase a counterfeit and genuine LV bag, and they equally perceive the prevalence of using counterfeit luxury goods in their society. Hence, our results from the preliminary study provide a general understanding of the effect of regulatory focus on consumers' consumption of counterfeit luxury goods.

In the next study (study 1), we examined our hypothesis that regulatory focus would interact with relationship closeness with the target person to influence counterfeit users' deceptive behavior. Specially, we predicted that participants in different regulatory foci would have different tendencies to acknowledge their consumption of counterfeit luxury goods depending on who they interact with.

2. STUDY 1: REGULATORY FOCUS

Overview. Study 1 was designed to provide the initial evidence that the interaction between regulatory focus and relationship closeness with the target person influences counterfeit users' deceptive behavior. More specifically, the goal of this study was to examine our first prediction that prevention-focused consumers would be more likely to tell their friend (versus acquaintance) the truth about their counterfeit luxury goods whereas promotion-focused consumers would show no difference in their propensity to tell the truth regardless of relationship closeness.

Participants and design. In total, 97 female undergraduate students from the Nanyang Technological University participated in this study ($M_{\text{age}} = 20.43$, $SD = 1.43$, 54 Singaporeans and 43 non-Singaporeans). Participants were paid S\$5 to complete a 20-minute experiment. They were randomly assigned to a condition in a 2 (regulatory focus: promotion vs. prevention) x 2 (relationship closeness: close friend vs. acquaintance) between-subjects design.

In this study, Louis Vuitton (LV) was chosen as the focal brand as it is one of the most widely counterfeited brands in the world. Previous marketing research (e.g., Wilcox et al. 2009), the annual report on counterfeiting and piracy published by the World Customs Organization (2011) and casual observations of the counterfeit products being sold online and in various countries show that LV is one of the most popular brands. In light of the context, we recruited only female participants because, as stated earlier, they are found to be bigger purchasers of fashion-related products.

Procedure. Upon arrival, participants were informed that they would be completing several tasks unrelated to each other. First, they were randomly allocated to

either a promotion-focused condition or a prevention-focused condition. The identical anagram task (e.g., Jain et al. 2006; Shah et al. 1998) used in the preliminary test was employed to manipulate regulatory focus.

Next, participants were asked to read one of two versions of the scenario in which they run into either their close friend or acquaintance when they go out carrying a counterfeit LV bag. The scenario used in this study is as follows:

Several days ago, you bought a counterfeit LV (Louis Vuitton) bag. Today, you go to a supermarket carrying the counterfeit bag. When you shop around, you run into Jane, who is your close friend (vs. an acquaintance). While you are talking to Jane, she is interested in your bag. She says that your LV bag looks gorgeous and luxurious.

After reading the scenario, participants were asked to report their willingness to tell the truth. Thus, the truth-telling rate was used as a key dependent variable in this study. In addition, participants also responded to open-ended questions about why they think they would or wouldn't admit to Jane about their counterfeit LV bag.

Finally, participants were asked to report attitudes toward LV products, and attitudes toward counterfeit luxury goods in general. Participants were also asked to report several questions related to demographic information (i.e., age, nationality, and race). Nationality was used as a covariate because it is possible that people have more or less favorable attitudes toward counterfeit luxury goods depending on whether they are from a society where using and consuming counterfeits is more prevalent. At the end of the study, participants were thanked for their participation and dismissed.

Results

Manipulation check for regulatory focus. We used two questions – (1) I focused on scoring more points when playing the word quiz and (2) I focused on not losing any points when playing the word quiz (Reversed coded, 1 = strongly disagree, 7 = strongly agree; Jain et al. 2007). Using a one-way ANOVA, we found that participants in the promotion-focused condition were more likely to focus on gaining points when playing the anagram task than participants in the prevention-focused condition ($M_{\text{promotion}} = 4.57$, $SD = .95$ vs. $M_{\text{prevention}} = 4.00$, $SD = 1.32$; $F(1, 95) = 5.97$, $p < .05$). All other effects were not significant. Thus, the regulatory goal manipulation was successful.

Truth-telling rate. Participants' willingness to tell the truth was used as a key dependent variable. Participants were asked to report their willingness to tell the target person (close friend vs. acquaintance) the truth about their counterfeit LV bag. We measured willingness to tell the truth through one question ("Do you think you would admit to Jane that you are carrying a counterfeit LV bag?") on a 7-point scale (1 = definitely wouldn't admit, 7 = definitely would admit). In order to test our hypothesis, an ANCOVA of 2 (regulatory focus: promotion vs. prevention) x 2 (relationship closeness: close friend vs. acquaintance) with nationality (1 = Singaporean, 2 = non-Singaporean)⁵ as covariates was performed. First, we found that the main effect of relationship closeness with the target person was significant ($M_{\text{close friend}} = 4.96$, $SD = 1.66$ vs. $M_{\text{acquaintance}} = 3.82$, $SD = 2.16$; $F(1, 92) = 8.73$, $p < .01$), supporting that our relationship closeness with the

⁵ Nationality: Using one-way ANOVA, we found that non-Singaporean participants indicated more positive attitudes toward counterfeit luxury products than Singaporean participants ($M_{\text{non-Singaporean}} = 3.56$, $SD = .96$ vs. $M_{\text{Singaporean}} = 3.04$, $SD = .86$; $F(1, 95) = 7.76$, $p < .01$). Thus, we included nationality as one of covariates in this study.

target person manipulation was successful. However, the main effects of regulatory focus and nationality were not significant (all $p > .1$). More importantly, we found that the interaction between regulatory focus and relationship closeness was significant ($F(1, 92) = 4.10, p < .05$).⁶ Prevention-focused participants were more likely to admit to Jane about their counterfeit LV bag when Jane was a close friend than when Jane was an acquaintance ($M_{\text{close friend}} = 5.56, SD = 1.25$ vs. $M_{\text{acquaintance}} = 3.76, SD = 2.40$; $F(1, 92) = 12.08, p < .01$).⁷ On the other hand, promotion-focused participants showed no difference in their tendency to confess to Jane, regardless of whether she was a close friend or acquaintance ($M_{\text{close friend}} = 4.19, SD = 1.83$ vs. $M_{\text{acquaintance}} = 3.86, SD = 2.01$; $F(1, 92) = .47, p > .1$).⁸ Additional analysis showed that prevention-focused participants were more likely to tell the truth about their counterfeit LV bag than promotion-focused participants when they were in the close friend condition ($M_{\text{prevention}} = 5.56, SD = 1.25$ vs. $M_{\text{promotion}} = 4.19, SD = 1.83$; $F(1, 92) = 6.70, p < .05$). However, promotion- and prevention-focused participants showed no difference in willingness to tell the truth when they were in the acquaintance condition ($M_{\text{prevention}} = 3.76, SD = 2.40$ vs. $M_{\text{promotion}} = 3.86, SD = 2.01$; $F(1, 92) = .07, p > .1$).

⁶ If we didn't use nationality as a covariate, the 2-way interaction between regulatory focus and relationship closeness would become marginally significant ($p = .063$).

⁷ This mean and SD is descriptive statistics. As for estimated marginal means, $M_{\text{close friend}} = 5.63, SE = .36$ vs. $M_{\text{acquaintance}} = 3.68, SE = .41$

⁸ As for estimated marginal means, $M_{\text{close friend}} = 4.20, SE = .41$ vs. $M_{\text{acquaintance}} = 3.83, SE = .35$

FIGURE 1

STUDY 1: REGULATORY FOCUS

Discussion

Study 1 provides evidence that the interaction between regulatory focus and relationship closeness with the target person influences willingness to tell the truth about counterfeit luxury goods. More specifically, we confirm that prevention-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit LV bag whereas promotion-focused consumers show no significant difference in willingness to tell the truth regardless of relationship closeness.

In the next study (study 2), we replicated these findings of study 1 by measuring willingness to lie rather than willingness to tell the truth.

3. STUDY 2: WILLINGNESS TO LIE

Overview. This study has three objectives. First, we included the full version of the balanced inventory of desirable responding (BIDR) scale (Paulhus 1984) to control for socially desirable response (SDR) bias. In study 1, participants were asked to indicate to what extent they think they would tell the truth about their counterfeit LV bag.

Conceivably, there is a possibility that participants' responses might not reflect their true behavior due to social desirability bias, which is "one of the most common sources of bias affecting the validity of experimental and survey research findings" (Nederhof 1985, p. 263). Respondents are often unwilling to accurately answer sensitive questions in order to defend their ego or manage their impressions (Fisher 1993). Because of this bias, it is possible that results of research may be skewed. Since we use self-report questionnaires and our topic may be sensitive to answer for respondents, it is highly possible that respondents may report socially desirable answers instead of their true answers.

Furthermore, it is also possible that promotion- and prevention-focused people have different tendencies to engage in socially desirable responding. For example, Lawani, Shrum, and Chiu (2009) found that collectivists are more likely to engage in impression management that they present themselves in a socially acceptable manner by distorting their self-reported responses, whereas individualists are more likely to engage in self-deceptive enhancement that they present themselves in an inflated but honest manner. Furthermore, they also found that this effect is mediated by regulatory focus because prevention-focused people who strive to avoid undesired outcomes are more likely to conform to norms and expectations so that they are more likely to engage in impression management whereas promotion-focused people who strive to gain positive outcomes are

more likely to focus on information that helps them boost their positive self-image so that they are more likely to engage in self-deceptive enhancement. Hence, in this study, we measured socially desirable response bias by using the balanced inventory of desirable responding (BIDR) scales developed by Paulhus (1984) and co-vary the effect out in the analysis model. Second, we measure willingness to lie rather than willingness to admit the truth about their counterfeit luxury product and used it as a dependent variable in this study. In study 1, we asked participants to indicate their willingness to tell the truth about their counterfeit LV bag. Hence, in this study, we tested whether we would find an opposite pattern of results from the previous study by asking participants to indicate their willingness to lie about their counterfeit LV bag. In this study, we asked participants to indicate what extent they think they would lie about their counterfeit LV bag to their close friend (versus acquaintance). We predicted that prevention-focused participants would be less likely to lie to a close friend (versus acquaintance) about their counterfeit LV bag whereas promotion-focused participants would show no difference in willingness to lie, regardless of whether the target person is a close friend or an acquaintance. Third, we included experience in purchasing a counterfeit luxury product as covariates. Previous research (e.g., Yoo and Lee 2012) shows that consumers who have bought counterfeit products have more positive attitudes toward counterfeit goods. Hence, we included socially desirable response bias and experience in purchasing a counterfeit luxury product as covariates.

Participants and design. A total of 83 female participants ($M_{\text{age}}=37.36$, $SD = 13.86$, ages 19-71) living in the USA were recruited from Amazon Mechanical Turk. They were paid a small amount after completing this study. We used 2 (regulatory focus: promotion

vs. prevention) x 2 (relationship closeness: close friend vs. acquaintance) between-subjects design.

Procedure. The procedure of this study was the same as previous studies except that we used willingness to lie as a dependent variable in this study. First, participants were randomly assigned to either a promotion- or a prevention-focused condition. Regulatory focus was manipulated by asking participants to do the anagram task (e.g., Jain et al. 2006; Shah et al. 1998) used in the previous studies (preliminary test and study 1).

Next, participants were required to read the same scenario used in study 1. They were randomly assigned to either the close friend or the acquaintance condition. In this study, participants were required to rate their willingness to lie about their counterfeit LV bag, which was used as a dependent variable in this study. After reading the scenario, they were also asked to describe why they think they would or would not lie about their counterfeit LV bag.

Finally, participants were asked to indicate their attitudes toward LV products, attitudes toward counterfeit luxury products, experience in purchasing a LV product, experience in purchasing a counterfeit luxury product and answer BIDR scales (Paulhus 1984), which was later used to control for socially desirable response bias. In this study, we used the full version of BIDR (Paulhus 1984) that has a total of 40 items. Participants were also asked to respond to some demographic questions (i.e., age and race) before completing this study.

Results

Before conducting data analysis, we created an index of socially desirable response bias by combining all 40 items and averaging them ($\alpha = .88$).

Manipulation check. To confirm that our regulatory focus manipulation was successful, we again checked two questions: (1) I focused on scoring more points when playing the word quiz; and (2) I focused on not losing any points when playing the word quiz (1=strongly disagree; 7=strongly agree; Jain et al., 2007). As expected, a one-way ANOVA revealed that participants in the promotion-focused condition focused more on gaining scores when they did the anagram task than participants in the prevention-focused condition ($M_{\text{promotion}} = 5.34$, $SD = 1.84$ vs. $M_{\text{prevention}} = 3.87$, $SD = 2.24$; $F(1,81) = 10.44$, $p < .01$) whereas participants in the prevention-focused condition focused more on not losing scores when they did the anagram task than participants in the promotion-focused condition ($M_{\text{prevention}} = 6.02$, $SD = 1.40$ vs. $M_{\text{promotion}} = 4.24$, $SD = 2.19$; $F(1, 81) = 20.00$, $p < .01$). Thus, we found that our regulatory focus manipulation was successful.

Willingness to lie. We created an index of willingness to lie by combining two questions: (1) How likely do you think you would deceive Jane about your counterfeit LV bag? (1 = unlikely to deceive, 7 = likely to deceive) and (2) Do you think you would lie to Jane about your counterfeit LV bag? (1 = definitely wouldn't lie, 7 = definitely would lie). Since these two questions were highly correlated ($r = .83$), we combined and averaged them to create an index of willingness to lie.

A 2 (regulatory focus: promotion vs. prevention) x 2 (relationship closeness: close friend vs. acquaintance) ANCOVA with socially desirable response bias and experience

in purchasing a counterfeit luxury product (“Have you ever bought any counterfeit luxury product?” 1 = yes, 2 = no) as covariates examined the effect of regulatory focus and relationship closeness with the target person on willingness to lie about their counterfeit LV bag. First, we found that there was no main effect of regulatory focus and relationship closeness ($p > .1$). Furthermore, socially desirable response bias was not significant ($F(1, 77) = .73, p > .1$) though experience in purchasing counterfeit luxury goods was ($F(1, 77) = 9.13, p < .01$), which indicates that consumers of counterfeit products are more likely to lie about counterfeit goods than consumers of non-counterfeit goods. As expected, the regulatory focus x relationship closeness interaction was significant ($F(1, 77) = 5.34, p < .05$). Prevention-focused participants were less likely to lie about their counterfeit LV bag to their close friend than acquaintance ($M_{\text{close friend}} = 1.94, SD = 1.13$ vs. $M_{\text{acquaintance}} = 2.98, SD = 2.04; F(1, 77) = 6.63, p < .05$)⁹ whereas promotion-focused participants showed no difference in lying tendency between close friend and acquaintance ($M_{\text{close friend}} = 2.75, SD = 1.68$ vs. $M_{\text{acquaintance}} = 2.50, SD = 1.99; F(1, 77) = .38, p > .1$)¹⁰. Additional analysis indicated that promotion-focused participants were more likely to lie about their counterfeit LV bag than prevention-focused participants when they were in the close friend condition ($M_{\text{promotion}} = 2.75, SD = 1.68$ vs. $M_{\text{prevention}} = 1.94, SD = 1.13; F(1, 77) = 4.28, p < .05$). On the other hand, promotion- and prevention-focused participants showed no difference in willingness to lie when they were in the acquaintance condition ($M_{\text{promotion}} = 2.50, SD = 1.99$ vs. $M_{\text{prevention}} = 2.98, SD = 2.04; F(1, 77) = 1.18, p > .1$).

⁹ As for estimated marginal means, $M_{\text{close friend}} = 1.67, SE = .41$ vs. $M_{\text{acquaintance}} = 3.08, SE = .33$

¹⁰ As for estimated marginal means, $M_{\text{close friend}} = 2.85, SE = .38$ vs. $M_{\text{acquaintance}} = 2.50, SE = .40$

FIGURE 2

STUDY 2: WILLINGNESS TO LIE

Discussion

In study 2, we used willingness to lie as a dependent variable and asked participants to indicate to what extent they would lie to their close friend (vs. acquaintance). Results of study 2 provide evidence that prevention-focused participants are less likely to lie to their friend than acquaintance whereas promotion-focused participants show no difference in their tendency to lie about their counterfeit goods. Therefore, we also replicated previous results by using willingness to lie as a dependent variable.

4. STUDY 3: GENERALIZATION

Objectives. This study was designed to achieve two objectives. First, we generalize our results by using a different brand and product. In previous studies, we used Louis Vuitton as a focal brand. In order to generalize our results, we selected a different brand, Nike, as a focal brand in this study to demonstrate that we would still get the same patterns of the results even when we used a different brand and product category. Nike was chosen for this study because this brand is the most frequently counterfeited brand in the world (World Customs Organization 2011). Second, we recruited both male and female participants in order to rule out the effect of gender difference on the tendency to lie.

Participant and design. One hundred and eighteen United States participants (55 males and 63 females, $M_{\text{age}}=35.69$, $SD = 13.11$ ages: 18-73) were recruited through the Amazon Mechanical Turk. This study employed a 2 (regulatory focus: promotion vs. prevention) by 2 (relationship closeness: close friend vs. acquaintance) between-subjects design.

Procedure. The procedure of this study was similar to that described in previous studies. First, participants were randomly assigned to either the promotion or prevention condition. We asked participants to do the anagram task in order to manipulate regulatory focus (e.g., Jain et al. 2006; Shah et al. 1998). After completing the anagram task, participants read the same scenario used in previous studies. The only difference was that counterfeit Nike sneakers were used in the scenario instead of a counterfeit Louis Vuitton bag. Thus, the scenario is about running into someone who they know when they go out wearing counterfeit Nike sneakers. Participants were randomly assigned to either

the close friend or acquaintance condition. After reading the scenario, participants reported their willingness to lie, which was measured through two questions: (1) How likely do you think you would admit to Jane that the Nike sneakers are counterfeit? (Reversed item; 1 = not at all, 7 = very likely) and (2) Do you think you would lie to Jane about your counterfeit Nike sneakers? (1 = definitely wouldn't lie, 7 = definitely would lie). Finally, participants also indicated their attitudes toward Nike, attitudes toward counterfeit goods in general, experience in purchasing a Nike product, experience of purchasing a counterfeit luxury product, the BIDR scale (Paulhus 1984), and other demographic questions.

Results

Manipulation check. We used a one-way ANOVA to confirm whether our regulatory focus manipulation was successful. As expected, participants in the promotion-focused condition focused on scoring more points ($M_{\text{promotion}} = 5.79$, $SD = 1.70$ vs. $M_{\text{prevention}} = 4.77$, $SD = 2.09$; $F(1,116) = 8.53$, $p < .01$) than participants in the prevention-focused condition. On the other hand, prevention-focused participants focused on not losing points more than participants in the promotion-focused condition ($M_{\text{promotion}} = 3.87$, $SD = 2.30$ vs. $M_{\text{prevention}} = 5.41$, $SD = 1.83$; $F(1, 116) = 15.85$, $p < .01$).

Willingness to lie. We combined and averaged two questions to create an index of willingness to lie ($\gamma = .70$). We employed a 2 (regulatory focus: promotion vs. prevention) x 2 (relationship closeness: close friend vs. acquaintance) ANCOVA on willingness to lie with experience in purchasing a counterfeit luxury product, socially desirable response

bias ($\alpha = .81$) and gender as covariates. The main effect of regulatory focus and relationship closeness on willingness to lie was not significant. Furthermore, we found that experience in purchasing counterfeit luxury products was not significant, but that socially desirable response bias ($F(1, 111) = 8.26, p < .01$) and gender ($F(1, 111) = 7.72, p < .01$) were, which indicates that consumers exhibiting more socially desirable response bias are less likely to lie about counterfeit goods than those who tend not to exhibit this characteristic. These results also highlight that men are more likely than women to lie about their counterfeit purchases. More importantly, there was a marginally significant regulatory focus x relationship closeness interaction ($F(1, 111) = 3.03, p = .084$)¹¹. Contrasts showed that prevention-focused participants were less likely to lie about their Nike sneakers to their close friend than acquaintance ($M_{\text{close friend}} = 2.45, SD = 1.64$ vs. $M_{\text{acquaintance}} = 3.84, SD = 1.77; F(1, 111) = 5.12, p < .05$)¹². On the other hand, promotion-focused participants showed no difference regardless of relationship closeness ($M_{\text{close friend}} = 3.15, SD = 2.17$ vs. $M_{\text{acquaintance}} = 3.07, SD = 1.85; F(1, 111) = .02, p > .1$)¹³. Additional data analysis found that promotion-focused participants were more likely to lie about their counterfeit Nike sneakers than prevention-focused participants ($M_{\text{promotion}} = 3.15, SD = 2.17$ vs. $M_{\text{prevention}} = 2.45, SD = 1.64$). However, this effect was not significant ($F(1, 111) = 2.45, p = .1$). On the other hand, promotion- and prevention-focused participants showed no difference in willingness to lie when their target person is an acquaintance ($M_{\text{promotion}} = 3.07, SD = 1.85$ vs. $M_{\text{prevention}} = 3.84, SD = 1.77; F(1, 111) = .77, p > .1$).

¹¹ Using boxplots, we found one outlier 3 *SD* above the mean in terms of attitude toward counterfeit goods. If one outlier was deleted, the *p* value of the two-way interaction between regulatory focus and relationship closeness would become .073

¹² As for estimated marginal means, $M_{\text{close friend}} = 2.49, SE = .36$ vs. $M_{\text{acquaintance}} = 3.63, SE = .32$

¹³ As for estimated marginal means, $M_{\text{close friend}} = 3.25, SE = .30$ vs. $M_{\text{acquaintance}} = 3.18, SE = .35$

FIGURE 3
STUDY 3: GENERALIZATION

Discussion

In study 3, we generalize our results by using a different brand and product category. Furthermore, we rule out the effect of gender difference by analyzing responses of both male and female participants. Results of study 3 further support our hypothesis that prevention-focused consumers are less likely to lie about their counterfeit goods to their friend than their acquaintance whereas promotion-focused consumers have no different level of tendency to lie about their counterfeit goods regardless of relationship closeness.

5. STUDY 4: SOCIAL NORMS

Overview. The purpose of this study was to test our second prediction that the interaction between regulatory focus and relationship closeness with the target person is moderated by social norms regarding the consumption of counterfeits. More specifically, we expected that promotion-focused consumers would be more likely to tell their close friend (versus acquaintance) the truth about their counterfeit luxury goods when the social norms regarding the consumption of counterfeits are positive. On the other hand, prevention-focused consumers would not be influenced by social norms.

We used the same procedure as in previous studies except one difference: we included social norm manipulation.

Participants and design. In total, 292 American females participants recruited from Amazon Mechanical Turk participated in this study in return for a small compensation ($M_{age}=38.03$, $SD=13.95$, ages:18-75). This study employed a 2 (regulatory focus: prevention vs. promotion) x 2 (relationship closeness: close friend vs. acquaintance) x 2 (social norm: positive vs. negative) between-subjects design.

Pretest1. In this study, we aimed to influence participants' perception of the social norm (positive or negative) towards counterfeit consumption by manipulating prevalence of counterfeit purchase. Before adopting the manipulation, a pretest was conducted. A separate group of 101 participants participated in this pretest. Participants were randomly assigned to the positive or negative social norm condition.

In the pretest, participants were asked to read a report about counterfeit consumption. In the report, participants were shown a graph depicting the trend in counterfeit consumption (see appendix B and C). Participants in the positive social norm

condition were shown a graph with an upward sloping line, depicting a trend of increasing sales of counterfeit products in the world. They were further told that recent research conducted by US Chamber of Commerce (2012) showed that while 81.4% of respondents said they had bought counterfeit luxury goods in 2011, only 36.4% of respondents said they had bought counterfeit luxury goods in 2001. In contrast, participants in the negative social norms condition were shown a graph with a downward sloping line, depicting a trend of decreasing sales of counterfeit products in the world. They were further told that recent research conducted by US Chamber of Commerce (2012) showed that while only 36.4% of respondents said they had bought counterfeit luxury goods in 2011, 81.4% of respondents said they had bought counterfeit luxury goods in 2001. After reading the report, participants responded to a list of questions.

Since prevalence of counterfeit purchase was used as to operationalize acceptability of counterfeit purchase in the society, first, we checked whether the manipulation did indeed lead to different perceived prevalence of counterfeit consumption using three questions: (1) These day, many people buy counterfeit luxury products, (2) Using counterfeit luxury products is prevalent, (3) using counterfeit luxury products is not uncommon (all questions were measured on a 7-point scale – 1 = strongly disagree, 7 = strongly agree, $\alpha = .82$). As expected, participants in the positive social norm were more likely than those in the negative social norm to think that using counterfeit luxury goods is prevalent ($M_{\text{positive norm}} = 5.48, SD = .95$ vs. $M_{\text{negative norm}} = 3.89, SD = 1.24$; $F(1, 99) = 51.62, p < .01$). Next, we checked if greater perceived prevalence translated into greater perceived social acceptance of counterfeits through three questions: (1) In my society, it is acceptable to use counterfeit luxury products, (2) using counterfeit luxury goods has

become socially acceptable and (3) people are becoming tolerant of using counterfeit luxury goods (1 = strongly disagree, 7 = strongly agree, $\alpha = .87$). Participants in the positive (versus negative) social norm were more likely to think that consuming counterfeit luxury goods was socially acceptable ($M_{\text{positive norm}} = 4.94$, $SD = 1.05$ vs. $M_{\text{negative norm}} = 3.66$, $SD = 1.33$; $F(1, 99) = 28.39$, $p < .01$). The above analyses showed that our manipulation did change participants' perception of the social acceptability of counterfeit consumption.

Pretest 2. Next, we would also like to check whether greater social acceptance of counterfeit consumption is correlated with perception of a positive attribute (i.e., smart shopper) of counterfeit users. A pretest with a separate group of 80 participants was conducted. After reading the information about counterfeit consumption trend as described in pretest 1, participants were asked to answer the following questions - (1) I would consider myself to be smart if I bought counterfeit goods with quality and performance similar to the original goods; (2) I would feel proud if I bought counterfeit goods with quality and performance similar to the original goods; and (3) I would get a good deal if I bought counterfeit goods with quality and performance similar to the original goods ($\alpha = .88$; all questions were measured on a 7-point scale – 1 = strongly disagree, 7 = strongly agree). As expected, participants in the positive social norm condition were more likely to regard themselves as smart shoppers as compared to those in the negative social norm condition ($M_{\text{positive norm}} = 4.70$, $SD = 1.35$ vs. $M_{\text{negative norm}} = 4.04$, $SD = 1.54$; $F(1, 78) = 4.09$, $p < .05$). Thus, when social norm is positive, people are more likely to think that counterfeit consumption signals the attribute of a smart shopper. With this, we moved on to the main study.

Procedure. The same regulatory focus manipulation used in previous studies was employed. Regulatory focus was manipulated by asking participants to do an anagram task (e.g., Jain et al., 2006; Shah et al. 1998). We also asked the identical two questions (Jain et al. 2006) used in previous studies in order to check regulatory focus manipulation.

Next, social norms were manipulated by asking participants to read the recent research on counterfeit consumption. The same manipulation of social norms used in pretest 1 and 2 was employed. After the social norm manipulation, participants read the same scenario used in previous studies and reported their willingness to tell the truth about their counterfeit LV bag. Willingness to tell the truth was measured by using two questions: "Do you think you would admit to Jane that you are carrying a counterfeit LV bag?" and "Do you think you would tell Jane the truth that your LV bag is a counterfeit?" (On a 7-point scale with 1 = not at all, 7 = very much).

Next, participants reported their attitude towards LV, attitude towards counterfeit luxury products, experience in purchasing a LV product, experience in purchasing a counterfeit luxury product, and answered socially desirable response bias scales. Finally, participants were also asked to respond to some demographic questions (i.e., age and race).

Results

Before testing our hypothesis, we created an index of socially desirable response bias. The index of socially desirable response bias ($\alpha = .85$) was used as a covariate.

Regulatory focus manipulation check. In order to check whether our regulatory focus was successful, we used a one-way ANOVA. We found that our regulatory focus manipulation was successful. Participants in the promotion-focus condition focused on

scoring more points than participants in the prevention-focus condition when playing the word quiz ($M_{\text{promotion}} = 5.23$, $SD = 1.86$ vs. $M_{\text{prevention}} = 4.41$, $SD = 2.15$; $F(1, 290) = 11.91$, $p < .01$). On the other hand, participants in the prevention-focus condition focused more on not losing any points than participants in the promotion-focus condition when playing the word quiz ($M_{\text{prevention}} = 4.23$, $SD = 2.29$ vs. $M_{\text{promotion}} = 5.23$, $SD = 1.91$; $F(1, 290) = 16.40$, $p < .01$). Thus, we confirmed that our regulatory focus was successful.

Social norm manipulation. We used one question to check social norm manipulation: people in my society buy counterfeit luxury goods (1 =strongly disagree, 7 = strongly agree). Using a one-way ANOVA, we found that participants in the positive social norm condition were more likely to think that people buy counterfeit luxury goods than participants in the negative social norm ($M_{\text{positive norm}} = 4.93$, $SD = 1.46$ vs. $M_{\text{negative norm}} = 4.33$, $SD = 1.73$; $F(1, 290) = 10.23$, $p < .01$)

Truth-telling rate. Using ANCOVA with experience in purchasing a counterfeit luxury product, experience in purchasing a LV product, and socially desirable response bias, we found that there was a 3-way interaction between regulatory focus, relationship closeness, and social norms ($F(1, 281) = 3.07$, $p = .081$)¹⁴. However, all other effects were not significant, except for two factors: relationship closeness ($F(1, 281) = 12.15$, $p < .01$), which indicates that consumers are more likely to disclose their counterfeit purchase to friends than to acquaintances ($M_{\text{close friend}} = 4.88$, $SD = 2.17$ vs. $M_{\text{acquaintance}} = 3.99$, $SD =$

¹⁴ Three participants in our sample were extremely positive toward counterfeit products. Using boxplots, we found that their attitudes toward counterfeit products were 3 SD above the mean. If we had excluded their responses based on outlier analysis, then the three-way interaction would have been significant at $p < .05$. However, in the interest of full disclosure, we included these three outlier points in the analysis.

2.07); and experience in purchasing a genuine LV product ($F(1, 281) = 5.30, p < .05$), which indicates that LV users are less likely to tell the truth about their counterfeit purchases than non-LV users. In order to more specifically understand the effect of social norm, we conducted further analyses and found that the 2-way interaction between social norms and relationship closeness was significant for promotion-focused participants ($F(1, 281) = 4.69, p < .05$). More specifically, promotion-focused participants were more likely to tell their close friend (versus acquaintance) the truth about their counterfeit LV bag when the social norm was positive ($M_{\text{positive/close friend}} = 5.70, SD = 1.65$ vs. $M_{\text{positive/acquaintance}} = 4.00, SD = 2.09; F(1, 281) = 10.92, p < .01$)¹⁵. However, promotion-focused participants showed no difference in willingness to tell the truth when the social norm was negative ($M_{\text{negative/close friend}} = 4.55, SD = 2.35$ vs. $M_{\text{negative/acquaintance}} = 4.35, SD = 2.17; F(1, 281) = .03, p > .1$)¹⁶. Additional analysis also indicated that when the target person was a close friend, participants in the positive social norms were more likely to admit about their counterfeit LV bag than participants in the negative social norms ($M_{\text{positive/close friend}} = 5.70, SD = 1.65$ vs. $M_{\text{negative/close friend}} = 4.55, SD = 2.35; F(1, 281) = 5.00, p < .05$). However, when the target person was an acquaintance, there was no difference regardless of social norms ($M_{\text{positive/acquaintance}} = 4.00, SD = 2.09$ vs. $M_{\text{negative/acquaintance}} = 4.35, SD = 2.17; F(1, 281) = .68, p > .1$).

For prevention-focused participants, we found that a 2 (social norm: positive vs. negative) x 2 (relationship closeness: close friend vs. acquaintance) interaction was not significant ($F(1, 281) = .07, p > .1$). Regardless of social norm, prevention-focused participants were more likely to tell their close friend (versus acquaintance) the truth

¹⁵ As for estimated marginal means, $M_{\text{positive/close friend}} = 5.65, SE = .36$ vs. $M_{\text{positive/acquaintance}} = 4.01, SE = .34$

¹⁶ As for estimated marginal means, $M_{\text{negative/close friend}} = 4.51, SE = .35$ vs. $M_{\text{negative/acquaintance}} = 4.42, SE = .37$

about the counterfeit purchase ($M_{\text{positive/close friend}} = 4.63$, $SD = 2.12$ vs. $M_{\text{positive/acquaintance}} = 3.78$, $SD = 1.85$; $M_{\text{negative/close friend}} = 4.71$, $SD = 2.35$ vs. $M_{\text{negative/acquaintance}} = 3.87$, $SD = 2.19$)¹⁷. This suggests that social norms regarding the consumption of counterfeits did not influence prevention-focused participants' intention to tell the truth about their counterfeit LV bag.

FIGURE 4

STUDY 4: SOCIAL NORM

¹⁷ As for estimated marginal means, $M_{\text{positive/close friend}} = 4.62$, $SE = .32$ vs. $M_{\text{positive/acquaintance}} = 3.84$, $SE = .34$; $M_{\text{negative/close friend}} = 4.75$, $SE = .33$ vs. $M_{\text{negative/acquaintance}} = 3.79$, $SE = .35$

FIGURE 5

STUDY 4: SOCIAL NORM

Discussion

Study 4 provides evidence that promotion-focused consumers are also willing to tell the truth about their counterfeit luxury goods under certain circumstances. In this study, we found that promotion-focused participants were more likely to tell their close friend (versus acquaintance) the truth about their counterfeit LV bag when the social norm regarding the consumption of counterfeits was positive because telling the truth also allows them to achieve certain positive images (e.g., looking like a smart shopper). However, they showed no difference in their tendency to tell the truth regardless of relationship closeness when the social norm was negative because only not telling the truth allows them to achieve their ideal-self (e.g., looking wealthy). Hence, this result indicates that promotion-focused consumers who are guided by ideal-self consider a possibility of success and decide whether or not they would tell the truth about their

counterfeit luxury goods when both telling and not telling the truth helps them achieve their ideal-self images. However, they have the same tendency to tell the truth about their counterfeit luxury goods regardless of target person (i.e., close friend versus acquaintance) when only not telling the truth helps them achieve their ideal-self. In contrast to promotion-focused participants, prevention-focused participants' willingness to tell the truth was not influenced by social norms. This result indicates that regardless of social norms, prevention-focused consumers strive to fulfill their duties and responsibilities to their friend (versus acquaintance) by telling the truth about their counterfeit luxury goods.

4. GENERAL DISCUSSION

The objective of this research is to examine whether regulatory focus interacts with relationship closeness with the target person to influence counterfeit user's deceptive behavior. In a series of four studies, we found that prevention-focused consumers are more likely to tell their in-group member (i.e., friend) than out-group member (i.e., acquaintance) the truth about their counterfeit purchase. On the other hand, promotion-focused consumers show no difference in their tendency to tell their in-group member (i.e., friend) versus out-group member (i.e., acquaintance) the truth about their counterfeit purchase. Furthermore, we found that the interaction between regulatory focus and relationship closeness with the target person is moderated by social norms toward the consumption of counterfeit goods.

Study 1 demonstrates that prevention-focused consumers are more likely to tell their close friend (versus acquaintance) the truth about their counterfeit LV bag whereas

promotion-focused consumers show no difference in their tendency to tell the truth, regardless of the relationship closeness.

Study 2 demonstrates the opposite pattern of the results when we use willingness to lie as a dependent variable instead of willingness to tell the truth. We found that prevention-focused consumers are less likely to lie about their counterfeit LV bag to their friend than acquaintance whereas promotion-focused consumers have no difference in their tendency to tell a lie about their counterfeit LV bag, regardless of whether the target person is a friend or acquaintance.

Study 3 also replicated the same pattern of the previous results by using responses from both males and females. Hence, we rule out the effect of gender difference on willingness to lie.

Study 4 goes beyond our previous findings by showing that promotion-focused consumers are also willing to tell the truth about their counterfeit luxury goods under certain circumstances. We found that social norms regarding the consumption of counterfeit luxury goods moderate the effect of the interaction between regulatory focus and relationship closeness with the target person on willingness to tell the truth. Specifically, we found that promotion-focused consumers are more likely to tell their friend (versus acquaintance) the truth about their counterfeit LV bag when social norms regarding the consumption of counterfeit luxury goods are positive whereas they have no difference in their tendency to tell the truth regardless of relationship closeness when the social norms are negative. This is because both telling the truth and not telling the truth help them achieve their ideal self (e.g., looking smart vs. looking wealthy); when social

norms are positive, they consider a possibility of success and choose one side. On the other hand, when social norms are negative, only not telling the truth helps them achieve their ideal-self so that they have no difference in their tendency to tell the truth regardless of relationship closeness. In contrast, prevention-focused consumers' willingness to tell the truth is not influenced by social norms. This result indicates that since prevention-focused consumers are guided by their ought-self, they are more likely to admit the truth to their friend than acquaintance regardless of social norms.

Our research contributes to the extant literature in three ways.

First, we contribute to marketing literature by showing how regulatory focus interacts with relationship closeness with the target person to influence counterfeit users' deceptive behavior. Even though regulatory focus and counterfeit consumption have been widely studied in marketing, not much research on consumers' deceptive behavior has been studied in marketing. Thus, this research contributes to marketing literature by demonstrating counterfeit users' deceptive behavior, which is one type of deceptive behaviors, and filling an important gap between regulatory focus, deceit, and counterfeit consumption.

Second, we extend the literature on regulatory focus and deceit by integrating two different research areas. Even though two different research areas have been developed to understand people's deceptive behavior, they have been developed independently (see exceptions: Gino and Margolis 2011). Therefore, we integrate two different research areas to better understand consumers' deceptive behavior in the context of counterfeit consumption. Furthermore, we go beyond previous research by demonstrating that

consumers' deceptive behavior is not simply driven by either regulatory focus or relationship closeness but driven by both.

Third, we extend previous findings on the effect of regulatory focus on dishonest behavior by showing that promotion-focused consumers are also willing to be honest under certain circumstances. Especially, we found that promotion-focused consumers are willing to tell the truth about their counterfeit luxury goods when telling the truth helps them achieve their ideal-self. In study 4, we found that if promotion-focused consumers can achieve ideal-self images by both telling and not telling the truth about their counterfeit purchase, they consider a probability of success in signaling particular images and then decide whether or not they would tell the truth.

Limitations and suggestions for future research

As mentioned above, this research contributes to deception, regulatory focus, and counterfeit consumption literatures. However, there are some limitations, which suggest directions for future research.

First, our research focuses on whether or not counterfeit users tell the truth about their counterfeit luxury goods. According to previous research (e.g., Bok 1978; Dunleavy et al. 2010; Galasinski 1994; Kim et al. 2008; Schweitzer and Croson 1999; Spranca et al. 1991; Wood et al. 2007), there are two different types of deceptive communication: omission and commission. In current research, we have checked whether or not participants engage in dishonest behavior but did not check whether they engage in deception by omission or commission. Hence, in order to understand what types of deceptive communication consumers of counterfeit goods use, future research might need

to examine whether regulatory focus or an interaction between regulatory focus and relationship closeness with the target person influences counterfeit user's tendencies to engage in deception by omission or commission.

Second, the current research relies on purely hypothetical scenarios in all of its studies. We asked participants to imagine themselves engaged in a dilemma in which they would reveal to others that their purchased goods were counterfeit. However, it remains possible that participants might have felt uncomfortable or partly incapable of fully imagining themselves in such dilemmas, depending on their acceptance of and attitudes toward buying and using counterfeit products. As such, it would be interesting if future research were to examine the actual behaviour of consumers of these products in order to assess whether they confess their counterfeit purchases to others. Considering that research (e.g., Anthony and Cowley 2012; Gino and Margolis 2011) addressing deceit can become more applicable by demonstrating the deceptive acts people actually perform, future research should generally consider how to identify the deceptive behaviour of consumers of counterfeit products in more realistic contexts.

Third, since we examined the interaction effect of regulatory focus and relationship closeness only in the context of counterfeit consumption, the current research is limited to these consumers' deceptive behaviour. In this case, one interesting question for future research is whether the effect could be applied to the more general domain of deceptive acts (e.g., stealing). For instance, would prevention-focused people always admit the truth to their friends as opposed to their acquaintances? Since prevention-focused people are motivated to satisfy their "ought-self" (Higgins 1997), they may be more likely to lie to friends in circumstances in which telling the truth threatens the

relationship (DePaulo et al. 2004). For instance, it is possible that prevention-focused people are more likely to lie to their friends as opposed to their acquaintances when they fail to fulfil their duties and obligations as friends. Consequently, future research should examine the interaction between regulatory focus and relationship closeness in more diverse situations that involve deception as a means to identify factors that drive prevention- and promotion-focused people to tell the truth or deceive others.

Forth, we used social norms as a moderator of the interaction between regulatory focus and relationship closeness. However, this is not to say that other moderators are not important. For instance, the risk of being caught—for example, by using low-quality versus high-quality counterfeit products—may moderate the interaction between regulatory focus and relationship closeness, since promotion- and prevention-focused people exhibit different tendencies in taking risks (Higgins 1997). It would therefore be interesting to examine how the risk of being caught moderates the relationship between regulatory focus and relationship closeness. More precisely, would prevention-focused people still tell their friends the truth about their counterfeit goods, though the risk of being caught is low? In addition, it is also possible that consumers' general attitudes toward the original brand may moderate how the interaction of regulatory focus and relationship closeness affects one's willingness to tell the truth about a counterfeit purchase. For example, consumers who are more likely to see LV as a symbol of status (versus consumers who are less likely to see it as a symbol of status) may be less likely to tell the truth about their counterfeit LV bag in order to signal their status to others. In order to expand this idea, future research might examine consumers' general attitudes

toward focal brands as moderators of the interaction of regulatory focus and relationship closeness

Fifth, in study 4, we manipulated social norms by showing either an increasing or decreasing pattern of counterfeit consumption. Though we included pretests to demonstrate that the prevalence of counterfeit consumption is closely related to social norms promoting counterfeit consumption, social norm manipulation clearly poses shortcomings, as it did in the present research. Here, it exaggerated the prevalence (or popularity) of counterfeit products beyond social norms. Asking participants to rate statements involving social norm manipulation (e.g., People in my society buy counterfeit luxury goods, 1 = strongly disagree, 7 = strongly agree) captures the prevalence and/or popularity of counterfeit consumption in addition to its primary objective. Furthermore, participants might react differently to manipulated social norms—for example, skewed conformity or deviation from the mainstream. For example, some participants might exhibit behaviour that deviates from the mainstream, while others might conform to how the mainstream behaves depending on their cultural background (e.g., Kim and Markus 1999) and personal traits (e.g., motivation; Griskevicius et al. 2006). As a result, these different reactions to mainstream behaviour may have influenced the results of study 4. Since current research has overlooked the possibility of participants' different reactions to current social norm manipulation and has not identified whether participants have conformed to or deviated from manipulated social norms, future research should consider this possibility and find a more powerful method for manipulating social norms. In addition, it is also possible that participants subject to different regulatory foci could have reacted differently to social norm manipulation. Previous research (Cialdini, Reno, and

Kallgren 1990) has identified two types of norms: injunctive norms (i.e., what most people approve or disapprove) and descriptive norms (i.e., what most people actually do). Additionally, more recent research (Melnik et al. 2013) has found that promotion-focused people perceive messages with descriptive norms more aptly than prevention-focused people, whereas this latter group interprets messages with injunctive norms more fluently than promotion-focused people. It is therefore entirely possible that the interaction between regulatory focus and social norms may have affected the results of study 4. Given these circumstances, future research may need to find a more focused method for manipulating social norms regarding counterfeit consumption.

Sixth, the current research did not discover any psychological and behavioural consequences of telling versus not telling the truth about counterfeit consumption. Across studies 1–3, we found that prevention-focused participants are more likely to tell their friend (versus their acquaintance) the truth about their counterfeit purchases, whereas promotion-focused participants show no difference in their tendency to confess, regardless of their closeness to the other person. However, we did not investigate how telling or not telling the truth about counterfeit purchases influences self-concept, relationship status, or more broadly, attitudes toward both counterfeit (or genuine) goods or any future intention to buy them. Zaichkowsky and Simpson (1996) found that consumers who had negative experiences with an imitator brand evaluated the original brand more positively than consumers who had positive experiences, whereas consumers who had positive experiences with an imitator brand evaluated the original brand more negatively than consumers who had negative experiences with the imitator brand. From this perspective, it is also possible that counterfeit users' experiences with telling the truth about counterfeit

purchases may influence their general attitudes toward original brands. For instance, counterfeit users may evaluate LV less favorably after admitting to others that they have used a counterfeit LV bag in order to justify their consumption of counterfeit goods. Future research may thus need to investigate, for example, whether people would change their attitudes about counterfeit goods in general after telling or not telling the truth about their own counterfeit purchases. In this sense, additional research might ask whether these consumers prefer to purchase counterfeit or genuine goods after telling or not telling the truth. Although we did not find any statistically significant consequences of telling or not telling the truth about counterfeit purchases, we did conduct a simple test to address the relationship between the tendency to tell the truth and attitudes toward counterfeit goods. Its results indicated that, the more often that people tell the truth about their counterfeit purchase, the more positive their attitudes toward counterfeit goods become ($\beta = .23$, $t(95) = 2.30$, $p < .05$, study 1). To expand upon this idea, future research could examine how the decision to tell or not tell the truth about counterfeit purchases changes people's self-views, relationship strength with the people they tell or don't tell, and attitudes toward both counterfeit and genuine goods.

Finally, we suggest that promotion-focused consumers are more likely to tell their friend than their acquaintance when social norms regarding counterfeit consumption are affirmative, in part because they want to conform to the image of the smart shopper. However, it remains unclear why people have positive perceptions of counterfeit consumption and are willing to tell others about their experience with counterfeit purchases, since we discovered no underlying mechanisms for this behaviour in study 4. Hence, alternative explanations for the willingness of consumers of counterfeit products

to tell the truth still exist. Penz and Stöttinger (2012) suggest that consumers have positive perceptions of counterfeit consumption for several reasons. First, they regard themselves to be smart shoppers, especially when counterfeit products are only slightly different from their genuine counterparts in terms of quality, despite their vast difference in price. Second, consumers may consider the process of purchasing counterfeit products fun, if not exhilarating. Third, the bargaining inherent in this process prompts consumers' to rate their experiences with counterfeit consumption highly. Lastly, some consumers purchase and wear conspicuously counterfeit products to contradict the mainstream ironically. From this perspective, several alternative reasons could explain promotion-focused consumers' tendency to tell the truth when social norms are affirmative. As such, future research may need to uncover different motivations for consumers that lead them to consider counterfeit consumption approvingly, as well as how these different motivations influence the behaviour of consumers of counterfeit products (e.g., their willingness to share information about counterfeit products).

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APPENDIX A

ANAGRAM TASK

Set	Examples of possible answers
EACHP	PEACH CHEAP
ALSET	TALES STALE STEAL
IKCTS	STICK TICKS

Incorrectly unscrambled word	Your answers
NELMO	
SDETRE	
ILESM	
IDFEL	
LEESTC	

APPENDIX B

SOCIAL NORM MANIPULATION (POSITIVE NORM)

PART 2: COUNTERFEIT LUXURY BRANDS

For this part of the study, we are interested in how consumers view counterfeit luxury brands in general.

Recent research conducted by the US Chamber of Commerce (2012) showed that the consumption of counterfeit luxury brands has risen for the last 10 years. According to the research, the purchase rate of counterfeit luxury goods has increased by 30% over the last 10 years. In 2001, only 36.4% of respondents said that they bought one or more counterfeit luxury products. However, in 2011, 81.4% of respondents reported that they bought one or more counterfeit luxury products, which means that more and more people consume counterfeit luxury goods.

Furthermore, 61.4% of respondents expected that the trend of buying counterfeit luxury products would keep rising in the future.

For this reason, we will ask your opinions about counterfeit luxury brands in order to better understand the increasing trend of consuming counterfeit luxury brands. On the next page, we would appreciate it if you would indicate your honest opinions about counterfeit luxury brands.

APPENDIX C

SOCIAL NORM MANIPULATION (NEGATIVE NORM)

PART 2: COUNTERFEIT LUXURY BRANDS

For this part of the study, we are interested in how consumers view counterfeit luxury brands in general.

Recent research conducted by the US Chamber of Commerce (2012) showed that the consumption of counterfeit luxury brands has fallen for the last 10 years. According to the research, the purchase rate of counterfeit luxury goods has decreased by 30% over the last 10 years. In 2001, 81.4% of respondents said that they bought one or more counterfeit luxury products. However, in 2011, only 36.4% of respondents reported that they bought one or more counterfeit luxury products, which means that less and less people consume counterfeit luxury goods.

Furthermore, 61.4% of respondents expected that the trend of buying counterfeit luxury products would keep falling in the future.

For this reason, we will ask your opinions about counterfeit luxury brands in order to better understand the decreasing trend of consuming counterfeit luxury brands. On the next page, we would appreciate it if you would indicate your honest opinions about counterfeit luxury brands.