

# Asymmetric evaluation on domain of risk and return for counterfeit products under different self-construal

Dongwon Min

School of Business and Economics, Dankook University

## 위험과 수익의 도메인에서 상이한 자아추론이 모조품의 비대칭적 평가에 미치는 영향

민동원

단국대학교 경영학부

**Abstract** The objective of this research is to investigate how consumers react differently to financial and social risk/return, referred to as an ‘asymmetric effect’. A lab-based experiment using a counterfeit but real-branded product examined the robustness of the statement that priming the interdependent versus independent self can result in differences in financial and social risk taking behavior in the context of counterfeit product purchase choice. Three hundred fifty-eight participants took part in the experiment. They were primed with different self-construal and evaluated purchase intention to the counterfeit product. As predicted, when evaluate in the context of loss claim of counterfeit product, risks were more activated, however, there was an asymmetric effect that self-construal priming had on financial and social risks. Interdependence primed participants were more likely to take a financial risk thus perform more purchase intention of counterfeit product and less likely to take a social risk than their independence primed counterparts, which led to lower purchase intention. The results of this research shed light on the various directions of future studies on the responses toward counterfeit product.

**Key Words** : Counterfeit products, Self-construal, Independence, Interdependence, Risk, Return

요 약 본 연구는 모조품에 대해 사람들이 가질 수 있는 위험 또는 수익이 점화되었을 때 그들이 자신을 어떻게 추론하는 지에 따라 구매의도가 상이함을 밝히고자 하였다. 실존하는 브랜드의 모조품을 활용하였고 358명의 대학생이 피험자로 참여한 실험의 결과, 위험의 도메인 하에서는 독립적인 자아추론을 할 경우 재정적인 위험이 크다고 지각할 때 사회적인 위험이 크다고 지각할 때보다 구매의도가 낮았으며, 상호보완적인 자아추론을 할 때는 반대의 양상이 나타났다. 한편, 수익의 도메인 하에서는 비대칭의 양상이 나타났는데, 독립적인 자아추론을 할 경우 재정적인 수익이 크다고 지각할 때 사회적인 수익이 크다고 지각할 때보다 구매의도가 낮았으며, 상호보완적인 자아추론을 할 때는 사회적인(vs. 재정적인) 수익이 크다고 지각할 때가 높은 구매의도를 보였다. 이 같은 연구결과는 모조품에 대한 지각과 행동적 반응에 대한 다양한 각도의 접근이 필요함을 시사한다.

주제어 : 모조품, 자아추론, 독립성, 상호보완성, 위험, 수익

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Corresponding Author: Dongwon Min

(School of Business and Economics, Dankook University)

Email: dwmin@dankook.ac.kr

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## 1. Introduction

This research suggests that fundamental private or collective self-view underlines the financial and social sensitivity discrepancy and influences subsequent considerations on counterfeit products. Individuals put asymmetric weight on ‘financial’ and ‘social’ risk and return. Previous works on financial risk and the social risk have showed the different process of evaluation toward financial and social risks in terms of how individuals construe themselves. They have argued that interdependent people put more weight on social risk over financial risk than independent people [1] and individuals whose interdependent selves are primed place more weight on social norms [2, 3, 4]. However, this asymmetric effect regarding ‘financial’ and ‘social’ is only tested in the context of risk, leaving the investigation under domain of return largely unexamined. The question that whether there exhibits a similar asymmetric evaluation on ‘financial return’ and ‘social return’ when people make decision is therefore of keen interest. Specifically, this research addresses that the antecedent is the different self-construal that drives people to display different structure towards risks and returns. In accordance with previous works, it is expected that those who have more accessible independent self-view are more sensitive to financial risk and financial return, whereas, those who has more accessible interdependent self-view elaborate more on potential social risk and social return when decides whether to buy the counterfeit product.

The objective of this research is to investigate how consumers react differently to financial and social risk/return, referred to as an ‘asymmetric effect.’ A lab-based experiment examined the robustness of the statement that priming the interdependent versus independent self can result in differences in financial and social risk taking behavior in the context of counterfeit product purchase choice. Counterfeit product

is a multiple combination of different conflicts. On a purchase occasion of counterfeit product, people experience gain and loss at the same time. In terms of gain or loss, they face breakdown of different gain and loss—the financial gain, loss and the social gain or loss. Therefore it would be of great interest to decompose the counterfeit product and see how people react differently to the different layer of components in counterfeit products.

## 2. Theoretical Background

### 1) Counterfeit Product

Counterfeit product is the production of copies packaged with trademarks and/or labeling, to seem to a consumer the genuine article [5]. In previous works, researchers apply multiple products representative of different perspectives of risk and return because in real life, when face with a purchase decision, seldom is there a situation that people are trading off risk and return all at once. People normally deploy multiple products to test it. For example, Zhou and Pham (2004) applied multiple financial investment products to activate this asymmetric effect [6]. Mandel (2003) uses four events scenario representative of different aspects of risk to trigger consumer asymmetric considerations [1]. In contrast, this research shed light on this question by choosing a target that represents both return and risk at the same time, counterfeit product is just such kind of product, as combination of both gain and loss simultaneously that triggers people’s contradiction so that they need to trade off.

### 2) Self-construal

Self-construal shows the extent to which individuals judge themselves either as an individuated unit entity or in relation to other entities [7]. Aspects of self-knowledge and of self-concept that contribute to viewing oneself as a separate individual versus as part

of a group lead to a particular self-construal. Hence, when aspects of self-knowledge associated with independence is accessible, individuals tend to construe themselves as an independent. Individuals with independent self-construal are more likely to view themselves as unique entities that differentiate them from other members of the group. Conversely, when self-knowledge which emphasizes the association with others or with groups is more accessible, individuals exhibit more interdependent self-construal. People with interdependent self-construal see themselves as part of a group and define themselves with respect to other group members [8].

### 3) Financial and social risk

Perceived risk is a multi-dimensional construct. Types of risk include financial, performance, physical, psychological, social and convenience loss [9]. In risk theory literature, degree of risk is determined using a variety of approaches [10] and essentially involves the expected relative risk associated with a product purchase. When individuals buy counterfeit products, some of them may perceive it as a risky venture, which involves multiple risks.

Specifically, this research focuses on two types of risks which are more closely related with self-construal, namely the financial risk and social risk. A financial risk is situation when the outcome is a monetary gain or loss. Another important risk would be social risk. Purchasing, consuming, and disposing of counterfeit products may carry social risk. If the social group to which a person belongs or aspires to belong, does not approve of counterfeit purchase, the person runs the risk of being ostracized or sanctioned for buying such products [11]. The purchase of counterfeit product might be disapproved by others when people discover the person is using counterfeit. Thus a negative social outcome occurs, which threaten face, identity, or approval. This works because of the embarrassment caused. Embarrassment is related to

public, but not private, self-consciousness [12]. It is usually caused by violations of social norms while others are watching [13]. People who are more easily embarrassed care more about social norms, the appropriateness of their behavior, and the judgments of others [14]. Ybarra and Trafimow (1998) found that individuals whose interdependent selves were primed placed more weight on social norms than those whose independent selves were primed [4]. Thus, it is hypothesized that:

**H1:** When risk aspect of counterfeit is primed, interdependent people will be less likely to take social risks than independent people.

**H2:** When risk aspect of counterfeit is primed, independent people will be less likely to take financial risks than interdependent people.

### 4) Financial and social return

Peter and Sr (1975) proposed dimensions of perceived risk-return, two of them are financial risk-return and social risk-return [15]. They measure social gain as 'purchase of a (Brand) would lead to a social gain for me and measure financial gain as 'the purchase of a (Brand) would lead to a financial gain for me because of such things as its fine warranty, low maintenance costs, and/or reasonable monthly payments.' Similar as the two dimension-financial and social of risk, in the same vein, as a mixture of gain and loss all in one product, there is financial and social return in counterfeit product purchase as well. Thus, it is hypothesized that:

**H3:** When return aspect of counterfeit is primed, interdependent people will prefer social return more than independent people.

**H4:** When return aspect of counterfeit is primed, independent people will prefer financial return more than interdependent people.

### 3. Experiment

The experiment had two objectives; to test individuals' asymmetric sensitivity to financial vs. social risk under loss reminded claim and to examine under claim that reminds people of return they may benefit, independent people are more sensitive to financial gain than interdependent people. Three-hundred fifty-eight undergraduate students \$3 for their participation. On arrival, they were shown into one of eight cubicles in the lab and seated in front of a computer. They received a questionnaire and were informed that they would voluntarily participate in a set of unrelated studies. The questionnaire first asked to indicate their familiarity with the brands (movie names). Next, the self-construal prime was administered, followed by an advertisement of counterfeit products (movie DVD). After reading an advertisement about counterfeit products, participants evaluated the product by indicating their purchase intention.

First, self-construal was manipulation using Trafimow, Triandis, and Goto (1991)'s methods [16]. Participants were randomly split to receive either a self-prime. Specifically, those in the independent self-priming condition were instructed, "For the next two minutes, please think of and write down what makes you different from your family and friends. What do you expect yourself to do?" Those in the interdependent self-priming condition were instructed, "For the next two minutes, please think of and write down what you have in common with your family and friends. What do they expect you to do?" All participants were then asked to imagine that they happen to stop by a flea market and get to see a counterfeit movie DVD, the price is only 5 dollars compared with 32 dollars in Borders bookstore. Next, participants were exposed to a message describing counterfeit movie DVD that was either risk emphasis framed or return emphasis framed as follows:

*You happen to stop by a flea market and find they're selling pirated DVD of 'Transformer 2.'*

(a) Loss frame claim-financial loss

*The transformer 2 is just released recently, almost every piece we sell plays smooth and has quality picture just as genuine one.*

(b) Loss frame claim-social loss

*The transformer 2 is just released recently, the package is delicate and very in, just like genuine one, you won't be detected by people it's a counterfeit one.*

(c) Gain frame claim-financial gain

*The transformer 2 is just released recently; it's only 5 dollars compared with 32 dollars in bookstore, really a good deal.*

(d) Gain frame claim-social gain

*The transformer 2 is just released recently; a lot of your friends are looking forward to it. Enjoy it before they do or watch it with them.*

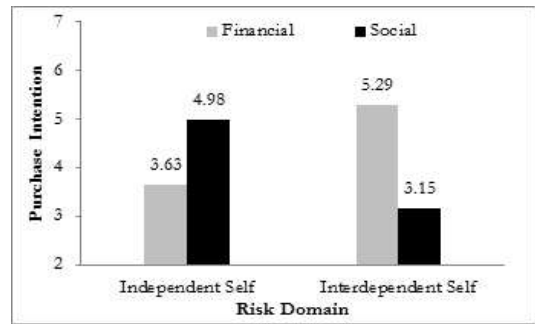
Gain and loss were manipulated by containing meaning of 'the good things that happen' and 'the bad thing that happen.' [17] After then, participants evaluated their willingness to pay the DVD on a 7-point scale (1=not at all vs. 7=very much). To confirm participants processed the message on risk and return concern, participants were asked to answer their risk perception by indicating "How risky is this option, on a scale from 0 (no risk at all) to 100 (extremely risky)?" or the extent to which the message emphasized the benefit buyer will achieve from buying the product. In order to specifically identify whether it's the financial or social domain of risk and return which drive them to make evaluation, participants then asked to choose from options which is the one that they rely on to evaluate the DVD. Participants were then debriefed and thanked

### 4. Results

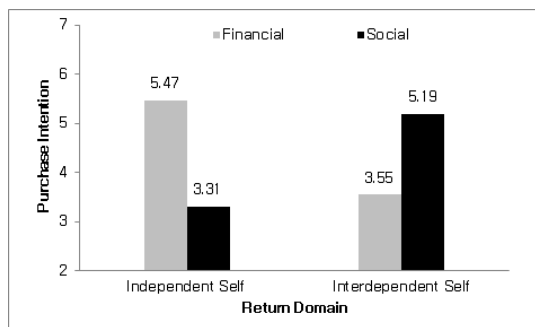
As predicted, when evaluate in the context of loss

claim of counterfeit product, risks were more activated, however, there was an asymmetric effect that self-construal priming had on financial and social risks, which was actually in opposite directions as illustrated in the following Figures and Table. Interdependence primed participants were more likely to take a financial risk thus performed more purchase intention of counterfeit product ( $M = 5.29$ ) and less likely to take a social risk ( $M = 3.15$ ) than their independence primed counterparts, which led to lower purchase intention ( $M_{\text{Financial}} = 3.63$  vs.  $M_{\text{Social}} = 4.98$ ). However, conversely, interdependence primed participants were less likely to prefer a financial return thus performed less purchase intention of counterfeit product ( $M = 3.55$ ) and more likely to prefer a social return ( $M = 5.19$ ) than their independence primed counterparts, which led to lower purchase intention ( $M_{\text{Financial}} = 5.47$  vs.  $M_{\text{Social}} = 3.31$ ).

An ANOVA confirmed the self-construal (independent vs. interdependent)  $\times$  risk domain (financial vs. social) interaction ( $F(1,175) = 429.93$ ,  $p < .001$ ) and self-construal (independent vs. interdependent)  $\times$  return domain (financial vs. social) interaction ( $F(1,175) = 972.72$ ,  $p < .001$ ).



[Fig. 1] Results in Risk Domain



[Fig. 2] Results in Return Domain

<Table 1> Results of Self-construal  $\times$  Domain on

Independent variable				Mean	SD	F	p-value				
Risk Domain	Self-construal	Independent		4.32	.87	F < 1					
		Interdependent		4.26	1.23						
	Risk domain	Financial		4.48	1.03	F(1, 175) = 21.91	p < .001				
		Social		4.10	1.06						
	Self-construal x Risk domain	Independent	Financial	3.63	.50	F(1, 175) = 429.93	p < .001				
			Social	4.98	.58						
		Interdependent	Financial	5.29	.68						
			Social	3.15	.47						
		Return Domain	Self-construal	Independent				4.37	1.15	F < 1	
				Interdependent				4.34	.93		
Return domain	Financial		4.49	1.06	F(1, 175) = 18.21	p < .001					
	Social		4.22	1.01							
Self-construal x Return domain	Independent		Financial	5.47	.39	F(1, 175) = 972.72	p < .001				
			Social	3.31	.37						
	Interdependent		Financial	3.55	.47						
			Social	4.22	1.01						

## 5. Discussion

This research showed how individuals response to financial and social risk/return differently according to their self-construal and whether they consider on risk of or return from the purchase of counterfeit product. Commonly, counterfeit has been treated as a devil on international trade. Moreover, counterfeit product has been perceived like that those who seek only saving money and prominence by means of buying fake products. In this research, those who have interdependent self-construal are more likely to take a financial risk than those who have independent self-construal, thus they have greater intention for buying counterfeit product. However, they are less likely to take a social risk than those who have independent self-construal. In the return domain, the opposite pattern is revealed. Those who have independent self-construal are more likely to pursue financial (vs. social) return than interdependence primed counterparts, which led to them to show lower purchase intention toward social(vs. financial) return. These results mean that there should be a various approach to understand the perception of and behavioral intention toward counterfeit products.

Products that are highly visible and that are consumed publicly (such as cars and apparel) bring more social risk than that are consumed in private (such as insurance or razor blades). If the same is with return, public goods might generate higher social return than private goods. Thus one might expect that when the counterfeit product is more public used than private used, the asymmetric effect would be more exaggerated.

East Asians are less risk averse than cocasians regarding financial decisions [18]. the risk and/or return of conterfeit products might be accepted differently across their culture. In this research, self-view was manipulated. One might be a meaningful approach to test the robustness of the resuts by applying the chronically acceptable self-view.

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민 동 원(Min, Dongwon)



- 1997년 2월 : 서울대학교 음악대학 (음악학사)
- 2001년 8월 : 연세대학교 경영대학 (경영학석사)
- 2010년 2월 : KAIST 경영대학 (경영공학박사)
- 2010년 9월 ~ 현재 : 단국대학교 경영학과 조교수

- 관심분야 : 소비자심리, 브랜드전략
- E-Mail : dwmin@dankook.ac.kr