This is the peer reviewed author accepted manuscript (post print) version of a published work that appeared in final form in:

Orth, Ulrich R, Hoffmann, Stefan & Nickel, Kristina 2019 'Moral decoupling feels good and makes buying counterfeits easy', *Journal of business research* vol. 98, pp. 117-125.

This output may not exactly replicate the final published authoritative version for which the publisher owns copyright. It is not the copy of record. This output may be used for non-commercial purposes. This version is licensed under a Creative Commons CC-BY-NC-ND 4.0 license (http://creativecommons.org/licenses/by-nc-nd/4.0/).

The final definitive published version (version of record) is available at:
https://doi.org/10.1016/j.jbusres.2019.01.001

Persistent link to the Research Outputs Repository:
https://hdl.handle.net/11541.2/135946

**General Rights**
Copyright and moral rights for the publications made accessible in the Research Outputs Repository are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognize and abide by the legal requirements associated with these rights.

- Users may download and print one copy for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the persistent link identifying the publication in the Research Outputs Repository

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

# Moral Decoupling Feels Good and Makes Buying Counterfeits Easy

MANUSCRIPT ACCEPTED FOR PUBLICATION WITH
JOURNAL OF BUSINESS RESEARCH

**Ulrich R. Orth** *
Professor & Chair of A&F Marketing – Consumer Psychology
*Kiel University, Germany*
Phone: +49 (431) 880 4417
E-mail: uorth@ae.uni-kiel.de

**Stefan Hoffmann**
Professor of Marketing
*Kiel University, Germany*
Phone: +33 (032) 677 5671
E-mail: stefan.hoffmann@bwl.uni-kiel.de

**Kristina Nickel**
Assistant Professor
A&F Marketing – Consumer Psychology
*Kiel University, Germany*
Phone: +49 (431) 880 4825
E-mail: Kristina.Nickel@ae.uni-kiel.de

We gratefully acknowledge the excellent research assistance provided by Matthias Schlüter and Verena Krieger.

* Corresponding author; authors are listed in reverse alphabetical order and have contributed equally.

# Moral Decoupling Feels Good and Makes Buying Counterfeits Easy


## ABSTRACT

This study integrates Bhattacharjee, Berman, and Reed's (2013) moral decoupling model with research on processing-evoked affect to test a novel explanation why consumers buy non-deceptive counterfeits. Employing mixed methods and consumer samples, two studies show that decoupling – by evoking positive emotion – increases the intention to purchase counterfeits. Study 1, a quasi-experiment (N = 356 consumers), uses counterfeit running shoes, sun glasses, fragrances, and headsets to provide evidence that positive emotions mediate the effect from decoupling (a measured variable) on purchase intention, controlling for moral rationalizing. Study 2 (N = 299 consumers) manipulates moral decoupling and price advantage of a counterfeit smartphone to provide further evidence for the mediating role of positive emotion and to show that this effect occurs regardless of moral rationalization. Price advantage, brand attachment, and category involvement attenuate decoupling effects across studies. The findings aid managers and policy makers to better protect original brands against counterfeits.


*Keywords*: counterfeit, decoupling, ethics, emotion, performance, rationalizing

## 1. Introduction

Buying counterfeits[1] can get consumers into a substantial moral problem. Not only may buyers of the original brands experience compromised exclusivity (Commuri, 2009), but buyers of counterfeits may experience lower self-esteem by acquiring labels as "hoods" (Shoham, Ruvio, & Davidow, 2008), "accomplices," or "sly shoppers" (Tom, Garibaldi, Zeng, & Pilcher, 1998). In order to avoid such labels and maintain a positive view of their selves, consumers push the boundaries of acceptable dishonesty (Mazar, Amir, & Ariely, 2008). They weigh moral aspects against status gains and monetary savings (Bian & Moutinho, 2011; Randhawa, Calantone, & Voorhees, 2015), the "thrill of the hunt," and the experience of being part of a "secret society" (Bian, Wang, Smith, & Yannopoulou, 2016). The moral issues involved in buying counterfeits are also salient in moral profiteering (Poddar et al., 2012) when consumers seek revenge (by buying counterfeits) on firms, which they perceive to act in a socially irresponsible way (e.g., charging an unreasonably high price or taking financial advantage of their market position). In such cases of retaliatory behavior, "Schadenfreude" – the pleasure felt in response to another's misfortune – is a significant driver of counterfeit purchases (Marticotte & Arcand, 2017).

Despite increasing research into deliberate counterfeit purchasing behavior (e.g., Bian, Haque, & Smith, 2015; Chen, Teng, Liu, & Zhu, 2015; Randhawa et al., 2015; Stöttinger & Penz, 2015), there is limited knowledge on the fundamental question of how consumers are able to knowingly buy counterfeits. There is specifically a gap in

[1] This study uses the term *counterfeit* to mean "that an original product with a remarkable brand value worth copying already exists on the market. Its characteristics are copied into another product as to be indistinguishable from the original and sold at a lower price as if it were the original […]." (Eisend & Schuchert-Güler, 2006, p. 1).

knowledge when it comes to how they reconcile their moral beliefs and convictions with performance advantages.

Research aimed at addressing this question has drawn from motivated reasoning theory (Kunda, 1990), to show how the need to maintain cognitive consistency (Eisend & Schuchert-Güler, 2006) and protect the self (Eisend, Hartmann, & Apaolaza, 2017) motivate consumers to reconstrue buying counterfeits as a less severe act. In order to arrive at the desired conclusion that buying counterfeits is acceptable, consumers utilize a variety of justification processes whereby they redefine harmfulness, minimize their role in causing harm, downplay the harm caused by purchasing counterfeits, and/or blame the owner of the original brand (Eisend, 2016). However, all rationalization processes share one significant shortcoming (Bandura, 2010). Moral judgments are closely tied to the self (Aquino & Reed, 2002), which people strive to view in a positive manner (Baumeister, 2010), especially when it comes to their moral standards (Bandura, 1999; Mazar et al., 2008). As an important consequence, people generally avoid behavior that could threaten their moral standards (Bandura, 2010). Unfortunately, rationalizing with oneself to buy counterfeits is a deliberate process and cognitively demanding. When cognitive resources are depleted, consumers with strong moral beliefs fail to purchase counterfeits. This suggests that in this situation, consumers do not have the resources to actively justify the behavior, which was initially perceived as morally wrong (Kim et al., 2012). Furthermore, rationalizing involves the risk of compromising one's moral standards (Tsang, 2002). This contradicts the need to maintain a positive view of one's self and causes tension (Thøgersen, 2004).

Given the limitations of rationalizing, moral decoupling has been put forward as an

alternative explanation (Bhattacharjee, Berman, & Reed, 2013). Representing a psychological separation process whereby consumers selectively dissociate judgments of morality from judgments of performance, moral decoupling is considered as superior to rationalization, because it is easier to justify and it feels better (Bhattacharjee et al., 2013). Applications of the model successfully explain how people support public figures who have behaved immorally (Bhattacharjee et al., 2013) and how consumers continue buying from firms, which abuse suppliers or the natural environment (Haberstroh, Orth, Hoffmann, & Brunk, 2017).

Our research builds on and extends the moral decoupling model (Bhattacharjee et al., 2013) by testing whether buying counterfeits becomes easier and more pleasant if moral aspects are decoupled from performance aspects. More specifically, we propose and test a mediation process model of effects in which moral decoupling impacts on purchase intention through positive emotion (Figure 1). We assume that this process functions regardless of the product, but may depend on the counterfeit's price advantage over the original, a person's attachment to the original brand, and their involvement with the product category.

INSERT FIGURE 1 ABOUT HERE

The contributions of this study are twofold. Our study is the first to empirically test the notion that moral decoupling impacts consumer behavior through processing-evoked positive affect. While previous research has highlighted ease and pleasantness as key advantages of decoupling over rationalizing (Bhattacharjee et al., 2013), actual effects have, in fact, never been empirically tested. As a second contribution, our study extends the moral decoupling model along the dimensions of context, method, and theory

(Berthon, Pitt, Ewing, & Carr, 2002). Regarding context, the present study uses moral decoupling as a novel way to explain why consumers buy counterfeits. Methodologically, the current study does not only measure, but also manipulates moral decoupling. By doing so, we provide evidence of the causal influence of moral decoupling on counterfeit buying. Theoretically, this study addresses the question of when moral decoupling is more and less likely to occur by examining the counterfeit's price advantage, the consumer's emotional attachment to the original brand, and category involvement as possible boundary conditions. Through these extensions, our research should advance knowledge on ethical aspects in consumer decision-making and provide a more complete account of counterfeit buying than does previous research.

## 2. Conceptual framework and hypotheses

### *2.1. Moral decoupling and emotion*

Our study differs from studies on moral emotions (e.g., Hofmann & Baumert, 2010), such as guilt (Stöttinger & Penz, 2015), shame (Rothmund & Baumert, 2014), and embarrassment (Bian et al., 2016) by focusing on processing-evoked emotion, specifically the ease and pleasantness (Bhattacharjee et al., 2013) which consumers experience when they decouple moral from performance aspects whilst buying counterfeits. While the original moral decoupling study depends on consumers preferring decoupling over rationalizing, due to its greater ease and pleasantness, the study merely offers a cursory explanation: "Because moral decoupling does not involve condoning immoral acts, we predict that this reasoning strategy will be easier to justify, and feel less wrong, than a moral rationalization reasoning strategy." (Bhattacharjee et al., 2013, p.

1170). In order to develop the relationship between moral decoupling and emotion more thoroughly, we integrate theories of cognitive complexity (e.g., Streufert, 1997) with research on processing-evoked affect (Schwarz, 2004) to better explain how dissociating processing into aspects of morality and performance evokes positive emotion.

Based on their experiences and learning, individuals vary in the complexity of their mental representations of various knowledge domains (Bandura, 1991). This complexity includes specific domains or areas of knowledge, such as ethics (Narvaez, 2010) and economic performance (Wellman & Gelman, 1992). Individuals can have more or less complex representations of each knowledge domain (Hannah, Avolio, & May, 2011). Greater complexity in a given domain corresponds to highly differentiated and richly connected mental representations that can be called on for processing information in greater depth and with more elaboration (Rafaeli-Mor & Steinberg, 2002). Complexity is critically important, because the distinctive dimensions that individuals use to organize and make sense of the world, strongly influence how they process information and make decisions within, as well as across, domains (Rafaeli-Mor & Steinberg, 2002). Greater cognitive complexity relates to more thorough and elaborate processing of information, because individuals have more categories to discriminate among informational input and more commonalities and connections among those categories to process (Streufert, 1997). Greater complexity, thus, enhances differentiation and integration (i.e., elaboration) of information (Hannah et al., 2011), particularly because people tend to use the highest stages of cognitive development that are available to them when they process moral dilemmas (Treviño, 1992). In accordance with this reasoning, richer moral knowledge predicts higher moral reasoning (Swanson & Hill, 1993). Furthermore, greater

complexity in a specific domain of moral knowledge is associated with more elaborative moral judgments in that domain (Hannah et al., 2011). Taken together, these studies suggest that dissociating judgments of morality from judgments of performance (i.e., moral decoupling) reduces cognitive complexity, particularly by doing away with integrating and differentiating information across the two domains, thereby reducing elaboration and making processing more fluent (by increasing ease and speed).

People meta-cognitively monitor the mental effort required for processing (Schwarz, 2004), with fluent processing instantaneously triggering positive affect (Winkielman, Schwarz, Fazendeiro, & Reber, 2003). Since greater ease and speed of processing indicate error-free processing and safety (Halberstadt & Rhodes, 2000), processing fluency is hedonically marked and subjectively experienced as positive, as well as pleasing (Winkielman et al., 2003). More specifically, Schwarz (1990) suggested that easy processing might feel pleasant, because it indicates the availability of appropriate knowledge structures to deal with a current situation. Taken together, moral decoupling and fluency research suggest that the lower cognitive elaboration and greater processing ease inherent in decoupling should relate to more positive emotion. Therefore:

**H1.** Moral decoupling will have a positive effect on the intention to purchase counterfeits.

**H2.** Positive emotions will mediate the effect of moral decoupling on purchase intention.

### *2.2. Boundary conditions*

A number of boundary conditions have been established for instances when

consumers are more and less likely to buy counterfeits (see Eisend, 2016 for a review). Important boundary conditions include individual and situational difference variables relating to the counterfeit's price advantage, a consumer's attachment to the original brand, and category involvement. Next, we discuss these variables as potential influencers of moral decoupling effects to prepare testing the robustness of our framework.

### *2.2.1. The role of price advantage*

We expect that price advantage moderates (i.e., mitigates) the relationship between moral decoupling and consumers' intention to buy counterfeits. Extant research emphasizes that price, specifically the monetary advantage of a counterfeit over the original, is an important predictor of counterfeit purchase (Eisend, 2016). In general, consumers are supposedly more likely to buy counterfeit products as the price differential between the original and the counterfeit increases (Poddar, Foreman, Banerjee, & Ellen, 2012), at least as long as the quality of the counterfeit is sufficient (Albers-Miller, 1999). For certain consumers, the price difference between the original and the counterfeit may even represent the deciding purchase factor (Yoo & Lee, 2012). Such a behavior is thought to occur because counterfeit buyers believe they get comparable quality at cheaper prices (Tom et al., 1998), they perceive the prices of original products to be unfair (Poddar et al., 2012), or they enjoy knowing that others believe they possess expensive goods (Wilcox et al., 2009).

A few studies suggest that in affecting the intention to purchase counterfeits, price advantage may interact with other variables, including the perceived corporate citizenship

of the original brand (Poddar et al., 2012) and individual value-consciousness (Randhawa et al., 2015). Although no empirical research directly supports the influence of price advantage on the relationship between moral decoupling and counterfeit buying, it can be inferred that price advantage may play a significant role in the relationship between moral decoupling and purchase intention. Since price remains one of the most important market indicators of a product's value and a buyer's economic gain (Teas & Agarwal, 2000), the consumers who are attracted to a counterfeit's lower price may favor performance over morality as the price differential increases, thereby leaving decoupling ineffective. The reduction in complexity, the previously highlighted hallmark of moral decoupling, may fade away in the presence of higher price advantage levels, since they enable consumers to integrate and process information from different domains (morality and performance) even more efficiently by simply focusing on monetary gain. This line of thought ties in with research on moral disengagement (Bandura, 1999), which indicates that situations, which are high in opportunity for self-interested gain (such as a personal economic gain based on substantial price advantage), enable people to discard moral judgments more easily (Kish-Gephart, Detert, Treviño, Baker, & Martin, 2014). When consumers perceive the price advantage as small, decoupling should, thus, increase purchase intention; however, when consumers perceive the price advantage as substantial, decoupling should have a weaker effect. In other words, price advantage should function as a moderator variable to mitigate the impact of decoupling on the intention to buy. We expect:

**H3a.** A counterfeit's price advantage over the original will moderate how moral decoupling affects the intention to buy such that the effects will be weaker (stronger) at

higher (lower) levels.

*2.2.2. Emotional attachment to the original brand*

The self-expressive and identity-constructing capability of brands (Escalas & Bettman, 2005) leads consumers to develop strong emotional attachments to brands they view as congruent with their self (Thomson, MacInnis, & Park, 2005). In line with self-verification theory (Swann & Brooks, 2012), people are motivated to sustain their existing self-concepts by maintaining connections with those brands that are instrumental in identity construction (Orth & Rose, 2017). This line of thought suggests that consumers' attachment to an original brand should have a negative influence on their intention to buy counterfeits. Yet, empirical evidence does not unanimously support this prediction. While Kaufmann, Petrovici, Gonçalves Filho, and Ayres (2016) report that increasing emotional attachment can reduce the intention to buy counterfeits, other studies report divergent effects. For example, counterfeits can serve as a placebo, thereby enabling consumers maintain or even increase their attachment to the original without actually buying it (Gosline, 2009). Paradoxically, an attachment to the original, thus, increases buying counterfeits. Similarly, strong brand-self connection, a proxy of attachment, increases counterfeit purchasing, also in support of a detrimental effect (Randhawa et al., 2015).

Given the metacognitive experience involved in decoupling, we expect strong attachments to the original to buffer against the detrimental effects of buying counterfeits, since consumers may find it more difficult to dissociate, thereby engaging more in rationalizing. When it comes to consumers who are more strongly attached to an original,

the more fluent processing facilitated by decoupling should have less influence on their intention to buy counterfeits, because other predictors (rationalizing) should exert a relatively stronger influence. Therefore:

**H3b.** Emotional attachment to the original brand will moderate how moral decoupling affects the purchase intention such that the effects will be weaker (stronger) at higher (lower) levels of attachment.

*2.2.3. Involvement*

When consumers encounter an offer, their level of involvement determines the depth, complexity, and extensiveness of cognitive processes (Chakravarti & Janiszewski, 2003). Well-grounded in theory, including the elaboration-likelihood model (Petty & Cacioppo, 1986) and the systematic-heuristic processing model (Eagly & Chaiken, 1993), past research suggests that when involvement is high, consumers are more motivated to devote cognitive effort to evaluating the true merits of a product (e.g., Petty & Cacioppo, 1986). Under such conditions, consumers are motivated to allocate substantial cognitive resources to process information (Meyers-Levy & Peracchio, 1995) with intentions following from an extensive and systematic examination (Petty & Cacioppo, 1986). In contrast, under conditions of low involvement, processing is characterized by less elaboration and more heuristics (Chaiken, 1980).

Under conditions of high involvement, rather than seeking functional benefits, consumers seek more personal, experiential, and symbolic gains than they do in low involvement situations (Solomon, Surprenant, Czepiel, & Gutman, 1985). Since counterfeits offer more functional benefits than personal meaning, excitement, or status

(Penz & Stöttinger, 2012), it has been suggested that involvement has a negative impact on buying counterfeits (Penz & Stöttinger, 2008). Contrasting evidence, however, indicates that involvement does not have an effect (Bian & Moutinho, 2011). Similar to the role of brand attachment, we expect that a person's involvement with the category will attenuate the influence of decoupling on the intention to buy counterfeits. When dissociating, more (rather than less) involved consumers may engage in parallel processes (i.e., rationalizing), thereby reducing the relative impact of decoupling. Therefore:

**H3c.** Individual involvement with the category will moderate how moral decoupling affects the intention to buy counterfeits such that the effects will be weaker (stronger) at higher (lower) levels of involvement.

## 3. Empirical studies

Two studies were conducted to test the hypotheses. Study 1, a quasi-experiment, employed a consumer sample and counterfeits in four categories (running shoes, sun glasses, fragrances, and headphones) to initially test how moral decoupling influences purchase intention (H1), including the mediating role of positive emotion (H2). Study 2, an experiment, employs a consumer sample and a counterfeit of their favorite smartphone brand, and manipulates – rather than measures – moral decoupling to provide further evidence for moral decoupling's influence (H1) on counterfeit buying via positive emotion (H2). We included moral rationalizing as a control variable across both studies and tested for the effects of price advantage (H3a), consumers' attachment to the original brand (H3b), and category involvement (H3c).

### *3.1. Study 1*

#### *3.1.1. Method*

Study 1 used a 2 (price advantage: 25% vs. 50%) x 4 (product category: running shoes vs. sun glasses vs. fragrances vs. headsets) quasi-experimental design on a consumer sample to provide initial evidence for moral decoupling's positive effect on the intention to buy counterfeits (H1) and the mediating role of positive emotion (H2). 365 consumers (16 - 75 years of age; $M$ = 30.4; $SD$ = 10.4 years; 66.3% females) were recruited online by posting invitations on various e-commerce sites. Calvin Klein, Beats by Dre, Nike and Ray Ban were chosen as popular brands, which are likely to be counterfeited. Upon agreement, the participants first selected one of the four categories (to ascertain sufficient involvement) before they proceeded to read a short text on a (non-deceptive) counterfeit brand, which was offered online. The participants then proceeded to submit scores on their attachment to the brand (Schmalz & Orth, 2012; Thomson et al., 2005), moral decoupling (Bhattacharjee et al., 2013), rationalizing (Bhattacharjee et al., 2013), emotion (Holbrook & Batra, 1987), processing fluency (Landwehr, Labroo, & Herrmann, 2011), involvement (Mittal & Lee, 1989), and intention to purchase (Putrevu & Lord, 1994). All the scales and key statistics are listed in Web Appendix A. The statistics on the confirmative factor analyses and discriminant validity tests are documented in Web Appendix B.

#### *3.1.2. Initial Tests*

In order to check whether or not consumers consider it morally wrong to (a) produce and (b) sell counterfeits, responses to two questions were analyzed, each assessing moral

evaluations on a five-point rating scale (see Web Appendix A). A one sample t-test of a mean-computed index (Cronbach's alpha = .87) yielded that the responses scored significantly above the scale midpoint of 3 ($M$ = 3.48, $t$(355) = 6.96, $p$ < .001), thereby indicating that consumers, in fact, consider this issue to be morally wrong. A two-factorial ANOVA further confirmed that moral evaluation is independent of the price advantage and product category manipulations (price advantage: $F$(348, 1) = .821, $p$ = .371; product: $F$(348, 3) = 2.268, $p$ = .083; price advantage x product: $F$(348, 3) = .587, $p$ = .624).

*3.1.3. Analytical approach*

In order to test our model and its robustness, we adopted a stepwise approach. First, we conducted a test of a simple mediation model where positive emotions function as a mediator (H2) of the relationship between moral decoupling and purchase intention (H1). Second, moral rationalization and processing fluency were then added to the mediation model as covariates to test the robustness of findings. Third, the model (including the covariate) was further extended to a moderated mediation test with boundary conditions (H3) to determine the generalizability of findings.

An initial t-test ascertained that the level of the price advantage (25% vs. 50%) did not affect the mediator positive emotion ($t$(354) = .31, $p$ = .761). A correlation analysis further indicated a significant link between brand attachment and involvement ($r$ = .36, $p$ = .001). We interpret the finding that the corresponding overlap of 13% in variance between the two moderators still leaves a substantial percentage of independent variance, to mean that separate analyses of the two moderators are appropriate. Correlations

between price and brand attachment ($r$ = .006, $p$ = .902), as well as price and involvement ($r$ = .060, $p$ = .261), were not significant.

*3.1.3.1. Testing the mediating role of positive emotions*

In order to explore the relationship between moral decoupling and purchase intention, as well as the underlying mechanism of positive emotion, we conducted a simple mediation analysis (Hayes, 2013, PROCESS model 4, number of bootstrap samples = 5000). Moral decoupling was the independent variable, positive emotion the mediator, and purchase intention the dependent variable. Results indicated a significant positive effect of moral decoupling on purchase intention ($b_{direct}$ = .38, $t$ = 7.40, $p$ < .001), thereby supporting H1. Furthermore, the moral decoupling – purchase intention relationship was mediated by positive emotion (Bootstrap [5000]; $b_{indirect}$ = .17, *SE* = .03, 95% CI [.12, .23]), in support of H2. More specifically, moral decoupling had a positive effect on positive emotion ($b$ = .30, $t$ = 7.72, $p$ < .001), which, in turn, had a positive effect on purchase intention ($b$ = .57, $t$ = 8.78, $p$ < .001).

*3.1.3.2. Testing the robustness of the mediation model*

We conducted two analyses in order to check the robustness of our model. First, we tested a serial mediation model, where the relationship between moral decoupling and purchase intension is mediated by both positive emotion and fluency to ascertain that it is positive emotion, rather than fluency, which channels the effects of moral decoupling on the intention to buy. The results confirmed that the moral decoupling – purchase intention relationship was mediated by positive emotion (Bootstrap [5000]; $b_{indirect}$ = .16, *SE* = .03,

95% CI [.109, .236]) and not by fluency ($b_{indirect}$ = .00, *SE* = .00, 95% CI [-.004, .017]). There was also no serial mediation via fluency and positive emotions ($b_{indirect}$ = .00, *SE* = .00, 95% CI [-.002, .015]). More detailed results included a non-significant effect of decoupling on fluency (*b* = -.06, *t*(354) = 1.105, *p* = .27), a significant effect of fluency on positive emotion (*b* = -.11, *t*(354) = 2.96, *p* < .001), and a non-significant effect of fluency on intention (*b* = -.02, *t*(354) = .45, *p* = .67).

Second, moral rationalization was added as a covariate to the simple mediation model (*sans* fluency), thereby accounting for previously established effects (e.g., Bhattercharjee et al., 2013). Retesting the model corroborated the findings obtained in step 1: In the presence of a marginal effect of rationalization on purchase intention (*b* = .13, *t* = 1.87, *p* = .062), moral decoupling had a significant positive effect on purchase intention ($b_{direct}$ = .33, *t* = 5.81, *p* < .001) and positive emotions mediated this relationship (Bootstrap [5000]; $b_{indirect}$ = .14, *SE* = .03, 95% CI [.09, .20]). Decoupling specifically had a positive effect on positive emotion (*b* = .25, *t* = 5.62, *p* < .001), which, in turn, had a positive effect on purchase intention (*b* = .55, *t* = 8.54, *p* < .001). Taken together, these findings indicate that the mediation model (and the support generated for H1 and H2) is robust.

*3.1.3.3 Testing moderated mediation with boundary conditions*

As a third step, we conducted three moderated mediation analyses (Hayes, 2013, PROCESS model 5, number of bootstrap samples = 5000) to test whether the results remain stable across the boundary conditions established by price advantage (H3a), brand attachment (H3b), and category involvement (H3c). Again, moral decoupling was the

independent variable, positive emotion the mediator, purchase intention the dependent variable, and moral rationalization the control. Table 1 holds detailed results.

Adding price advantage (coded as 0 = 25%, 1 = 50%) as a moderator again yielded results, which are consistent with the previous steps: Positive emotions mediated the effect of moral decoupling on purchase intention (Bootstrap [5000]; $b_{\text{indirect}}$ = .14, *SE* = .03, 95% CI [.08, .20]). The effect of the moral decoupling x price advantage interaction on purchase intention was marginal (*b* = -.18, *t* = -1.97, *p* = .056), thereby providing merely weak support for H3a. However, the conditional process results indicate that the direct effect of moral decoupling on purchase intention was relatively strong and positive at lower levels (M–SD) of price advantage (*b* = .42, *t* = 5.22, *p* = .001), but smaller and significant at higher levels (M+SD) of price advantage (*b* = .25, *t* = 3.75, *p* = .001), in support of H3a.

Testing the role of a person's emotional attachment to the original brand as a moderator of the moral decoupling - purchase intention relationship yielded that positive emotions mediated the effect of moral decoupling on purchase intention (Bootstrap [5000]; $b_{\text{indirect}}$ = .15, *SE* = .03, 95% CI [.09, .21]). Furthermore, in support of H3b, brand attachment significantly interacted with moral decoupling to influence purchase intention (*b* = -.11, *t* = -2.80, *p* = .005). The direct effect of moral decoupling on purchase intention was relatively strong and positive at lower levels (M–SD) of brand attachment (*b* = .41, *t* = 6.03, *p* < .001), but smaller at the mean level (*b* = .28, *t* = 4.99, *p* < .001) and non-significant at higher levels (M+SD) of brand attachment (*b* = .15, *t* = 1.88, *p* = .062).

Last, we tested the role that involvement with the category plays as a moderator of the moral decoupling - purchase intention relationship. As before, the effect of moral

decoupling on purchase intention was mediated by positive emotions (Bootstrap [5000]; $b_{\text{indirect}}$ = .14, *SE* = .03, 95% CI [.09, .21]). As indicated by a non-significant moral decoupling x involvement interaction (*b* = -.06, *t* = -1.54, *p* = .122), the influence of moral decoupling on purchase intention did not depend on involvement, which is an outcome that does not support H3c.

INSERT TABLE 1 ABOUT HERE

*3.1.4. Discussion*

Study 1 provides initial evidence for moral decoupling as an influencer of consumers' intention to buy counterfeits, which supports H1. This influence is channeled through higher levels of positive emotion that are associated with decoupling, which supports H2. Consumer attachment to the original brand moderates the effect of moral decoupling such that its influence becomes stronger as attachment decreases, which supports H3b. The unexpected finding is that decoupling has a significant effect on the intention to buy counterfeits across two levels of price advantage. While the finding of a marginally significant interaction constitutes weak support for H3a, the difference in effect magnitudes across the two levels (.42 versus .25) is more consistent with the expected mitigating influence and can mean that a more extreme manipulation of price advantage may be required in the next study.

The finding that the effect of decoupling on purchase intention is not influenced by involvement does not support H3c. A possible explanation could be that the study participants choose a product category. Conceivably, they selected a category with they were more involved, thereby reducing variance in the measure. In order to provide an unbiased test for the possible effect of involvement, we specified the product category in

the next study and let participants pick their favorite brand. We expect that the involvement with the product category will thus become more relevant and varied.

The fact that previous studies consistently measured moral decoupling is a major motivation for conducting Study 2. In order to provide evidence for the internal validity of the causal relationship between moral decoupling and behavioral intention, we experimentally manipulated the levels of decoupling in the next study.

### *3.2. Study 2*

#### *3.2.1. Method*

Study 2 sought to replicate and extend Study 1 via an online experiment with smartphone brands. Smartphones – perhaps a counterintuitive choice – were selected as a target category, because they represent a common item of high personal relevance to consumers (Ward, Duke, Gneezy, & Bos, 2017). In addition, counterfeiting in the smartphone sector is very common both in the European Union and North America, thereby constituting a substantial economic problem (Wajsman & Burgos, 2017) and making the findings of this research more practical. In 2015, according to the European Intellectual Property Office (EUIPO), the worldwide sales of counterfeit smartphones accounted for 184 million units, equaling 12.9% of total sales and a value of €45.3 billion. Since counterfeit smartphones are not limited to developing or less industrialized countries, the producers of original smartphones suffered an estimated loss, due to counterfeits, of 14 million units in sales, equaling an 8.3% reduction in sales and approximately €4.2 billion loss in revenue. In North America alone, smartphone counterfeits resulted in sales losses of 7.6%, or €4.9 billion.

A total of 299 American consumers (18 - 66 years of age, *M* = 39.8; *SD* = 13.2; 49.7% females), recruited through MTurk, participated in a 2 (moral decoupling: high vs. low) x 3 (price advantage: 20% vs. 50% vs. 80%) between subjects design. The more extreme level of price advantage is a direct result of Study 1 in which levels of 25% and 50% failed to yield unequivocal findings. Given the recent discussion of the validity of MTurk samples, we followed Goodman and Paolacci (2017), as well as Wessling, Huber, and Netzer (2017) to ascertain appropriateness. We specifically employed (1) prescreening for buying a smartphone as a non-rare condition, (2) screening for duplicate Worker IDs and IP addresses, (3) small monetary incentives of $0.75 (thereby removing an economic motive to misrepresent), and (4) a larger number of screening questions to make it more difficult for workers to recognize which responses will gain them access to the study.

Randomly assigned to one of the two decoupling conditions (see Lee and Kwak 2016), the participants initially provided information on their favorite smartphone brand before they continued to a mock website where a non-deceptive counterfeit of that model was offered at a price advantage. Next, the respondents were asked to read a short text instructing them to either couple or decouple when forming a purchase intention (see Web Appendix C) before submitting scores on brand attachment (Schmalz & Orth, 2012; Thomson et al., 2005), moral decoupling (Bhattacharjee et al., 2013), rationalizing (Bhattacharjee et al., 2013), emotion (Holbrook & Batra, 1987), involvement (Mittal & Lee, 1989), and intention to purchase (Putrevu & Lord, 1994). All the scales and key statistics are listed in Web Appendix A. A review of responses to the final question “To

your knowledge, what is the main goal of this study?" indicated no evidence for hypothesis guessing.

As in Study 1, two questions assessed, on a 5-point Likert scale, how the participants' evaluated the morality of counterfeiting. A one sample t-test on the index (Cronbach's alpha = .87) indicated that the responses scored significantly above the scale midpoint of 3 ($M$ = 3.73, $t(299) = 11.17$, $p < .001$), in support of our key assumption. ANOVA further confirmed that the moral evaluation is independent of the manipulate price advantage ($F(296, 2) = .085$, $p = .92$).

*3.2.2. Analyses and results*

*3.2.2.1. Manipulation check and initial analyses*

An ANOVA with manipulated moral decoupling and price advantage as independent variables and measured moral decoupling as the dependent variable revealed a successful manipulation of moral decoupling ($F(1, 293) = 60.68$, $p < .001$). The participants who were instructed to decouple judgments of morality and performance, showed higher scores on the decoupling measure ($M$ = 3.42, $SD$ = 1.16) than did the participants who were instructed to couple judgments ($M$ = 2.39, $SD$ = 1.10). There was neither a main effect of price advantage ($F(2, 293) = .44$, $p = .642$) nor a price advantage X manipulated decoupling interaction effect on the measure of moral decoupling ($F(2, 293) = .82$, $p = .441$).

Similar to Study 1, brand attachment and involvement were significantly correlated (r = .44; p < .001), indicating that the two moderators share 19% of the variance. Given

that a sizable part of independent variance remains, we take this finding to mean that it is appropriate to treat both variables as separate moderators.

*3.2.2.2. Testing the mediating role of positive emotions*

In line with Study 1, we first tested a simple mediation model (Hayes, 2013, PROCESS model 4, number of bootstrap samples = 5000) with moral decoupling as the independent variable, positive emotion the mediator, and purchase intention the dependent variable. The results indicated a significant effect of moral decoupling on purchase intention ($b_{direct}$ = .20, $t$ = 4.51, $p$ < .001), thereby supporting H1. Furthermore, the moral decoupling – purchase intention relationship was mediated by positive emotion (Bootstrap [5000]; $b_{indirect}$ = .19, *SE* = .04, 95% CI [.11, .28]), in support of H2. More specifically, moral decoupling had a positive effect on positive emotion ($b$ = .27, $t$ = 4.82, $p$ < .001), which, in turn, had a positive effect on purchase intention ($b$ = .73, $t$ = 16.45, $p$ < .001).

*3.2.2.3. Testing the robustness of the mediation model*

Adding moral rationalization as a covariate to the mediation model yielded results very similar to the first step. In the presence of a significant positive effect of rationalization on purchase intention ($b$ = .24, $t$ = 3.69, $p$ < .001), moral decoupling had a positive effect on purchase intention ($b_{direct}$ = .13, $t$ = 2.75, $p$ < .01); furthermore, the mediation of the moral decoupling – purchase intention relationship by positive emotion was significant (Bootstrap [5000]; $b_{indirect}$ = .09, *SE* = .04, 95% CI [.01, .17]). Moral decoupling, specifically, had a significant positive effect on positive emotion ($b$ = .13, $t$ =

2.13, $p < .05$) and positive emotion had a significant positive effect on purchase intention ($b = .68$, $t = 15.06$, $p < .001$). These findings indicate that the mediation model is robust.

*3.2.2.4. Moderated mediation analysis for testing boundary conditions*

Further replicating the analytical approach used in Study 1, three separate moderated mediation analyses (Hayes, 2013, PROCESS model 5, number of bootstrap = 5000) were employed with decoupling as the independent variable, emotion as a mediator, purchase intention as the dependent variable, and (1) price advantage, (2) brand attachment, and (3) involvement as moderators. Again, moral rationalization was included as a covariate and all continuous variables were mean-centered (Hayes, 2013).

Consistent with H1 and Study 1's findings, the results (Table 2) indicated a positive direct effect of moral decoupling on purchase intention ($b_{direct} = .13$, $t = 2.80$, $p = .006$). Furthermore, the link between moral decoupling and purchase intention was significantly mediated by positive emotion (Bootstrap [5000]; $b_{indirect} = .09$, $SE = .04$, 95% CI [.01, .17]), also replicating Study 1's findings and providing additional support for H2.

While the moral decoupling X price advantage interaction effect was not significant ($b = -.10$, $t = -.77$, $p = .441$), more detailed results show that the conditional direct effect of moral decoupling on purchase intention was significant at low levels of price advantage (M-SD) ($b = .30$, $t = 2.07$, $p = .040$), was weaker and significant at mean levels of price advantage ($b = .22$, $t = 2.15$, $p = .033$), and was non-significant at high levels of price advantage (M+SD) ($b = .14$, $t = .99$, $p = .321$), in support of H3a.

Similarly, the moral decoupling X brand attachment interaction effect was not significant ($b = -.04$, $t = -.85$, $p = .397$), but more detailed results show that the

conditional direct effect of moral decoupling on purchase intention was significant for participants who were less attached to the original brand (M-SD) ($b$ = .17, $t$ = 2.52, $p$ = .012), was weaker and significant at mean levels of attachment ($b$ = .13, $t$ = 2.80, $p$ = .006), and was non-significant at high levels of brand attachment (M+SD) ($b$ =.09, $t$ = 1.69, $p$ = .093), in support of H3b.

Repeating the moderated mediation analysis with involvement as a moderator indicated (Table 2) a direct effect of decoupling on intention to buy counterfeits ($b_{direct}$ = .14, $t$ = 3.00, $p$ = .003) and an indirect effect via positive emotion (Bootstrap [5000]; $b_{indirect}$ = .09, $SE$ = .04, 95% CI [.01, .17]). In addition, the decoupling X involvement interaction effect on intention was significant ($b$ = -.08, $t$ = -2.00, $p$ = .049). More detailed conditional direct effects indicate that the relationship between moral decoupling and purchase intention was relatively strong and positive at lower levels of involvement (M-SD) ($b$ = .22, $t$ = 3.32, $p$ = .001), was weaker at mean levels of involvement ($b$ = .14, $t$ = 3.00, $p$ = .003), and was non-significant at higher levels of involvement (M+SD) ($b$ = .06, $t$ = 1.06, $p$ = .291), in support of H3c.

INSERT TABLE 2 ABOUT HERE

*3.2.3. Discussion*

Partially replicating and extending Study 1, Study 2 provides further support for the moral decoupling's influence on purchase intention (H1), as well as the mediating role of positive emotion (H2). Important to note, Study 2's levels of decoupling were manipulated rather than measured, providing strong evidence for the internal validity of the causal relationship. Clarifying the equivocal findings obtained in Study 1, the results further indicate that moral decoupling ceases to function at higher levels of a counterfeits

price advantage. As indicated by a non-significant interactive effect with moral decoupling, the results on the moderating effect of attachment diverge from the ones obtained in Study 1. Involvement functioned as a moderator; the direct effect of moral decoupling was stronger when the participants were less involved in smartphones, in support of H3c.

## 4. General discussion and implications

### *4.1. Theoretical implications*

This study has three main findings that add to the literature concerned with understanding counterfeit buying. First, we successfully extend Bhattacharjee et al.'s (2013) moral decoupling model to consumer buying of counterfeits. Our finding that moral decoupling is a significant predictor of counterfeits buying adds a novel brand perspective to previous studies, which have illustrated the model's explanatory power in the contexts of transgressions of public figures (Bhattacharjee et al., 2013), firms (Haberstroh et al., 2017), celebrity endorsers (Lee & Kwak, 2016), and athletes (Lee, Kwak, & Moore, 2015). Our study's contribution is particularly noteworthy, because our work is the first to adopt a moral decoupling perspective to counterfeit buying, thereby enhancing the explanatory power of models beyond effects previously established for moral rationalizing (Eisend, 2016).

As a second and perhaps more important contribution, our study is the first to empirically demonstrate that moral decoupling impacts consumer behavior through processing-evoked positive emotion. Our finding that moral decoupling evokes positive emotion, which, in turn, positively influences an intention to buy counterfeits, fills a gap

in previous research, thereby highlighting ease and pleasantness as key advantages of decoupling over rationalizing (Bhattacharjee et al., 2013). In addition, focusing on processing-evoked positive emotion broadens the perspective on the role of emotions in ethical decision-making which, to date, has mostly focused on anticipated or exhibited moral negative emotions (e.g., Hofmann & Baumert, 2010), specifically guilt (Stöttinger & Penz, 2015), shame (Rothmund & Baumert, 2014), and embarrassment (Bian et al., 2016).

Third, the findings in both studies clarify three important boundary conditions for moral decoupling that impact consumer buying of counterfeits. The finding that decoupling ceases to function at higher levels of price advantage ties in with reports that the monetary advantage of a counterfeit over the original is an important predictor of purchase (Albers-Miller, 1999; Bloch et al., 1993), or even the decisive factor (Yoo & Lee, 2012). Our finding also offers an additional explanation for reports that the extent of the price differential may not affect consumers' purchase intentions toward the counterfeit (Poddar et al., 2012; Randhawa et al., 2015).

Our finding that consumers' emotional attachment to the original attenuates (Study 1) the effect of moral decoupling on intention to buy counterfeits is congruent with the self-expressive and identity-constructing capability of brands (Escalas & Bettman, 2005; Orth & Rose, 2017) and ties in with reports that increasing emotional brand attachment can reduce the intention to buy counterfeits (Kaufmann et al., 2016). Conversely, the marginal effects obtained in Study 2 appear more consistent with studies reporting divergent effects (Gosline, 2009) or even detrimental effects (Randhawa et al., 2015). Scholars may, thus, find it rewarding to further investigate factors, which moderate

brand attachment's moderating effect.

In comparison, findings on the role of involvement are less unequivocal. Well-grounded in theory (Eagly & Chaiken, 1993; Petty & Cacioppo, 1986), our study shows that as involvement increases, the influence of decoupling on an intention to buy counterfeits decreases. When consumers are more motivated to evaluate the merits of a counterfeit over an original, they are less likely to purchase the counterfeit, based on decoupling moral from performance aspects. This finding complements reports that involvement directly impacts counterfeit buying (Penz & Stöttinger, 2008) and offers a possible explanation for reports that involvement has no effect (Bian & Moutinho, 2011).

Finally, our study not only measures, but also manipulates, moral decoupling, which is a methodological advancement. By doing so, we provide evidence of the causal influence of moral decoupling on the intention to purchase counterfeits. Taken together, our research advances knowledge on ethical aspects in consumer decision-making and provides a more complete account of counterfeit buying than does previous research.

### *4.2. Practical implications*

Our findings have several implications, which help managers better protect original brands. First, given that decoupling feels good and makes it easier for consumers to buy counterfeits, strategies to protect original brands should center on measures aimed at coupling moral with performance aspects. For example, original brand communications could employ advertisements, endorsers, and other means to emphasize that moral and performance features are inextricably intertwined, thereby making it more difficult for consumers to decouple. Similar approaches function in sports sponsorship (Lee et al.,

2015) where unlawful performance enhancements are closely linked with morality. Furthermore, research on processing-evoked emotion (Schwarz, 2004) and the misattribution of affect (Schwarz & Clore, 1983) could be utilized to counter the role of positive emotion (as a mediator of the decoupling - purchase intention relationship) by making consumers aware of their possible impact. Alerting potential buyers to the possibility that decoupling may initially feel good, but might entail undesirable emotions of regret, shame or embarrassment in the longer run, should attenuate or possibly nullify the impact of positive emotion as major drivers for decoupling to work.

Perhaps the most obvious managerial implication departs from the moderating role established for attachment to the original brand. Given that greater attachment to the original attenuates the positive impact of decoupling, managers would be well advised to strengthen consumer attachment to their brand as a preventive measure. Creating strong attachments is a common goal in brand management, and the protective effects found in our studies of strong attachment shielding original brands against counterfeits add one more reason why creating strong consumer-brand bonds makes good business sense.

Finally, managers can draw mixed conclusions from our finding that more extreme levels of a counterfeit's price advantage over an original mitigate the influence of decoupling on purchase intention. On the positive side, this outcome may give managers of original brands a reason to relax, because – according to our two studies – the detrimental effect of moral decoupling ceases under conditions of steep discounts. On the negative side, the decoupling of moral and performance aspects by consumers stimulates their buying of counterfeits when the price advantage is small to moderate.

*4.3. Limitations and future research*

As with any research, this study has limitations that offer opportunities for further research. Methodologically, our Study 2 is based on a scenario in which consumers purposefully have to decide to buy a non-deceptive counterfeit of a well-known brand at a bargain. Our findings may, thus, not extend to other situations in which consumers are not aware of the fact that they are buying a counterfeit. For example, certain online retailers offer counterfeits, which imitate the designs of top-tier brands and consumers might not notice that they are actually counterfeits. Yet, if consumers have some knowledge of typical prices within a category, they may become suspicious when encountering low-priced rip-offs of their favorite brands. Hence, we call for future research to further disentangle moral decoupling effects under different conditions of consumer awareness, suspicion, and ignorance of the fact that they buy counterfeits.

Theoretically, our findings may offer at least two opportunities to further broaden the conceptual framework on moral issues in counterfeit buying. First, in both studies, the results indicated that consumers' moral evaluation was independent from the price advantage offered by the counterfeit. This finding calls for further research on the knowledge consumers have about the counterfeit industry, including its impact on moral decoupling, thereby perhaps leading to developing and testing "counterfeit literacy" as a novel concept. We speculate that more counterfeit literate consumers may be more likely to emphasize moral issues and, thus, less likely to decouple. Second, given that Study 2's findings were obtained with a MTurk sample, variability in terms of mere affordability of top-level smartphones and, thus, price level may be an issue. Our conceptual framework did not account for the role of important brand characteristics, such as name strength,

price point, or market positioning (i.e., leader-follower or innovator-imitator). Findings and conclusions should thus be considered with the necessary caution. We trust that the contributions of this study will stimulate further research in this field.

**References**

Albers-Miller, N. D. (1999). Consumer misbehavior: Why people buy illicit goods. *Journal of Consumer Marketing*, *16*(3), 273-287.

Aquino, K., & Reed, A. (2002). The self-importance of moral identity. *Journal of Personality and Social Psychology*, *83*(6), 1423-1440.

Bandura, A. (1991). Social cognitive theory of self-regulation. *Organizational Behavior and Human Decision Processes*, *50*(2), 248-287.

Bandura, A. (1999). Moral disengagement in the perpetration of inhumanities. *Personality and Social Psychology Review*, *3*(3), 193-209.

Bandura, A. (2010). Selective moral disengagement in the exercise of moral agency. *Journal of Moral Education*, *31*(2), 101-119.

Baumeister, R. F. (2010). The self. In R. F. Baumeister, & E. J. Finkel (Eds.), *Advanced social psychology: The state of science* (pp. 139-175). Oxford University Press.

Berthon, P., Pitt, L., Ewing, M., & Carr, C. L. (2002). Potential research space in MIS: A framework for envisioning and evaluating research replication, extension, and generation. *Information Systems Research*, *13*(4), 416-427.

Bhattacharjee, A., Berman, J. Z., & Reed, A. (2013). Tip of the hat, wag of the finger: How moral decoupling enables consumers to admire and admonish. *Journal of Consumer Researc*h, *39*(6), 1167–1184.

Bian, X., & Moutinho, L. (2011). The role of brand image, product involvement, and knowledge in explaining consumer purchase behaviour of counterfeits: Direct and indirect effects. *European Journal of Marketing*, *45*(1/2), 191-216.

Bian, X., Haque, S., & Smith, A. (2015). Social power, product conspicuousness, and the demand for luxury brand counterfeit products. *British Journal of Social Psychology*, *54*(1), 37-54.

Bian, X., Wang, K. Y., Smith, A., & Yannopoulou, N. (2016). New insights into unethical counterfeit consumption. *Journal of Business Research*, *69*(10), 4249-4258.

Bloch, P. H., Bush, R. F., & Campbell, L. (1993). Consumer "accomplices" in product counterfeiting: A demand side investigation. *Journal of Consumer Marketing*, *10*(4), 27-36.

Chaiken, S. (1980). Heuristic versus systematic information processing and the use of source versus message cues in persuasion. *Journal of Personality and Social Psychology*, *39*(5), 752-766.

Chakravarti, A., & Janiszewski, C. (2003). The influence of macro-level motives on consideration set composition in novel purchase situations. *Journal of Consumer Research*, *30*(2), 244-258.

Chen, J., Teng, L., Liu, S., & Zhu, H. (2015). Anticipating regret and consumers' preferences for counterfeit luxury products. *Journal of Business Research*, *68*(3), 507-515.

Commuri S. (2009). The impact of counterfeiting on genuine-item consumers' brand relationships. *Journal of Marketing*, *73*(5), 86-98.

Cordell, V. V., Wongtada, N., & Kieschnick, R. L. (1996). Counterfeit purchase

intentions: Role of lawfulness attitudes and product traits as determinants. *Journal of Business Research, 35*(1), 41-53.

Eagly, A. H., & Chaiken, S. (1993). *The psychology of attitudes*. Orlando, FL: Harcourt Brace Jovanovich College.

Eisend, M. (2016). Morality effects and consumer responses to counterfeit and pirated products: A meta-analysis. *Journal of Business Ethics,* 1-23.

Eisend, M., & Schuchert-Güler, P. (2006). Explaining counterfeit purchases: A review and preview. *Academy of Marketing Science Review*, 12, 1-22.

Eisend, M., Hartmann, P., & Apaolaza, V. (2017). Who buys counterfeit luxury brands? A meta-analytic synthesis of consumers in developing and developed markets. *Journal of International Marketing, 25*(4), 89-111.

Escalas, J. E., & Bettman, J. R. (2005). Self-construal, reference groups, and brand meaning. *Journal of Consumer Research, 32*(3), 378-389.

Goodman, J. K., & Paolacci, G. (2017). Crowdsourcing consumer research. *Journal of Consumer Research, 44*(1), 196-210.

Gosline, R. A. R. (2009). The real value of fakes: Dynamic symbolic boundaries in socially embedded consumption. Cambridge: DBA Dissertation, Harvard Business School (http://gradworks.umi.com/33/71/3371273.html).

Haberstroh, K., Orth, U. R., Hoffmann, S., & Brunk, B. (2017). Consumer response to unethical corporate behavior: A re-examination and extension of the moral decoupling model. *Journal of Business Ethics, 140*(1), 161-173.

Halberstadt, J., & Rhodes, G. (2000). The attractiveness of nonface averages: Implications for an evolutionary explanation of the attractiveness of average faces.

*Psychological Science*, *11*(4), 285-289.

Hannah, S. T., Avolio, B. J., & May, D. R. (2011). Moral maturation and moral conation: A capacity approach to explaining moral thought and action. *Academy of Management Review*, *36*(4), 663-685.

Hayes, A. F. (2013). *Introduction to mediation, moderation, and conditional process analysis – A regression-based approach*. New York, NY: Guilford Press.

Hofmann, W., & Baumert, A. (2010). Immediate affect as a basis for intuitive moral judgement: An adaptation of the affect misattribution procedure. *Cognition and Emotion*, *24*(3), 522-535

Holbrook, M. B., & Batra, R. (1987). Assessing the role of emotions as mediators of consumer responses to advertising. *Journal of Consumer Research*, *14*(3), 404–420.

Kaufmann, H. R., Petrovici, D. A., Gonçalves Filho, C., & Ayres, A. (2016). Identifying moderators of brand attachment for driving customer purchase intention of original vs counterfeits of luxury brands. *Journal of Business Resea*rch, *69*(12), 5735-5747.

Kim, J., Kim, J. E., & Park, J. (2012). Effects of cognitive resource availability on consumer decisions involving counterfeit products: The role of perceived justification. *Marketing Letters*, *23*(3), 869-881.

Kish-Gephart, J., Detert, J., Treviño, L. K., Baker, V., & Martin, S. (2014). Situational moral disengagement: Can the effects of self-interest be mitigated? *Journal of Business Ethics*, *125*(2), 267-285.

Kunda, Z. (1990). The case for motivated reasoning. *Psychological Bulletin*, *108*(3), 480-498.

Landwehr, J. R., Labroo, A. A., & Herrmann, A. (2011). Gut liking for the ordinary:

Incorporating design fluency improves automobile sales forecasts. *Marketing Science*, 30(3), 416-429.

Lee, J. S., & Kwak, D. H. (2016). Consumers' responses to public figures' transgression: Moral reasoning strategies and implications for endorsed brands. *Journal of Business Ethics*, *137*(1), 101-113.

Lee, J. S., Kwak, D. H., & Moore, D. (2015). Athletes' transgressions and sponsor evaluations: A focus on consumers' moral reasoning strategies. *Journal of Sport Management*, *29*(6), 672-687.

Marticotte, F., & Arcand, M. (2017). Schadenfreude, attitude and the purchase intentions of a counterfeit luxury brand. *Journal of Business Research*, 77, 175-183.

Mazar, N., Amir, O., & Ariely, D. (2008). The dishonesty of honest people: A theory of self-concept maintenance. *Journal of Marketing Research*, *45*(6), 633-644.

Meyers-Levy, J., & Peracchio, L. A. (1995). Understanding the effects of color: How the correspondence between available and required resources affects attitudes. *Journal of Consumer Research*, *22*(2), 121-138.

Mittal, B., & Lee, M.-S. (1989). A causal model of consumer involvement. *Journal of Economic Psychology*, *10*(3), 363–389.

Narvaez, D. (2010). Moral complexity: The fatal attraction of truthiness and the importance of mature moral functioning. *Perspectives on Psychological Science*, *5*(2), 163-181.

Orth, U. R., & Rose, G. M. (2017). Consumers' brand identity complexity: Conceptualization and predictive ability. *European Journal of Marketing*, *51*(2), 304-323.

Penz, E., & Stöttinger, B. (2008). Original brands and counterfeit brands—do they have anything in common? *Journal of Consumer Behaviour*, *7*(2), 146-163.

Penz, E., & Stöttinger, B. (2012). A comparison of the emotional and motivational aspects in the purchase of luxury products versus counterfeits. *Journal of Brand Management*, *19*(7), 581-594.

Petty, R. E., & Cacioppo, J. T. (1986). *Communication and persuasion: Central and peripheral routes to attitude change*. New York: Springer.

Poddar, A., Foreman, J., Banerjee, S. S., & Ellen, P. S. (2012). Exploring the Robin Hood effect: Moral profiteering motives for purchasing counterfeit products. *Journal of Business Research*, *65*(10), 1500-1506.

Putrevu, S., & Lord, K. R. (1994). Comparative and noncomparative advertising: Attitudinal effects under cognitive and affective involvement conditions. *Journal of Advertising*, *23*(2), 77–90.

Rafaeli-Mor, E., & Steinberg, J. (2002). Self-complexity and well-being: A review and research synthesis. *Personality and Social Psychology Review*, *6*(1), 31-58.

Randhawa, P., Calantone, R. J., & Voorhees, C. M. (2015). The pursuit of counterfeited luxury: An examination of the negative side effects of close consumer–brand connections. *Journal of Business Research*, *68*(11), 2395-2403.

Rothmund, T., & Baumert, A. (2014). Shame on me: Implicit assessment of negative moral self-evaluation in shame-proneness. *Social Psychological and Personality Science*, *5*(2), 195-202.

Schmalz, S., & Orth, U. R. (2012). Brand attachment and consumer emotional response to unethical firm behaviour. *Psychology & Marketing*, *29*(11), 869–884.

Schwarz, N. (1990). Feeling as information: Informational and motivational functions of affective states. In E. T. Higgins & R. M. Sorrentino (Eds.), *Handbook of motivation and cognition* (pp. 527-561). New York: Guilford Press.

Schwarz, N. (2004). Metacognitive experiences in consumer judgment and decision making. *Journal of Consumer Psychology*, *14*(4), 332-348.

Schwarz, N., & Clore, G. L. (1983). Mood, misattribution, and judgments of well-being: Informative and directive functions of affective states. *Journal of Personality and Social Psychology*, *45*(3), 513-523.

Shoham, A., Ruvio, A., & Davidow, M. (2008). (Un)ethical consumer behavior: Robin Hoods or plain hoods? *Journal of Consumer Marketing*, *25*(4), 200–210.

Solomon, M. R., Surprenant, C., Czepiel, J. A., & Gutman, E. G. (1985). A role theory perspective on dyadic interactions: The service encounter. *Journal of Marketing*, *49*(1), 99-111.

Stöttinger, B., & Penz, E. (2015). Concurrent ownership of brands and counterfeits: Conceptualization and temporal transformation from a consumer perspective. *Psychology & Marketing*, *32*(4), 373-391.

Streufert, S. (1997). Complexity: An integration of theories. *Journal of Applied Social Psychology, 27*(23), 2068-2095.

Swann Jr, W. B., & Brooks, M. (2012). Why threats trigger compensatory reactions: The need for coherence and quest for self-verification. *Social Cognition, 30*(6), 758-777.

Swanson, H. L., & Hill, G. (1993). Metacognitive aspects of moral reasoning and behavior. *Adolescence, 28*(111), 711–735.

Teas, R. K., & Agarwal, S. (2000). The effects of extrinsic product cues on consumers'

perceptions of quality, sacrifice, and value. *Journal of the Academy of Marketing Science*, *28*(2), 278-290.

Thøgersen, J. (2004). A cognitive dissonance interpretation of consistencies and inconsistencies in environmentally responsible behavior. *Journal of Environmental Psychology*, *24*(1), 93-103.

Thomson, M., MacInnis, D. J., & Park, C. W. (2005). The ties that bind: Measuring the strength of consumers' emotional attachments to brands. *Journal of Consumer Psychology*, *15*(1), 77-91.

Tom, G., Garibaldi, B., Zeng, Y., & Pilcher, J. (1998). Consumer demand for counterfeit goods. *Psychology & Marketing*, *15*(5), 405-421.

Treviño, L. K. (1992). Moral reasoning and business ethics: Implications for research, education and management. *Journal of Business Ethics*, *11*(5-6), 445– 459.

Tsang, J. A. (2002). Moral rationalization and the integration of situational factors and psychological processes in immoral behavior. *Review of General Psychology*, *6*(1), 25-50.

Wajsman, N., & Burgos, C. A. (2017). The economic cost of IPR infringement in the smartphones sector, *European Intellectual Property Office (EUIPO)*, available at: https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/ observatory/resources/research-and-studies/ip_infringement/study11/ smartphone_sector.pdf.

Ward, A. F., Duke, K., Gneezy, A., & Bos, M. W. (2017). Brain drain: The mere presence of one's own smartphone reduces available cognitive capacity. *Journal of the Association for Consumer Research*, *2*(2), 140-154.

Wellman, H. M., & Gelman, S. A. (1992). Cognitive development: Foundational theories

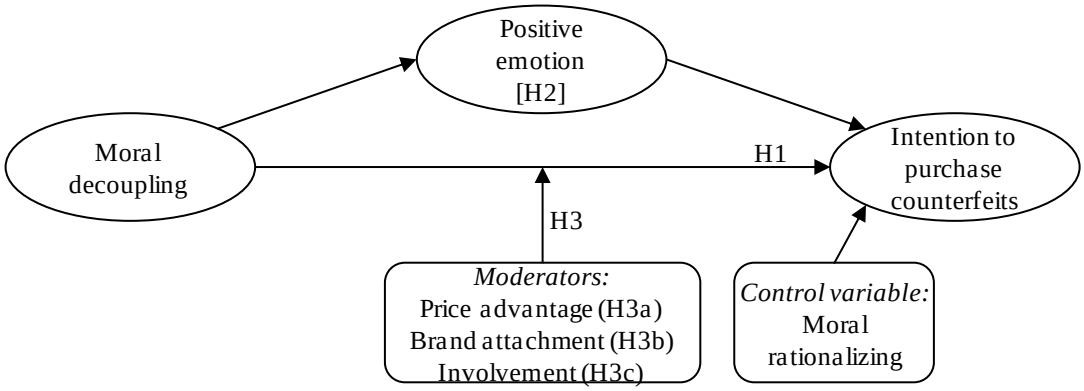
of core domains. *Annual Review of Psychology*, *43*(1), 337-375.

Wessling, S. K., Huber, J., & Netzer, O. (2017). MTurk character misrepresentation: Assessment and solutions. *Journal of Consumer Research*, *44*(1), 211-230.

Wilcox, K., Kim, H. M., & Sen, S. (2009). Why do consumers buy counterfeit luxury brands? *Journal of Marketing Research*, *46*(2), 247-259.

Winkielman, P., Schwarz, N., Fazendeiro, T., & Reber, R. (2003). The hedonic marking of processing fluency: Implications for evaluative judgment. In J. Musch, & K. C. Klauer (Eds), *The psychology of evaluation: Affective processes in cognition and emotion* (pp. 189-217). Mahwah, NJ: Lawrence Erlbaum.

Yoo, B., & Lee, S. H. (2012). Asymmetrical effects of past experiences with genuine fashion luxury brands and their counterfeits on purchase intention of each. *Journal of Business Research*, *65*(10), 1507-1515.




*Note:* Hypotheses in [brackets] indicate mediation.

**Fig. 1.** Conceptual model.

**Table 1**
Testing for moderated mediation of price advantage, attachment and involvement (Study 1).

| Predictors | B | SE | t | p |
|---|---|---|---|---|
| **Outcome: Positive Emotions** ($R^2$ = .16) | | | | |
| Moral Decoupling (MD) | .25 | .04 | 5.62 | .000 |
| Moral Rationalization (MR) | .12 | .06 | 2.17 | .031 |
| **Outcome: Purchase Intention** | | | | |
| Moderated Mediation of **Price Advantage**, $R^2$ = .39 | | | | |
| Positive Emotion (PE) | .55 | .06 | 8.50 | .000 |
| MD | .34 | .06 | 5.95 | .000 |
| Price Advantage (PA) | -.14 | .10 | -1.33 | .185 |
| MD x PA | -.18 | .09 | -1.97 | .056 |
| MR | .11 | .07 | 1.57 | .115 |
| **Indirect** Effect Through **Positive Emotion**, B = .14, SE = .03, 95% CI [.08, .20] | | | | |
| Moderated Mediation of **Brand Attachment,** $R^2$ = .42 | | | | |
| Positive Emotion (PE) | .58 | .06 | 9.21 | .000 |
| MD | .28 | .06 | 4.99 | .000 |
| Brand Attachment (BA) | -.20 | .04 | -4.43 | .000 |
| MD x BA | -.11 | .04 | -2.80 | .005 |
| MR | .10 | .06 | 1.53 | .128 |
| **Indirect** Effect Through **Positive Emotion**, B = .15, SE = .03, 95% CI [.09, .21] | | | | |
| Moderated Mediation of **Involvement with the Category,** $R^2$ = .40 | | | | |
| Positive Emotion (PE) | .56 | .06 | 8.76 | .000 |
| MD | .31 | .06 | 5.57 | .000 |
| Involvement (INV) | -.15 | .05 | -3.26 | .001 |
| MD x INV | -.06 | .04 | -1.54 | .122 |
| MR | .12 | .07 | 1.90 | .057 |
| **Indirect** Effect Through **Positive Emotion**, B = .14, SE = .03, 95% CI [.09, .21] | | | | |

*Note:* N = 356. CI = confidence interval.

**Table 2**
Testing for moderated mediation of price advantage, attachment and involvement (Study 2).

| Predictors | B | SE | t | p |
|---|---|---|---|---|
| **Outcome: Positive Emotions** ($R^2$ = . 16) | | | | |
| Moral Decoupling (MD) | .13 | .06 | 2.13 | .034 |
| Moral Rationalization (MR) | .41 | .08 | 5.10 | .000 |
| **Outcome: Purchase Intention** | | | | |
| Moderated Mediation of **Price Advantage**, $R^2$ = .56 | | | | |
| Positive Emotion (PE) | .68 | .05 | 14.98 | .000 |
| MD | .13 | .05 | 2.80 | .006 |
| Price Advantage (PA) | -.02 | .06 | -.33 | .742 |
| MD x PA | -.10 | .13 | -.77 | .441 |
| MR | .24 | .07 | 3.70 | .000 |
| **Indirect** Effect Through **Positive Emotion**, B = .09, SE = .04, 95% CI (.01, .17) | | | | |
| Moderated Mediation of **Brand Attachment**, $R^2$ = .57 | | | | |
| Positive Emotion (PE) | .68 | .05 | 14.98 | .000 |
| MD | .13 | .05 | 2.80 | .006 |
| Brand Attachment (BA) | .05 | .05 | .87 | .387 |
| MD x BA | -.04 | .04 | -.85 | .397 |
| MR | .24 | .07 | 3.70 | .000 |
| **Indirect** Effect Through **Positive Emotion**, B = .09, SE = .04, 95% CI (.01, .17) | | | | |
| Moderated Mediation of **Involvement,** $R^2$ = .57 | | | | |
| Positive Emotion (PE) | .68 | .05 | 15.16 | .000 |
| MD | .14 | .05 | 3.00 | .003 |
| Involvement (INV) | .01 | .05 | .13 | .897 |
| MD x INV | -.08 | .04 | -2.00 | .049 |
| MR | .24 | .07 | 3.67 | .003 |
| **Indirect** Effect Through **Positive Emotion**, B = .09, SE = .04, 95% CI (.01, .17) | | | | |

*Note*: N = 299. CI = confidence interval.

# Web Appendix for

# Moral Decoupling Feels Good and Makes Buying Counterfeits Easy

**Web Appendix A.** Scale items and summary statistics for construct measures.

| | Study 1 | | | | Study 2 | | | |
|---|---|---|---|---|---|---|---|---|
| **Construct** | IFC | M | SD | α | IFC | M | SD | α |
| ***Purchase Intention*** (Putrevu & Lord, 1994) | | 2.09 | 1.25 | .91 | | 2.30 | 1.33 | .97 |
| It is very likely that I will buy this product (Study 2: smartphone). | .96 | | | | .98 | | | |
| My willingness to buy this product (Study 2: smartphone) is high. | .96 | | | | .98 | | | |
| ***Moral Decoupling*** (Bhattacharjee et al., 2013) | | 3.02 | 1.12 | .74 | | 2.88 | 1.24 | .79 |
| Negative media reports on counterfeited brands should not affect our view of the product's performance. | .84 | | | | .89 | | | |
| Judgment of performance should remain separate from judgments of morality. | .84 | | | | .84 | | | |
| The fact that this product (Study 2: smartphone) is a counterfeit does not change my assessment of its performance. | .76 | | | | .80 | | | |
| ***Emotions*** (Holbrook & Batra, 1987) | | 1.86 | .88 | .75 | | 2.34 | 1.22 | .94 |
| Trying to decide whether or not to buy this product (Study 2: smartphone) makes me feel… | | | | | | | | |
| … pleased. | .78 | | | | .95 | | | |
| … thrilled. | .84 | | | | .93 | | | |
| … excited. | .86 | | | | .93 | | | |
| … comfortable. | - | | | | .88 | | | |
| ***Moral Rationalization*** (Bhattacharjee et al., 2013) | | 2.78 | .88 | .60 | | 2.76 | .91 | .63 |
| It is the own fault of the manufacturer of the original brand that counterfeits are sold because the price of the original is too high. | .79 | | | | .79 | | | |
| It is not a bad thing to buy counterfeits because it does not cause significant harm to the brand manufactures. | .75 | | | | .85 | | | |
| There are significantly worse violations of the law than counterfeiting branded products. | .67 | | | | .62 | | | |
| ***Involvement*** (Mittal & Lee, 1989) | | 3.35 | 1.11 | .86 | | 3.99 | 1.04 | .90 |
| This product category (Study 2: smartphones) is very important for me. | .90 | | | | .95 | | | |
| I have a strong interest in this product category (Study 2: smartphones). | .90 | | | | .94 | | | |
| For me, this product category (Study 2: smartphones) does not matter.[r] | .84 | | | | .85 | | | |
| ***Brand Attachment*** (Schmalz & Orth, 2012; Thomson et al., 2005) | | 2.39 | 1.17 | .87 | | 3.83 | .98 | .80 |
| I feel connected with this brand. | .92 | | | | .91 | | | |
| I feel attracted to this brand. | .91 | | | | .90 | | | |
| I feel no loyalty to this brand.[r] | .87 | | | | .75 | | | |
| ***Moral Evaluation*** (5-point Likert scale) | | 3.48 | 1.30 | .87 | | 3.73 | 1.13 | .87 |
| It is morally wrong to produce counterfeits. | .94 | | | | .94 | | | |
| I find it immoral to sell counterfeits. | .94 | | | | ,94 | | | |
| ***Processing Fluency*** (Landwehr, Labroo, and Herrmann, 2011) | | 3.27 | 1.20 | .87 | | | -- | |
| Deciding whether or not to buy the product ... | .91 | | | | | | | |
| ... is difficult. | .85 | | | | | | | |
| ... requires effort. | .92 | | | | | | | |
| ... takes time. | | | | | | | | |

*Note:* IFC = item-factor-correlation, M = mean, SD = standard deviation, α = Cronbach's alpha, r = reverse-coded.

**Web Appendix B.** Confirmative factor analyses results

| Construct | Study 1 | | Study 2 | | Squared correlations* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CR | AVE | CR | AVE | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 Moral decoupling | .75 | .50 | .80 | .58 | | .24 | .57 | .01 | .02 | .33 |
| 2 Positive emotions | .76 | .51 | .94 | .80 | .08 | | .20 | .00 | .00 | .41 |
| 3 Rationalization | .59 | .33 | .65 | .40 | .35 | .25 | | .01 | .02 | .24 |
| 4 Involvement | .86 | .68 | .91 | .76 | .00 | .01 | .01 | | .17 | .04 |
| 5 Brand attachment | .91 | .71 | .85 | .63 | .00 | .00 | .00 | .27 | | .05 |
| 6 Purchase intention | .91 | .83 | .96 | .93 | .16 | .58 | .36 | .01 | .01 | |

*Note*: Confirmative Factor Analysis with AMOS 24.0. *Squared correlations ($r^2$): Study 1 is displayed in the upper right triangle. Study 2 is displayed in the lower left triangle. CR = composite reliability, AVE = average variance extracted.
Study 1: $\chi^2(104) = 172.721$, $\chi^2/df = 1.66$, CFI = .973, RMSEA = .043.
Study 2: $\chi^2(120) = 258.689$, $\chi^2/df = 2.16$, CFI = .963, RMSEA = .062.

**Web Appendix C.** Moral decoupling manipulation (Study 2)

***Please read the following text slowly and thoroughly. Later you will be asked some questions about it.***

On the internet a vendor offers counterfeited smartphones:

The price for a counterfeited copy of your favorite smartphone is 20% / 50% / 80% lower than the price of the original brand. The counterfeited phone looks exactly like the original and even comes in an identical quality. Particularly, key features of the counterfeited brand such as battery life, resolution of the display, and the operating system are identical to those of the original.

Media reports on counterfeited brands highlight that buying counterfeits can cause a number of problems. One frequently cited example is the loss of domestic jobs. Another one is that counterfeits are often produced under low or missing safety standards which put workers' health in jeopardy. Possible reductions in domestic tax revenue and damages to the original brand's image and sales are additional reasons for some people to argue that one should not purchase counterfeited brands.

*Please keep these arguments in mind when completing the next set of questions.*

**[Decoupling:]** Make sure you keep moral and performance issues (prices, design, technical parameters) SEPARATE when evaluating the offer. Negative media reports on counterfeited brands should NOT influence your evaluation of the offer's performance. Do NOT let the fact that the phone is a counterfeit bias your judgment of the overall offer.

**[Coupling:]** Make sure you SIMULTANEOUSLY consider moral and performance issues (prices, design, technical parameters) when evaluating the offer. Negative media reports on counterfeited brands should be INCORPORATED in your evaluation of the offer's performance. The fact that the phone is a counterfeit should definitely be reflected in your judgment of the overall offer.