

RGC Ref. No.: UGC/FDS14/B05/17 _____ (please insert ref. above)
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**RESEARCH GRANTS COUNCIL
COMPETITIVE RESEARCH FUNDING SCHEMES FOR
THE LOCAL SELF-FINANCING DEGREE SECTOR**

FACULTY DEVELOPMENT SCHEME (FDS)

Completion Report
(for completed projects only)

<p><u>Submission Deadlines:</u></p> <ol style="list-style-type: none"> 1. Auditor's report with unspent balance, if any: within six months of the approved project completion date. 2. Completion report: within 12 months of the approved project completion date.
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Part A: The Project and Investigator(s)

1. Project Title

The psychological and moral mechanism of counterfeit consumption in the culture-mixing context

2. Investigator(s) and Academic Department(s) / Unit(s) Involved

Research Team	Name / Post	Unit / Department / Institution
Principal Investigator <i>(from 1 August 2018 to 30 June 2020)</i>	TANG Tzu-Lung, Felix /Associate Professor	Marketing/ HSUHK
Principal Investigator <i>(from 1 January 2018 to 31 July 2018)</i>	LI Dongmei/Assistant Professor	Marketing/ HSUHK
Co-Investigator <i>(from 1 August 2018 to 30 June 2020)</i>	LI Dongmei/Assistant Professor	School of Tourism Management /South China Normal University
Co-Investigator	Bobby K. CHEON/Assistant Professor	Division of Psychology/Nanyang Technological University

3. Project Duration

	Original	Revised	Date of RGC / Institution Approval <i>(must be quoted)</i>

Project Start Date	1 January 2018		
Project Completion Date	31 December 2019	30 June 2020	2 August 2019 by the Hang Seng University of Hong Kong
Duration (<i>in month</i>)	24	30	
Deadline for Submission of Completion Report	31 December 2020	30 June 2021	

Part B: The Final Report

5. Project Objectives

5.1 Objectives as per original application

1. *To generate new knowledge on the management of counterfeit consumption in global contexts by identifying the cultural, individual, and company factors that encourage resistance to counterfeit consumption.*
2. *To promote research on the effects of culture mixing and counterfeit consumption, and provide insights for policy makers to manage counterfeiting problems efficiently.*
3. *To utilize our findings in culture and business courses, such as in courses in global marketing, international business management, business ethics, and moral branding management.*
4. *To increase local students' awareness of counterfeiting issues and foster their participation in research activities.*

5.2 Revised objectives

Date of approval from the RGC: NA

Reasons for the change: NA

1.

2.

3. ..

5.3 Realisation of the objectives

(Maximum 1 page; please state how and to what extent the project objectives have been achieved; give reasons for under-achievements and outline attempts to overcome problems, if any)

The following objectives of the project have been well achieved.

1. To generate new knowledge on the management of counterfeit consumption in global contexts by identifying the cultural, individual, and company factors that encourage resistance to counterfeit consumption.

This objective is realised through three research phases.

(1) 1st phase: focus on the impeding process

To examine the positive impact of culture mixing experience on consumers' resistance to counterfeit consumption (i.e., impeding process), we adopted an experimental approach to test the proposed causal relationship. We focused on the cultural factors that were related to consumers' connection to their own culture, including cultural identification and patriotism. Belief in cultural essentialism, which is related to the perception of intercultural boundaries is also selected as a cultural factor. Perceived cultural symbolism of genuine brands, and country-of-origin of counterfeits were selected as the company factor, which was related to brand features. A series of pilot tests and experiments were conducted. Both Chinese sample and American samples were used in the study. The results gained from the project provided evidence to address the key question: when and how culture mixing experience increase consumers' resistance to counterfeit consumption.

(2) 2nd phase: focus on the fostering process

The fostering process indicates that culture mixing experience enhances consumers' acceptance of counterfeits. We used both experimental studies and surveys to figure out the fostering process. Chinese sample was used in the studies. We introduced the individual factors that were related to consumers' belief in the outcome of counterfeits and travel experiences in foreign countries. The results gained from the project provided evidence to address the key question: when and how culture mixing experience increase consumers' acceptance of counterfeit consumption.

(3) 3rd phase: focus on moral foundations

We adopted the moral foundation theory to examine how culture mixing experience made the moral foundations salient. In turn, we further examined how the evoked moral foundations were related to consumers' response toward counterfeit consumption. An experimental approach was used in the studies. The results can provide evidence for the moral reasoning process of counterfeit consumption in the context of culture mixing.

2. To promote research on the effects of culture mixing and counterfeit consumption, and provide insights for policy makers to manage counterfeiting problems efficiently.

The research team promoted research through attending reputable conferences and academic seminars. The PI and collaborators presented part of the research findings and shared the conceptual framework in the school seminar, and the lab meeting organized by the School of Social Science in the Chinese University of Hong Kong. The audience in these two presentations was academic scholars and graduate students. Some of the research findings were also presented at the following conferences: the 3rd International Forum of Marketing Science and Innovation, the 13th Biennial Asian Association of Social Psychology, the 16th Annual Conference & Doctoral Consortium of the Journal of Marketing Science. Findings gained from the project have important implications for policy makers and marketers. These implications were discussed in the presentations and manuscripts. Two manuscripts were under preparation and were targeted at reputable SSCI journals.

3-4. To utilize our findings in culture and business courses, such as in courses in global marketing, international business management, business ethics, and moral branding management; to increase local students' awareness of counterfeiting issues and foster their participation in research activities.

We included the theories related to the topic of culture mixing and counterfeits, and the findings gained from the project in the teaching materials in courses of consumer behavior and global marketing. During the class activities, we also guided students to discuss the research issues of culture mixing and counterfeit consumption. Such teaching practices were aligned with the two project objectives: to utilize our findings in business courses and to increase local students' awareness of counterfeiting issues.

5.4 Summary of objectives addressed to date

Objectives <i>(as per 5.1/5.2 above)</i>	Addressed <i>(please tick)</i>	Percentage Achieved <i>(please estimate)</i>
1. To generate new knowledge on the management of counterfeit consumption in global contexts by identifying the cultural, individual, and company factors that encourage resistance to counterfeit consumption.	√	100%
2. To promote research on the effects of culture mixing and counterfeit consumption, and provide insights for policy makers to manage counterfeiting problems efficiently.	√	100%
3. To utilize our findings in culture and business courses, such as in courses in global marketing, international business management, business ethics, and moral branding management.	√	100%
4. To increase local students' awareness of counterfeiting issues and foster their participation in research activities.	√	100%

6. Research Outcome

6.1 Major findings and research outcome

(Maximum 1 page; please make reference to Part C where necessary)

Several major findings were gained through three research phases in this project. In the first research phase, we aimed to examine the impeding mechanism of consumer response to counterfeit in the context of culture mixing experience. Drawing on the culture mixing literature and brand symbolism research, we conducted several experiments to explore the influence of culture mixing exposure on the evaluation of counterfeit products. We used different ways to manipulate the condition of culture mixing exposure, and also conducted several pretests to select the appropriate stimuli for counterfeit products. Our analysis revealed that culture mixing exposure increased consumers' stronger boycott intention toward counterfeits which imitated culturally symbolic brands (vs. non-culturally symbolic brands). Culturally symbolic brands are presentative of consumers' culture. Consumers who have a strong identification with their own culture, or are patriotic about their country culture, display stronger resistance toward counterfeits which imitated culturally symbolic brands when they are exposed to the mixing of their own culture and foreign culture. Moreover, consumers' belief in cultural essentialism strengthens the influence of culture mixing exposure on consumers' resistance toward counterfeit products which imitated culturally symbolic brands. We also examined the effect of culture mixing and country-of-origin on counterfeit evaluation by looking at another type of counterfeit: legal copycat brands. The results indicated that culture mixing exposure increases positive response to a copycat brand when the

brand was from a foreign company. These findings hold across both American and Chinese samples.

In the second research phase, we aimed to examine the moral judgments of counterfeits in the context of culture mixing. Five types of moral foundations were tested: fairness, harm, authority, ingroup loyalty, and purity. The results showed that the foundations of fairness, harm, and ingroup loyalty were associated with the evaluation of counterfeits. Moreover, we found an interaction effect of political orientation and culture mixing exposure on the endorsement of ingroup loyalty, which in turn influenced the evaluation of counterfeits. Specifically, consumers with conservative orientation tended to endorse ingroup loyalty than those with liberal orientation. Such differences were decreased when consumers were exposed to culture mixing.

In the third research phase, we aimed to examine the fostering mechanism of consumers' response to unethical consumption in the context of culture mixing. We looked at unethical consumption from two aspects: evaluation of counterfeits and tolerance of unethical consumer behavior. The culture mixing exposure was also tested through consumers' actual travel experiences in both local country and foreign countries. Some interesting results were gained. First, when consumers believed that the prevalence of counterfeits of symbolic ingroup brands in a foreign country would increase foreign consumers' awareness of the genuine brands, culture mixing exposure tended to enhance consumers' acceptance of counterfeits. This effect was stronger when consumers had a strong identification with their own culture. Second, consumers' actual travel experience in foreign countries increased consumers' tolerance of unethical behaviors. This relationship was present when they had broad (vs. deep) travel experiences in foreign countries.

Taken together, these findings provide important insights for brand managers to solve counterfeit issues. To reduce the negative outcomes of counterfeits, managers can consider the following approaches: (1) build up the cultural symbolic image of genuine brands; (2) evoke consumers' identifications or patriotic feelings about their own culture; (3) emphasize that counterfeit consumption violates the moral foundations of fairness, harm, and ingroup loyalty in marketing communications; (4) demonstrate that counterfeits destroy the positive image of consumers' home culture in foreign markets; and (5) direct consumers' attentions to their travel experiences in the local country rather than in foreign countries.

The above new knowledge obtained from the project was disseminated at reputable conferences and in consumer behavior courses. Some manuscripts are under preparation and will be submitted to peer-reviewed SSCI journals.

6.2 Potential for further development of the research and the proposed course of action (*Maximum half a page*)

The project inspired the PI and the Co-Is to develop some new research ideas. One potential development of the research is the investigation of the underlying drivers of counterfeit consumption among Chinese consumers. consumers may deliberately purchase counterfeits (i.e., non-deceptive counterfeit consumption) as they have more rich culture mixing experiences. A pilot study shows that the underlying factors that drive non-deceptive counterfeit consumption include getting good value for money, risk perception, and ethical consideration. The ethical consideration is related to the traditional Chinese cultural norm that copying and imitation are reasonable and acceptable. According to the culture mixing literature, culture mixing experiences enhance individuals' awareness of the boundaries among cultures, and thus motivate them to endorse their ingroup cultural norms and values. In this vein, the ethical consideration of counterfeits is likely to be activated when Chinese consumers have culture mixing experience. The proposed mechanism awaits further examination.

Another potential idea is the investigation of consumers' responses to culturally symbolic brands in the context of culture mixing. Culturally symbolic brands are the icons of local culture. Culture mixing exposure may evoke consumers' motivation for cultural enhancement and cultural protection, which may influence consumers' cognitive, emotional, behavioral responses toward culturally symbolic brands. These directions of research potential can deepen theoretical knowledge about the underlying psychological mechanism of culture mixing in the field of brand consumption.

7. Layman's Summary

(Describe in layman's language the nature, significance and value of the research project, in no more than 200 words)

The development of globalization has made people's daily life culturally diverse. Consumers always experience different cultural traditions, knowledge, and practices at the same time in the same space, which is defined as culture mixing. As cultural mixing has become a common phenomenon, how does it influence consumers' responses toward counterfeit consumption? Previous research has explored the driving factors of counterfeit consumption in terms of consumers' characteristics, motivations, brand attributes, or social norms. Few studies examine the influence of cultural context on counterfeit consumption, although there are some cross-cultural studies.

Through controlled experiments and surveys, the research team discovered the impeding process, fostering process, and moral foundations of counterfeit consumption in the context of culture mixing. In the impeding process, culture mixing experience enhances consumers' boycott intention toward counterfeits when genuine brands are cultural icons, or when consumers have a strong connection with their own culture. In the fostering process, culture mixing experience enhances the acceptance of counterfeit consumption when consumers believe in the positive influence of counterfeits on a foreign market. The culture mixing context evokes consumers' moral foundation of ingroup loyalty, which is associated with counterfeit consumption. These findings enrich the understanding of the diverse mechanism of counterfeit consumption in the globalized environment.

Part C: Research Output

8. Peer-Reviewed Journal Publication(s) Arising Directly From This Research Project

(Please attach a copy of the publication and/or the letter of acceptance if not yet submitted in the previous progress report(s). All listed publications must acknowledge RGC's funding support by quoting the specific grant reference.)

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and Journal / Book (with the volume, pages and other necessary publishing details specified)	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
Year of Publication	Year of Acceptance (For paper accepted but not yet published)	Under Review	Under Preparation (optional)						
			How and when does culture mixing experience impede counterfeit consumption? Based on a cultural protection perspective		Target: Journal of International Marketing	No	Yes (Since the full paper is under preparation, an abstract is attached) Appendix 1	Yes	No
			The moral reasoning process of counterfeit consumption		Target: Journal of Business Research	No	Yes (Since the full paper is under preparation,	Yes	No

			in the context of culture mixing				an abstract is attached) Appendix 2		

9. Recognized International Conference(s) In Which Paper(s) Related To This Research Project Was / Were Delivered

(Please attach a copy of each conference abstract)

Month / Year / Place	Title	Conference Name	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
March/ 2019/ Beijing	An Investigation of the Moral Judgment of Counterfeits in the Context of Culture Mixing	The 3 rd International Forum of Marketing Science and Innovation	No	Yes (Appendix 3)	Yes	Yes
July/ 2019/ Taiwan	An Investigation on the Moral Mechanism of Culture Mixing in the Counterfeit Context	The 13 th Biennial Asian Association of Social Psychology	No	Yes (Appendix 4-5)	Yes	Yes
October/ 2019/ Sichuan	The Underlying Moral Mechanism of Counterfeits in the Context of Culture Mixing	The 16 th Annual Conference & Doctoral Consortium of the Journal of Marketing Science	No	Yes (Appendix 6)	Yes	Yes

10. Whether Research Experience And New Knowledge Has Been Transferred / Has Contributed To Teaching And Learning

(Please elaborate)

Some research findings have been used in the undergraduate courses of “Consumer behavior” and “Global marketing”. The PI introduced the culture mixing research and some findings in lectures to promote students’ critical thinking about the impacts of culture mixing and the underlying mechanism of counterfeit consumption. Some class activities were designed to guide students to apply the findings to solve marketing problems. New knowledge from the project was successfully transferred to students’ learning.

11. Student(s) Trained*(Please attach a copy of the title page of the thesis)*

Name	Degree Registered for	Date of Registration	Date of Thesis Submission / Graduation
N/A			

12. Other Impact*(e.g. award of patents or prizes, collaboration with other research institutions, technology transfer, teaching enhancement, etc.)*

The inclusion of research findings gained from the project in teaching materials improved students' learning effectiveness and the PI's teaching performance. The co-investigator (Dongmei Li) developed some new ideas inspired by the project and has successfully applied for a new research project funded by the Humanity and Social Science of the Ministry of Education of China.

13. Statistics on Research Outputs

No. of outputs arising directly from this research project	Peer-reviewed Journal Publications	Conference Papers	Scholarly Books, Monographs and Chapters	Patents Awarded	Other Research Outputs (please specify)	
					Type	No.
	0	3 conference papers	0	0	Manuscripts under preparation (target at SSCI journals)	2

14. Public Access Of Completion Report*(Please specify the information, if any, that cannot be provided for public access and give the reasons.)*

Information that Cannot Be Provided for Public Access	Reasons
N/A	