# ERASMUS UNIVERSITY ROTTERDAM ERASMUS SCHOOL OF ECONOMICS Bachelor Thesis Economics & Business

**Specialization: Marketing** 

## From Chic to Shame

The effect of face consciousness on the purchase intention of Dutch consumers towards counterfeit luxury goods and the mediating role of risk of embarrassment

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## **ABSTRACT**

In this thesis, we study whether face consciousness has a negative effect on the purchase intention of Dutch consumers toward counterfeit luxury goods through the mediating role of risk of embarrassment. To examine this, a survey was conducted under 150 Dutch consumers between the ages of 18 and 60. They were asked to rank statements about face consciousness, risk of embarrassment and purchase intention towards counterfeit luxury goods. We find that risk of embarrassment does not mediate the relationship between face consciousness and purchase intention towards counterfeit luxury goods in a Dutch context. Additionally, we conclude that face consciousness does not have a significant effect on purchase intention towards counterfeit luxury goods for Dutch consumers. This indicates that the motivations of Dutch consumers behind purchasing counterfeit luxury goods are not driven by face consciousness.

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#### **CHAPTER 1 Introduction**

This study is about the effect of face consciousness on the purchase intention of Dutch consumers towards counterfeit luxury goods, and the role of risk of embarrassment that mediates this relationship is central in this thesis. The market for counterfeit luxury goods has expanded to such an extent that it now poses a significant global threat to the authentic producers of these brands (Perez et al., 2010). According to the International Trade Commission, global counterfeit sales surged from \$5.5 billion in 1982 to over \$500 billion in 2009. Notably, this upwards growth trend is expected to keep going. (Perez et al., 2010). The purchase intention of customers towards these goods is influenced by a multitude of factors. One concept that has attracted a great deal of attention in counterfeit literature is face consciousness. Face refers to a sense of favourable social self-esteem that a person wants others to have of him or her in a relational and network context (Ting-toomey & Kurogi, 1998). Thus, face consciousness is defined as people's desire to enhance, maintain and avoid losing face in relation to significant others in social activities (Bao et al., 2003). Purchasing items from prestigious luxury brands is often viewed as a sign of personal achievement and an elevated social position, which can enhance one's social face (Li & Su, 2007). However, this comes with a great risk of losing face if others find out that they actually use counterfeits. Therefore, Jiang and Cova (2012) conclude that face consciousness places a role in the decision of consumers to buy counterfeit luxury goods and functions as a double-edged sword for these consumers. This thesis will focus on risk of losing face that is associated with being detected as a counterfeit luxury owner.

There are some inconsistencies in the literature regarding the relationship between face consciousness and customer purchase intentions towards counterfeit luxury goods. For instance, Jiang and Shan (2016) state that face consciousness has a positive effect on customer purchase intention towards counterfeit luxury goods, as consumers use the luxury brands to elevate their social face, but this study ignores the avoidance of public embarrassment in luxury counterfeit consumption. In contrast, Sharma and Chan (2011) report that face consciousness does not play a significant role in predicting the intention to purchase counterfeit goods. Furthermore, the concept of face consciousness as a double-edged sword that Jiang and Cova (2012) indicate does not point towards one clear relationship between face consciousness and consumer purchase intention towards counterfeit luxury goods. Jiang et al. (2023) argue that these inconsistencies in the literature exist, due to the failure of the previous studies to factor in the role of the risk of embarrassment of being detected as a counterfeit user. Using a survey methodology, they assessed the face consciousness, risk of embarrassment and purchase intentions of Chinese consumers. Subsequently, they used a mediation analysis to examine the mediating role of risk of embarrassment between face consciousness on the consumer's purchase intention toward luxury counterfeits. As a result of this mediation analysis, they concluded that risk of

embarrassment mediates the negative relationship between face consciousness and Chinese consumers' purchase intention toward luxury counterfeits.

Face consciousness is a value that is embedded in Asian, Confucian cultures and has been studied mostly in the context of Asian consumers (Wong & Ahuvia, 1998). However, the concept of face is a social phenomenon that can be observed across different cultures and countries (Shan et al., 2021). Additionally, previous research by Bian and Moutinho (2009) showed amongst a sample of European customers that the social risk of being detected as a counterfeit user negatively influences purchase intention. Interestingly, to date there have not been any studies yet that study the role of face consciousness and risk of embarrassment in determining the purchase intention towards luxury counterfeits of Dutch consumers. Examining these relations in a Dutch context is intriguing, as the Dutch culture is described as generally more individualistically orientated than Asian cultures such as Japan and China (Boone et al., 2007). My goal is to show that the relationship Jiang et al. (2023) found is generalizable to Dutch consumers. Therefore, in this thesis we will examine the effect of face consciousness on the purchase intention towards counterfeits luxury products of Dutch consumers through the mediating role of risk of embarrassment. This results in the following research question: For Dutch consumers, does face consciousness lead to lower purchase intention toward counterfeit luxury goods through the mediating role of risk of embarrassment?

This study will examine the effect of face consciousness on the purchase intention towards counterfeits luxury products of Dutch consumers through the mediating role of risk of embarrassment. This relationship will be studied using a mediation analysis. A mediation analysis is a statistical technique that uses regression analysis to determine whether the effect of an independent variable on a dependent variable runs via a mediator. The conceptualization and operationalization of this thesis is mostly based on the study of Jiang et al. (2023). Face consciousness will be measured with a six-item scale adopted from Chan et al. (2009). The risk of embarrassment will be evaluated on a five-item scale adopted from Davidson et al. (2019). Finally, the purchase intention will be determined with three items adopted from Davidson et al. (2019). Each item of these variables will be measured on a 7-point Likert scale (1 = strongly disagree,7= strongly agree). Similar to Jiang et al. (2023), control variables such as age, gender and annual income will be collected to improve the internal validity. The study will take place in the context of Dutch consumers. Data will be collected through an online survey, with which we plan to survey close to N=150 Dutch consumers between the ages of 18 to 60.

In this study, we hypothesize to find that the effect of face consciousness on the purchase intention of Dutch consumers towards counterfeit luxury goods will be negatively impacted through the mediating role of risk of embarrassment, which will be visible by identifying a significant indirect coefficient of purchase intentions on face consciousness through risk of embarrassment. However, we expect this

effect to be less strong for Dutch consumers compared to Chinese consumers, due to the individualistic nature of the Dutch culture. By conducting this study, we expect to show that the relationship that Jiang et al. (2023) identify, is generalizable to a Western, more individualistic culture. Nevertheless, there are many cultural differences between individualistic and collectivistic countries, which leaves room for disparities in the relationship between face consciousness and purchase intention towards counterfeit luxury goods amongst different countries.

This study found that risk of embarrassment does not mediate the effect of face consciousness on the purchase intention towards counterfeit luxury goods in a Dutch context. Furthermore, face consciousness does not have a significant effect on the purchase intention of Dutch consumers towards counterfeit luxury goods. This shows that the relationship between face consciousness and purchase intention towards counterfeit luxury goods that previous research found, is not applicable to Dutch consumers.

The structure of this thesis is as follows: Section 2 will discuss relevant literature and previous research. Section 3 describes the sample and how the data was collected for the research. Section 4 explains the method behind the statistical technique that is used to run the mediation analysis. Section 5 presents the main findings of the research, along with a discussion on how to interpret the results and how they relate to previous research. Section 6 contains a summary and conclusion of the research. An overview of the survey questions is provided in the Appendix.

#### **CHAPTER 2 Theoretical Framework**

This theoretical framework will discuss how face consciousness affects purchase intention towards counterfeit luxury goods. Both concepts will shortly be introduced, after which the literature on these topics will be discussed. Subsequently, literature involving the relationship between these concepts will be examined, leading to a hypothesis on how this relationship works. Additionally, the role of risk of embarrassment as a mediator in this relationship will be addressed by looking at previous research that involved this concept as a mediator. Based on this literature, two more hypotheses will be presented that look at the effect of face consciousness on this mediator, and how this mediator affects the relationship between face consciousness and purchase intention towards counterfeit luxury goods.

### 2.1 Theoretical Framework – Influence of face consciousness on purchase intention

## 2.1.1 Purchase intention towards counterfeit luxury goods

Purchase intention towards counterfeit luxury goods can be defined as the chance that consumers aim or will be inclined to purchase a counterfeit luxury good in the future (Wu & Zhao, 2021). Due to the complexity of identifying a specific reason for customer purchases, customers' purchase intention has become a crucial subject to study in consumer behaviour (Indriastuti & Maulana, 2021). Counterfeit luxury goods are products with a trademark that is exactly alike to a registered trademark, therefore breaching the rights of the holder of the trademark (Bian & Moutinho, 2009). This thesis examines purchase intention of Dutch consumers towards non-deceptive luxury counterfeit goods, indicating that the consumers are conscious of the fact that the products they buy are not authentic (Wilcox et al., 2009).

The concept of non-deceptive counterfeit luxury goods was first introduced by Grossman and Shapiro (1988). They stated that the value of these goods for customers came not from owing the product themselves, but from the people around them who mistakenly identified the product as a genuine luxury good. Counterfeit literature before 1990 was mostly centred around the supply side of counterfeiting. Early 1990's, researchers started to realize that the market for luxury counterfeits is mostly driven by a strong customer demand (Bloch et al., 1993). This marked the beginning of research on what drives customers to purchase luxury counterfeit products.

To try and understand what drives this consumption of counterfeit products, most early studies looked at price related factors to explain the purchase intention towards counterfeit luxury goods (Penz & Stottinger, 2005). Late 2000's, the focus shifted towards non-price related factors that influenced the purchase intention like sociocultural factors (Augusto de Matos et al., 2007) and brand related factors (Wilcox et al., 2009). The last decade saw an increase in luxury counterfeit studies, with research that focused on qualitative and experimental studies to try to determine new determinants (Bian et al., 2016). Most research was once again centred around non-price related predictors that have a

significant effect on the purchase intention towards counterfeit luxury goods such as denial of responsibility and social risk (Koay, 2018). Especially social concepts like attitudes were studied to see how they influence the purchase intention towards counterfeit luxury goods (Y. Jiang et al., 2019).

## 2.1.2 The concept of face consciousness

Face refers to a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context (Ting-toomey & Kurogi, 1998). Face consciousness can be defined as people's desire to enhance, maintain and avoid losing face in relation to significant others in social activities (Bao et al., 2003). Face consciousness is a sociocultural value that influences consumer behaviour. Although face is a global concept, how people define it varies from one culture to another (Li & Su, 2007). This thesis will deal with face consciousness in the sense of Dutch consumers.

The concept of face has a Chinese origin and was first introduced in research by Chinese academist Hu (1944). He stated that face was not one single concept, but that it was divided into two parts called, *lien* and *mien-tzu*. *Mien-tzu* is when people admire you for the success you have achieved in life and is similar to what we would describe as prestige. *Lien*, on the other hand, is described as the trust people have in your moral integrity. A person could lose *lien* by not adhering to the norms of behaviour in a social setting that the society expects from them and is equivalent to losing face. Not losing lien, however, is not the same as gaining mien-tzu, which happens when people acknowledge and admire your success. This can be done by showing outstanding behaviour, being exceptional in a specific role or by showing an increase in status through wealth or promotion (Ho, 1976).

The concept of face was first introduced to western literature by writer and sociologist David Goffman. According to Goffman (1967), face stands for a positive self-image that is validated through social interactions. It is not something that can be obtained on your own, but is maintained, augmented, or lost by interacting with other people. While comparing American and Chinese communities, Hsu (1981) mentioned that the Chinese concepts of face and the American concept of prestige are all similar definitions for the same need. To explain the differences in the concept of face between western and eastern cultures, Hwang et al. (2003) refer to difference between individualistic and collectivistic cultures. They stated that people in individualistic cultures are striving to gain more face, whereas people in collectivistic cultures are more concerned about not losing face.

Bao et al. (2003) were the first to introduce the concept of face consciousness into research. They state that people in individualistic cultures tend to be less face-conscious, whereas people in collectivistic cultures tend to show strong face consciousness. They conclude that face consciousness plays a significant role in explaining the differences of consumers decision-making styles across China and the United States. Wong and Ahuvia (1998) state that face is a global concept, although it is more

prominent in certain cultures. They propose that due to their strong face consciousness, Southeast Asian consumers are more likely to buy luxury goods as a display of their wealth, whereas Western consumers, being less face-conscious, are more inclined to buy luxury goods for personal gratification. The research involving face consciousness the last two decades see how the concept influences the behaviour of Asian consumers. Especially research on luxury and status consumption is a topic in which face consciousness is studied a lot (Li et al., 2015).

#### 2.2 Theoretical Framework –Risk of embarrassment as mediator

# 2.2.1 Relationship between face consciousness and consumers purchase intention towards counterfeit luxury goods

Research on the relationship between consumers purchase intention towards counterfeit luxury goods and face consciousness shows conflicting statements. For instance, Jiang and Shan (2016) state that face consciousness has a positive effect on the purchase intention of Chine consumers towards counterfeit luxury goods, as they use the luxury brands to enhance their social face. Contradictory, Sharma and Chan (2011) report that face consciousness does not play a significant role in predicting the intention of Asian consumers to purchase counterfeit goods. Furthermore, Jiang and Cova (2012) indicate that face consciousness can affect the purchase intention of Chinese consumers towards counterfeit luxury goods both positively and negatively, which does not point towards one clear relationship. Jiang et al. (2023) try to fix these inconsistencies in the literature, by introducing the risk of embarrassment of being detected as a counterfeit user as a mediator to explain the effect of face consciousness on purchase intention of Chinese consumers towards counterfeit luxury goods.

This thesis will replicate the study of Jiang et al. (2023) in the context of Dutch consumers. For Dutch consumers, we expect to find that the effect of face consciousness on the purchase intention of towards counterfeit luxury goods will be negative. However, we expect this effect to be less strong for Dutch consumers compared to Chinese consumers, because the Dutch culture is quite individualistic, and Bao et al. (2003) stated that individualistic cultures tend to be less face-conscious than collectivistic cultures. Based on this similar research, we formulate the following hypothesis:

**H1:** Face consciousness has a negative effect on the purchase intention of Dutch consumers towards counterfeit luxury goods.

#### 2.2.2 The mediating role of risk of embarrassment

This thesis will examine the relationship between face consciousness and consumers purchase intention towards counterfeit luxury goods including the mediating role of 'risk of embarrassment'. Embarrassment is a social self-conscious emotion that plays an important role in social interactions, such as consumer behaviour. It is a painful emotion that arises in difficult public situations (Miller, 2001). Risk of embarrassment in this context can be defined, as the extent to which a person feels embarrassed and uneasy with possessing, purchasing and being noticed by others with a counterfeit good (Veloutsou & Bian, 2008).

Jiang et al. (2023) found that highly face-conscious consumers are more worried about the psychological risk of being found out as counterfeit consumer. When adding the risk of embarrassment as a mediator, face consciousness increased the risk of embarrassment, which consequently decreased the purchase intention of Chinese consumers toward luxury counterfeits. Face-conscious counterfeit shoppers are very sensitive to other people's opinions and reactions and are thereby more inclined to correlate counterfeit luxury products with a high risk of embarrassment, as they worry for public rejection after being identified as a counterfeit shopper (Shan et al., 2021). Therefore, it is expected that face consciousness is to positively related to the risk of embarrassment of being found out as a luxury counterfeit consumer. Based on these conclusions from previous research, we come to the following hypothesis:

**H2:** For Dutch consumers, individuals with high face consciousness perceive a higher risk of embarrassment in being noticed with a luxury counterfeit good than individuals with low face consciousness.

Davidson et al. (2019) state that the fear of being detected as a counterfeit user in social interactions is an important factor that results in embarrassment and negative feelings toward counterfeit luxury consumption. The theory of cognitive dissonance states that people seek to reduce psychological discomfort by changing either their beliefs or their behaviour to manage this inner conflict (Festinger, 1957). As it is hard for consumers to deny the unethical status of owning counterfeit goods (believe), they might turn away from buying counterfeit goods (behaviour) to minimize the risk of embarrassment. Put differently, when factoring in the role of risk of embarrassment, face consciousness may be linked with negative purchase intention toward counterfeit luxury products. Therefore, we suggest the following hypothesis:

**H3:** Risk of embarrassment mediates the effect of face consciousness on the purchase intention of Dutch consumers towards luxury counterfeit goods.

To test these hypotheses, we conducted a mediation analysis. The data for this study were carefully collected and analysed, which provided us with results necessary for answering these hypotheses. Information on how the data was collected and how the sample looks like will be discussed first, before explaining how this mediation analysis works.

#### **CHAPTER 3 Data**

## 3.1 Sample description

We have surveyed 151 individuals in the Netherlands. From these 151 respondents, 148 people filled in the survey completely. The online survey was sent out on the 8<sup>th</sup> of June 2024, and the total sample was collected on the 11<sup>th</sup> of June 2024. Survey links were sent out to Dutch consumers between the ages of 18 to 60. Respondents of all age categories filled in the survey, but most people were either between 18 to 24 (about 32%) or between 51 and 60 (about 45%). The percentage of men and women in the survey were approximately the same (about 51% versus 48%), and two individuals referred to their gender as different from men or women. In terms of annual income, the answers were quite divided as the majority (about 39%) had an annual income lower than 30.000 euro, whereas the rest had an annual income either between 30.000 euro and 70.000 euro (about 30%) or more than 70.000 euro (about 24%). 11 respondents (about 7%) chose to not disclose their annual income.

## 3.2 Variables

Face consciousness was measured using 6 items taken over from Chan et al. (2009). Respondents were asked to indicate the degree which they agreed with the following statements: (1) "I care about praise and criticism from others"; (2) "I care about others' attitudes toward me"; (3) "I hate being taken lightly"; (4) "I will be very angry if others are impolite to me"; (5) "I will be very happy if I am treated with respect"; and (6), "I will be very upset if I am criticized in public".

We measured *risk of embarrassment* using 5 items adopted from Davidson et al. (2019). Respondents were asked to indicate the degree which they agreed with the following statements: (1) "I would feel uncomfortable being seen with luxury counterfeit goods"; (2) "I would care about what others would think if they saw me with luxury counterfeit goods"; (3) "I would be humiliated if people knew I owned luxury counterfeit goods"; (4) "I would be concerned about being seen in public with luxury counterfeit goods"; and (5), "I would be embarrassed if I was caught using luxury counterfeit goods".

Purchase intention towards luxury counterfeit goods was assessed using 1 item adopted from Davidson et al. (2019). Additionally, three items were added to investigate motivations behind buying counterfeit luxury goods. Respondents were asked to indicate the degree which they agreed with the following statements: (1) "I would be interested in buying the luxury counterfeits"; (2) "I would buy luxury counterfeits to save costs"; (3) "I would like to own luxury counterfeits to enhance my status/imago"; and (4), "I would buy luxury counterfeit products due to peer pressure to fit in".

All items of the variables were measured on a 7-point Likert scale (1 = strongly disagree,7= strongly agree). We used a Dutch version of the survey to collect the data. All Dutch statements were consistent with the original English translation. The translation to Dutch was done to improve the internal validity of the research.

#### 3.3 Control variables

We added 3 control variables to improve the internal validity of the research: *age, gender* and *annual income*. *Age* was measured on a 5-item scale adopted from Jiang et al. (2023). Respondents had to fill in to which of the following age categories they belonged: (1) <25; (2) 25-30: (3) 31-40; (4) 41-50; and (5), >50. For *gender*, respondents had the option to choose either: men, women or different. Lastly, respondents were asked to give an indication of their *annual income* by choosing one of the following options: (1) <30.000 euro; (2) 30.000 euro-50.000 euro: (3) 50.000 euro-70.000 euro; (4) >70.000 euro; and (5), "I would rather not disclose it".

# 3.4 Descriptive statistics

**Table 1** *Frequencies and percentages of the three control variables* 

Variable	N	%
Gender		
Male	75	50,7
Female	71	48,0
Other	2	1,3
Age		
<25	48	32,4
25-30	13	8,8
31-40	6	4,1
41-50	15	10,1
>50	66	44,6
Annual income		
<30.000	58	39,2
30.000-50.000	27	18,2
50.000-70.000	18	12,2
>70.000	35	23,6
Would rather not disclose	10	6,8

*Note:* Description of the sample through control variables *gender*, *age* and *annual income*. Annual income is given in euros. Column 1 shows the number of observations. Column 2 shows the corresponding percentages.

Table 1 describes the sample of this research. The differences in gender seem to be quite equal, whereas the differences in age are quite large. Notably, the biggest proportions seem to be people under the age of 25 and above the age of 50, which are both combined responsible for three quarters of the total sample. The annual income of the respondents seems to be quite spread out with the majority having an annual income lower than 30.000 euros.

 Table 2

 Descriptive statistics of our three main constructs

					Std.
Construct	N	Minimum	Maximum	Mean	Deviation
Face_consciousness	148	1,000	6,830	5,118	0,830
Risk_of_embarrasment	148	1,000	7,000	3,197	1,696
Purchase_intention	148	1,000	7,000	2,830	1,209
Valid N (listwise)	148				

*Note:* Mean, standard deviation, minimum and maximum for our main variables. The unit of analysis is a 7-point Likert scale.

Table 2 shows the descriptive statistics for our 3 main variables. The mean of the variable *purchase intention* is quite low, which indicates that most people were not inclined to purchase counterfeit luxury goods. The standard deviation of *risk of embarrassment* was quite big, indicating that the answers for this construct were fairly divided.

 Table 3

 Descriptive statistics for reasons behind buying counterfeit luxury goods

					Std.
Purchase incentives	N	Minimum	Maximum	Mean	Deviation
I would buy counterfeit	148	1,000	7,000	3,300	1,911
luxury goods to save costs					
I would like to own	148	1,000	7,000	1,740	1,161
counterfeit luxury goods to					
enhance my status					
I would buy counterfeit	148	1,000	7,000	1,700	1,111
luxury goods to fit in					
Valid N (listwise)	148				

*Note:* Mean, standard deviation, minimum and maximum for three different purchase incentives for buying counterfeit luxury goods. The unit of analysis is a 7-point Likert scale.

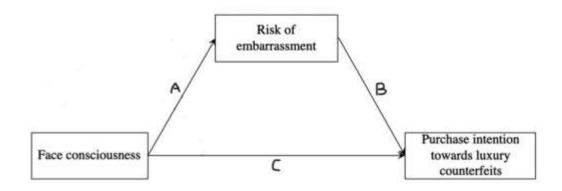
Table 3 shows three different purchase incentives that respondents filled in. The low means of the incentives align with the low purchase intention that could be seen in table 2. Interestingly, the main reason for buying counterfeit luxury goods seems to be to save costs rather than enhancing one's status or trying to fit in.

#### **CHAPTER 4 Method**

To analyse the collected data, we conducted a mediation analysis with face consciousness as the independent variable and purchase intention as the dependent variable to test the mediating role of risk of embarrassment. Each variable was constructed by calculating the average of all corresponding items, similar to Jiang et al. To show that an independent variable has an effect on a dependent variable via a mediating variable, Baron and Kenny (1986) state three conditions that have to hold: (a) variations in the independent variable significantly explain variations in the supposed mediator (path a), (b) variations in the mediator significantly explain variations in the dependent variable (path b), and (c) when controlling for paths a and b, the formerly significant relationship between the independent and dependent variables loses its significance. Subsequently, Baron and Kenny (1986) describe that to test the mediation, we should run the following three regressions: Firstly, we should regress the mediator on the independent variable. Secondly, we want to regress the dependent variable on the independent variable, and lastly, we have to regress the dependent variable on both the independent variable and on the mediator. According to Zhao et al. (2010), to identify if there is mediation, we need to check whether the following two conditions hold regarding our regressions: First of all, the independent variable must have an effect on the mediator in the first regression. Additionally, the mediator must have an effect on the dependent variable in the third regression. This means that the indirect effect (a x b) be significant. There is no need for the direct effect (path c) to be significant. Equivalent to Jiang et al. (2023), we used the process macro in SPSS to run this statistical analysis.

Figure 1

Image of how the described mediation analysis works



*Note:* Mediation of the effect of face consciousness on purchase intention towards counterfeit luxury goods through risk of embarrassment. Letters on paths represent different regressions.

### **CHAPTER 5 Results & Discussion**

The model was estimated using ordinary least squares (OLS) regression. Since all three variables were measured on a 7-point Likert scale, the coefficients can be interpreted as follows: If the independent variable or the mediator goes up by 1 rating, the dependent variable increases in rating with the value of the coefficient. The categorical control variables Age and Annual income were recoded into numeric values, giving 1 to the lowest age categories and 5 to the highest, whereas the highest Annual income category was 4, meaning that if the age or income categories goes up by 1, the dependent variable changes in rating with the coefficient of the variable. Gender was transformed into a dummy variable, indicating that the dependent variable changes in rating with the value of the coefficient if the respondent is female or non-binary, but doesn't change if the respondent is male.

 Table 4

 Mediation analysis by running three different regressions

_	Dependent variable						
	Purchase intention (1)	Risk of embarrassment (2)	Purchase intention (3)				
Face consciousness	0.209 (0.169)	0.199 (0.153)	0.271 (0.165)				
Risk of embarrassment	, ,		-0.306*** (0.089)				
Age	-0.092 (0.112)	-0.163 (0.101)	-0.142 (0.109)				
Gender	-0.504* (0.292)	-0.413 (0.262)	-0.630** (0.284)				
Annual income	-0.059 (0.164)	0.139 (0.147)	-0.017 (0.158)				
Constant	2.435*** (0.896)	(0.147) 2.607*** (0.806)	3.232*** (0.895)				
Observations	148	148	148				
$\mathbb{R}^2$	0.055	0.064	0.127				

Note: This table shows three different OLS regressions. All coefficients show a change in rating on a 7-point Likert scale. Column 1 shows a regression of *purchase intention* on *face consciousness*, with the addition of control variables *age*, *gender* and *annual income*. Column 2 shows a regression of *risk of embarrassment* on *face consciousness*, including the same control variables. Column 3 shows a regression of *purchase intention* on *face consciousness* and *risk of embarrassment*, once again with the same control variables. Standard errors are in parentheses. \*, \*\*, \*\*\* denote significance at the 10%, 5%, and 1% levels, respectively.

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 Table 5

 Total, direct and indirect effect of predictor on outcome variable

	Effect	95% CI
Total effect of Face consciousness on Purchase intention	0.209 (0.169)	[-0.126, 0.545]
Direct effect of Face consciousness on Purchase intention	0.271 (0.165)	[-0.055, 0.596]
Indirect effect of Face consciousness on Purchase intention	-0.061 (0.056)	[-0.188, 0.031]

*Note:* This table shows the total, direct and indirect effect of our independent variable on the dependent variable. Column 1 shows the total, direct and indirect effect of our independent variable on the dependent variable. Column 2 shows the lower and upper bound of the corresponding 95% confidence interval. Standard errors are in parentheses. \*, \*\*, \*\*\* denote significance at the 10%, 5%, and 1% levels, respectively.

## **5.1 Hypothesis 1**

**H1:** Face consciousness has a negative effect on the purchase intention of Dutch consumers towards counterfeit luxury goods.

If we look at model 1 in table 4, we can see that the model's R-squared was on average about 0.055, which means that 5.5 percent of the variance in *purchase intention* could be explained by the variables included in the model. The result from model 1 can be interpreted as follows: an increase in *face consciousness* rating by 1 leads on average to an 0.209 increase in *purchase intention* rating. The corresponding p-value is bigger than 5%, meaning that this effect is not significant. Both *age* and *annual income* show a weak negative effect, but are not significant, indicating that we cannot conclude that either of these control variables has a clear effect on purchase intention. *Gender*, however, seems to be significant at the 10% significance level and is quite strongly negative, showing that the *purchase intention* seems to be significantly lower for people who put down female or different as their *gender*. The coefficient *of face consciousness* is not significant, meaning that we cannot reject the null hypothesis that this effect is different from zero and that we cannot conclude that *face* 

consciousness has a negative or a positive effect on the *purchase intention* of Dutch consumers towards counterfeit luxury goods based on these results. This can also be concluded by looking at table 5, where we can see that the total effect of *face consciousness* on *purchase intention* is positive and not significant.

My results showed that there is no significant effect between face consciousness and the purchase intention of Dutch consumers towards counterfeit luxury goods. This finding is similar to that from Sharma and Chan (2011), who find that face consciousness does not play a significant role in predicting the purchase intention of Asian consumers towards counterfeit goods. The finding is in contrast with the results of Jiang et al. (2023), who identify a negative relationship between face consciousness and purchase intention for Chinese consumers. It is possible that the differences in these findings can be credited to cultural differences between Asian and Dutch consumers. Dutch consumers could potentially care less about social concepts like face consciousness and attach more value to individual concepts such as materialism, that this research doesn't take into account.

## 5.2 Hypothesis 2

**H2:** For Dutch consumers, individuals with high face consciousness perceive a higher risk of embarrassment in being noticed with a luxury counterfeit good than individuals with low face consciousness.

If we look at model 2 in table 4, we can see that the model's R-squared was on average about 0.064, which means that 6.4 percent of the variance in *risk of embarrassment* could be explained by the variables included in the model. The result from model 2 can be interpreted as follows: an increase in *face consciousness* rating by 1 leads on average to an 0.199 increase in *risk of embarrassment* rating. The corresponding p-value is bigger than 5%, meaning that this effect is not significant. *Age* and *gender* show a negative effect, whereas *annual income* shows a positive effect, but all of these variables are not significant, indicating that we cannot conclude that either of these control variables has a clear effect on *risk of embarrassment*. The coefficient of *risk of embarrassment* is not significant, meaning that we cannot reject the null hypothesis that there is no difference in the perceived *risk of embarrassment* in being noticed with a luxury counterfeit good between Dutch consumers with high *face consciousness* and Dutch consumers with low *face consciousness*. This does not mean that we can conclude that there is no difference in perceived risk between these groups, but that there was no difference detected in our study.

My results showed that there is no significant effect between face consciousness and the perceived risk of embarrassment of being noticed with counterfeit luxury goods for Dutch consumers. This finding is in contrast with the results of Jiang et al. (2023), who identify a significant positive relationship between face consciousness and perceived risk of embarrassment for Chinese consumers. This shows

that this effect of face consciousness on the perceived risk of embarrassment of being noticed with counterfeit luxury goods can differ for countries. These disparity can possibly be attributed to different socio-cultural differences that this research doesn't consider.

#### 5.3 Hypothesis 3

**H3:** Risk of embarrassment mediates the effect of face consciousness on the purchase intention of Dutch consumers towards luxury counterfeit goods.

If we look at model 3 in table 4, we can see that the model's R-squared was on average about 0.127, which means that 12.7 percent of the variance in purchase intention could be explained by the variables included in the model. The results from model 3 can be interpreted as follows: an increase in face consciousness rating by 1 leads on average to an 0.271 increase in purchase intention rating. The corresponding p-value is bigger than 5%, meaning that this effect is not significant. An increase in risk of embarrassment rating by 1 leads on average to an 0.306 decrease in purchase intention rating. The corresponding p-value is smaller than 5%, showing that this effect is significant. Both age and annual income show a weak negative effect, but are not significant, indicating that we cannot conclude that either of these control variables has a clear effect on purchase intention. Gender, however, seems to be significant at the 5% significance level and is quite strongly negative, showing that the purchase intention seems to be significantly lower for people who put down female or different as their gender. To determine if risk of embarrassment mediates the effect of face consciousness on purchase intention, the indirect effect of face consciousness on purchase intention needs to be significant, as is described in the method. We can see in table 5 that this indirect effect is negative, but zero is part of the 95% confidence interval, meaning that the effect is not significant. This suggests that risk of embarrassment does not mediate the relationship between face consciousness and purchase intention towards counterfeit luxury goods. Therefore, we fail to reject the null hypothesis that risk of embarrassment does not mediate the effect of face consciousness on purchase intention towards counterfeit luxury goods for Dutch consumers.

My results showed that *risk of embarrassment* does not mediate the relationship between face consciousness and purchase intention towards counterfeit luxury goods for Dutch consumers. This is in contrast with Jiang et al. (2023), who do find that risk of embarrassment mediates this relationship for Chinese customers. Our results do show, however, that risk of embarrassment has a significant, negative effect on the purchase intention of Dutch consumers towards counterfeit luxury goods. It could therefore possible that a concept different than face consciousness affects this purchase intention through the mediating role of risk of embarrassment. Davidson et al. (2019), for example, find that materialism has an effect on the purchase intention of American consumers towards counterfeit luxury goods through the mediating role of risk of embarrassment. It could be possible that this concept is

also applicable to Dutch consumers as they share a lot of cultural similarities with American consumers.

We removed missing values to make sure estimates are as accurate as possible and to minimize any potential bias. We tested the model multiple times, with and without control variables, to ensure it was robust. The reported results remained robust under all these models.

## **5.4** Alternative explanations

There could be different reasons as to why the results we have found are not significant. First of all, face consciousness is quite a new concept to academic research and has been mostly studied in an Asian context. The concept of face consciousness can differ from culture to culture and we have adopted the construct of face consciousness that was created in a research under Asian consumers. Therefore, it could be possible that we would have found significant results, if we would have aligned the survey question about face consciousness to be more accurate with the western concept of face consciousness. Dutch consumers are more concerned with gaining face instead of losing face, as the Dutch culture is quite an individualistic culture. If the concept of face consciousness in this research was constructed by focusing more on gaining face, maybe the results would have been significant.

Another possible explanation for the lack of significance in the results can be credited to selection bias. Selection bias takes place when the sample that is collected for the study is not an accurate representation of the population that it is trying to represent. This can present the issue of confounding variables that are more present under certain groups and increases the variability in the data, all of which can lead to insignificant results. The survey for this research was distributed in a small bubble of our own network, which leads to selection bias. Therefore, it could be possible that the results would have been significant, if the sample was randomly collected, eliminating any form of selection bias.

#### **CHAPTER 6 Conclusion**

This study zoomed in on the effect of face consciousness on the purchase intention of Dutch consumers towards counterfeit luxury goods through the mediating role of risk of embarrassment. Previous research has shown that face consciousness can be of big influence on the purchase intention of consumers towards counterfeit luxury goods. The perceived risk of embarrassment of being detected as a counterfeit luxury user seems to mediates this relationship. The concept of face consciousness, however, has yet to been studied in a Dutch context. In particular, until this study no research had been undertaken to see how face consciousness can influence the purchase intention of Dutch consumers, despite the fact that face consciousness is a global concept that is also present in Dutch culture. Therefore, the question that was studied in this research was: "For Dutch consumers, does face consciousness lead to lower purchase intention toward counterfeit luxury goods through the mediating role of risk of embarrassment?"

To answer this research question, a survey was distributed under 150 Dutch consumers between the ages of 18 and 60. They were asked to rank certain statements about face consciousness, risk of embarrassment and purchase intention towards counterfeit luxury goods on a 7-point Likert scale. Additionally, they were asked to fill in certain control variables to improve the intern validity of the research. The data analysis showed that risk of embarrassment does not mediate the effect of face consciousness on purchase intention towards counterfeit luxury goods. Moreover, the results shows that face consciousness does not have a significant effect on the purchase intention of Dutch consumers towards counterfeit luxury goods. The data did show however that risk of embarrassment had a significant negative effect on the purchase intention.

This study therefore concludes that risk of embarrassment does not mediate the effect of face consciousness on the purchase intention towards counterfeit luxury goods in a Dutch context. Furthermore, face consciousness does not have a significant effect on the purchase intention of Dutch consumers towards counterfeit luxury goods. This shows that the relationship between face consciousness and purchase intention towards counterfeit luxury goods that previous research found, is not applicable to Dutch consumers.

A potential limitation of this research is that it used the construct of face consciousness that has been used to research face consciousness under Asian consumers. It can interesting for future research to try and create a new construct for face consciousness that aligns more with Western culture, as the concept of face consciousness tends to differ from culture to culture. Future research could also try to look at social motivation variables that are similar to face consciousness, such as self-esteem and social anxiety, to investigate what influences the decision to buy counterfeit luxury goods. Lastly,

future researchers could look at other potential mediators to see what influences the relationship between face consciousness and purchase intention towards counterfeit luxury goods.

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APPENDIX A	Survey questions		
Q1 What is you	r age?		
O <25 (1)	)		
O 25-30 (	(2)		
31-40 (	(3)		
O 41-50 (	(4)		
O >50 (5)	)		
Q2 What is you	r gender?		
O Man (1	.)		
O Women	1 (2)		
O Differen	nt (3)		
Q3 What is you	or gross annual income?		
<30.00	00 euro (1)		
30.000	euro - 50.000 euro (2)		
O 50.000	euro - 70.000 euro (3)		
>70.000	0 euro (4)		
O I would	rather not disclose it (5)		

Q4 Face consciousness is a concept from social psychology and cultural studies that refers to an individual's awareness and concern about their social image, honour, and prestige, and how these are

perceived by others." Evaluate the following 6 statements about face consciousness.

	Strongly disagree (1)	Disagree (2)	Slightly disagree (3)	Neutral (4)	Slightly agree (5)	Agree (6)	Strongly agree (7)
I care about praise and criticism from others. (1)	0	0	0	0	0	0	0
I care about others' attitudes toward me (2)	0	0	0	0	0	0	0
I hate being taken lightly (3)	0	0	0	0	0	0	$\circ$
I will be very angry if others are impolite to me. (4)	0	0	0	0	0	0	0
I will be very happy if I am treated with respect. (5)	0	0	0	0	0	0	0
I will be very upset if I am criticized in public. (6)	0	0	0	0	0	0	0
am criticized in public.	0	0	0	0	0	0	0

Q5 Luxury counterfeit goods are imitation items designed to resemble products from well-known luxury brands, but they are not made by those brands. These counterfeit goods are often illegally produced and sold at a lower price than the original items.

Evaluate the following 5 statements regarding the risk of embarrassment in being noticed with counterfeit luxury goods.

	Strongly disagree (1)	Disagree (2)	Slightly disagree (3)	Neutral (4)	Slightly agree (5)	Agree (6)	Strongly agree (7)
I would feel uncomfortable being seen with counterfeit luxury goods.	0	0	0	0	0	0	0
I would care about what others would think if they saw me with counterfeit luxury goods. (2)	0	0	0	0	0	0	0
I would be humiliated if people knew I owned counterfeit luxury goods.	0	0	0	0	0	0	0
I would be concerned about being seen in public with counterfeit luxury goods	0	0	0	0	0	0	0
I would be embarrassed if I was caught using counterfeit luxury goods.	0	0	0	0	0	0	0

Q6 Purchase intention refers to the extent to which a consumer intends to purchase a particular product or service. It is a crucial indicator in marketing and consumer research because it indicates the likelihood that a consumer will actually make a purchase.

Evaluate the following 4 statements regarding purchase intention towards counterfeit luxury goods.

	Strongly disagree (1)	Disagree (2)	Slightly disagree (3)	Neutral (4)	Slightly agree (5)	Agree (6)	Strongly agree (7)
I would be interested in buying counterfeit luxury goods.	0	0	0	0	0	0	0
I would buy counterfeit luxury goods to save costs. (2)	0	0	0	0	0	0	0
I would buy counterfeit luxury goods to enhance my status/image. (3)	0	0	0	0	0	0	0
I would buy counterfeit luxury goods to fit in. (4)	0	0	0	0	0	0	0