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COUNTERING COUNTERFEITS: AN INVESTIGATION OF MESSAGE-FRAME AND MESSAGE-FOCUS EFFECTS ON PERSUASION

Caroline Dahlgren

Abstract

The prevalence of counterfeit products throughout the world has greatly increased over the course of the past two decades. These goods span a wide array of industries and vary greatly in quality, aesthetics, and price. There have been reports of counterfeits in nearly every sector of the economy; counterfeit goods include airline parts, dry wall, handbags, pharmaceuticals, and baby food (International Chamber of Commerce, 2008). Each industry engages in its own battle with these products and counterfeiters, in hopes of protecting its intellectual property, consumers, and its bottom line. The roots of the counterfeiting industry are deeply intertwined with various aspects of the global economy, resulting in the challenging and ever-changing task of gaining a firm understanding of the subject matter.
Introduction

It is estimated that counterfeit goods take away $250 billion in product sales from legitimate businesses each year, and in turn produce approximately $600 billion in revenue (International Anti-Counterfeiting Coalition [IACC], 2010). In addition, counterfeit goods are directly responsible for the loss of 750,000 U.S. jobs (IACC, 2010), and account for 10% of the world trade each year (Yoo and Lee, 2009, p. 280). Counterfeits do not simply affect world trade and global economies; they bear consequences for individuals as well, as these goods are not backed by any safety standards or quality control. In recent years, the counterfeit industry has also been linked with funding and helping to proliferate such social problems as drug trafficking, human trafficking, terrorism, child labor, and organized crime (IACC, 2010).

Notwithstanding the aforementioned detriments, no standard international definition of a counterfeit product exists. In order to attempt to conquer these negative consequences, an industry definition of what it means to counterfeit should be established as clearly as possible. Cordell asserts that “any unauthorized manufacturing of goods whose special characteristics are protected as intellectual property rights (trademarks, patents, and copyrights) constitutes counterfeiting.” (Cordell, Wongtada, and Kieschnick, 1996, p. 42). For the purposes of this paper, this assertion will serve as a definition when discussing counterfeits or the counterfeiting industry.

Global consumer demand for counterfeits has increased by 10,000 percent over the course of the past two decades (IACC, 2010). Although this industry has been fueled by many factors, including technological innovations (product quality and logistics), brand awareness, and globalization (lower trade barriers), the ultimate deciding factor on whether counterfeits are produced is consumer demand (Chaudhry and Zimmerman, 2009). For many consumers, a counterfeit purchase is made unknowingly (deceptive counterfeit). Others are well aware of the nature of the product they are purchasing (non-deceptive counterfeits) as well as the industry from which it comes. Consumers who choose to buy counterfeit do so for myriad reasons; the most popular reason is to either accommodate internal feelings of aspiration and prestige (value-expressive function) or to impress friends with brand names that they otherwise could not afford (social-adjustive function) (Wilcox, Kim, and Sen, 2009).
Though there has been much research on consumer attitudes toward counterfeit goods and the impact of counterfeits on genuine brands, less focus has been placed on strategies to prevent counterfeit consumption. The following research will attempt to better understand how advertising tactics are best employed by organizations in order to curtail the purchasing of counterfeit products. One way that businesses and the government may persuade people to avoid buying counterfeits is through anti-counterfeiting advertising campaigns. Few studies exist, however, on what makes for an effective anti-counterfeiting advertising campaign. Although anti-counterfeiting advertising techniques have been used in the past, there is no evidence of their effectiveness or consumer reactions to them. “The key is for companies to actually test the salience of their advertisements to determine whether the message appeal actually influences the behavior of the targeted audience.” (Chaudhry and Zimmerman, 2009, p. 92).

This research paper will specifically focus on counterfeit luxury personal accessories (handbags, sunglasses, watches, jewelry, etc.) and will test both gain (positive) and loss (negative) messages directed toward the consumer using framing techniques. Based on advertising literature, a mere framing (i.e., wording) of the message may influence the persuasive power of a message (Chang, 2008, p. 24). An attempt will also be made to examine the effects of altering the advertisements to reflect doing good (or harm) for one’s community (or self).

This study aims to gain new insights on effective ways to discourage counterfeit consumption by investigating how the framing of anti-counterfeiting advertising messages may differentially impact their effectiveness. Specifically, the goal of this research is to test if and how the manner in which consumers are reminded of the reasons not to purchase counterfeits may impact their related attitudes and behavioral intentions. It is hypothesized that, in general, reminding consumers of such reasons is only modestly effective; however, the way in which the message is framed may substantially improve its persuasiveness. This study has two main objectives: 1) to explore how gain/loss advertisement frames differentially impact the viewer of an anti-counterfeiting message; and 2) to investigate and compare how communication focused on the individual and communication focused on groups of people (such as members of a community) affect the persuasiveness of the advertisement.
I. Literature Review

A. Consumer Attitudes

The price points on counterfeit goods make them attractive alternatives to their genuine counterparts. It is well known among consumers that counterfeit goods are sold at a fraction of the price of the genuine item; this helps to give consumers the impression that luxury can be had at an affordable price. The attitudes consumers hold in relation to counterfeit goods play a major role in how likely they are to make a counterfeit purchase (Marcketti and Shelley, 2009, p. 328). “Attitude is directly derived from a group of beliefs that one holds about the behavior and evaluations of the consequences of the belief.” (Marcketti & Shelley, 2009, p. 328). Attitudes toward counterfeits are the result of two factors: consumer attitudes toward the issues in the genuine brand’s sector and knowledge about counterfeiting (Marcketti and Shelley, 2009, p. 329). Marcketti and Shelley found in their 2009 study on consumer attitudes toward counterfeits that the “willingness to pay more for non-counterfeit goods increased directly with greater concern, knowledge and attitude towards counterfeit apparel goods” (Marcketti and Shelley, 2009, p. 335).

Consumer attitudes and intentions are not predetermined by consumer personality. Environmental factors and consumer reference groups (e.g., family, friends, and co-workers) also play a large role in how consumers view counterfeit goods in the marketplace. De Matos, Ituassu, and Rossi (2007) present evidence that attitudes toward counterfeits are shaped by perceived risk, subjective norms (pressure from reference groups), integrity, personal gratification, and prior counterfeit purchases (de Matos, Ituassu, & Rossi, 2007, p. 47). Yoo and Kim (2009) concur with these findings on the point that prior purchases are likely to dictate future purchase behavior; they assert that “purchase intention of luxury fashion counterfeits was positively predicted by past purchase experiences of counterfeits, positive attitudes toward buying counterfeits by economic benefits, positive attitudes toward buying counterfeits by hedonistic benefits and materialism” (p. 284). Swami, Chamorro-Premuzic, and Furnham (2009) also bring up the concept of materialism. In their research, acquisition centrality (“the extent to which possessions occupy a central place in one’s life”) was shown to have a positive correlation with the willingness to buy counterfeit goods (p. 823). Thus, those who have a
specific interest in acquiring abundant amounts of material goods are more likely to consume counterfeits.

Though the aforementioned sources have demonstrated that certain attitudes contribute to consumers’ willingness to buy counterfeit goods, these generalities must be placed within the context of the international marketplace. Perspectives of consumers in different regions of the world vary greatly, as do their views on counterfeit goods. For example, Chinese consumers possess a very different idea about counterfeiting than Western consumers possess (Kwong, Yu, Leung, and Wang, 2009, p. 161). Chinese consumers are generally very risk-averse, cautious, and slow to adopt new products; they tend to service and keep the old product as long as it still works (Kwong, Yu, Leung, and Wang, 2009). This contrasts directly with Western consumers who, according to Kwong, “appear to be more adventurous and seek novelty, perhaps fostering a materialistic lifestyle” (Kwong, et al., 2009). Though these approaches to purchase and consumption are extraordinarily different, both are able to accommodate counterfeit consumption for different reasons. While Chinese consumers are traditionally more risk averse, counterfeiting does not present much of a risk in China. “In the Chinese tradition, copying is legitimate and ethical, and confers the social benefit of knowledge dissemination” (Wan, Luk, Yau, Tse, Sin, Kwong, and Chow, 2008, p. 188).

Though cultural attitudes differ, it is imperative to understand the implications for the consumer when purchasing a counterfeit good. Western consumers are more likely to enter into a situation with more risk to purchase a counterfeit product, in an effort to satisfy a need to attain more material goods and obtain as many “luxury” products as possible (Wan, et. al., 2008, p. 188). Chinese consumers, on the other hand, purchase products because they need them functionally. For the Chinese consumer, there is nothing wrong with imitation, as repetition is a large and positive part of their cultural tradition (Wan, et. al., 2008, p. 188).

B. Motivations for Purchasing Counterfeits

Running tangential to consumer attitudes toward counterfeits are consumer motivations for purchasing counterfeits. Though consumers’ attitudes can render them positively or negatively oriented toward counterfeit consumption, motivations provide insight into why one who is positively oriented toward counterfeits would take the next step and actually make a purchase. Those who have a positive view toward these products may act on their attitude and could do so for a variety of reasons.
Wilcox, Kim and Sen (2009) assert that consumers are motivated to buy counterfeit by social factors (p. 247). These researchers present two roles that acquisition fills, which can serve as motivators and are directly linked to purchasing behavior: the social-adjustive function and the value-expressive function. “When consumers have a social-adjustive attitude toward a product they are motivated to consume it to gain approval in social situations” (p. 248), while a value-expressive function “help[s] people communicate their central beliefs, attitudes, and values to others” (pp. 248-249). This study concludes that consumers have significantly higher purchase intent toward counterfeits if they hold a social-adjustive attitude versus a value-expressive attitude. Thus, this study asserts that the major motivators for consumers to obtain counterfeit products are external social factors: to impress others and to gain access to certain social circles.

Han, Nunes, and Dreze (2010) also make a case for the aforementioned “social-adjustive” function. Their research presents the idea of “brand prominence,” which weighs how “loudly” or “softly” brand marks and brand names are displayed on products. The case that this study makes is that certain types of consumers enjoy different levels of “loudness” to be displayed on their products. The study draws two important conclusions: those items that are most frequently counterfeited are among the “loudest” from their respective brands, and the people who purchase counterfeits are in need of status recognition. Since those who typically purchase counterfeit goods require status recognition due to their social-adjustive attitude, counterfeiters respond to demand by producing more of them. The study goes on to say that since consumers of counterfeit goods cannot afford the genuine luxury products, they “use loud counterfeits to emulate those they recognize to be wealthy” (p. 15).

C. Post-Purchase Perceptions of Counterfeit Goods

The literature that has been presented thus far has dealt with the consumer mentalities leading up to a counterfeit purchase. Though there seems to be less research on the topic, post-purchase emotions and psychology contain important cues to understand this complex societal issue. A study done by Gistri et al. (2009) discusses both how consumers go about making a decision on what counterfeit product to purchase and how they feel after the purchase is made. “Consumers of fakes accumulate facts that increase their knowledge of the originals with the aim of picking a ‘good counterfeit’ that will render the personal and private use of the product highly gratifying at the same time” (p. 366). Quoting a consumer,
Luca, Gistri et al. report: “Knowing the original is fundamental to buying a counterfeit, in general you like the original, it costs too much and you resort to the counterfeit version …” (p. 366). This study demonstrates that there is a thought process that goes into purchasing a counterfeit product, much like any other purchase throughout a consumer’s life. For many consumers, an imitation good is a routine purchase, with consequences no different than that of an item bought in a department store. “It’s a great satisfaction to have perfect counterfeit sunglasses. … [F]or me, the purchase is not so exciting; instead I’m very happy when I wear them, I like the fact that I can have a lot of branded sunglasses so I can change them very often; yes it’s a great pleasure!” the authors were told by Francesca (p. 367).

Though many consumers are proud of their counterfeit purchases, there is evidence that others carry themselves differently when using such products. Gino, Norton, and Ariely (2010) demonstrate that those who wore non-deceptive counterfeit sunglasses were more inclined to cheat on a given research task and deem others’ behavior as unethical. The study argues that there is more to purchasing an imitation product than there may seem to be; on principle, the authors assert that the purchaser becomes a “counterfeit self,” someone who gives the outward impression they are able to purchase certain products, when in reality they truly cannot afford to purchase them. The “counterfeit self” harms the “self-image via inauthenticity” (p. 719). In addition, “actual behavior in our experiments suggests that the influence of wearing counterfeits is deceptive, in that they have an unexpected influence on individuals’ ethicality” (Commuri, 2009, p. 96).

D. Impact of Counterfeits on Genuine Brands

When it comes to counterfeits, companies that produce genuine brands are most concerned with retaining both their customer base and the equity that has been built up within their brand, so as to maintain revenue and prestige. Commuri (2009) studied the impact of imitation goods on consumers of genuine brand goods. His research shows that these consumers fall into one of three categories when they come to know that counterfeits of the brands they typically purchase are being sold in their communities: “flight (abandoning the brand), reclamation (elaborating the pioneering patronage of the brand), or abranding (disguising all brand cues)” (p. 86). “Consumers engaged in flight are fleeing from the
possibility of being mistaken as consumers of counterfeits, reclaimers are dislodging dissonance by typecasting the new patrons of the brand as lacking scruples, and abranders want to sustain social distance by muddling comparison and emulation” (p. 95). This study concludes that the action a particular consumer chooses to take in this scenario depends on his or her age, status, and social standing. Commuri also asserts that in attempts to combat the problem too much attention has been focused on the counterfeiting side, as opposed to the genuine brand consumer side; “brand managers must aim to protect and account for customer equity, not merely brand equity” (Commuri, 2009, p. 96).

The loss of brand value has become so severe that in several cases companies that produce genuine brands have taken legal action against counterfeiters and those who are harboring counterfeit products. Raids take place nearly every day in major U.S. cities, such as New York and San Francisco, where authorities frequently find counterfeits in shipping containers and warehouses. Many brands are also becoming aware of mainstream retailers who are carrying products similar in design to their own. In 2004, Louis Vuitton sued Burlington Coat Factory, an off-price retailer, for “violating the Louis Vuitton Toile Monogram designs and its Multicolore Murakami designs, and violating its copyright for the ‘Murakami’ bag” (Khachatourian, 2007, p. 8). “Louis Vuitton claimed trademark infringement and counterfeiting, unfair competition and false designation of origin, trade dress infringement and trademark dilution, under the Trademark Act of 1946 (‘Lanham Act’)” (Khachatourian, 2007, p. 8). This act “prohibits the use in commerce, without consent, of any registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods in a way that is likely to cause confusion with the plaintiff’s trademark” (Trademark Act of 1946 (Lanham Act), 15 U.S.C., 1114 and 1125(a)). Thwarting counterfeiters has become both a costly and time-consuming process. Unfortunately, luxury brand companies are not presented with much of a choice; defending themselves against counterfeiters is necessary to maintain the most valuable part of their business: their brand marks.

E. Counterfeit Prevention

Many luxury brand companies that find counterfeit versions of their products in the marketplace choose to take preventive measures in hopes of deterring the production of such goods in the future. Peggy
Chaudhry (2008), one of the most prominent authors on the subject of anti-counterfeiting strategies, asserts that the implementation of prevention methods is dependent on the geographic market in which the methods are to be put in place. Just as consumers view counterfeits from varied global perspectives, differing anti-counterfeit strategies must be employed throughout the world.

Chaudhry questioned more than 200 executives from nations around the world and found that distinctive anti-counterfeiting strategies were more attractive to those from differing regions (MIT Sloan Management Review, 2008, p. 9). Executives in the United States placed the most importance on “packaging and pricing solutions, however, their New Zealand counterparts deemed it most effective to educate the public about the benefits of the genuine product through advertising and marketing” (MIT Sloan Management Review, 2008, p. 9). In a study on anti-counterfeiting strategies, Chaudhry, Cordell, and Zimmerman (2008) present five target models in an attempt to minimize the negative effects the counterfeiting industry has on society. These models are designed to work via the following channels: consumers, host-country governments, distribution channels, international organizations, and those who are pirating the goods, in order to achieve the overall goal of minimizing the detriments which coincide with counterfeiting. These channels, combined with more than 30 suggested strategies within the study, are able to create myriad approaches to the problem of counterfeiting, allowing different methods to be tailored to the market in which they will be put in place.

Chaudhry and Stumpf (2008, working paper) outline strategies that can aid genuine brand organizations in the fight against counterfeits. The first of these is communication with other companies in order to become knowledgeable about counterfeiting tactics throughout the world (MIT Sloan Management Review, 2008, p. 9). By working together with other genuine brands, organizations are able to compile resources, knowledge, and support for the common cause.

The authors also recommend that companies utilize marketing and advertising campaigns that raise awareness among consumers of the negative aspects of the counterfeit industry. Within the context of awareness campaigns, there are several possible approaches, including marketing that addresses: fear, peer pressure, low quality of the counterfeit product, role models, and association with organized crime (MIT Sloan Management Review, 2008, p. 10). Each of these methods has its merits. This study, however, recommends that companies publicize recent
counterfeit prosecutions, which “can instill fear in consumers and producers of counterfeiting merchandise, lowering both supply and demand” (MIT Sloan Management Review, 2008, p. 10). The study’s final recommendation is for companies to contact policy makers and urge them to support public policy, which creates stronger legal ramifications for those who manufacture, harbor, and sell counterfeits.

II. Hypothesis Development

The development of strategies by which to inform and acknowledge the realities of the counterfeiting industry has the potential of delivering a powerful and previously overlooked message to the public. Though various organizations have devised anti-counterfeiting advertising and awareness campaigns before, the study conducted here seeks to understand how consumers react to these advertisements, and if they are an effective means by which to deter counterfeit consumption behavior. In addition, this study investigates the framing of anti-counterfeiting advertisements. Given that they are framed in either a positive (gain) or negative (loss) light, which is more effective in relation to consumer behavior and why?

Like any advertising message, the ones presented in this study make consumers aware of the situation. Yankelovich established a seven-step framework in 1992 by which to move an item of concern (in this case counterfeiting awareness) into the public sphere, making it an issue of interest. Stage one of this process is “dawning awareness,” in which the goal is to alert the public to the issue at hand. In light of all of the negative aspects of this industry and the lack of general knowledge of them, this study serves to evaluate the consequences if such information were openly disseminated.

Tversky and Kahneman propose in their 1979 work that loss frames are more effective in persuading individuals to do something, due to the fact that their research shows that people are naturally averse to risk (Kahneman and Tversky, 1979). In addition, Tversky and Kahneman assert the importance of framing (or comprehending similar communication from different vantage points) on an individual and the influence it can have over the reader of an advertisement. As presented in
Cho and Boster’s (2010) study, the concept of using gain and loss framing within the advertising context enables the researcher to gather evidence about how consumers are affected by deterrent advertising (Cho and Boster, 2010). Though their study was somewhat inconclusive, it did find that adolescents were more likely to respond in a positive way to loss-framed messages versus those that were gain-framed. To follow up on this piece of research and employ it in the counterfeiting context, each of the advertisements presented will have either a gain or loss frame (also referred to interchangeably as positively and negatively framed advertisements).

Chang (2008) finds in his study on advertising-framing effects that “positively (gain) framed ad messages evoked higher levels of positive affect and lower levels of negative affect than did negatively (loss) framed advertising messages” (p. 24). This conclusion may or may not be true for advertisements pertaining to counterfeiting. By framing anti-counterfeiting advertisements both positively (gain) and negatively (loss), consumer response can be tested in order to find out which tactic evokes emotion from such campaigns.

A study by Katherine White (2009) and John Peloza delves into the question of whether “other-benefit (self-benefit) appeals generate more favorable donation support than self-benefit (other-benefit) appeals in situations that heighten (versus minimize) public self-image concerns” (p. 109). This research found that individuals strive to manage their external impressions on others “by behaving in a manner consistent with normative expectations” (p. 109). Though this particular study is not linked to the counterfeiting industry, it does evoke questions that should be posed to consumers in the counterfeiting context. The idea of testing consumer self-benefit versus other-benefit in anti-counterfeiting advertising campaigns will prove to be beneficial to understanding consumer reactions to this type of behavioral marketing and how to target future advertisements.

This study will test which tactic is most effective: individuals (or others) doing good (or avoiding doing harm) in hopes of discouraging counterfeit consumption. Thus, two factors are involved in this study: the focus factor and the consequences-framing factor. This study observes how the advertisement is perceived among participants, whether the consequences of counterfeiting pertain to the individual or others (focus factor) as well as whether the consequences are gain-framed or about avoiding loss (consequences-framing factor). More formally it can be hypothesized:
H: The effect of an anti-counterfeiting message frame (gain versus loss) on message persuasiveness will be moderated by the message focus (self versus others).

Though they are powerful persuasion tools independent of each other, message frame and focus are able to offer an even more streamlined and perhaps more effective communication when used in combination with one another. Researchers Lee and Aaker argue, “People’s goals associated with regulatory focus moderate the effect of the message framing on persuasion” (p. 205). Lee and Aaker ultimately conclude that gain frames are more effective in persuading individuals when the message is promotion focused and perceived risk is low. In terms of self-focus versus a focus on others, Peggy Sue Loroz pairs this measure (identified as reference points in her research) with framing effects in persuasive appeals. This research, which is similar to the aforementioned hypothesis of this study, finds that “in persuasive social contexts, negative [loss] frames may be the most persuasive with self referencing appeals while positive [gain] frames work best when benefits to self as well as others are emphasized” (Loroz, 2007). Thus this study will serve to explore in detail the combinations of framing and focus effects in the context of anti-counterfeiting advertising campaigns.

III. Method and Study Overview

This study will commence by administering a survey to a group of 180 individuals who have been selected to sit on a Qualrex panel. This study used five groups of 30 individuals each. After being asked to review an advertisement, these five groups were given a survey pertaining to consumer perceptions about counterfeiting. The survey consisted of both qualitative questions as well as scale-based quantitative questions. Groups 1 and 2 saw “gain-frame” ads, while groups 4 and 5 saw “loss-frame” messages. Those who received the gain-frame communication were presented with an advertisement that implies they are doing good. The loss-frame communication implies the participants are avoiding harm. Those who receive a “self-focused” advertisement find the message targeted directly at them, whereas those who are given an “others-focused” advertisement find it targeted toward their community as a whole. The advertisements, which can be found in the Appendix of this paper, have been designed specifically for this study. Group 3 will receive
neutral communication and will serve as a control for the study. The group that an individual is assigned to is completely randomized. An additional 25 (five for each group) participants took part in the study as a precautionary measure, should any of the data collected have to be thrown out. The focal dependent variable in this study is the perceived morality of counterfeit consumption; this will be used as a proxy for advertisement persuasiveness within the study.
IV. Study Design

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25 Extra Participants
(5 for each group)

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V. Advertisement Design

The nature of this study required an advertising campaign to be designed specifically for the purposes of this research. The advertisements depicted in Appendices A to E of this paper were inspired by a campaign (Appendix F), which was launched by the International Anti-Counterfeiting Coalition (“International anti-counterfeiting coalition—homepage,” 2011). Though this campaign had advertisements similar to those ultimately created for this study, the International Anti-Counterfeiting Coalition did not use multiple frames or focus within their ads. When creating the advertisements for this study, it was important to ensure that the ads were realistic; thus, by using elements (sunglasses and layout) from a previously launched campaign, a greater degree of validity could be attributed to the advertisements presented in this study. In order to make the campaign for this study as widely accepted as possible, a gender-neutral product was chosen (sunglasses). The photo of the sunglasses displays the name “Prada” on both the tag and the product itself. The font used on the tag is not identical to that of an actual Prada product, making it fairly obvious to a consumer educated in luxury products that these sunglasses are counterfeit. The message of the campaign remains constant among the four different versions of the ad, with the exception of the frame (loss vs. gain) and the focus (yourself vs. the people of NYC) factors. The text related to those factors appears directly below the image of the sunglasses. Below that text, the following statement appears in all versions of the ad: “The counterfeiting industry finances illegal drug and human trafficking feeding crime in NYC and around the world.”

The control advertisement used in this study was meant to represent a neutral message (not anti-counterfeiting). The layout, photograph, and overall look of the advertisement remained the same as the four previous ads. This ad, however, does not communicate an anti-counterfeiting message, but rather one about a fashion-related event happening in New York City. Respondents viewing this advertisement were treated the same as those seeing any of the other four ads, with the exception of the content of the advertisement they saw.

VI. Procedure

A total of 180 individuals (ranging in age from 21 to 72) participated in the study. Qualtrics recruited the participants specifically
for the purpose of this study from a pool of residents of New York City and its neighboring counties. Each recruit received an e-mail invitation from Qualtrics to take part in “a series of consumer behavior research studies that would aid researchers in better understanding how consumers react to marketing communication.” Those who chose to participate were instructed to follow the link to begin the study. All study participants received a monetary compensation of $5 each.

First, participants read an introduction to a presumably independent Study 1 of the series in which they were told, “On the next screen, you will be exposed to an advertisement. The computer, from a large pool of possibilities, will randomly select the specific advertisement copy you will see. Please view the ad to an extent that you form an opinion before proceeding to the next screen to answer a few related questions. Keep in mind that you will not be able to go back to the ad once you move to the next screen.” Subsequently, participants were randomly assigned by Qualtrics software to one of the five experimental conditions and viewed one of the five versions of the ad (four were anti-counterfeit messages, with varying message frame and focus; the fifth, an announcement regarding an event, had the same graphic design elements as the other four ads to serve as a control). Hence, the study design was 2 (message frame: gain vs. loss) x 2 (message focus: self vs. others) and a control. While the ads were identical in graphic design and shared some generic textual content per our study design, the following message variations allowed for effective manipulation of message frame and focus:

- **1 (gain frame/self-focus)** - Say no to counterfeits. **Be good to yourself …** The counterfeit industry finances illegal drug and human trafficking feeding crime in NYC and around the world.

- **2 (gain frame/others-focus)** - Say no to counterfeits. **Be good to the people of NYC…** The counterfeit industry finances illegal drug and human trafficking feeding crime in NYC and around the world.

- **3 (loss frame/self-focus)** - Say no to counterfeits. **Don’t put yourself in harm’s way…** The counterfeit industry finances illegal drug and human trafficking feeding crime in NYC and around the world.
4 (loss frame/others-focus) - Say no to counterfeits. Don’t put the people of NYC in harm’s way … The counterfeit industry finances illegal drug and human trafficking feeding crime in NYC and around the world.

5 (control) – New Models are on their way… Join the official Spring 2011 High Fashion Shopping Spree in NYC! The kick-off event will take place on May 15, 2011 in Times Square. Look out for the official High Fashion Shopping Spree schedule.

After the participants read the advertisements, all were asked to complete a series of questions that would offer researchers an insight on consumer reactions to the ad copy being tested. Specifically, participants responded to a four-item mood measure (Allen and Janiszewski, 1989). All questions used seven-point Likert scales. (1 = Strongly disagree, 7 = Strongly agree or 1 = Don’t like it at all, 7 = Like it very much). At the conclusion of what participants perceived to be Study 1, they were asked to elaborate on where they would suggest the advertisement be placed (i.e., specific magazines, TV programs, etc.). This last open-ended question was intended to be used as a check for involvement in and comprehension of the task. Next, participants were thanked for their participation and asked to move on to the next study.

The second study, though seemingly separate from the first, in actuality was the section of the original study in which we solicited responses to the focal dependent variable, along with a number of filler questions, which were included to prevent hypothesis-guessing. We intentionally separated dependent variables (i.e., Study 2) from the manipulation (Study 1) in the minds of participants in order to avoid demand responses. At the beginning of Study 2, participants were told: “Welcome to the 2nd Study in the Series! Here, we are interested in better understanding consumer attitudes toward various marketing phenomena. On the next few screens, you will be asked to respond to a battery of questions that have no right or wrong answers. Please keep in mind that the study is completely confidential and we are only interested in your honest opinion! Please proceed to the next screen to begin!” Participants were then asked to move to the next screen, where they were to respond to several questions related to our dependant variable: the moral measures index (a three-item index measuring attitude toward the morality of
counterfeit goods). These questions were scaled from 1 = strongly disagree to 7 = strongly agree. Similar to the moral measures index, respondents were also asked a series of filter questions about counterfeit products and their intentions to purchase them. We included one open-ended question, inviting respondents to state their favorite luxury brand, to once again have an opportunity to exclude from the analysis those participants who were not, for instance, familiar with luxury brands and therefore not suitable for the study. The study concluded with some demographic questions (age, income, gender, education level, number of household members, occupation, place of residence, and nationality). After responding to these questions, each participant was thanked for his or her time and opinions in the second study.

VII. Analysis and Results

To test the proposed interaction effect of advertisement frame (gain vs. loss) and advertisement focus (self vs. others) on ad persuasiveness, first a Perceived Appropriateness of Counterfeit Consumption Index (the Index) was created as a proxy measure of persuasion (α = .96). Recall that lower index values correspond to more negative perception of counterfeit consumption and therefore reflect greater persuasion or effectiveness of an anti-counterfeit advertisement. Statistical analysis was run on a 2 (frame: gain, loss) x 2 (focus: self, others) analysis of variance (ANOVA) with the Index as a dependent variable. In addition, considering the nature of the manipulations (i.e., ads containing an image of luxury sunglasses) and the extant research (Tom et al. (1998)) found that “customers who buy counterfeit products tend to be younger, to earn less income, and to have received less education” (Kwong et al., 223)), gender and age were included in the model as covariates. As predicted, the ANOVA revealed no main effects and a significant frame-by-focus interaction $F(1,119) = 5.07, p < .05$ (Please see Figure 1).

To further explore the nature of the aforementioned interaction, post-hoc contrasts were run to compare the four means (i.e., average indices) corresponding to the manipulated conditions. The analyses revealed two significant contrasts. The first comparison showed that a loss-frame advertisement with a self-focus (M = 2.65) was more effective than a loss-frame advertisement with a focus on others (M = 3.44) ($F(2,95) = 3.11, p = .05$). The second comparison showed that a gain frame
advertisement with a focus on others (M = 2.71) was significantly more effective than a loss-frame advertisement with a focus on others (M = 3.44) \( (F(2, 95) = 3.09, p = .05) \).

Next, the same four means, corresponding to the four experimental conditions, were compared to the control condition. Two marginally significant differences were revealed. We find that, compared to the control (M = 3.28), loss frame is effective only when an anti-counterfeit message is focused on self (M = 2.65; \( F = 2.911, p < .10 \)), while gain frame is effective only when an anti-counterfeit message is focused on others (M = 2.71; \( F = 3.588, p < .10 \)). As such, a loss-frame/others-focus ad message and a gain-frame/self-focus ad message were no more effective than the control (\( p > .10 \)).

VIII. Conclusion

This study utilized a measure of morality (perceived morality of counterfeit consumption index) as a proxy for persuasiveness in relation to anti-counterfeit advertisements. Morality is perceived to pertain directly to the right and wrong nature of a given task or idea. This allowed participants to speak candidly about their feelings without having to come forward and discuss their association (or lack thereof) with counterfeits. Analyzing the statistics this study produced it can be asserted that it is not merely advertising frame or advertising focus, but the unique combination of the two factors that produce results in this context. If a gain-frame advertisement is desired in a given marketing strategy, it is best to focus the ad on others; if a loss-frame is suitable, then the communication should be focused on the individual. These results coincide with those of Peggy Sue Loroz, who also studied both framing and focus effects on advertisements. With the results of this study we fail to reject our hypothesis, given that a significant interaction effect was found between the factors of focus and frame.

IX. Discussion

At this point we are only able to theorize as to why the study produced the aforesaid results. In terms of the loss-framed advertisement’s success when focused on the individual, it can be asserted that to a certain
degree most people are egocentric and look out primarily for their own interests before the interests of others. Many times, individuals will go to great lengths to protect themselves from potential harm. The gain-frame advertisement showed the best results when the message was focused on others. Since this communication was focused on “doing good” for others, it can be posited that the motivation for the success of this ad is stimulated by social influences. When individuals know that they will be observed by members of their community or others around them, there is most likely more motivation for them to “do good” for others due to the perception of them that will be created by onlookers. Here too the results reflect egocentrism.

To further this research and to investigate the results more deeply, the following steps need to be implemented:

- Investigate the underlying mechanisms of the frame x focus interaction effect.
- Study the effects proposed here in a different context (e.g., online sharing of copyrighted materials, pharmaceuticals, etc.).
- Demonstrate the link between perception of morality (our index) of counterfeit consumption and actual counterfeit consumption.

**X. Possible Industry Contributions**

Due to the serious nature of the counterfeiting problem in America and around the world, once measures are taken to deepen our knowledge of the given results, this study has the potential to influence businesses, governments, and consumers alike. Though advertising mechanisms are only a small portion of the many anti-counterfeiting tactics, this study seeks to build on the knowledge of this industry in ways that have never been attempted before. “To our knowledge there have been no studies that have addressed the effectiveness of these [anti-counterfeiting] messages in deterring the growth of counterfeit trade” (Chaudhry and Zimmerman, 2009, pp. 92). Thus, this study will be of value to professionals in the
luxury goods industry as well as those conducting scholarly research. The more that is learned about this phenomenon, the better chance luxury brand companies have at slowing the growth of the counterfeit goods industry, thus preserving their brand equity, consumer confidence, and revenues. Ideally, this study will provide both professionals in the luxury goods industry and researchers with concrete evidence on the effectiveness of employing an advertising approach to educate consumers and influence purchase behavior.

Building awareness of an issue such as piracy within a city, or even a smaller community, can take years, if not decades (Chaudhry and Zimmerman, 2009, pp. 92). Acknowledging that the turnaround will not be quick is part of this research: just as this study seeks to raise awareness about the consequences of purchasing counterfeits, it also draws a parallel to the scholarly community; creating a spark of awareness of prevention measures can lead to them being publicly implemented. If nothing else, this study can draw more interest to the topic at hand, with hopes of igniting conversation and scholarly interest, paving the way for future research on curtailing counterfeit consumption.

References


Appendix A

Say No To Counterfeits...

Be good to YOURSELF

The counterfeiting industry finances illegal drug and human trafficking, feeding crime in NYC and around the world.
Appendix B

Say No To Counterfeits...

Be good to The People of NYC

The counterfeiting industry finances illegal drug and human trafficking, feeding crime in NYC and around the world.
Say No To Counterfeits...

Don’t put YOURSELF in harm’s way

The counterfeiting industry finances illegal drug and human trafficking, feeding crime in NYC and around the world.
Say No To Counterfeits...

Don’t put The People of NYC in harm’s way

The counterfeiting industry finances illegal drug and human trafficking, feeding crime in NYC and around the world.
New Models are on the Way...

Join the official Spring 2011 High Fashion Shopping Spree in NYC!

The kick-off event will take place on May 15, 2011, in Time Square. Look out for the official High Fashion Shopping Spree schedule.
WHEN YOU BUY COUNTERFEIT GOODS,
YOU COST CALIFORNIA $483 MILLION

THE SALE OF COUNTERFEIT GOODS COSTS CALIFORNIA OVER 483 MILLION IN LOST TAX DOLLARS EACH YEAR—LESS MONEY TO IMPROVE SCHOOLS, STAFF HOSPITALS AND MAKE OUR STREETS SAFER.

THE REAL PRICE OF COUNTERFEIT GOODS
Appendix F-2

WHEN YOU BUY COUNTERFEIT GOODS,
YOU SUPPORT CHILD LABOR,
DRUG TRAFFICKING, ORGANIZED CRIME AND EVEN WORSE...

THE REAL PRICE OF COUNTERFEIT GOODS
When you buy counterfeit goods, you cost your city $1 billion.

The sale of counterfeit goods costs New Yorkers 1 billion in lost tax dollars each year—less money to improve schools, staff hospitals and make our streets safer.

The real price of counterfeit goods.
Figure 1 (ANOVA – 2x2 Focus)

N= 120

F (1,119)=5.07

P Value= .03

Covariates:
Age, Gender (p = .10)
Figure 2 – Comparison of Means

Both \( p < .10 \)
Figure 3 – Comparison to the Control

Control line = (M) =3.28

Standard Deviation = 1.28

Both p < .10