Program-Induced Mood Effects on Purchase Intention to Buy Counterfeit Luxury Brands

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ABSTRACT

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This thesis focuses on how different combinations of advertisement types and program-induced mood affect customers' purchase intentions to buy counterfeit luxury brands.

Marketing researchers have been working on containing the counterfeit luxury market and many variables were found to be indicators of counterfeit product purchases. This research mainly focuses on the advertising aspect. Empirical studies suggested that certain types of advertisements (social-adjustive types and value-expressive types) can either increase or decrease customers' purchase intentions toward counterfeit luxury products through delivering different attitudes (Wilcox, Kim, & Sen, 2009).

It is essential to examine how the characteristics of the program influence customers' purchase intentions toward commercial products. Program-induced mood (valence) may affect information processing of the advertisements. Negative valence may lead to more detailed information processing compared to positive valence (Shapiro, MacInnis, & Park, 2002).

Due to the different information processing levels caused by program-induced moods (positive versus no-mood versus negative), customers will have different levels of attitude function (social-adjustive and value-expressive), resulting in different purchase intentions towards counterfeit luxury products.

Theoretically, this thesis aims to find the best combination of advertisement type and program valence (positive versus no-mood versus negative) through experiments. Moreover, as previous studies focused mainly on the effect of advertisements without giving them a context (program), it adds program-induced mood effects as an additional indicator of counterfeit purchase.

Practically, marketers are able to use different types of advertisement (social-adjustive and value-expressive) under different contexts to decrease counterfeit luxury brand purchasing intentions. The findings suggest using value-expressive advertisements during negative valence programs to reduce customers' counterfeit luxury purchase intentions.

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Introduction

The counterfeiting industry has been a growing problem in the current global markets and it is getting even more serious than before (Bian & Moutinho, 2009; Walthers & Buff, 2008). Not only it is illegal and causes social dysfunction but it has also caused significant market losses worldwide (Bian, 2006; Freedman, 1999). The International Chamber of Commerce (ICC) defines counterfeiting as one of the major commercial crimes in the modern society. The illegal industry consists of 5-7% of the world trade annually, which is worth around $600 billion (International Chamber of Commerce, 2015).

Several researchers as well as authorities have been trying to find the reasons behind such economic phenomenon and solutions to it. In 1985, the International Chamber of Commerce founded a specialized bureau: the Counterfeiting Intelligence Bureau (CIB) within the Commercial Crime Services division. Large multinational firms, trade associations, law firms, technology producers and investigative firms are members of the CIB. The CIB aims to protect genuine product manufacturers from damages by counterfeiting, organizing the seizure of counterfeit products and providing expert advice (International Chamber of Commerce, 2015). In the fiscal year 2013, the USA Department of Homeland Security reported that manufacturers' suggested retail price (MSRP) of counterfeit products increased by 38% compared to the fiscal year 2012. That is only a small proportion of the whole counterfeit product markets. The International AntiCounterfeiting Coalition (IACC) also pointed out "Globally, the trafficking of counterfeit goods is much larger, and growing fast" (IACC, 2013).

Luxury products are probably one of the most common categories of counterfeit products because of its exclusivity and prestigious status. However, if the luxury brands become attractive targets of counterfeiting, there will be a large economic damage. Furthermore, IACC also suggested that this growth is driven not only by the counterfeit manufacturers but also by consumer demand. In order to stop this "commercial crime," actions should be carried out on the demand side.

Researchers successfully found several relevant variables throughout the years and these will be discussed in the literature review section. More importantly, these predicting variables could be manipulated in order to reduce customers' desire for counterfeit products. The marketing mix was indicated as one of the potential predictors of counterfeit luxury product purchase intentions (Wilcox *et al*., 2009).

Advertisements have the crucial power of promoting the brands as well as the products and attempting to persuade people by delivering efficient messages (Taylor, 1978). However, previous studies have failed to take into account the program during which those advertisements will be placed. Hence it is essential to take these programs into consideration when it comes to examining indicators of counterfeit product purchase intentions. To be more specific, in this study the effect of program is valence: program-induced mood effect (Russell & Barrett, 1999; Shapiro *et al.*, 2002).

Little research has looked into both the advertisement and the program-induced mood effect at the same time. This research will combine both effects of advertisement type and program-induced mood to get a broader perspective on counterfeit purchase intentions.

This thesis consists of seven parts: literature review based on the counterfeiting luxury industry, social functional attitudes and program-induced mood effects, theoretical framework, hypotheses development, methodology, results, discussion, and limitation and future research.

Literature review

Luxury Brands and Counterfeit Industry

Luxury brands and counterfeits

Marketers and customers have their own understanding of the concept of "luxury brand." The literature also gives different definitions. However, many researchers often use words such as: expensive, prestigious, and exclusive to describe this term. In a nutshell, a luxury brand is the most image-driven brand among all brands. Not only is it more expensive, but it also has "extreme" product qualities and better customer service going along with the products (Kapferer & Bastien, 2009). The exclusivity and prestigious status of luxury brands are not the only characteristics that draw customers' attention. The fact that they are mostly trendy and stylish makes customers more willing to use these luxury products to express themselves in their social life (Hessen, 1998). Hence, the demand for luxury branded products such as handbags, wallets, and belts is increasing rapidly (Nia & Zaichkowsky, 2000).

However, despite the fact that people desire luxury brands, the particularly high-priced strategy of luxury brands still remains a huge barrier between the products and the potential

customers. The fact that not everyone can afford the highly set price gives the counterfeiting business a great opportunity to grow.

Counterfeiting is defined by Bloch, Bush, and Campbell (1993) as the "unauthorized copying of trademarked or copyrighted goods" which "harms legitimate producers through lost sales." They are usually low-priced but have the same appearance or are similar to the genuine items in order to mimic the high brand value and prestigious brand image of luxury brands (Lai & Zaichkowsky, 1999).

Counterfeiting purchase actions can be differentiated into three categories: deceptive, non-deceptive (Grossman & Shapiro, 1988), and blur counterfeiting (Bian & Moutinho, 2011; Bian, 2006). *Deceptive* counterfeiting is defined as a situation in which people think they are buying genuine items but are cheated by sellers meaning that they are not aware of their own counterfeit purchases (Grossman & Shapiro, 1988). *Blur* counterfeiting is defined by Bian (2006) as when customers are not sure if they are buying the counterfeited or genuine versions of the product.

However, the major subjects in current studies mainly discuss only one of three conditions: non-deceptive counterfeiting, which means people intentionally buy counterfeit products. Our current study is categorized under this non-deceptive condition which has been discussed for many years (Grossman & Shapiro, 1988; *The Economist*, 2010). Especially in the luxury brand market, customers often knowingly purchase counterfeit goods because they want the prestige and rarity associated with the brands without paying full price (Nia & Zaichkowsky, 2000).

Hazards of the counterfeiting industry

Counterfeiting activity is estimated to account for 5 to 7% of total world trade, depriving genuine manufacturers of about $600 billion a year, with a growth rate of 1700% over the past 10 years (IACC, 2013; *The Economist*, 2010). In the fiscal year 2013, the USA Department of Homeland Security reported that manufacturers' suggested retail price (MSRP) of counterfeit products increased by 38% compared to the fiscal year 2012. That is only a small proportion of the whole counterfeit product market. IACC also pointed out "Globally, the trafficking of counterfeit goods is much larger, and growing fast" (IACC, 2013).

As the illegal business is getting bigger, we should never neglect the hazards it causes. Counterfeit products are often low-priced and low quality in terms of performance, reliability, and durability but are similar in appearance to the real branded products (Lai & Zaichkowsky,

1999). Counterfeits will dilute the market power of the original brand producers and hurt a whole country's economy (Grossman & Shapiro, 1988). More than 75,000 job and tax losses are caused by counterfeit merchandise in America (Meyers, 2008). The customer-brand relationship and exclusivity of genuine customers is harmed, especially in the luxury brand category (Commuri, 2009). Moreover, the customers' mental image of the luxury brand is weakened by the trafficking of counterfeits (Hieke, 2010). The equity of luxury brands is likely to be devalued under the influences of exposing customers to counterfeit products (Nia & Zaichkowsky, 2000; Wilcox *et al*., 2009). In the engineering industry especially when manufacturing important parts of aircrafts, counterfeit products cause quality problems. Even worse, people may die as a result of this inferior quality (Bloch *et al*., 1993). In the pharmaceutical industry, fake prescription drugs can create huge risks for people's health. The World Health Organization (WHO) indicates that counterfeit medicines will not only cause more pain to patients but could also be life threatening (World Health Organization, 2012). It is a very serious problem that counterfeit medicines are on the rise in the United States and all over the world, putting patients at risk (Pfizer Global Security, 2014).

Clearly, counterfeiting is not only considered as a civil offence but also a criminal one (Bian, 2006; Bush, Bloch, & Dawson, 1989; Hopkins, Kontnik, & Turnage, 2003). Bian (2006) also stated that it is becoming a "significant economic phenomenon." This is also in line with the description of counterfeiting as a commercial crime by the International Chamber of Commerce (2015). Practitioners, policy makers and researchers are aiming to take measures to eliminate the hazards as much as possible, otherwise counterfeiting will continue to put both customers and brands at risk.

First, stopping counterfeiting requires a comprehensive understanding and the underlying rationale to explain it. This will be reviewed in the following parts of this study.

Demand side of the counterfeit industry

Although the authorities and researchers are fighting against the counterfeit business, the results are far from satisfactory. Where there is a need, there always is a market opportunity. Both buyers and sellers should share responsibility for the counterfeit industry. As stated earlier, the major condition this study aims to examine is the *non-deceptive* counterfeit purchase. This means customers knowingly purchase counterfeit items to fulfill their own needs. Researchers

have come to the conclusion that customers' desire for luxury brands partially make up for the existence of the counterfeit business (Hoe, Hogg, & Hart 2003; Penz & Stottinger, 2005; Wilcox et al., 2009).

With advanced technology and lapse in law protection, it is easier to produce the counterfeited versions of popular brands in many developing countries (Bush *et al*., 1989). Early studies on this topic started from the supply side. Despite many actions taken on the supply side such as enacting counterfeit laws and using high-technology methods, there is always a demand among buyers and this is the key driver of the counterfeit industry. Therefore, research indicated that we should look at the demand side as well as the supply side (Bloch *et al*., 1993; Penz & Stottinger, 2005). Several studies were carried out on the demand side of the counterfeit market, mainly focusing on exploring the underlying explanations for such phenomenon as well as trying to strike back and prevent future losses (Bian & Moutinho, 2009; Gentry, Putrevu, & Shultz, 2006; Phau & Teah, 2009; Wee, Tan, & Cheok, 1995).

On the other hand, the illegal business is growing extremely fast and IACC (2013) also pointed out that this growth is driven in part by consumer demand. Therefore, to stop such "commercial crime," we should start from the demand side.

Explanatory variables to counterfeit purchase intentions

Some researchers tried to find various independent variables leading to the purchase of different types of counterfeit products. Therefore, these predictor variables could be used to control and reduce customers' desire to purchasing counterfeit products. Sharma and Chan (2011) indicate that: "Counterfeiting consumption is a complex sociopsychological phenomenon with multiple motivations." Previous studies indicate various possible reasons including economic concerns (Bloch *et al.*, 1993; Gentry *et al.*, 2006; Michaelidou & Christodoulides, 2011; Poddar, Foreman, Banerjee, & Ellen, 2012; Tom, Garibaldi, Zeng, & Pilcher, 1998; Walthers & Buff, 2008; Wee *et al*., 1995; Yoo & Lee, 2012), demographic differences such as age, education levels and gender (Ang, Peng, Lim, & Tambyah, 2001; Chaudhry & Stumpf, 2011; Kwong, Yau, Lee, Sin, & Tse, 2003; Sharma & Chan, 2011; Tom *et al*., 1998; Wee et al., 1995), product types and perceived risks (Bloch *et al*., 1993; Chakraborty, Alfred, Singh Sukhdial, & Bristol, 1997; Chaudhry & Stumpf, 2011; Cordell, Wongtada, & Kieschnick, Jr., 1996; de Matos, Ituassu, & Vargas Rossi, 2007; Han, Nunes, & Drèze, 2010; Koklic, 2011; Michaelidou & Christodoulides,

2011; Tom *et al.*, 1998; Wee *et al.*, 1995; Wilcox *et al*., 2009), attitudes toward lawfulness and moral beliefs (Ang *et al*., 2001; Chaudhry & Stumpf, 2011; Cordell *et al*., 1996; Koklic, 2011; Michaelidou & Christodoulides, 2011; Sharma & Chan, 2011; Tom *et al*., 1998; Walthers & Buff, 2008; Wee *et al.*, 1995; Wilcox *et al.*, 2009), social attitudes and need for status (Gentry *et al.*, 2006; Grossman & Shapiro, 1988; Han *et al*., 2010; Phau & Teah, 2009; Sharma & Chan, 2011; Wee *et al*., 1995; Wilcox *et al*., 2009), and marketing mix variables such as advertisement types (Wilcox *et al*., 2009).

Especially in the luxury product category, such variables as need for status and social functional attitudes are very significant in terms of triggering customers' desires for luxury goods and leading to potential counterfeit luxury purchase actions (Gentry *et al*., 2006; Grossman & Shapiro, 1988; Phau & Teah, 2009; Wee *et al.*, 1995; Wilcox *et al.*, 2009).

As stated previously, counterfeit purchase is a complicated action therefore it is hard to examine all the potential causes at one time. However, in this study, we mainly focus on the advertising effect aspect because it is particularly special and meaningful for luxury brands.

Advertising Effects

Functional theory of attitudes

Previous literature related to the functional theory indicated that attitudes play the role as psychological functions including knowledge function, utilitarian function, social identity function and self-esteem maintenance function (Katz, 1960; Shavitt, 1989; Smith, Bruner, & White, 1956). These functions usually help people react in different situations such as acknowledge and manage the current environment, execute personal plans, achieve personal goals, acquire rewards and refrain from penalty and preserve individual self-esteem (DeBono, 1987; Wilcox *et al*., 2009).

The functional theory of attitudes is also introduced as two other major functions: social-adjustive function and value-expressive function as social identity functions. Previous studies also pointed out that these two types of social functions have a salient impact on social attitudes and form two major ones: Social-adjustive attitudes and Value-expressive attitudes based on the functional theory (Katz, 1960; Smith *et al*., 1956), which controls people's adjustment, ego defense, value expression and knowledge.

Social attitudes allow people to either present (social-adjustive attitudes) or express themselves (value-expressive attitudes) (Katz, 1960). They serve as a mediator role in social relationships with others such as getting social acceptance and expressing self-identification (Smith *et al*., 1956). The value-expressive function represents the utilitarian function that triggers the concerns about the quality and benefits of the products. However on the other hand, the social-adjustive function influences the concerns about brand image and product packaging (Debono & Packer, 1991; Shavitt, Lowrey, & Han, 1992; Snyder & Debono, 1985).

Hence these two functional attitudes account for either changing or holding attitudes toward purchasing behavior and decision making (Katz, 1960; Shavitt *et al*., 1992; Shavitt, 1989). People who hold social-adjustive attitudes tend to affiliate with others, maintain relationships, gain approval from the public, and get recognized in social situation (DeBono, 1987), while on the contrary, those who hold value-expressive attitudes need to express their personal beliefs, principal values and true attitudes to others (Katz, 1960; Wilcox *et al*., 2009).

Concerning these theories, it is indicated that when customers use social functional attitudes toward luxury brands, those who hold attitudes serving a social-adjustive function are likely to use luxury brand prominence to show off and claim social status rather than focusing on the quality aspect. Hence, this group of customers would tend to purchase counterfeit luxury products. On the other hand, customers holding attitudes serving a value-expressive function intend to judge the luxury products based on excellent quality and true value. They make decisions relying on the utilitarian function rather than the social identity function meaning that the product quality and benefits associated with it come first when they assess and evaluate products. Thus, they show less likelihood to purchase counterfeit luxury products compared to the former type (Commuri, 2009; Wilcox *et al.*, 2009).

Advertisements with functional attitudes

Advertising is the most effective way to promote a brand because it is almost impossible for people to avoid or neglect it in daily life (Snyder & Debono, 1985). Nowadays people are exposed to numerous commercials in their daily life. Advertisements have the critical power in promoting the brands as well as the products and attempting to persuade people by delivering efficient messages (Taylor, 1978).

Advertising is relatively more important for luxury products than for other consumer products since luxury brands are mostly extremely image-driven. Luxury brands need advertising to enhance the brand image, announce new products, draw the public's attention, attract new customers and keep old customers loyal (Taylor, 1978). Perhaps, compared to other categories, luxury brands need large amounts of advertising and marketing campaigns to build a prestige image, announce their uniqueness and show the public how precious and prestigious they are. Therefore, as a tool for marketing communication, the types and ways of advertising need to be carefully selected and examined by the marketing managers of luxury brands.

The social attitude functions have the ability to alter customer responses, brand evaluation and the ways of advertising processing (Shavitt *et al*., 1992; Snyder & Debono, 1985).

When it comes to selecting products, the value-expressive attitudes are associated with product quality assessment while the social-adjustive attitudes are associated with image appeals (Debono & Packer, 1991; Snyder & Debono, 1985). In other words, two different kinds of advertisements can draw customers' attention and persuade them to try the products. To be more specific, the social-adjustive kind means the marketing strategy mainly focuses on product image appeals. By contrast, the value-expressive advertisement emphasizes product quality appeals.

Therefore, Wilcox et al. (2009) purposed that luxury brand advertisements with different social attitude functions are able to influence customers' judgments and attitudes. They also indicated that the two functional attitudes could also be asserted into advertisements thus resulting in two advertisement types: the social-adjustive type and the value-expressive type. Visual images and words throughout the advertisement can be identified as cues for social attitude functions. An advertisement with messages priming social-adjustive or value-expressive types is able to influence customers' attitudes. To be more specific, customers are more likely to purchase counterfeit products under the influences of an advertisement containing elements priming social-adjustive attitudes. By contrast, an advertisement with value-expressive attitude elements is likely to lower the counterfeit purchase intentions. Using empirical studies, they successfully tested that customers exposed to social-adjustive types of advertisements show greater counterfeit luxury product purchase intentions than those exposed to value-expressive type ones.

Program-Induced Mood Influences on Information Processing

Programs and advertisements

Although several researchers have explored the possible related indicators from an advertising perspective, they failed to take into account the program during which the advertisements are placed.

Advertising is used to illustrate the products or the brand itself and to persuade, or encourage the audience to make a purchase and to enhance the image of the brand; therefore to increase consumption of a good or a service. It is the most common form of marketing communication because of its effectiveness and economical reasons in terms of attracting potential customers. Therefore, it is widely accepted and adopted by many brands (Backman, 1968).

There are various types of advertising media including traditional methods such as billboards, printed flyers, radio, television or cinema, and relatively new methods such as celebrity branding, mobile or online advertising.

Among all the advertising methods, the most widely and common adopted one is the television commercial. Television networks usually air commercials during popular programs. Viewing a commercial during/before/after the programs is one of the most common ways to expose potential target customers to the brands. Sometimes in an online advertising scenario, websites use the same approach and place the messages during or before programs (e.g. Video-sharing website YouTube shows a pre-roll commercial before the video starts). Therefore, it is essential to consider programs' influences on how customers process information in the advertisements and how such influences can affect their purchase decisions of counterfeit luxury products.

Program-induced mood effects

Some researchers have explored the effects of program-induced moods on customers' information processing level of advertisements. Clearly, such effects on information processing will have an impact on the effectiveness of the persuasive power of the advertisement (Aylesworth & Mackenzie, 1998; Singh & Hitchon, 1989). Hence, this research will combine both effects of advertisement type and program-induced mood to get a broader perspective on counterfeit purchase intentions.

Mood is defined as a perceived feeling state which is general, reactive, pervasive, temporary and non-specific (Aylesworth & Mackenzie, 1998; Gardner, 1985). Feeling states toward the program (e.g. movie, TV series or news), during which the commercials are placed, have two fundamental dimensions: valence and arousal (Russell & Barrett, 1999; Shapiro *et al*., 2002).

The level of pleasantness defines valence. Arousal is defined as degree of activation, inner tension, or alertness. More specifically, valence is characterized as positive versus negative. In this context positive valence indicates pleasure while negative valence suggests misery (Russell & Barrett, 1999; Russell, 1980). Arousal also can be indicated as high versus low. Low arousal can be defined as sleepiness (Russell, 1980). Previous studies have successfully isolated the valence effects from the arousal effects (Aylesworth & Mackenzie, 1998; Shapiro *et al.*, 2002). Therefore both moods can be orthogonally manipulated and do not have correlated relationships (Shapiro *et al*., 2002). This will help the examination of valence effects on message processing ability and counterfeit product purchase intentions later in this study.

Previous research by Shapiro et al. (2002) suggests that customers' processing level and ability can be influenced by the valence of the program. More specifically, a positive valence of the program is considered related to creativity and activated knowledge while the negative one leads people to think more analytically and detailed (Lee & Sternthal, 1999; Schwarz & Bless, 1991). According to previous research, customers have two different ways of processing information: schema-driven or data-driven (Stayman, Alden, & Smith, 1992; Sujan, 1985). Schema-driven means customers will process at the product-category schema level, whereas data-driven indicates that they are more likely to focus on product attributes and details in the advertisements. Negative moods will trigger more central processing of advertisements than positive moods (Aylesworth & Mackenzie, 1998). Moreover, it is indicated that customers in a negative valence condition are more likely to use a data-driven (analytical) way while those in a positive condition are likely to use a schema-driven way and often neglect detailed information (Shapiro *et al*., 2002). In other words, customers in a negative valence condition are better at discerning attributes in the advertisements than those in a positive scenario. They are also more likely to correctly recall whether the attributes are shown to them in the advertisements.

On the other hand, when arousal works independently of valence, high levels of arousal often disrupt customers' information processing ability and cause distraction, which results in decrease rather than increase memory for the advertisements (Singh & Hitchon, 1989). Moreover, arousal

will distract customers when they are trying to access schema or process data (Shapiro *et al*., 2002). It is also pointed out that high levels of arousal would interfere with the encoding processing of the persuasive messages in the advertisement. It would also lead to processing only the elements which are relatively easy to process in the advertisements because high arousal levels are likely to reduce the available processing capacity for cognitive tasks (Sanbonmatsu & Kardes, 1988). In this study, we expect the customers to process advertisements instead of getting distracted and forgetting it. Arousal is not suitable in our context and will not be considered in terms of the effects on counterfeit product purchase intention. Since previous researchers were able to decouple valence from arousal, the same will apply to program-induced mood manipulation in this study (Shapiro *et al*., 2002).

As stated above, this study will examine the interactive effects of valence and two different types of advertisements: social-adjustive and value-expressive types. The level of arousal will be set as neutral to ensure that it will not influence customers.

Theoretical Framework:
Information Processing Ability as a Potential Mediator

To better understand the underlying motivation of purchase intentions, a thorough comprehension of the persuasion processes of advertising is essential.

Through the literature review, we acknowledge that the program-induced mood valence is able to affect customers' processing of advertisements (Aylesworth & Mackenzie, 1998; Gardner, 1985). Some of the conditions can lead customers to detailed data analysis while others tend to result in only product-category level processing (Shapiro *et al*., 2002). Therefore it is able to affect the advertising persuasive power as well. As a sequential result, this will lead to different message acceptance situations and determine whether the attitudes (e.g. social-adjustive and value-expressive attitude) in advertisements can be successfully developed by customers.

Since it is concluded from the previous literature that when customers are watching videos with positive valence, they are using a more schema-driven way to process advertisements. As a result, they are less likely to notice the attributes and focus more on the schema information. Therefore no matter if the luxury brands are using a social-adjustive or a value-expressive advertisement, such different processing ways affected by program-induced mood will have

influences on both the kind and amount of information customers will notice, and result in influencing opinion of purchasing counterfeiting luxury brands. Therefore, it is expected that:

H1: Program valence (positive versus negative) has a significant impact on customers' counterfeit luxury brands purchase intention.

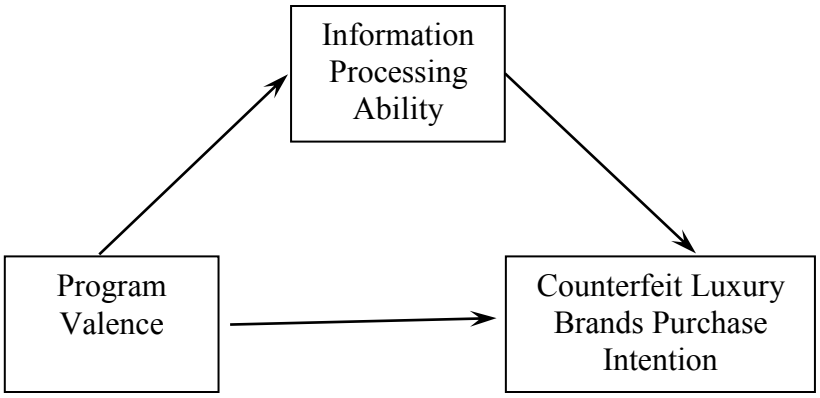

Figure 1: Mediation Model of Information Processing

Recognition of the elements in advertisements reflects the information processing ability and it can be affected by the mood of the programs which the customers have viewed (Gardner, 1985). If the customers can correctly differentiate the words/sentences presented in the advertisements from the non-presented ones during the retrieval stage, it means that they have better information processing ability. However, some customers may have less ability in discerning the presented attributes from the non-presented ones in the positive valence scenario because it is less likely to trigger detailed information analysis (Shapiro *et al*., 2002) On the contrary, customers in the negative valence scenario will have better distinguishing ability and more detailed information processing. More specifically, customers who watch a program with a negative valence have better information processing ability for advertisements than those in a positive condition.

Therefore, in line with the previous literature, the second hypothesis is stated as:

H2: Customers' information processing ability is significantly better during negative program valence compared to positive program valence condition.

As suggested in the previous section, information processing ability leads to how effectively customers will be able to accept and evaluate the persuasive messages in the advertisements. Consequently, this combining with advertisement effect will result in different customers' purchase intentions towards counterfeit luxury brands. It is hypothesized that:

H3: Information processing ability for advertisements has a significant impact on customers' counterfeit luxury brands purchase intentions.

Valence is affecting customers' counterfeit luxury brands purchase intentions based on different information processing ability for the social-adjustive or value-expressive advertisements. Therefore, if all the previous hypotheses could be supported, information processing ability can be proved to be the mediator in the relationship between program-induced mood (i.e., valence) and customers' counterfeit luxury brands purchase intentions.

H4: Program valence (positive versus negative) has a significant impact on customers' counterfeit luxury brands purchase intentions through their information processing ability for advertisements (mediator).

Hypotheses and Scenarios

The following part will discuss in detail how customers' decision and opinion will be changed by program valence in two different advertisement scenarios (e.g. social-adjustive and value-expressive), which eventually leads to changes in customers' counterfeit luxury product purchase intentions. The previous section has stated that two types of advertisements contain messages delivering different social functional attitudes (Katz, 1960; Shavitt, 1989; Wilcox *et al.*, 2009). To be more specific, Wilcox et al. (2009) indicated that while social-adjustive advertisements could trigger higher counterfeit luxury purchase intentions, value-expressive types could lead to the opposite. Therefore, it is essential to separate two different advertisement scenarios when combining the effects of advertisement and program are assessed because the purchase intentions will changed differently (higher versus lower) after customers information processing ability are influenced.

Social-Adjustive Advertisement Scenario

First, we will consider the scenario in which a social-adjustive advertisement is placed in programs with different levels of valence and discuss how customers will process the information in each of the valence conditions. As a result, their attitudes toward counterfeit luxury product purchase intentions will be altered.

Thus whether customers will consider buying counterfeit luxury products is highly correlated with the effect of program valence. This means valence will either strengthen or weaken this certain effect because it influences information processing ability.

As discussed previously, the conclusion about positive valence effects on customers' information processing approach can be summarized as schema-based and product category level way. In other words, when customers receive advertising information during a happy and cheerful program, they are likely to only focus on the product category level information. Hence, customers will somehow ignore the detailed words or descriptions and have difficulties in accepting the persuasive messages in the advertisements.

However, social-adjustive type and value-expressive type advertisements are differentiated by such elements as descriptions or words used in them. If customers are likely to ignore the information, the original influences from the advertisements will be weakened because they are not receiving the information properly.

The original effect of a social-adjustive advertisement without any program-induced mood (e.g. valence) is that it will increase customers' likelihood of purchasing counterfeit luxury brands (Wilcox *et al*., 2009). However, if we add a program with mood effects into this context, it is going to change the results. Because of the weakening effect on processing detailed information in the social-adjustive advertisement by positive valence of program, customers' likelihood of purchasing counterfeit luxury brands will not increase as much as when exposed to the social-adjustive advertisement alone.

In the psychological domain, researchers pointed out that positive emotions would enhance people's concern toward others and inspire more prosocial tendencies (Penner, Dovidio, Piliavin, & Schroeder, 2005). They also indicated that prosocial behavior represents such behaviors that are beneficial to other people. Therefore, the inference can be developed that prosocial tendencies are likely to result in higher moral belief because the customers want to help people and do the right thing.

Due to the fact that moral belief is one of the possible indicating variables of counterfeit purchase action or intentions (Ang *et al.*, 2001; Cordell *et al*., 1996; Koklic, 2011; Michaelidou & Christodoulides, 2011; Sharma & Chan, 2011; Tom *et al.*, 1998; Wee *et al.*, 1995) and positive mood leads to higher possible moral belief , therefore the customers' purchase intentions toward counterfeit luxury products will change negatively.

Researchers indicated that auditors with positive moods will be more ethical, however this sometimes leads to less correct explanations for fluctuations in financial ratios (Cianci & Bierstaker, 2009). This again confirms the potential decrease of counterfeit luxury product purchase likelihood.

Therefore, the hypothesis is stated as:

H5: When customers are exposed to the social-adjustive advertisement, their purchase intentions towards counterfeit luxury brands are lower if the advertisement is placed in the positive valence program compared to the neutral (no-mood effect) condition.

In the next part, we will consider all the possible effects on customers under negative valence programs as we did previously for the positive valence condition.

The effect of negative valence programs on customers is that their ability for detailed central processing is strengthened and they will be using a more analytical way to process the information in the advertisements (Aylesworth & Mackenzie, 1998; Lee & Sternthal, 1999; Shapiro *et al*., 2002).

Schwarz and Bless (1991) also discussed the topic that happiness and sadness would have some effects on customers' processing mode. As a positive mood will give customers imaginations and let them think actively and less about details, a negative mood will have a contrast processing strategy on them. In more detailed words, they will be attracted by attributes in the advertisements and result in more accurate focus.

However, the most important part that defines advertisement types (i.e., social-adjustive type versus value-expressive type) is the detailed attributes (i.e. words, sentences, images, etc.) in them. Hence, the more customers are able to focus on these parts, the more persuasive messages they are likely to get from the advertisements after viewing them. In other words, such influences from advertisements will be reinforced and magnified.

Similarly to the positive valence condition part, Wilcox et al. (2009) stated that a social-adjustive advertisement without any program-induced mood (e.g. valence) will increase

customers' counterfeit luxury brand purchase intentions. Taking this effect into consideration and adding programs to the context, we will find that the purchase intentions will be strengthened because of the superior processing levels and detail focusing ability influenced by negative valence programs. Since customers under the negative valence condition will easily focus on attributes rather than product-category information and use a data-driven (analytical) way instead of a schema-based way to process information. They are likely to pay more attention and accept more social-adjustive functional attitudes from the advertisement, which will lead customers to make counterfeit luxury brands purchases in order to gain approval from society rather than to express their true value.

Combining all the effects together, customers viewing social-adjustive advertisements during sad and unpleasant programs will have greater likelihood of purchasing counterfeit luxury brands. The first hypothesis for negative valence condition is stated as following:

H6: When customers are exposed to the social-adjustive advertisement, their purchase intention towards counterfeit luxury brands is higher if the advertisements are placed in the negative valence program compared to the neutral (no-mood effect) condition.

Value-Expressive Advertisement Scenario

Next, we will consider the condition in which a value-expressive advertisement is used by luxury brands.

The initial effect by value-expressive advertisements is that customers tend to consider purchasing the product as a way to express their beliefs and true attitudes. Hence, customers who are exposed to this type of advertisement are less likely to buy counterfeit luxury products (compared to social-adjustive advertisements) because they do not need the prominence of luxury brands to show off. Instead, they will use the luxury brands only for expressing themselves and communicating their life values (Debono & Packer, 1991; Wilcox *et al.*, 2009). Combined with the social functional attitude theory, we can conclude that the persuasive messages in value-expressive advertisements are making an effort to stop customers from counterfeit luxury product purchase action or intentions.

In other words, value-expressive advertisements will reduce customers' original counterfeit luxury product purchase intention because of all the information in them. However, if we consider the influences of positive valence programs on information processing methods, this

reduction effect will be diluted because of the product category level processing methods (Shapiro *et al.*, 2002). The reduction of counterfeit purchase intentions in positive valence condition will not be as much as the original effect when customers are exposed to the value-expressive advertisements only. Hence, the hypothesis can be stated as follows:

H7：When customers are exposed to the value-expressive advertisement, their purchase intentions toward counterfeit luxury brands is higher if the advertisement is placed in the positive valence program compared to the neutral (no-mood effect) condition.

Last but not least, we consider the combination effect of value-expressive advertisements and negative valence. The strong analytical processing method triggered by a negative valence program will result in better processing outcome for customers when they are watching the advertisement and trying to accept the attitudes in it. Therefore, no matter what kind of effect the advertisement will have on the customers' counterfeit luxury products purchase intentions, thisd effect will be strengthened.

As for value-expressive advertisement, the most evident effect it has is that it is likely to weaken customers' original counterfeit luxury brands purchase likelihood. The hypothesis states the possibility of such effect being reinforced by negative valence.

H8：When customers are exposed to value-expressive advertisement, their purchase intention towards counterfeit luxury brand is lower if the advertisement is placed in negative valence program compared to the neutral (no-mood effect) condition.

Methodology

The study is a 2×3 between subjects factorial design, with advertisement type (social-adjustive versus value-expressive) and program valence (positive versus negative versus no valence condition). The hypotheses were tested in a laboratory experiment using a self-administered paper-and-pencil questionnaire.

Table 1: Questionnaire Legend for 2×3 Factorial Design

Group Number	*Advertisement type*	*Valence*
1	*Social-Adjustive*	*Positive*
2	*Value-Expressive*	*Positive*
3	*Social-Adjustive*	*Negative*
4	*Value-Expressive*	*Negative*
5	*Social-Adjustive*	*Neutral*
6	*Value-Expressive*	*Neutral*

Pretests

The pretests consist of two parts. Both of them are used to determine experimental simulations in the main experiment.

Pretest for product category and luxury brand

The purpose of the first pretest is to determine which luxury product category and which luxury brand should be used later during the experimental procedure. Twenty-two male and 20 female participants were asked to indicate which luxury product category and which luxury brand they would prefer to purchase if they were offered an opportunity to purchase counterfeit luxury brands (see Appendix A).

The most often selected categories by male participants are bags/luggage (81.82%), followed by watches (13.64%) and other categories (4.54%). The majority of female participants selected the bags/luggage category (70%), followed by the watch category (15%) and other categories (15%). Although the watch category was used in a previous study related to advertisement copy effects (Wilcox *et al.*, 2009), it was not the most often chosen category by participants in this study. The bags/luggage category constituted the largest classification for all counterfeit and pirated goods seized by Department of Homeland Security in fiscal year 2013, an increase of

169% compared to fiscal year 2012 (Department of Homeland Security, 2014). Overall, 76.2% of participants preferred bag/luggage products if they had a chance to purchase counterfeit luxury products.

Moreover, among all the participants who had chosen the bag/luggage category, 72.2% of male and 64.3% of female participants selected the brand "Louis Vuitton". Therefore, in the main experimental procedure, a gender-appropriate Louis Vuitton bag was used as the luxury product.

Advertisement development

In a previous study (Wilcox *et al.*, 2009), both social-adjustive and value-expressive advertisements for a Tissot watch were developed to prime customers' social functional attitudes toward counterfeit luxury products. The same concept was adopted in designing the advertisements for this study. Two advertisements contained a picture of a Louis Vuitton bag and a short introduction of the brand (see Appendix B).

In the social-adjustive advertisement, participants were urged to "have a Louis Vuitton to get noticed, be admired and enhance your social standing." This was followed by the tagline "They will know it's a Louis Vuitton."

The value-expressive advertisement urged participants to "have a Louis Vuitton to express yourself, showcase your individuality and communicate your values." The following tagline was "You will know it's a Louis Vuitton."

Each of the two advertisements had male (i.e., a picture of a male Louis Vuitton bag) and female (i.e., a picture of a female Louis Vuitton bag) versions to match with the participants' gender.

Pretest on functional attitude advertisements and program valence

The second pretest was to ensure the valence of the program and the advertisements with social functional attitudes are effective. The same procedures were used in previous studies for pretest purposes (Shapiro *et al*., 2002; Wilcox *et al*., 2009). An average of 15 participants viewed each of two advertisements and answered a short questionnaire.

After viewing the advertisements, the participants' social functional attitudes toward the luxury brand Louis Vuitton were assessed on seven-pointed likert scales (see Appendix C). They

included a four-item measure of social-adjustive attitude function (e.g., "Carrying a Louis Vuitton bag would help me fit into important social situations"; M=4.01**,** α= .84) and a four-item measure of value-expressive attitude function (e.g., "A Louis Vuitton bag would help me express myself"; M=4.28**,** α= .82) from the research of Wilcox *et al*. (2009).

In line with previous study and our expectations, participants who viewed the social-adjustive advertisements rated the brand Louis Vuitton higher on the social-adjustive function scale than those who viewed the value-expressive advertisement ($M_{\text{Social Adjustive}}$=4.82, $M_{\text{Value Expressive}}$=3.28; F(1,28)=22.89, p<.01) Conversely, those who viewed the value-expressive advertisement rated Louis Vuitton higher on the value-expressive function scale than those who saw the social-adjustive advertisement ($M_{\text{Value Expressive}}$=5.02 $M_{\text{Social Adjustive}}$=3.53, ; F(1,28)=28.58, p<.01).

The participants' feelings towards the advertisement were also assessed using four semantic differential scales (1= "likeable," and 7="not at all likeable"; 1= "believable," and 7="not at all believable"; 1= "realistic," and 7="not at all realistic"; 1= "convincing," and 7="not at all convincing"; M=3.92**,** α= .76). The measures did not vary across the two advertisement copy conditions (F(1,28)=.05, n.s.) as expected (Wilcox *et al*., 2009).

The program used in this study was chosen from the previous research (Shapiro *et al*., 2002). They used the "Hakuna Matata" song from the Lion King to create a positive valence condition and the "Death of Mufasa" scene in the Lion King for the negative valence. The arousal levels of both clips were neutral.

Fifteen participants rated each clip. The participants needed to state their mood on a self-determined questionnaire both before and after watching the program.

Valence was indicated by averaging two five-point items (1=strongly disagree; 7=strongly agree): "I am in a good mood while watching the video clip" and "As I answer these questions, I feel cheerful" (M=4.2, α=.98). The participants' mood before viewing the programs did not vary across two conditions (M_{Positive}=4.63, M_{Negative}=4.67, F(1,28)= .01, n.s.). As expected, participants who viewed the "Hakuna Matata" song from the Lion King (positive valence condition) rated it higher on the valence scale than those who viewed the "Death of Mufasa" scene from the Lion King (M_{Positive}=6.67, M_{Negative}=1.73, F(1,28)= 474.7, p<0.01).

The arousal level was indicated by a six-item semantic differential scale (stimulated versus relaxed, wide awake versus sleepy, excited versus calm, frenzied versus sluggish, jittery versus

dull, aroused versus unaroused). Each item was anchored by 1 to 7 rating with 4 meaning neutral (M= 4.1, α= .73) (Mehrabian & Russell, 1974; Wilcox *et al*., 2009). The arousal levels of both clips are neutral. They do not vary across different programs ($M_{Positive}$=4.12, $M_{Negative}$=4.08, F(1,28)=.05, n.s.) .The correlation between valence and arousal was not significant(r= .02 ;*p*> .9, see Appendix D), which ensured that they are orthogonally controlled.

Information processing ability attributes development

To determine the level of participants' information processing ability, a list of attributes needed to be developed and was used in recognition test during the main experiment. A similar procedure was used in the study by Shapiro et al. (2002). A few modifications were made for this study because the advertisements didn't contain as many attributes as the one used by these researchers.

Two student judges were explained the purpose of this step and instructions for this task. After viewing each advertisement, they needed to develop 10 attributes, half of which were presented in the advertisement and half of which were not. Both of them developed their own list at first and discussed the different attributes they had. They were asked to justify the chosen attributes and produce the final list until there was no disagreement regarding the attributes to be used in the recognition task.

For the social-adjustive advertisement, the five attributes presented are "be admired", "fashion piece", "enhance your social standing", "leading brand", and "get noticed". The five non-presented attributes (not presented in the advertisement) are "classic", "express yourself", "showcase your individuality", "communicate your values", and "differentiate yourself".

For value-expressive advertisement, the five attributes presented are "express yourself", "fashion piece", "showcase your individuality", "leading brand", and "communicate your values". The five non-presented attributes are "classic", "be admired", "enhance your social standing", "get noticed", and "differentiate yourself".

All ten attributes are mixed and listed in random sequence in the recognition test.

Main Experiment

Measures

All scales were borrowed from the literature. Purchase intentions toward the counterfeit Louis Vuitton bag was indicated by a seven-point scale (1=would definitely not purchase; 7=would definitely purchase) (Wilcox *et al*., 2009).

The information processing level will be indicated by signal detection theory (SDT) (Peterson & Sauber, 1983; Shapiro *et al.*, 2002). SDT was introduced by Lord (1985) as a method to detect differences in information processing. Participants were required to indicate which of the 10 attributes, if any, were presented in the advertisements during the video by completing a recognition task. Of the 10 attributes in the recognition task, 5 were presented in the advertisement and 5 were not. They were all listed in random sequence.

Shapiro et al. (2002) used the sensitivity measure to reflect how well the participants can discriminate "target" (presented attributes) from "distractors" (non-presented attributes). Those who are able to differentiate attributes in the advertisements from the distractors have more in-depth and detailed processing. Therefore the sensitivity measure is suggested to indicate the level of information processing.

The A' statistic was used to measure SDT (Stanislaw & Todorov, 1999). It usually ranges from .5 to 1 with .5, meaning theoretically participants can't distinguish presented attributes from non-presented ones and 1 meaning perfect distinguishing ability. Values less than .5 indicate poor distinguishing ability. The minimum possible value is 0. The following discussion will explain in detail how to get the A' statistic for later analysis.

Figure 2: Stimulus-Response Matrix for SDT

	Participants' Response: "Yes"	Participants' Response: "No"
Presented Attributes	Hit	Miss
Non-presented Attributes	False Alarm	Correct Rejection

[1]Table adapted from the stimulus-response matrix by Snodgrass and Corwin (1988)

[1] Snodgrass, J. G., & Corwin, J. (1988). Pragmatics of measuring recognition memory: applications to dementia and amnesia. *Journal of Experimental Psychology: General*, 117(1), 34.

Figure 2 shows the stimulus-response matrix for SDT and all the trials are sorted into one of the four categories: *Hit, False Alarm, Miss* and *Correct Rejection*. In the recognition task, participants responded "*yes*" or "*no*" to indicate whether they were able to distinguish the presented attributes from the non-presented ones. Among all the attributes listed in the task, there were *Signal Trials*, which means the attributes were presented in the advertisement, as well as *Noise Trials*, which means the attributes were distractors and they were not shown in the advertisement (Smith, 1995; Snodgrass & Corwin, 1988; Stanislaw & Todorov, 1999).

Therefore, the two possibilities of participants' responses (i.e., yes and no) will generate four conditions combining with two trial conditions (i.e., signal trial and noise trial) (see Figure 2). When participants respond "*yes*" to the attributes on signal trial (correctly distinguish the attributes presented), it accounts for *hits*. When they respond "*yes*" to the attributes on the noise trial (mistaken non-presented attributes for presented ones), it accounts for *false alarms*. The *hit rate* (H) is calculated by dividing the number of *hits* by the number of signal trials. Similarly, the *false alarm rate* (F) equals to the number of *false alarms* divided by the number of *noise trials* (Snodgrass & Corwin, 1988; Stanislaw & Todorov, 1999).

The equation for calculating A' statistic is as follows (Snodgrass & Corwin, 1988):

$$A' = \begin{cases} .5 + \dfrac{(H-F)(1+H-F)}{4H(1-F)} & when\ H \geq F \\ .5 - \dfrac{(F-H)(1+F-H)}{4F(1-H)} & when\ H < F \end{cases}$$

In the data set, the variable label for A' statistic is APRIME.

Sample

Participants were asked whether they watch any program (e.g., TV series, movies, or online videos) and view advertisements in daily life. They were not suitable for this study if they were not exposed to programs and advertisements and would not participate.

Prior to the experiment, they were assured that all the responses are confidential and will be only used in this thesis. In total, 233 participants took part in this study. An average of 39 participants were randomly assigned to one of six gender-appropriate advertisement type scenarios with different movie clips. There were 54.1% (126) male and 45.9% (107) female

participants. Two hundred and thirty cases were used in data analysis after data cleaning procedure.

Experimental procedure

Prior to the experiments, the participants were given the consent form and asked to read it thoroughly. They were also given a brief introduction about this research and their rights and obligations. They were explained the potential risks and benefits. They were also informed verbally that they could withdraw from the study anytime they wished and there was no limitation on this freedom. During the study, they were asked to turn off their cellphones and not to use any personal electronic devices (e.g., electronic tablet or laptop) during the procedure. They signed the consent forms and continue to the next steps.

The table in Appendix E summarizes the experimental procedures and indicates the purpose of each step. First, the participants were asked two preliminary screening questions to make sure they knew the luxury brand Louis Vuitton and they would consider making a purchase decision if they had a chance of purchasing a counterfeit version of Louis Vuitton bags.

In the next step, they were randomly assigned to one of the six groups with gender-appropriate advertisement copy with different valence conditions. The questionnaire was separated into two parts (see Appendix F). The participants were asked to finish the first part before a 15-minute break and come back to finish the second part after the break.

They needed to finish section one of the paper-and-pencil questionnaire before watching a special edited video (about 5-6 minutes) during which an advertisement poster was shown. After that, they were asked to finish the rest of the first part of the questionnaire and then take a 15-minute break. During the break, they were instructed to not discuss any of the experimental content with other participants. After the break, they came back to finish the second part and complete the study. At the end of the experiment, they each received $10 as compensation.

Findings

Manipulation Checks

The manipulation checks for arousal (M=4.24, α=.63) and valence (M=4.47, α=.94) were very similar to those in the pretest. The level of arousal remained neutral and did not vary across all four groups (F(3,151)=.87, n.s.). Moreover, those who viewed the positive valence program rated it higher on the valence scale than those who viewed the negative valence program ($M_{Positive}$=6.25, $M_{Negative}$=2.66, F(1, 153)= 285.2, p<.001). The correlation between valence and arousal was not significant(r=-.04; n.s., see Appendix G), which ensured that they are orthogonally controlled.

The manipulation checks for participants' feeling towards the advertisement (M=4.12, α=.89) also remained very similar to those in the pretest. The measures also did not vary across all six experiment conditions (F(5,224)=1.37, n.s.,) as suggested in the pretest. The manipulation checks for social-adjustive attitude (M=4.50, α=.91) and value-expressive attitude (M=4.12, α=.92, see Appendix G) after viewing the advertisements were also similar to the results of pretests.

Moreover, similarly to the results in the pretest, participants who viewed the social-adjustive advertisements rated Louis Vuitton higher on the social-adjustive function scale than those who viewed the value-expressive advertisement ($M_{Social\ Adjustive}$ =5.09, $M_{Value\ Expressive}$=3.91; F(1,228)= 33.46, p<.001). Conversely, those who viewed the value-expressive advertisement rated Louis Vuitton higher on the value-expressive function scale than those who saw the social-adjustive advertisement ($M_{Value\ Expressive}$=4.55 $M_{Social\ Adjustive}$=3.69; F(1,228)=16.95, p<.001, see Appendix G).

Participants' purchase intentions towards the luxury brand product (e.g. A Louis Vuitton bag) before viewing any advertisement or video did not vary across all six experiment conditions (F(5,224)=.470, n.s., see Appendix G).

Hence all experiment manipulations were effective.

Test of the Mediation Using Signal Detection Theory

Since the independent variable was categorical in H1 and H2, one-way ANOVA tests were carried out to compare the means of dependent variable under different treatment.

The results in Table 2 show that program valence had significant main effect on participants purchase intentions for the counterfeit luxury Louis Vuitton bag (F(1,150)=9.38, p<0.05) which

supported H1. Therefore it was concluded that no matter what kind of advertisement was used by Louis Vuitton, participants purchase for the counterfeit version bag was affected by program valence. To be more specific, positive valence is likely to result in higher likelihood of purchasing counterfeit luxury brands than negative valence (Table 3).

Table 2: ANOVA test for relationship between purchase intention and program valence

ANOVA

Purchase Intention

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*28.846*	*1*	*28.846*	*9.376*	*.003*
Within Groups	*461.470*	*150*	*3.076*		
Total	*490.316*	*151*			

Table 3: Comparing mean purchase intention for different program valence

Descriptives

Purchase Intention

	Mean
Positive	*4.55*
Negative	*3.68*

As shown in Table 4, program valence had a significant relationship with participants' information processing ability ($F(1,150)=11.29$, $p<.005$). Hence, H2 was supported as well. It was also indicated that positive valence led to poorer information processing ability whereas negative valence led to better ability (Table 5). This is in line with our expectations as well as with the previous study (Shapiro *et al*., 2002).

Table 4: ANOVA test for relationship between information processing ability and program valence

ANOVA

APRIME

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*.584*	*1*	*.584*	*11.294*	*.001*
Within Groups	*7.754*	*150*	*.052*		
Total	*8.338*	*151*			

Table 5: Comparing information processing ability for different program valence

Descriptives

APRIME

	Mean
Positive	*.658*
Negative	*.782*

The results in Table 6 indicated that the participants' counterfeit Louis Vuitton bag purchase intentions were not significantly affected by their information processing ability (F(1,150)=.13, n.s.). H3 was not supported. There was no evidence to support the significant relationship between information processing ability and counterfeit luxury brand purchase intentions.

Table 6: Simple Linear Regression Test for Information Processing Ability and Purchase Intention

ANOVA[a]

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	*Regression*	*.438*	*1*	*.438*	*.134*	*.715*[b]
	Residual	*489.878*	*150*	*3.266*		
	Total	*490.316*	*151*			

a. Dependent Variable: PIafter

b. Predictors: (Constant), APRIME

As for testing the mediation, past studies used mostly the methods from Baron and Kenny (1986) and Sobel (1982). The four-step method by Baron and Kenny (1986) suggested doing the simple linear regression analyses for independent variable, mediator and dependent variable in pairs in the first three steps, then conducting a multiple regression analysis with both independent variable and mediator predicting the dependent variable. It is suggested mediation does not exist if one or none of the relationships the relationships in the first three steps are not significant (Baron & Kenny, 1986). Since H3 was not supported, the mediation did not exist in the mediation model. H4 was not supported either (see Table 7).

Table 7: Test of mediation using the four-step method by Baron and Kenny

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	*Std. Error*	*Beta*	*t*	*Sig.*
1	*(Constant)*	*5.418*	*.452*		*11.995*	*.000*
	Program Valence	*-.871*	*.285*	*-.243*	*-3.062*	*.003*
2	*(Constant)*	*5.267*	*.565*		*9.325*	*.000*
	Program Valence	*-.906*	*.296*	*-.252*	*-3.064*	*.003*
	APRIME	*.283*	*.632*	*.037*	*.448*	*.655*

a. Dependent Variable: Purchase Intention

Some researchers had critiques toward Baron and Kenny's method (Fritz & MacKinnon, 2007) and suggested another method by Sobel (1982) could be used. However, the result of Sobel test showed that the potential mediator, information processing ability, was not a significant predictor in the multiple regression model (t(149)=.45, n.s., see Table 8). The Sobel test yielded the same result as before which suggested no evidence to support the mediation relationship.

Table 8: Test of mediation using the method by Sobel

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	*Std. Error*	*Beta*	*t*	*Sig.*
1	*(Constant)*	*5.267*	*.565*		*9.325*	*.000*
	Program Valence	*-.906*	*.296*	*-.252*	*-3.064*	*.003*
	APRIME	*.283*	*.632*	*.037*	*.448*	*.655*

a. Dependent Variable: Purchase Intention

Test of the Hypotheses for Purchase Intentions

Next, we examined the effect of program valence on customers' counterfeit Louis Vuitton bag purchase intentions under different advertisement scenarios.

Firstly, we examine the results for the social-adjustive scenario. The mean purchase intentions toward counterfeit Louis Vuitton bag are higher in the positive valence condition than that in the neutral condition (Appendix H); however such differences were not significant ($M_{positive}$=4.81, $M_{Neutral}$=4.77, F(1,75)= .011, n.s., see Table 9 and Table 10). Hence, H5 was not supported.

Table 9: Mean purchase intention for social-adjustive advertisement scenario

Mean Purchase Intention		
Program	*After Experimental Manipulation*	*Before Experimental Manipulation*
Negative	*4.53*	*4.29*
Neutral	*4.77*	*4.65*
Positive	*4.81*	*4.65*

Table 10: ANOVA for purchase intention in positive and neutral valence condition (social-adjustive advertisement)

ANOVA

Purchase Intention

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*.025*	*1*	*.025*	*.011*	*.915*
Within Groups	*162.651*	*75*	*2.169*		
Total	*162.675*	*76*			

Next, the same procedure was followed for the negative and neutral valence condition. Table 10 showed that again valence was not a significant variable in terms of explaining the change of customers' purchase intentions towards the counterfeit Louis Vuitton bag (F(1,76)=.48, n.s., see Table 11) although the average purchase intention in the neutral condition is higher than that in negative condition as expected ($M_{Negative}$=4.53, $M_{Neutral}$=4.77, see Table 9 and Appendix H).

Table 11: ANOVA for purchase intention in negative and neutral valence condition (social-adjustive advertisement)

ANOVA
Purchase Intention

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*1.205*	*1*	*1.205*	*.481*	*.490*
Within Groups	*190.449*	*76*	*2.506*		
Total	*191.654*	*77*			

In the value-expressive advertisement scenario, the same analyses were carried out as in the previous steps for the social-adjustive type. It was shown that the dependent variable: mean purchase intentions toward counterfeit Louis Vuitton bag was lower after our experimental manipulation ($M_{positive}$=4.29, $M_{Neutral}$=3.55, see Table 12 and Appendix H) and the difference is greater in the neutral valence (no-mood effect) condition. The ANOVA test indicated that program valence is a significant factor in participants' purchase intentions towards counterfeit Louis Vuitton bag after showing them the video and advertisement ($F(1,74)=4.08$, $p<.05$, see Table 13). Hence, H7 is supported. It was indicated that after participants saw the value-expressive advertisements, their purchase intentions towards counterfeit luxury product were higher if they were in the positive program valence condition compared to the neutral valence condition and such difference is significant.

Table 12: Mean purchase intention for value-expressive advertisement scenario

Mean Purchase Intention

Program	*After Experimental Manipulation*	*Before Experimental Manipulation*
Negative	*2.85*	*4.26*
Neutral	*3.55*	*4.45*
Positive	*4.29*	*4.39*

Table 13: ANOVA for purchase intention in positive and neutral valence condition (value-expressive advertisement)

ANOVA
Purchase Intention

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*10.316*	*1*	*10.316*	*4.078*	*.047*
Within Groups	*187.211*	*74*	*2.530*		
Total	*197.526*	*75*			

It was shown that after participants were exposed to the value-expressive advertisement and the negative valence program, their purchase intentions toward counterfeit Louis Vuitton bag were lower than those in the neutral valence (no-mood) condition ($M_{Negative}$=2.85, $M_{Neutral}$=3.55, see Table 12). Moreover, it is indicated by the ANOVA test that such difference is significant under different valence condition (F(1,75)=4.23, p<.05, see Table 14). Therefore H8 is also supported and it suggested that the purchase intention towards counterfeit luxury products of participants in the negative program valence condition is significantly lower than in the neutral condition. This is in line with our expectation and the previous literature (Wilcox *et al*., 2009).

Table 14: ANOVA for purchase intention in negative and neutral valence condition (value-expressive advertisement)

ANOVA
Purchase Intention

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Between Groups	*9.606*	*1*	*9.606*	*4.226*	*.043*
Within Groups	*170.472*	*75*	*2.273*		
Total	*180.078*	*76*			

Additional Findings

To look into the data, more ANOVA tests were carried out for interactions effects between advertisement type and valence on information processing ability and counterfeit Louis Vuitton bag purchase intentions.

As shown in Table 15 and 16, participants' information processing ability was significantly affected by valence of the program they viewed (F(2,224)=7.27, p<.005), which again supported H2. The interaction effect of advertisement type and valence was not significant at the 5% level (F(2,224)=2.51, p=.08).

Both valence (F(2,224)=3.84, $p<.05$) and advertisement type (F(2,224)=24.78, $p<.001$) have main significant effect on participants' counterfeit Louis Vuitton bag purchase intentions.

Table 15: Two-way ANOVA for information processing ability

Dependent Variable: APRIME

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	.971[a]	5	.194	4.036	.002
Intercept	124.833	1	124.833	2594.602	.000
AdType	.033	1	.033	.679	.411
ProgramType	.700	2	.350	7.272	.001
AdType * ProgramType	.241	2	.121	2.507	.084
Error	10.777	224	.048		
Total	136.733	230			
Corrected Total	11.748	229			

a. R Squared = .083 (Adjusted R Squared = .062)

Table 16: Two-way ANOVA for purchase intention

Dependent Variable: Purchase Intention

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	89.919[a]	5	17.984	7.188	.000
Intercept	4025.246	1	4025.246	1608.915	.000
AdType	62.003	1	62.003	24.783	.000
ProgramType	19.189	2	9.594	3.835	.023
AdType * ProgramType	7.818	2	3.909	1.562	.212
Error	560.412	224	2.502		
Total	4674.000	230			
Corrected Total	650.330	229			

a. R Squared = .138 (Adjusted R Squared = .119)

Discussion

General Discussion

This thesis contributes to a better understanding of the reasons why customers buy counterfeit luxury brands. Moreover, it does not only consider the advertisement effect but also add programs into consideration because advertisements are often shown during programs in real life. Throughout the experiments, this study confirmed previous findings and found out how program valence will have an impact on customers when they are considering purchasing counterfeit luxury brands. Importantly, this research suggests that by understanding the effects of program-induced mood, it is possible to influence customers' counterfeit consumption behaviors and reduce the possibility of counterfeits purchase actions.

First, program valence (positive versus negative) has a significant impact on customers' counterfeit luxury brand purchase intentions. Therefore it is concluded that no matter what kind of advertisement is used by luxury brands, participants' purchase intentions toward the counterfeit versions of those brands can be affected by program valence.

Throughout the analysis, it is indicated that positive valence is more likely to result in counterfeit luxury product purchase intentions compared to negative valence. This is in line with the findings of a previous study that positive mood is likely to lead to purchase decision (Gardner, 1985). Happiness can have different meanings depending on different individuals and it could stand for exciting feelings or calm feelings (Mogilner, Aaker, & Kamvar, 2012). Moreover, people in good moods have favorable attitudes toward the commercial goods and are more willingly to perform a consumption action (Gardner, 1985).

The mediation role of information processing ability was not significant. The main effect of information processing ability on counterfeit luxury brand purchase intentions was not significant either. One of the possible explanations could be that better or worse information processing ability for different types of advertisement could lead to opposite changing of functional attitude and result in bewildering outcomes.

Second, program valence has a significant impact on people's information processing on advertisements when they view them during the programs. This again confirms previous literature regarding the information processing effects by program-induced mood (Aylesworth & Mackenzie, 1998; Wilcox *et al*., 2009). More specifically, positive valence will lead to worse

information processing whereas negative valence will lead to better processing ability for persuasive messages delivered by advertisements.

In the value-expressive scenario, the difference of purchase intentions for the counterfeit luxury brand among different valence conditions was significant. To be more precise, participants showed significantly lower purchase intentions toward the counterfeit Louis Vuitton bag after they are shown the value-expressive version advertisement during a negative valence program.

However, the effect of valence on customers' purchase intention was not found in the social-adjustive advertisement condition. Their counterfeit luxury brand purchase intentions appeared not to be different across three valence conditions (positive versus negative versus neutral). We purposed that the combination of social-adjustive advertisement and positive program valence will result in lower counterfeit purchase intentions whereas the same type of advertisement with negative valence resulting in higher counterfeit purchase intentions. One of the possible reasons is that counterfeit purchase action is often associated with the exciting feelings and hedonic experiences (Ang *et al*., 2001; Chaudhry & Stumpf, 2011; Sharma & Chan, 2011). Positive mood induced by programs could lead them to performing counterfeit luxury purchase consumption for the excitement and hedonism. Since the social-adjustive attitude function tend to make customers gain approval from the public and get recognized in social situations (DeBono, 1987), it is likely that they perform consumption for counterfeit luxury products in order to get satisfying feelings of gaining approval by society. Overall, the positive valence of programs gave participants combining with social-adjustive attitude and the exciting feelings of purchasing counterfeit goods could have some influences on their purchasing decisions.

Theoretical implications

This research advances our current theoretical knowledge of counterfeit luxury brand purchase behavior and broadens the set of possible explanatory variables. More specifically, program valence is examined as a possible influencing variable to counterfeit luxury product purchase intentions. It adds advertisement into certain contexts to make it more realistic rather than considering the advertisement effect alone in previous study

The result of the study strengthens previous findings. The valence of programs has a significant impact on people's information processing of advertisements when they view them

during the programs (Aylesworth & Mackenzie, 1998; Shapiro *et al*., 2002) The advertisement type effect was also confirmed in this study (Wilcox *et al*., 2009). The current study expanded prior research on counterfeit luxury brands and investigated multiple potential indicating variables.

Furthermore, the previous study questioned the adequacy of theoretical reliability the ability of mood affecting customers' processing level of commercial brands and products. Marketing researchers suggested that positive moods can trigger better memorizing of the brand compared to neutral mood (Lee & Sternthal, 1999). Therefore mood sometimes can be used as one of the evidences relating to marketing strategies and is able to affect information processing. The mediation role was not successfully found in this study and this might be the rationale behind the results. It was indicated that positive moods could enhance stimulus processing which is opposite to the program-induce mood theory used in this study (Lee & Sternthal, 1999; Shapiro *et al*., 2002).

Positive moods can act as a favorable or unfavorable cue for brands and commercial products. Current research supports previous finding about mood affecting customers' information processing (Lee & Sternthal, 1999; Shapiro *et al*., 2002). Positive mood is also indicated as an important trigger for purchase decision (Gardner, 1985). But such effect varies across different customers and is also likely to be influenced by advertisements types.

However, Aylesworth and Mackenzie (1998) concluded in their study that negative mood is able to inhibit central processing whereas in the current study negative program-induced mood (valence) can lead to better and detailed information processing. The program-induced mood may result in changing customer mood state. They also indicated that mood state may or may not lead to consumption. The positive mood is not necessarily always associated with purchasing intentions or action. People in good mood may either perform consumption or try to avoid it (Gardner, 1985). Some authors suggested that positive mood could trigger better memorizing ability about the brand name (Isen & Daubman, 1984; Lee & Sternthal, 1999) but it still remains unclear whether customers will accept the persuasive messages delivered by advertisements. Interestingly, negative mood can lead to consumption sometimes because they are using it to cheer themselves up and bring good moods (Langer, 1983)

Managerial applications

As the major purpose of this thesis, it aims to combine both program effect and advertisement effect in order to be more realistic and better applicable to marketers and policy makers.

Former luxury brand advertising strategies mainly focused on eliciting customers' desire for luxury products by using different slogans. Descriptive words and sentences will not only evoke their desires toward luxury brands, but also will categorize the advertisements into two types: social-adjustive and value-expressive (Wilcox *et al*., 2009). Previous researchers introduced two specific types of advertisements: social-adjustive, and value-expressive, and suggested that the advertisement type has a main effect on purchase intentions toward counterfeit luxury products. More specifically, they found out that people have lower purchase intentions after they viewed the social-adjustive advertisement than after the value-expressive advertisement. Therefore, it was suggested that luxury brands should elicit more brand value and quality aspects by advertising. In other words, they should rather choose advertisements that can prime customers' value-expressive attitudes.

However, they never considered during what kind of program marketers should place their value-expressive advertisements. This study provided evidence for them to maximize the advertisement effect. For marketers using advertisements which can link luxury brand values to aspirational lifestyles and personal value expression, it is better for them to place their advertisements during the programs with negative emotions instead of positive valence programs such as comedy shows. This will result in even lower purchase intentions for the counterfeit version of commercial products and therefore luxury brands can fight against illegal counterfeit business, enhance brand image, protect the brand equity and maintain better relationship with genuine-item customers.

Furthermore, mood sometimes can be used as one of the evidences relating to marketing strategies and is able to affect information processing of the persuasive messages in advertisements. According to our findings, luxury brand marketing managers could pair value-expressive advertisements with negative valence programs. To be more specific, those negative valence programs could be TV news, sad movies, thriller movies and crime TV series, etc. Consequently, the negative valence induced by programs is able to prime customers' value-expressive attitudes and result in less interest in counterfeits. However, positive mood is able to

help customers better remember the name of brand, enhance their memory and possibly lead to purchase decision (Gardner, 1985; Lee & Sternthal, 1999). Hence, marketers should consider the trade-off effects and be careful when deciding the marketing mix (positive or negative valence programs).

Limitations and Future Research

First, most of our participants were students since the study was conducted in the university environment. The students may be more likely to purchase counterfeit products because of their financial status. Age and occupation may or may not be a significant indicator for counterfeit product intentions or action (Kwong *et al*., 2003; Tom *et al.*, 1998; Wee *et al.*, 1995). Therefore it might be better to include more participants with other occupations such as full time employees. Future research could expand this study to a more random sample and lower the percentage of students among all the participants. It can use a larger sample size and randomize the demographic factors.

This research focuses on one of the program-induced moods, valence, and keeps another mood, arousal at the neutral level throughout the study. Future research can add arousal into the context and consider both effects of valence and arousal at the same time. Although previous studies examined both valence and arousal together (Shapiro *et al*., 2002), no research has been done for the effect of program-induced mood combining with advertisement effect on customers' counterfeit luxury brands purchase intentions.

A previous section mentioned prior researches about the topic of program-induced mood (i.e. valence of program) and mood. It still remains unclear in what way these two moods are related with each other and how they interact. Current research mainly focuses on the effect of program-induced mood only rather than customers' moods. It might be useful to take both variables into account when examining customers' purchase intentions toward commercial goods. Further research can move onto counterfeit luxury brands and products once the general mood effect (both program-induced mood and customers' mood) is clearly understood.

Again the purpose of this study is to combine the advertisement theory together with the program-induced mood theory in order to be more realistic and have better application for both marketing managers and policy makers. Currently the study used a lab experimental design.

Some researchers suggested adopting a method as naturalistic as possible to manipulate the stimuli of the experiments (Aylesworth & Mackenzie, 1998). Future research could explore a longitudinal study using real luxury brands, real advertisements and real target audiences. Apparently, this method will take more time and effort, but it will be more realistic and have important theoretical and practical implications for marketing researchers.

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Appendices

Appendix A: Questionnaire for Pretest 1

QUESTIONNAIRE (Male)

Introduction

Hello I am an MSc marketing student in JMSB currently working on my thesis about counterfeit luxury business. I would like to invite you to answer some questions regarding this issue.

1. What is your gender?
   - ☐ Male
   - ☐ Female
   - ☐ Other
     Please indicate

2. If you had an opportunity of purchasing counterfeit luxury product, which product category would you prefer?
   - ☐ Bag/Luggage (Please Skip Q.4)
   - ☐ Watches (Please skip Q.3 and go to Q.4)
   - ☐ Other
     Please indicate

3. If you had an opportunity of purchasing counterfeit luxury bag/luggage, which luxury brand would you prefer?
   - ☐ Louis Vuitton
   - ☐ Prada
   - ☐ Burberry
   - ☐ Other
     Please indicate

4. If you had an opportunity of purchasing counterfeit luxury watch, which luxury brand would you prefer?
   - ☐ Tissot
   - ☐ Seiko
   - ☐ Movado
   - ☐ Other
     Please indicate

Thank you!

QUESTIONNAIRE (Female)

Introduction

Hello I am an MSc marketing student in JMSB currently working on my thesis about counterfeit luxury business. I would like to invite you to answer some questions regarding this issue.

1. What is your gender?
   - ☐ Male
   - ☐ Female
   - ☐ Other
     Please indicate

2. If you had an opportunity of purchasing counterfeit luxury product, which product category would you prefer?
   - ☐ Bag/Luggage (Please Skip Q.4)
   - ☐ Watches (Please skip Q.3 and go to Q.4)
   - ☐ Other
     Please indicate

3. If you had an opportunity of purchasing counterfeit luxury bag/luggage, which luxury brand would you prefer?
   - ☐ Louis Vuitton
   - ☐ Prada
   - ☐ Chanel
   - ☐ Other
     Please indicate

4. If you had an opportunity of purchasing counterfeit luxury watch, which luxury brand would you prefer?
   - ☐ Tissot
   - ☐ Marc by Marc Jacobs
   - ☐ Movado
   - ☐ Other
     Please indicate

Thank you!

Appendix B: Questionnaire for Pretest 2

QUESTIONNAIRE
(Value-Expressive Advertisement Copy for Male)

Part 1. Advertisement

Louis Vuitton- a leading brand of luxury bags

Fashion piece to suit every person

Have a Louis Vuitton to

... express yourself

... showcase your individuality

... communicate your values

You will know
it's a Louis Vuitton!

Please indicate to what extent do you agree or disagree with the following statement **after viewing this advertisement** by circling the number (1 means "strongly disagree," 4 means "neither agree or disagree," and 7 means "strongly agree."):

1. A Louis Vuitton bag would be a symbol of social status.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. Carrying a Louis Vuitton bag would help me fit into important social situations.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

3. I would like to be seen carrying a Louis Vuitton bag.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

4. I would enjoy it if people knew I was carrying a Louis Vuitton brand bag.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

5. A Louis Vuitton bag would reflect the kind of person I see myself to be.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

6. A Louis Vuitton bag would help me to communicate my self-identity.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

7. A Louis Vuitton bag would help me express myself.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

8. A Louis Vuitton bag would help me define myself.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Please indicate your feeling towards this advertisement by circling the number.

Likable 1 2 3 4 5 6 7 Not at all likable

Believable 1 2 3 4 5 6 7 Not at all believable

Realistic 1 2 3 4 5 6 7 Not at all realistic

Convincing 1 2 3 4 5 6 7 Not at all convincing

Part 2. Mood state
Please indicate to what extent do you agree or disagree with the following statement by circling the number (1 means "strongly disagree," 4 means "neither agree nor disagree," and 7 means "strongly agree."):

1. I am in a good mood now.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. As I answer these questions, I feel cheerful.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Part 3. Program
Please watch a 3-4 minutes video clip and answer rest of the questions.

Please check the video you just watched and answer the question accordingly.

- ☐ "Hakuna Matata" song in The Lion King
- ☐ Death of Mufasa in The Lion King

Please indicate to what extent do you agree or disagree with the following statement by circling the number (1 means "strongly disagree," 4 means "neither agree or disagree," and 7 means "strongly agree."):

1. I am in a good mood while watching the video clip.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. As I answer these questions, I feel cheerful.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

3. Please indicate your feeling while watching the video by circling the number (4 means "neutral").

				Neutral			
Relaxed	1	2	3	4	5	6	7	Stimulated
Sleepy	1	2	3	4	5	6	7	Wide awake
Excited	1	2	3	4	5	6	7	Calm
Sluggish	1	2	3	4	5	6	7	Frenzied
Jittery	1	2	3	4	5	6	7	Dull
Aroused	1	2	3	4	5	6	7	Unaroused

Thank you for your participation!

QUESTIONNAIRE
(Social-Adjustive Advertisement Copy for Female)

Part 1. Advertisement

Please indicate to what extent do you agree or disagree with the following statement **after viewing this advertisement** by circling the number (1 means "strongly disagree," 4 means "neither agree or disagree," and 7 means "strongly agree."):

1. A Louis Vuitton bag would be a symbol of social status.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. Carrying a Louis Vuitton bag would help me fit into important social situations.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

3. I would like to be seen carrying a Louis Vuitton bag.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

4. I would enjoy it if people knew I was carrying a Louis Vuitton brand bag.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

5. A Louis Vuitton bag would reflect the kind of person I see myself to be.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

6. A Louis Vuitton bag would help me to communicate my self-identity.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

7. A Louis Vuitton bag would help me express myself.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

8. A Louis Vuitton bag would help me define myself.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Please indicate your feeling towards this advertisement by circling the number.

Likable 1 2 3 4 5 6 7 Not at all likable

Believable 1 2 3 4 5 6 7 Not at all believable

Realistic 1 2 3 4 5 6 7 Not at all realistic

Convincing 1 2 3 4 5 6 7 Not at all convincing

Part 2. Mood state

Please indicate to what extent do you agree or disagree with the following statement by circling the number (1 means "strongly disagree," 4 means "neither agree nor disagree," and 7 means "strongly agree."):

1. I am in a good mood now.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. As I answer these questions, I feel cheerful.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Part 3. Program

Please watch a 3-4 minutes video clip and answer rest of the questions.

Please check the video you just watched and answer the question accordingly.

- ☐ "Hakuna Matata" song in The Lion King
- ☐ Death of Mufasa in The Lion King

Please indicate to what extent do you agree or disagree with the following statement by circling the number (1 means "strongly disagree," 4 means "neither agree nor disagree," and 7 means "strongly agree."):

1. I am in a good mood while watching the video clip.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. As I answer these questions, I feel cheerful.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Please indicate your feeling while watching the video by circling the number (4 means "neutral").

				Neutral			
Relaxed	1	2	3	4	5	6	7	Stimulated
Sleepy	1	2	3	4	5	6	7	Wide awake
Excited	1	2	3	4	5	6	7	Calm
Sluggish	1	2	3	4	5	6	7	Frenzied
Jittery	1	2	3	4	5	6	7	Dull
Aroused	1	2	3	4	5	6	7	Unaroused

Thank you for your participation!

Appendix C: Functional Attitude Measures

Social-Adjustive Function (1= "strongly disagree", and "7= strongly agree")

1. A Louis Vuitton bag would be a symbol of social status.
2. Carrying a Louis Vuitton bag would help me fit into important social situations.
3. I would like to be seen carrying a Louis Vuitton bag.
4. I would enjoy it if people knew I was carrying a Louis Vuitton brand bag.

Value-Expressive Function (1= "strongly disagree", and "7= strongly agree")

1. A Louis Vuitton bag would reflect the kind of person I see myself to be.
2. A Louis Vuitton bag would help me to communicate my self-identity.
3. A Louis Vuitton bag would help me express myself.
4. A Louis Vuitton bag would help me define myself.

Appendix D: Analysis for Pretests

Reliability Statistics

Variable	*Cronbach's Alpha*	*Mean*	*N of Items*
Social-Adjustive Attitude Function	.838	4.008	4
Value-Expressive Attitude Function	.816	4.275	4
Attitude Towards Advertisements	.755	3.917	4
Valence	.977	4.200	2
Arousal	.733	4.100	6

Compare Means of Social-Adjustive Function Scale

Condition	*Mean*	*F*	*p-value*
View Social-Adjustive Advertisement	4.817	22.887	.000
View Value-Expressive Advertisement	3.283		

Compare Means of Value-Expressive Function Scale

Condition	*Mean*	*F*	*p-value*
View Social-Adjustive Advertisement	3.533	28.581	.000
View Value-Expressive Advertisement	5.017		

Compare Means of Attitude towards Advertisement

Condition	*Mean*	*F*	*p-value*
View Social-Adjustive Advertisement	3.950	.049	.827
View Value-Expressive Advertisement	3.883		

Compare Participants' Mood before experiment

Condition	*Mean*	*F*	*p-value*
Positive Valence	4.633	.008	.930
Negative Valence	*4.667*		

Compare Valence of Program

Program	*Mean*	*F*	*p-value*
"Hakuna Matata" song from the Lion King	6.667	474.700	.000
"Death of Mufasa" scene from the Lion King	*1.733*		

Compare Arousal of Program

Program	*Mean*	*F*	*p-value*
"Hakuna Matata" song from the Lion King	4.122	.047	.831
"Death of Mufasa" scene from the Lion King	*4.078*		

Correlations

		Arousal
Valence	*Pearson Correlation*	*.018*
	Sig. (2-tailed)	*.926*

Appendix E: Experimental Procedures

	Steps	Purpose of the step
1.	Orally answer two preliminary brand pretest questions	Screen out participants who are not suitable for this research
2.	Indicate potential purchase intention to buy counterfeit Louis Vuitton bag	Measure counterfeit luxury brand purchase intention before experimental manipulations
3.	Watch a video clip which contains the Louis Vuitton advertisement (5-6 minutes)	Experimental manipulations
4.	Finish first part of the questionnaire	Measure valence, arousal, attitude to the advertisement, social-adjustive and value-expressive attitude function for the advertisement.
5.	Take a 15-minute break	Get ready for recognition task
6.	Finish the recognition task	Measure A' using Signal Detection Theory for information processing ability
7.	Indicate purchase intention to buy counterfeit Louis Vuitton bag again	Measure counterfeit luxury brand purchase intention after experimental manipulations
8.	Finish rest of the questionnaire	Complete demographic information

Appendix F: Questionnaire

QUESTIONNAIRE (Male)

Section 1

Part 1. Brand Pretest

1. Do you know the brand Louis Vuitton?

   ☐ Yes, I know this brand
   ☐ No, I don't know this brand.

2. If you had a chance of purchasing **counterfeit** version of Louis Vuitton bags, would you consider making a purchase decision?

   ☐ Yes, I would consider purchasing a counterfeit.

   ☐ No, I wouldn't consider purchasing a counterfeit of this brand at all.

3. Here's a brief description about Louis Vuitton.

   Louis Vuitton is a French fashion house founded in 1854 by designer Louis Vuitton. Its products include leather goods, handbags, trunks, shoes, watches, jewelry and accessories.

   For six consecutive years (2006–2012), Louis Vuitton has been named the world's most valuable luxury brand. It is now in 50 countries with more than 460 stores worldwide.

   Since the 19th century, manufacture of Louis Vuitton goods has not changed: Luggage is still made by hand. The Louis Vuitton brand has grown into the world-renowned luxury leather and lifestyle brand today.

Part 2. Please see this picture of a signature piece of Louis Vuitton male bag.

LOUIS VUITTON

Now, we have the exact same appearance of the Louis Vuitton bag as the one in the picture above. However, it is a **counterfeit** and is sold at an **affordable** price.

Please indicate to what extent would you purchase this **affordable counterfeit** Louis Vuitton bag by circling the number (1 means "would definitely not purchase," 4 means "neutral," and 7 means "would definitely purchase."):

Would definitely not purchase 1 2 3 4 5 6 7 Would definitely purchase

QUESTIONNAIRE

Section 2

Now please enjoy a special edited video that lasts 4-5 minutes.

Please indicate your group number: _____
If you are not sure about it, don't hesitate to ask us.

While watching, please FOCUS on the content in the video.

QUESTIONNAIRE

Section 3

Part 1. Please indicate your feeling towards the video.
Please check the video you just watched and answer the question accordingly.

☐ "Hakuna Matata" song in The Lion King

☐ Death of Mufasa in The Lion King

Please indicate to what extent do you agree or disagree with the following statement by circling the number (1 means "strongly disagree," 4 means "neither agree nor disagree," and 7 means "strongly agree."):

1. I am in a good mood while watching the video clip.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. As I answer these questions, I feel cheerful.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

3. Please indicate your feeling while watching the video by circling the number.

				Neutral			
Relaxed	1	2	3	4	5	6	7	Stimulated
Sleepy	1	2	3	4	5	6	7	Wide awake
Excited	1	2	3	4	5	6	7	Calm
Sluggish	1	2	3	4	5	6	7	Frenzied
Jittery	1	2	3	4	5	6	7	Dull
Aroused	1	2	3	4	5	6	7	Unaroused

Part 1. Please indicate your attitude towards the advertisement appeared in the video by circling the number.

				Neutral				
Likable	1	2	3	4	5	6	7	Not at all likable
Believable	1	2	3	4	5	6	7	Not at all believable
Realistic	1	2	3	4	5	6	7	Not at all realistic
Convincing	1	2	3	4	5	6	7	Not at all convincing

Please indicate to what extent do you agree or disagree with the following statement after viewing the advertisement by circling the number (1 means "strongly disagree," 4 means "neither agree or disagree," and 7 means "strongly agree."):

1. A Louis Vuitton bag would be a symbol of social status.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

2. Carrying a Louis Vuitton bag would help me fit into important social situations.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

3. I would like to be seen carrying a Louis Vuitton bag.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

4. I would enjoy it if people knew I was carrying a Louis Vuitton brand bag.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

5. A Louis Vuitton bag would reflect the kind of person I see myself to be.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

6. A Louis Vuitton bag would help me to communicate my self-identity.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

7. A Louis Vuitton bag would help me express myself.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

8. A Louis Vuitton bag would help me define myself.

   Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Part 2. Recognition task

Please indicate whether you think the following words or phrases are used in the advertisement during the video.

1. Classic ☐ YES ☐ NO
2. Express yourself ☐ YES ☐ NO
3. Be admired ☐ YES ☐ NO
4. Fashion piece ☐ YES ☐ NO
5. Showcase your individuality ☐ YES ☐ NO
6. Enhance your social standing ☐ YES ☐ NO
7. Leading brand ☐ YES ☐ NO
8. Communicate your values ☐ YES ☐ NO
9. Get noticed ☐ YES ☐ NO
10. Differentiate yourself ☐ YES ☐ NO

Part 3. Please indicate your feeling towards the same Louis Vuitton bag appeared in the advertisement during the video.

LOUIS VUITTON

Now, we have the exact same appearance of the Louis Vuitton bag as the one in the picture above. However, it is a **counterfeit** and is sold at an **affordable** price.

Please indicate to what extent would you purchase this **affordable counterfeit Louis Vuitton bag** by circling the number (1 means "would definitely not purchase," 4 means "neutral," and 7 means "would definitely purchase."):

Would definitely not purchase 1 2 3 4 5 6 7 Would definitely purchase

Part 4. Please indicate your demographic information.

1. What is your age?

   - □ 18-29 years old
   - □ 30-39 years old
   - □ 40-49 years old
   - □ 50 years or older

2. What is your gender?

   - □ Male
   - □ Female
   - □ Other
     Please indicate_____

3. Employment status: Are you currently…?

   - □ A student
   - □ Employed
   - □ Self-employed
   - □ Out of work
   - □ A homemaker
   - □ Other
     Please indicate_____

4. What is your nationality?

   - □ Canadian
   - □ Chinese
   - □ French
   - □ Italian
   - □ Indian
   - □ Korean
   - □ Other
     Please indicate_____

Thank you for your participation!

Appendix G: Manipulation Checks

Reliability Statistics

Variable	*Cronbach's Alpha*	*Mean*	*N of Items*
Social-Adjustive Attitude Function	.905	4.499	4
Value-Expressive Attitude Function	.923	4.123	4
Attitude Towards Advertisements	.893	4.116	4
Valence	.936	4.465	2
Arousal	.625	4.240	6

ANOVA Table for Arousal Across Different Experimental Conditions

			Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
*Arousal * Experiment Group*	*Between Groups*	*(Combined)*	*1.872*	*3*	*.624*	*.867*	*.460*
	Within Groups		*108.633*	*151*	*.719*		
	Total		*110.505*	*154*			

Compare Mean Valence of Program

Program	*Mean*	*F*	*p-value*
"Hakuna Matata" song from the Lion King	6.250	285.224	.000
"Death of Mufasa" scene from the Lion King	2.656		

ANOVA Table for Attitude towards Advertisement Across Different Experimental Conditions

			Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
*Attitude * Experiment Group*	*Between Groups*	*(Combined)*	*13.573*	*5*	*2.715*	*1.367*	*.238*
	Within Groups		*444.879*	*224*	*1.986*		
	Total		*458.451*	*229*			

ANOVA Table for Purchase Intention for Counterfeit Louis Vuitton Bag Before Experiment Treatment Across Different Experimental Conditions

			Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
*Purchase Intention (before) * Experimental Group*	*Between Groups*	*(Combined)*	*5.616*	*5*	*1.123*	*.470*	*.798*
	Within Groups		*535.258*	*224*	*2.390*		
	Total		*540.874*	*229*			

Compare Means of Social-Adjustive Function Scale

Condition	*Mean*	*F*	*p-value*
View Social-Adjustive Advertisement	5.085	33.465	.000
View Value-Expressive Advertisement	3.913		

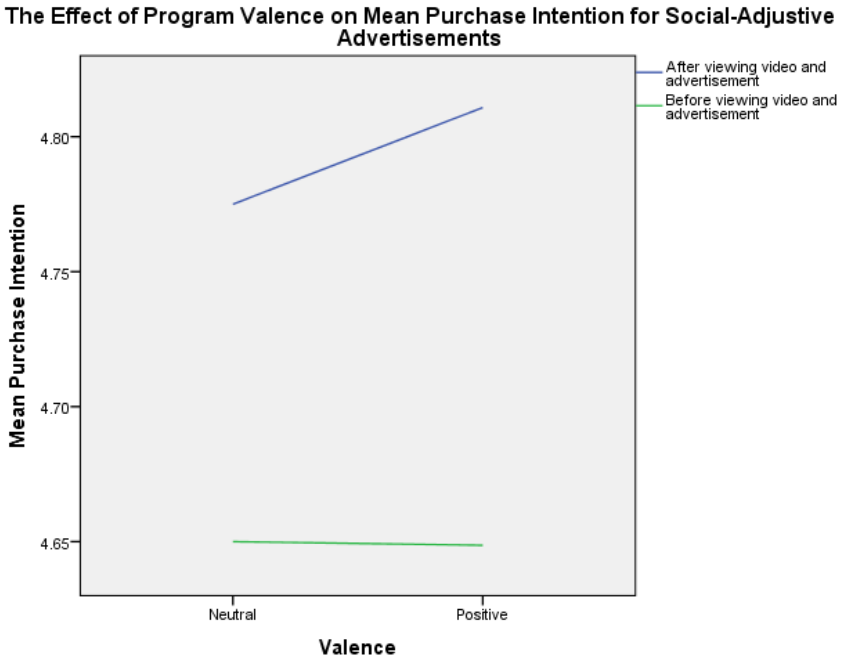
Compare Means of Value-Expressive Function Scale

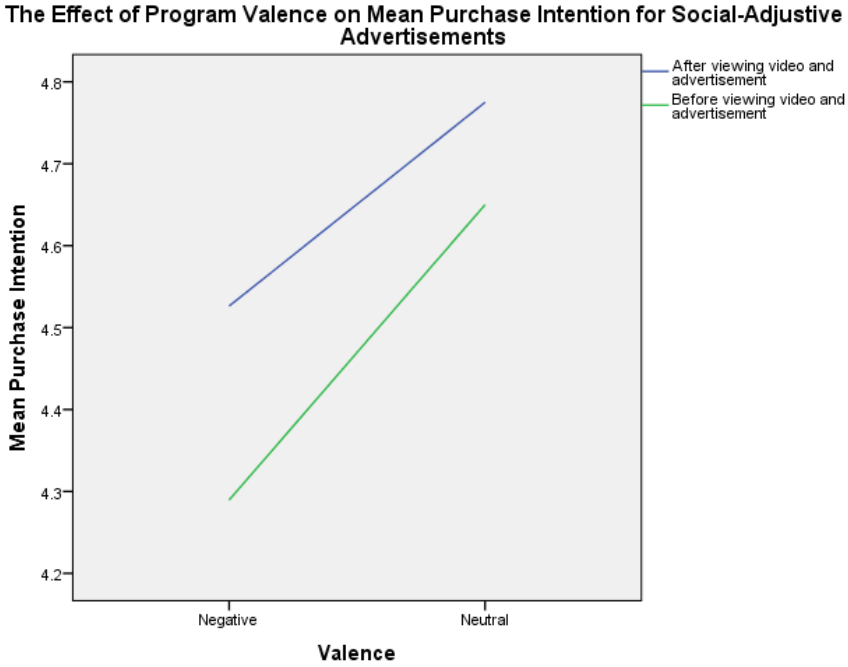
Condition	*Mean*	*F*	*p-value*
View Social-Adjustive Advertisement	3.694	16.946	.000
View Value-Expressive Advertisement	4.552		

Correlations

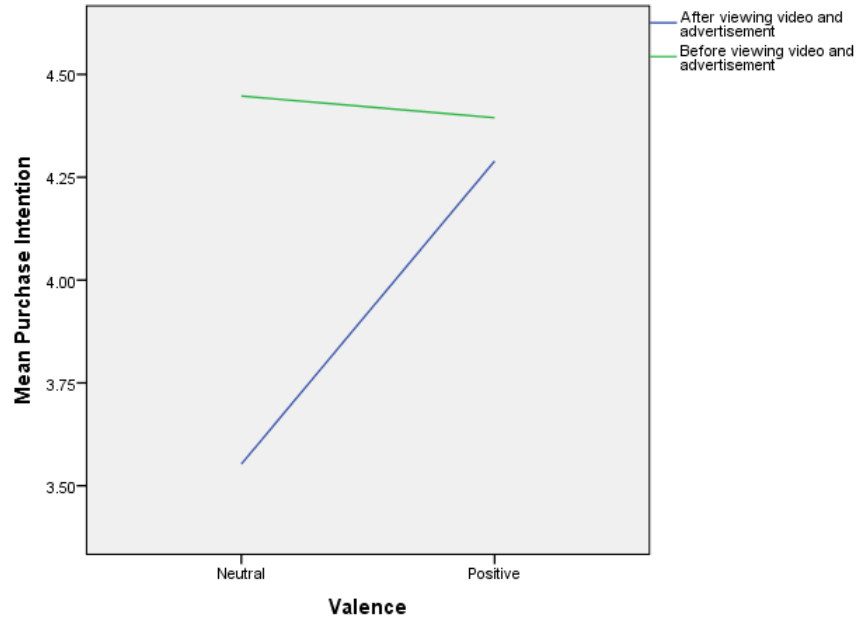
		Arousal
Valence	*Pearson Correlation*	*-.038*
	Sig. (2-tailed)	*.643*

Appendix H: Analysis for the Hypotheses of Purchase Intention (H5-H8)





The Effect of Program Valence on Mean Purchase Intention for Value-Expressive Advertisements



The Effect of Program Valence on Mean Purchase Intention for Value-Expressive Adbertisements