Department of Business and Management
Marketing Analytics

Consumer Behavior

Ethics in copycat

The mediating role of ethical judgements on luxury copycat purchase intention.

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Preface

I wrote this master thesis as the final step of the Master Marketing Analytics degree. This thesis is the result of the experimental research conducted in these last months for Tilburg School of Economics and Management, between January and May 2020.

I have always shown interest in the world of luxury, especially in imitation strategies that try to exploit the image and reputation of famous brands. Therefore, I came to the study of a model that could draw results regarding the layout of products in stores and in particular the ethicality of copycats.

This year in Holland, through the Double Degree program in cooperation with my University of Rome, Luiss Guido Carli, has allowed me to deepen my knowledge of several subjects of which I have great interest in. I am sure that at the end of it all, succeeding in obtaining two degrees in Marketing Analytics in the same year, will allow me to have accumulated an enormous amount of knowledge that will be useful in the future.

During these months, it was not easy to write the thesis because of the great pandemic that has afflicted the entire globe. However, having written it in this particular period, is the reason why this thesis will have an unforgettable memory in my life.

Nevertheless, the drafting of this thesis would not have been possible without the help of several people. First, I would like to thank my supervisor I.W.A Weeterings for her detailed comments, efficiency, and constant presence when help was needed. Furthermore, I want to thank my family for always being there for me, especially during this challenging time when we were locked up at home. Moreover, many thanks to my girlfriend, Alice, who always manages to give me her constant support and show confidence in me, for which I will never stop thanking her. Last but not least, I would like to thank my friends, both those with whom I spent this experience in Holland, where everything was more fun because of them, and my long-lasting friendships which, even if far away, have always been close, hoping to share with them many more happy moments.

Antonio Germanò

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CHAPTER 1
INTRODUCTION

This chapter will start with the motivation of the research. After that, the problem statement and related research questions will be discussed, and in the end, the research method will be mentioned.

1.1 BACKGROUND AND PROBLEM INTRODUCTION

Nowadays, the phenomenon of product imitation is widespread all over the world. In 2016, imports of counterfeit and copycats' products into the E.U. amounted to as much as €121 billion (E.C., 2019). Moreover, imitation strategies have become increasingly common in the consumer goods industry and in high-end retail products, where they are copied by lower imitation companies (Braxton, 2019). By having a similar trade dress, copycat brands try to free-ride on the positive associations that consumers have with a leader brand. Through their similarity, copycats try to access the information that consumers store on famous brands and the try to transfer it to themselves (Van Horen, Pieters 2012). An essential characteristic of the copycat product is its capability of not deceiving the consumer into thinking that the product is a copy of the original brand. Therefore, most copycat products are non-deceptive to the buyers in that they are entirely aware that the products are not the real ones either from the price (Cho et. al, 2015). In this context, it is essential to make a distinction between counterfeit products and copycats. Kay (1990) described a counterfeit product as the production of copies that are packaged in such a way that make them appear as they were the real articles. Counterfeit products usually have the explicit purpose of deliberately deceiving a consumer into thinking that what they are seeing is the original, while a copycat product does not. On the other hand, a copycat product looks similar to another product but is not identical. (Crettez, Hayek, Zaccour, 2018). There is a thin line differentiating copycats and counterfeits products: the first one imitates others' work without adding ingenuity, the second ones are non-genuine articles, hence, a fake. Nowadays, thousands of 'copycat' products with extremely similar appearances to those of original brand products are available to consumers. While consumers once considered copycat products to be inferior substitutes, copycats have been growing steadily in popularity and are now often considered a suitable alternative to nationally leading brands (Braxton, 2019).

Generally, copycat products can be found in two different categories of goods: convenience and luxury (d'Astous & Gargouri, 2001). Most of the studies (Wilcox et al. 2009; Radòn, 2012) have focused on counterfeit luxury products to assess the difference in consumer choice and the reason underlying their decisions. The demand for an imitation of a luxury brand might be greater than that

for a convenience brand (Nia & Zaichkowsky, 2000). Consumers would be more interested in a copycat of luxury brands when they found the more considerable price differences between the imitations and the original brands than that in the context of convenience brands (Grossman & Shapiro, 1988). As Wilcox et al. (2009) already studied, many consumers knowingly purchase non-deceptive copycats of luxury brands mainly due to the social status associated with the luxury brands. Copycats of luxury products and convenience goods may not be perceived in the same way by consumers because many people dream of buying a luxury good. Still, in the end, only a small part of them can afford it because of the high price, and some consumers must therefore deliberately seek an imitation instead of the original brand (Nia & Zaichkowsky, 2000). That is because luxury brands are often more expensive, and a copycat can be an interesting alternative to consumers. D'astous and Gargouri (1999), stated that the more an imitator looks like the original luxury brand, the better.In particular, this study will focus on the copycats in luxury markets as the literature on this type of product is limited.

Accordingly, Van Horen and Pieters (2012), studied that the appraisal of copycats is critically dependent on consumer evaluation mode. One of the most influential factors of consumer evaluation in imitation strategies will be analysed: the presence or absence of the original brand. Consumers' evaluation mode of products will be manipulated according to the presence or the absence of the original brand next to the copycat product. In short, the original brand's presence increases the possibility for consumers to make a comparison between the imitations and the original brands. Van Horen and Pieters (2012) demonstrated that when products that show high similarity are compared next to each other, consumers' judgment of the copycat will be more negative compared to when they are evaluated separately. The study will take into account high similarity copycats because they are similar to counterfeit but differs from them because high similar copycat duplicate or imitate the physical appearance of other products but do not copy the brand name or logo as the counterfeits do (Jiang & Shang, 2016). These may be evaluated quite differently in a comparative evaluation setting rather than in a non-comparative one (Van Horen & Pieters, 2012). When the copycat is explicitly evaluated against the imitated original brand and similarity is high, consumers are highly likely to become more aware of the resemblance with the original brand.

Moreover, in researches, there is a factor that is not much considered when studying the purchase intention of copycat products. Hupman and Zaichkosky (1995) studied that ethical judgments could play a pivotal role in copycats' studies. Ethical judgment refers to an individual's opinion concerning whether engaging in a particular behavior is good or bad. The more favorably someone evaluates performing a specific behavior, the more likely the person will intend to show that behavior (Fishbein and Ajzen, 1975). If consumers consider a copycat strategy acceptable, more companies may be

stimulated to follow this practice. If consumers perceive copycat strategy in a negative way and perceive those who practice it to be unethical, firms may be discouraged from adopting this kind of approach (Hupman, Zaichkosky 1995). They studied that imitation strategies can influence ethical perceptions. However, they did not question what behavior would follow these consumer judgments. Therefore, for example, a consumer who considers a company's behavior unethical may, however, buy the product sold by that company. According to Loken (1989), there is a positive relationship between judgments that an action is morally acceptable and intentions to perform that action. However, the problem is how people perceive the imitation of luxury product from an ethical perspective and how this influence their purchase intention. The aim is to focus on how a consumer reacts to a luxury product copycat based on the manipulation of evaluation mode. Therefore, the study aims to fill the gap within the literature about how people perceive fairness or unfairness of the strategy in the luxury market due to different mode of evaluation and how this influences their purchase intention.

1.2 Problem Statement and Research question

The study tests the idea that the ethical judgment of a copycat strategy critically depends on the evaluation mode of the copycat itself and of the original brand. Furthermore, it also aims to show how this evaluation mode can affect the consumer purchase intention.

"To what extent does the evaluation mode of the products (presence vs. absence of the original brand) influence purchase intentions of copycat products through consumers' ethical judgment?"

The theoretical research questions of the study are the following:

1. *What is evaluation mode?*
2. *What is ethical judgment?*
3. *What is the effect of the presence or absence of an original brand on ethical judgment?*
4. *What is the relationship between ethical judgment and purchase intention?*
5. *How does ethical judgment mediate the effect of product evaluation mode on purchase intention?*

The practical research questions of the study are the following*:*

1. *To what extent does product evaluation mode of a luxury copycat product (presence vs. absence of original brand) affect consumer ethical judgment?*
2. *To what extent does ethical judgment influence purchase intention?*

3. *To what extent does ethical judgment mediate the effect of product evaluation mode on purchase intention?*

The implication questions of the study are the following:

1. *To what extent should a manager display a copycat product next to the original brand or not to stimulate the purchase intention of the copycat products?*
2. *To what extent should managers take into account consumer ethical judgments to increase purchase intention?*

Relevance

1.3 Theoretical Contribution

Over the years, numerous studies have focused on imitation or copying strategies (e.g., Foxman et al., 1990; Balabanis and Craven, 1997; Loken et al., 1986; Nia and Zaichkowsky, 2000) and the interest in this sector is growing exponentially. This is demonstrated by the numerous researchers who are analyzing the phenomenon of copying and imitation in marketing with increasingly meticulous and elaborate studies. There is an abundance of studies which documented the effects of copycat strategies in the convenience goods sector (e.g., Loken et al., 1986; Miceli and Pieters, 2010). Conversely, when it comes to findings of the copying of luxury brands, these are mainly on the counterfeiting of luxury brands (Nia and Zaichkowsky, 2000; Penz and Stottinger, 2005). Van Horen and Pieters (2012) studied the different effects that evaluation mode can have on consumers evaluation of copycat product. However, this study has focused solely on convenience goods, thus leaving a gap in the literature regarding luxury products. Indeed, luxury and convenience products may differ in several dimensions such as image, perceived risk (social, financial), familiarity, affective involvement and others (Dubois, 1994). The evaluative criteria used by costumers for the imitation of luxury and convenience brands are different (Zaichkowsky, 1995). Furthermore, it has been found that individuals who purchase convenience brand copycats are more likely to treat them as equal alternatives to the original brand (Burt & Davis, 1999). Nevertheless, D'astous and Gargouri (2001) pointed out to the idea that luxury products cannot be purchased by all consumers because of their high price. However, most consumers would want to acquire them anyway. Therefore, good copycats of these higher-priced products should generally be assessed better than convenience goods, which are usually affordable products. Brand imitations of these products can be perceived as manufacturers' attempts to convey the qualities of the original brands through visual similarities of

the products. Differences in consumers' reactions were found to be associated with convenience and luxury copycat both when the original brand was present and when it was absent.
Moreover, Hupman and Zaichkowsky (1995) tried to understand consumers' different ethical judgments on this type of strategy. They found that those who judge a product unethical, evaluate it negatively, and vice versa. At the same time, they have not deepened the topic further and they did not take in consideration the consumers' intentions or actions after the evaluation, such as purchase intention. Analyzing these studies, a gap has arisen within the literature. How consumers ethically perceive the strategy of imitation, depending on how the product is presented to them (absence or presence of the leading brand), has not been sufficiently investigated. This is why the present study will lead to an interesting contribution to the existing literature. My aim is to investigate a new category of products which has not been considered in this context yet. Furthermore, given the differences between convenience and luxury goods described above, different results will be achieved allowing us to go deeper into the costumers' minds. This will let us understand how costumers ethically judge copycats and how this influences their purchase intention.

1.4 Managerial contribution

The findings of this study provide several managerial implications. Currently, producers do not take into account their consumers' ethical judgment when this strategy is adopted, meaning they do not consider whether consumers value it fair or unfair. This is of crucial importance because, like Barnett, Bass, and Brown (1999) discovered, ethical judgment is positively correlated to behavioral intentions. Individuals facing ethical dilemmas tend to perform in a way that is consistent with their attitudes. Finding out how people evaluate this strategy depending on how the products are compared to each other could be even more intriguing, as well as understanding how this can influence their ethical judgment and, consequently, their purchase intention. The success of this study would enable the producers of the imitated products to position their products in such a way that will favor consumers' positive ethical judgements. Furthermore, this would stimulate the purchase of their goods. Thereby, it would allow them to decide whether to sell their products where a comparison between the latter and the imitated brand is possible or not. If the hypotheses are confirmed, and the imitation strategy will be considered more unfair if products are evaluated comparatively, then managers would adopt a new strategy. If until then they had sold their products next to the original brand, they should now adopt new sales strategies to obtain greater purchase intentions.

1.5 Research method

The adopted research strategy is an online experiment. This study examines whether the relationship between evaluation mode on purchase intention runs via individuals' ethical judgement or not. Hypothesized changes in evaluators' ethical judgments and purchase intention for alternatives will be tested across different evaluation modes. A pretest will be performed to test which products will be included in the survey, in order to evaluate the high degree of similarity among products. The target of the pretest and of the main study will be composed of Italian customers. In Italy world trade in counterfeit and imitation goods (luxury handbags, watches, food products) has an impact on the Italian economy of about 1-2% of GDP in terms of lost sales (OCSE, 2018).
Respondents will be shown copycat products both alongside the luxury imitated products and by itself. A one-factor (evaluation mode: presence or absence of the leader brand) between-subjects design will be employed to test the hypotheses. The data will be collected online through a non-probability convenience sample, and the analyses will be conducted with SPSS software. Following the approach taken by Zao, Linch and Chen (2010), the mediating effect of ethical judgment on purchase intention will be analyzed using the Bootstrapping analysis for mediation developed by Preacher, Rucker, and Hayes (2007). According to this analysis, the study should estimate the three following regression equations: first, regressing the independent variable on the mediator, second regressing the independent variable on the dependent variable and third, regressing the independent variable on both the dependent variable and on the mediator.

1.6 Outline of Next Chapters

The next section will focus on the conceptual model, where the main variables and their relationships will be explained. The third section will be based on the methodology that will be used to test the hypotheses. After that, there will be analyses of the collected data. Finally, the last chapter will consist of conclusions, limitations, recommendations and suggestions for further research.

CHAPTER 2

This chapter starts with more information about the luxury copycat product. After that, the establishment of the two levels of the independent variable is discussed. In the following paragraph, the formation and consequences of ethical judgments are explained as well the effect of this latter concept on purchase intention. Finally, the last section pays attention to the mediating results.

2.1 LUXURY COPYCAT PRODUCT

Copycats are generally quickly produced, low-priced and lower-quality replicates of products that enjoy substantial brand value (Lai and Zaichkowsky, 1999). Gao, Lim, and Tang (2016) affirmed that, in general, most of the copycat products exhibit specific characteristics. The first one is that copycat products usually show a high resemblance to leader brand products in terms of brand names or external designs. Secondly, copycat products are generally sold at a low price partly because they bear relatively low production costs. As stated before, most of the copycat products are non-deceptive to the buyers. This means that the consumers are fully aware of the fact that the products they are evaluating are not genuine, either from the price paid or from the channel from which the product was purchased (Cho et al. 2015).

Furthermore, copycats are usually low-quality products. This is true especially for luxury brand copycats whose difference in class can be seen when compared to the leading brands. In this study, the luxury copycat products will be analyzed. As demonstrated in the literature (Juggessur and Cohen, 2009), when an individual is unable to afford expensive luxury brands, he will recourse to a more financially attractive copy. The psychology behind the purchase of a counterfeit or of a copycat brand often deals with the individual's aspiration of being linked to a "higher social background" or with the desire to emanate prestige and status (Wilcox et al., 2009). Furthermore, one of the main reasons for buying copycat luxury brands is the financial advantages that this offers, since they have lower production costs. This is why some consumers might be happy to switch from the high quality of luxury brands to lower prices. D'astous and Gargouri (2001) stated that one of the most influential factors of copycat evaluation is the presence of the original brand. Therefore, it is interesting to start from the assumption that the copycat will be judged differently depending on how it is presented.

2.2 EVALUATION MODE

Evaluation mode is defined as a contextual factor describing how consumers judge objects or products, specifically it investigates whether evaluators evaluate each item separately or multiple items jointly (Hsee et al. 1999, Hsee & LeClerck, 1998). In this study, the comparative evaluation mode will use the copycat product alongside the original luxury brand. In contrast, the non-comparative evaluation mode will use the copycat product alone. Hence, the two-level of the variable is "presence of the original brand" and "absence of the original brand". To summarize, in these different evaluation processes we have two different situations: in one situation the comparison is provided, in the other the comparison is not explicitly presented.

There is an essential distinction between those situations where several options are presented side by side, making them easily comparable, and situations where alternatives are presented separately and assessed in isolation. When a consumer evaluates a copycat being directly compared to another product, the concrete clues (i.e., the physical characteristics of the products) act as standards of comparison. Furthermore, differences become salient and lead to a comparative assessment. On the other side, when a consumer evaluates a copycat product separately, the abstract clues (i.e., heuristics and familiar details) act as representations of the product being assessed and this leads to a non-comparative evaluation (Braxton, 2018). Consequently, the presence of the original brand increases the likelihood that consumers will transfer the “goodwill” of an original brand to the imitation. Furthermore, It also increases the perceived value of the copycat itself (Martin & Stewart, 2001). Since the relatively lower copycat prices, consumers would be more favorably fascinated by the imitations with assumed similar performance, yet at a lower price (d'Astous & Gargouri, 2001). Therefore, it can be considered that when the two products, the copycat and the original brand, are evaluated close to each other, consumers are more likely to pay greater attention to the similarities between them.

2.3 Ethical Judgements

Several ethical behavior models include ethical judgments as a critical construct (e.g., Dubinsky and Loken, 1989; Hunt and Vitell, 1986; Jones, 1991). Consumer ethical judgment involves a consumer's evaluation of what is right or what is wrong, good or bad, morally acceptable or morally unacceptable (Nguyen and Biderman 2008; Trevino 1992; Ferreira et al. 2017). Therefore, an individual's ethical judgment is the degree towards which consumers believe a particular behavior to be morally acceptable (Jagger, 2011) and serve as a basis for ethical decision-making and behavior (Jones, 1991) across all contexts. The idea of right or wrong is subjective and is influenced by a person's cognitive frame or perception of such construct. Hunt and Vitell (1986, 1993) suggested that ethical judgment

provides the cognitive input that enables the formation of consumers' behavioral intentions. In this study, this will be tested as a mediator between evaluation mode and purchase intention.

2.4 Evaluation Mode and Ethical Judgement

Although much has been studied about the theory of preference, little is known about how judgment differs between different evaluation modes. Hsee (1998) stated that when evaluating two options in a comparative evaluation, consumer tend to rely less on the reference information. This could be represented by the description of the product made by a friend or a colleague. On the other side, when a non-comparative evaluation is used, consumers will make their judgement by comparing one option against the other. This statement is based on prior research which confirmed that, when it comes to judgments, people rely more on full and available information than on pallid details from the background (Tversky and Kahneman 1973, 1974). Moreover, as Tversky (1969) hypothesized, when a person judges an option comparatively, the alternative option (in this case the original brand) is usually more salient and more available than the original reference information. Therefore, the alternative option can be chosen to replace the original reference itself. As a result, whereas non-comparative evaluation is more likely to be influenced by affecting factors (Bazerman et al., 1998), comparative evaluation leads to more reason-based choices (Hsee, Blount, Loewenstein, & Bazerman, 1999). Moreover, with regards to imitation strategies, Van Horen and Pieters (2012) found that when evaluating in the absence of the original brand, high degree similarity copycat products are judged more positively. This is because the higher similarity to the original brand will activate more positive associations. Therefore, this type of evaluation is likely to be more favorable to copycats. However, high similarity copycats are evaluated somewhat differently if presented next to the original brand. In this case, being more aware of the high similarity with the original brand, consumers will judge them negatively. On the other hand, different studies (Hupman & Zaichkowsky,1995; Ha & Lennon, 2006) suggested that consumers develop an ethical judgment during the copycat evaluation by judging the product fair or unfair. Gino, Shu and Bazermann (2008) used the distinction between comparative and non-comparative evaluation to find how these different types of evaluations lead to different ethical judgments. A positive effect was correlated to non-comparative evaluation while a negative to comparative evaluation. However, there is a gap in the literature regarding the effect of luxury copycat evaluation mode on ethical judgment. Therefore, basing on previous studies, it is reasonable to expect people to develop more positive ethical judgment when the copycat is presented alone rather than together with the original brand.

Hence, the first hypothesis is the following:

H1: When consumers are exposed to the copycat product in the presence (absence) of the original brand, the ethical judgment will be negative (positive).

2.5 Ethical Judgement and Purchase Intention

Purchase intention can measure the likelihood of a consumer buying a product. In particular, a high purchase intention score means that it is likely that the consumer will buy that product (Dodds et al., 1991). As Barnett, Bass & Brown (1999) suggested, ethical judgments are positively associated with behavioral intentions. In addition to that, Loken (1989) also demonstrated that there is a positive relationship between the judgment of an action being morally acceptable and the intention to perform such action. Indeed, ethical judgment is a fundamental element of behavior as it allows consumers who are on the verge of making decisions to assess the ethical dilemmas arising from different specific contexts (Jones, 2009). A previous research (Ha & Lennon, 2006) found a positive effect between ethical judgment about imitation product and its purchase intention. Its results showed that those who make a positive ethical judgment on a copycat demonstrate a positive intention to buy this product and vice versa. To summarize, as Wilcox (2009) stated in his study about luxury imitation, if a consumer judges a product fair and ethical, it is more likely that he will form an intention to buy it. On the other side, if a consumer judges an action as unfair and unethical, it will be less likely to form an intention to perform that action. This study will focus on luxury copycat products, trying to demonstrate that this relationship is valid even for this kind of good. In particular, the study will test the hypothesis according to which if a consumer considers the copycat's strategy to be morally ethical it is more likely that he will buy that product.

Therefore, the hypothesis is the following:

H2: When consumer perceives positive ethical judgment, purchase intention for a copycat product will be positive compared to when the consumer perceives negative ethical judgment.

2.6 Mediation

Most of the time, the success of a marketing strategy depends on whether the strategy can influence consumers' behavior (Uribe, 2015). As Jones (2009) studied, ethical judgment plays a pivotal role on consumers' behavior. This is because it allows those who are about to make choices to evaluate the

ethical dilemmas arising in different situation, represented in this case by the presence or absence of the original brand (Hunt and Vitell, 1986). In this research, Dual Process Evaluability Framework (DPEF) (Schneider & Coulter, 2015) will be used to explain the mediating role of ethical judgment. DPEF provides an approach to systematically predict decision-making situations where a decision problem needs to be evaluated. Furthermore, it will also help understanding whether the decision process is dominated by different types of judgment which will lead to the behavior of choice. It links objective task characteristics (evaluation mode) to internal psychological processes (judgments by feeling and calculation) which are later linked to behaviors.

Moreover, the DPEF theory states that depending on how the product is presented (in this case presence or absence of the original brand), individuals develop a different type of judgment even before demonstrating an intention to buy the product. Tan (2015) used this theory to study the effects of the evaluation mode of online products on the purchasing intentions of those exposed to different evaluation contexts. This strategy took into account "information processing mode" as a mediator between the two variables. However, in the copycat market, as Hupman and Zaichowsky (1995) stated, ethical judgment plays a pivotal role in copycat evaluation. Furthermore, Has and Lennon (2006) demonstrated that ethical judgment of imitation strategies has a positive relationship with purchase intention. Therefore, individuals' purchase decisions may change due to consumer ethical judgment, led by evaluation mode.

Therefore, the mediating role of ethical judgment will be tested, and the following is supposed:

H3: Consumer's ethical judgment mediates the effect of evaluation mode on copycat purchase intention.

2.7 Conceptual model

The model proposes to follow a clear line. It will analyze the application of the mediator "Ethical Judgements" for a luxury copycat product. Starting from different evaluation modes of a copycat product (presence or absence of leader brand), based on a high degree of similarity, the research will analyze how a consumer ethically perceives them and how this influence purchase intention. Moreover, as it will be explained in the next chapter, some control variables have been added to the model in order to avoid possible omitted confounders such as gender, age, income, education, work situation and frequency of purchase.

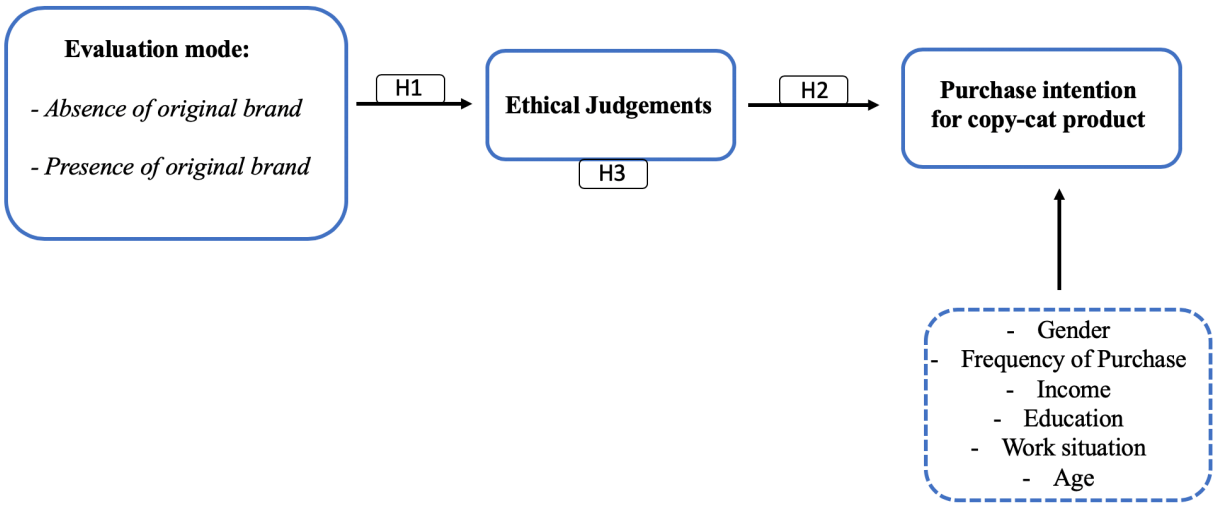

Figure 1-Conceptual Framework

CHAPTER 3
RESEARCH METHOD

This chapter summarizes the methodology used to test the hypotheses and to answer the research questions of the study. The chapter begins with a discussion of the results of the pretest. After that, it will discuss the experimental design and procedure, followed by the development of the questionnaire and the measurement/manipulation of the variables. In the end, the last paragraph will discuss the method of data analysis.

3.1 EXPERIMENT

The experiment aims to validate the hypotheses based on the fact that it is a well-suited method for empirically studying cause-and-effect relationships (Koschate-Fischer & Schandelmeier, 2014). According to Aronson et al. (1990), this study will be conducted through an experiment because it is the best method to find out whether one thing causes another. Moreover, a prerequisite for an experiment is that at least one of the independent variables can be systematically varied. Active manipulation of an independent variable is the key defining characteristic of experimental research. Therefore, our manipulation of the evaluation mode, presence vs. absence of an original brand, lead us to consider an experiment as the best choice for this study. Experiments have always been used as a method of research by the most varied business economics disciplines, among which there are numerous studies in the marketing field (Hennig-Thurau, 2006; Homburg et al.,2005). External and internal validity play a pivotal role in this research strategy. External validity is the extent to which the inferences on causal relationships taken from an experiment can be generalized to different situations and people (Cook and Campbell 1979). On the other hand, internal validity is the extent to which the effects are not caused by variables other than the process (Malhotra and Birks, 2003). , According to the study led by Dandurand (2008), while conducting experimental research is desirable to have both external and internal validity. A balance between these two aspects is often necessary because obtaining a very low external or internal validity indicates that the results are not meaningful. Moreover, there are different forms of experiments, such as field-experiment, lab-experiment and online-experiment. A field experiment is defined as a study that is done in the natural environment of the subject of the experiment and has the advantage that enables consumers to display their actual behavior. This result in higher external validity but at the same time is considered to possess limited internal validity because of the uncontrolled and frequently complex environment (Aaker et al. 2011; Kerlinger and Lee 2000). In addition, a lab experiment is an experiment that takes place in a controlled setting (Sekaran & Bougie, 2009). Lab experiments are generally considered more suitable than field experiments to achieve high internal validity (Aaker et al. 2011; Kerlinger and Lee 2000). This claim

is justified by the fact that lab experiment controlled environment allows for extensive control of extraneous variables, which in turn positively influences internal validity. Regarding external validity, field experiments tend to present advantages over lab experiments because the latter occurs in an artificial environment (Aaker et al. 2011; Kerlinger and Lee 2000).

Nowadays, online experiments have become very popular as they can exploit the advantages that they have compared to traditional lab experiments, such as reducing demand characteristics and generalizing the results to larger populations (Dandurand et al., 2008). The unstoppable spread of the Internet now makes it possible to recruit a large number of participants. Through the Internet, different groups are easily targeted, resulting in a more diverse population of the experiment (Reips, 2000). However, less internal validity is perceived in online experiments because there is no complete control over the manipulation and assignment of participants. In online experiments, two factors of confusion can occur: the self-selection of participants, which can significantly reduce the control over the composition of the sample, and the external validity of online experiments which may be limited by their dependence on computers and networks (Birnbaum 2004; Reips 2002). This research makes use of an online experiment because it has the advantages of reduced demand characteristics, more extensive generalizable results, and the automatization of the experiment (Birnbaum, 2004). If you achieve a high level of internal validity and at the same time you try to maintain a high level of external validity you are likely to find valid results, which can also be generalized (Koschate-Fischer & Schandelmeier, 2014).

3.2 Pretest

A pretest was conducted to ensure the questionnaire's clearness and avoid problems such as lack of clarity in the items, which threaten the validity and reliability of them.
A “stimulus pretest” has been conducted. This occurs when the study needs to test research participants on relevant variables which need to be accounted for before the independent variable is manipulated for the main experiment. It was piloted to find the right product to be included in the main questionnaire so that the study can be based on the product that respondents rated as the most similar to the original brand.

3.2.1 Design

For the pretest, two experimental stimuli were created. The first stage of this study was a pretest related to the independent variable. The pretest was carried out to find the right product to study that

shows a high degree of similarity to the brand leader. Two different types of copycats were tested next to the original brand in order to find the levels of similarity between them. Similarities of brands facilitate the transfer of knowledge, effect and intentions from one brand to another (Martin and Stewart 2001). "Gucci" was selected as the original brand because this brand is a product category leader in the luxury sector (high brand value and a distinctive name). Copycat marketers often imitate the color and design of its packaging. Two computers generated images of copycat packages which were created by reproducing an image of a Gucci product and then by altering graphics so that each copycat package would look similar but not identical to the Gucci trade dress. In the pretest, the level of similarity was measured between the copycat and the Gucci product. According to the study made by Loken, Ross, and Hinkle (1986), subjects were asked to make similarity ratings based on the one-item question, on a scale ranging from "0" (extremely dissimilar) to "10" (extremely similar). Among the tested products, the one that was rated most similar to the leader brand product was chosen for the main study. Demographic questions were asked at the end of the questionnaire.

3.2.2 Results

Data were gathered via Qualtrics with a small questionnaire. The main research was conducted on Italian respondents; therefore, respondents from Italy (23) fulfilled the pretest. The sample was composed of 52% female and 48 % male. The average age of the respondents was 26 and the largest group of the respondent (34,8%) have a net annual income of less than €10.000.

Two experimental stimuli were analyzed, the first one a copycat example of a “Gucci” bag (ES1) and the second one a copycat example of a “Gucci” backpack (ES2). The questionnaire, the two experimental stimuli, and the results can be found in APPENDIX 1.

A Paired Sample T-test was conducted, and, for the bag, the results reveal an M=7.0 (SD = 1.477) and for the backpack, M=7.70 (SD = 1.259). This indicates that both copycat products very similar to the original brand, and their means have been found to be marginally significant ($p<0,1$). On average, ES2 scores were 0.696 points higher than those of ES1 (90% CI [-1.347, -0.044]). Therefore, the backpack results in the copycat product that shows the most similarity to the original brand, and it will be the product that will be used in the main study.

3.3 Main study

The experiment that will be used for this study has a between-subject design that is a type of experimental design where the subjects of the experiment are assigned to different conditions and

each participant experiences only one of the experimental conditions (Charness et al., 2011). The participants will have the same chance of receiving any treatment as the treatments are assigned to the participant on a random basis (Rubin, 1974). Using this type of design can prevent the study from suffering from a carry-over effect that is common in within-subject design when all the participants are exposed to each treatment. This occurs when the experiences that the participant has get collected in an experimental condition and influence his behavior in the following experimental conditions (Christensen 2007).

This research counts one independent variable with two levels which lead to a design containing two experimental treatments. Each treatment will be randomly assigned to one experimental group (E.G.). EG1 is exposed to treatment one which is the presence of the original brand next to the copycat. EG2 is exposed to treatment two, which instead is the absence of the original brand, meaning that the copycat is presented alone. The difference in the means between the two experimental groups will determine the effect of the evaluation mode on ethical judgment. After that, the research will study the effect of ethical judgment on purchase intention and whether the relationship between evaluation mode and purchase intention is mediated by ethical judgment.

E.G. 1	*Copycat in the presence of the original brand*
E.G. 2	*Copycat in the absence of the original brand*

3.3.1 Sampling

The population of interest will be the Italian population between 18 and 35 because the "Gucci" brand is crushing up with millennials. In 2018, 62% of Gucci's more than 8 billion in sales came from the under-35 set (Bizzarri, 2019). A sampling frame will not be available. The sample will be chosen through a convenience sampling method. It will use this method because it is affordable, accessible, and because the subjects are readily available. The study will take into account the assumption that the members of the target population are homogeneous (Etikan, 2016). They will be approached online through the sharing of the questionnaire link via Qualtrics.
Starting from the assumption that the number of participants is closely linked to the chosen experimental design, more participants are required in a between-subjects design than in a within-subjects (Fischer & Schandelmeier, 2014). As a rule of thumb, approximately 30 participants are required for each experimental condition (Sawyer and Balll, 1981). Still, being present only two conditions, at least 50 participants per condition must expect reliable results. Therefore, data of at

least 100 participants will be collected. Otherwise, the sample would be too small to have reliable and valid results.

3.3.2 Procedure

The online experiment is set up with the help of survey platform Qualtrics. Data will be gathered by conducting an online questionnaire. After a small introduction, and an explanation of what a copycat is, the participants are exposed to one of the two experimental treatments. The experiment will take on a between-subjects design so that respondents will be assigned one condition on a random basis. The participants were assigned to the stimuli where the copycat is evaluated in the absence of the original brand where a manipulation check is included asking them which luxury brand the copycat is trying to copy. The third part will be the same for all surveys and consists of questions that will measure the mediator and dependent variables of the conceptual model. The questionnaire will contain items that examine the constructs of ethical judgment and purchase intention. After that, there will be two questions about shopper characteristics: how often they buy luxury and luxury copycat products. In the end, the participants are asked demographic questions about their age, gender, income, and educational level.

3.3.3 Operationalization

3.3.3.1 Manipulations

The independent variable “evaluation mode” will be manipulated, as Van Horen and Pieters (2012) already studied, according to the physical arrangement of the product and so, the presence or the absence of the original brand next to the copycat product. Two different experimental groups will be created. Computer-generated images of copycat packages were created by reproducing an image of a "Gucci" product and then altering graphics so each copycat package would look similar but not identical to the "Gucci" trade dress. The first experimental group will be shown the copycat product next to the original brand, while the second experimental group will be shown the copycat product alone. The copycat product that people will see in the experimental conditions, according to the results of the pretest, will be a backpack that is trying to imitate the brand Gucci. The product has turned out to show high similarity to the original brand. Moreover, respondents will undergo a manipulation check in the non-comparative evaluation condition where they will be asked if they can recognize which brand the copycat is trying to imitate.

3.3.3.2 Ethical judgment

This mediating variable will be measured with a scale derived from the study of Reidenbach and Robin (1990). This can be defined as a valid scale as most of the studies about ethical judgment used it (Hupman & Zaichowsky 1995; Andersch, 2019; Nguyen & Bidermam, 2008). It is a scale of eight items comprising the following three ethical dimensions: a moral equity dimension, a relativism dimension and a contractual dimension. Dimension one is a broad-based moral equity construct and contains four items: "fair/unfair", "just/unjust", "acceptable/unacceptable to my family", and "morally/not morally right". Dimension two is a relativist construct in which actions are judged according to cultural acceptability and tradition: "traditionally acceptable/unacceptable" and "culturally acceptable/not acceptable." The third dimension is the social contract construct, which consists of the items "violates/does not violate an unspoken promise" and "violates/does not violate an unwritten contract." This cannot be done using a single measure (Reidenbach and Robin, 1990). Internal consistency estimate for this scale (Cronbach alpha= 0,76) was measured by the study of Nguyen and Biderman (2007). Therefore, this scale will allow us to measure the consumer's judgment after being exposed to the related stimuli, and after that, to perform the mediation analysis.

3.3.3.3 Purchase intention

Purchase intention can most readily be understood as the likelihood that a consumer intends to purchase a product (Dodd and Supa, 2011). Purchase intention is measured by four seven-point scales item taken from Ahmed et al. (2014) in a study about counterfeit products. According to the study of Rasheed et al. (2014), it is a reliable scale (Cronbach alpha = 0,859). It will measure purchase intention based upon a judgment that the consumer has developed. The four scale items will measure the willingness to buy the product after seeing the product according to the manipulation made with a 7-points Likert scale with these questions: "I would intend to buy the copycat product," "My willingness to buy the copycat product is high," "I am likely to purchase the copycat product," "I have high intention to buy the copycat product".

3.3.3.4 Control Variables and Demographics

In addition to measuring the independent and dependent variables, the study will also measure potential confounding variables as control variables, and an influence on the dependent variable is expected. People will be asked how often they buy luxury brands and luxury copycats in order to find

the previous buying behavior of the respondents. This variable will be tested to discover if they affect the dependent variable. As Jiang and Shang (2016) studied, the experience in purchasing luxury copycat influences copycat purchase intention. Moreover, income is generally considered a predominant factor negatively related to the purchase of luxury copycat goods (Levy & Gendel-Guterman, 2012).

Wee et al., 1995 revealed that the intention to buy imitation luxury products is negatively related to education. Moreover, gender can play a pivotal role as Hupman and Zaichkowsky (1995) studied in this context. Females tended to rate brand imitation strategies as less ethical than males and managed to be more critical of brand imitation than males did. In the same study, they discovered that respondents with incomes under $30,000 perceived brand imitation as more unethical than those with incomes over $50,000. In conclusion, Braxton (2019) studied that the age of respondents can play an important role in copycat product evaluation. Therefore, it is possible that it can influence consumer purchase intention for that product. Most of the variables mentioned were asked at the end of the questionnaire as demographic variables. Gender, income, work situation, and education will be measured through a multiple-choice format, whereas age will be formulated as an open question.

3.4 Analysis

The next chapter will provide the data analysis of this research. First, the sample will be checked for irregularities and missing data. Cronbach's Alpha will be used to measure the reliability of the different developed scale items for ethical judgment and purchase intention. Then, there will be the calculation of the ethical judgment's global score and purchase intention construct trough the average score of the single item used for the scale. Moreover, descriptive statistics will be realized in order to analyse the quality of the sample to check if it is representative of the population. If the assumptions for non-parametric, parametric test and mediation analyses are met is going to be checked. A T-test on the dependent variable and the mediator will be executed to have a first impression on the data. After that, a mediation analysis will be performed through PROCESS Macro (Model n°4) of SPSS. To test for mediation, the Preacher and Hayes (2004) bootstrap test will be conducted for measuring indirect effects on purchase intention (DV), using product evaluation mode as the independent variable and ethical judgment as a mediating variable

CHAPTER 4
ANALYSIS AND FINDINGS

This chapter provides the data analysis of this research. Firstly, it will be given a description of the sample based on demographics and control variables. Then, the quality of the sample will be established by comparing it to the population. After that, it will be checked if the assumptions for t-tests and mediation analysis are met. The last paragraph starts with the results of the data analysis by using the PROCESS macro for SPSS, which allows studying a model with a mediator. Preacher and Hayes (2004) bootstrap test will be conducted to measure the indirect effects on purchase intention. The chapter ends with a conclusion of the whole data analysis.

4.1 DATA PREPARATION

123 Italian subjects completed the questionnaire through the Qualtrics platform in self-compilation. One hundred forty-one respondents started the questionnaire but 18 dropped out before finishing it. All questions were set as mandatory, therefore no missing data had to be allocated, no outliers, and no incomplete records had to be removed. Concerning the scales used in the questionnaire, a few things need to be clarified. For the ethical judgment scale, four items out of 8 were reversed, so it was necessary first to reverse the polarity. This operation was performed in SPSS as follows: *"New score=8-Old score"*. The four items of purchase intention are all with positive polarity. It is, therefore, not necessary to invert the scale of any item. The experiment measured two different constructs that were made up of multiple items. Even though the measuring scales and items were taken directly from previous research, it is still preferred to check the reliability of measurement after the scales were translated to the current study. Cronbach's Alpha was used, to verify the reliability of the two scales (ethical judgment and purchase intention). The Alpha index is calculated for the ethical judgment scale, using the reverse items (2R, 3R, 4R, 6R) instead of the original items. Cronbach's Alpha quantified this reliability by proposing a coefficient (Cronbach's Alpha, α), which theoretically ranges from 0 to 1. If α is near 0, then the quantified answers are no reliable at all, and if it is close to 1, the answers are very reliable (Leontitsis, Pagge, 2007). Usually, the Cronbach Alpha Index is considered sufficient if it is higher than 0.6, and the closer to the unit, the better. The Alpha score for the ethical judgment scale is 0.85 and is, therefore, more than good. Checking if, by deleting one of the items on the scale, the Cronbach's Alpha score could increase, we find that in no case would the elimination lead to an increase of the Alpha compared to the value currently recorded. Subsequently, the ethical judgment score was calculated, creating a new variable called "ethical judgment" through the average of the scores attributed to the eight items.

Regarding the dependent variable (purchase intention), the alpha score is 0.940 and is, therefore, excellent. In no case would the elimination of a given item lead to an increase in the Alpha score compared to the current value recorded. The variable's score was then calculated by creating a new variable called "purchase intention" through the average of the scores attributed to the four items. Calculating the variable's score, it emerges that the variable has a very asymmetric trend with a strong peak at the beginning (i.e., no purchase intention) and a decreasing trend as the purchase intention increases (full results in APPENDIX 3), but as it will be stated in the next paragraphs, this will not be a problem. Concerning the two experimental groups (absence or presence of the original brand), it emerges that they are substantially balanced in terms of number (61-62).

4.2 SAMPLE DESCRIPTION

123 Italian participants will be compared with the Italian population in order to check for the quality of the sample. This will be based on demographics such as gender, age, education level, and net annual income, and will be measured with a Chi-square goodness of fit test.

The sample of the study is composed of 61.8% of females and 38,2% of males, while the average age of the respondents is 25, with a minimum of 18 and a maximum of 35. Most of them (57,7%) are students, and other good percentages are employed (28,5%). Moreover, 66,7% of the respondents have a net annual income of less than 20.000, probably because most of them are either students or very young. Regarding respondent's education, 37,4% of them have a master's degree title while the 30,9% have a bachelor's degree.

The demographics of the Italian population are acquired from ISTAT (2020). The selected population for this study is the group between 18 and 35 that will represent the boundaries to calculate the representativeness of the group for each variable. According to population statistics, in 2019, males represented 53%, while females the 47% of the group population (18/35). Regarding education levels, 9% of the Italian population has attained primary education, 62% has a high school diploma, 21% Bachelors's level, and an 8% Master and Ph.D. level (Istat, 2019). Moreover, the Italian population between 18 and 35 has an average net annual income of € 27586, and most of them are students (49%); the other significative part of the selected population is employed (37%), a small portion is unemployed (12%).

The chi-square goodness of fit is used to determine whether the distribution of cases fits a known or hypothesized distribution. For the gender variable, the chi-square is $\chi2(1) = 11.218$, $p = 0.001$, and rejects the null hypothesis, meaning that the distribution of the sample significantly differs from that of populations, in terms of gender. The same happens for education variable for which the chi-square result is $\chi2(2) = 532.652$, $p = 0.000$. Regarding net annual income of the sample population, the chi-

square is $\chi 2(3) = 42{,}169$, $p = 0.000$ and for current work situation the result is $\chi 2(4) = 24{,}839$, $p = 0.000$. This means that the sample does not represent the population of interest. Focusing on the control variables "frequency of purchase luxury goods" and "frequency of purchase copycat luxury product." For the first variable, 27,6% rarely buy luxury goods, 60,1% of the sample sometimes buy it, while 12,3% are frequent purchasers. Moreover, 50% of the population never buys a luxury copycat, while 36% of them rarely buy it, and the remaining population sometimes buy it, but nobody buys luxury copycats very often (Full results in APPENDIX 4).

4.3 Randomization checks

Qualtrics' Randomizer function guarantees randomization. The sample is checked on randomization between the two different experimental groups. Each experimental group should have approximately the same demographics to validate the randomization and, by that, the validity of the experiment. One condition consists of 62 respondents and the other one of 61 respondents. Randomization checks were performed for socio-demographic variables and control variables to assess whether there are statistically significant differences between the "absence of the original brand" group and the "presence of the original brand" group.

A crosstab will be built, and a chi-square test will be carried out to see if there are any differences in the two groups concerning the respondent's gender and work situation variables. For the gender variable, the Chi-square test do not reject the null hypothesis of independence of the variables (χ = .998, $p=0.318$) and confirms that the two groups are homogeneous in terms of gender distribution. For the work situation variable, the Chi-Square test do not reject the null hypothesis of independence of the variables ($\chi=1.144$, $p=0.766$) and confirms that the two groups are homogeneous in terms of distribution. For age, net annual income, and education of respondents, a non-parametric U test of Mann-Whitney was carried out, to see if there were any differences in the two groups about This type of non-parametric test will be performed for these variables as they will cross ordinal/scale and nominal variables. Mann-Whitney's U test's null hypothesis is that the distribution of variables is the same between the two groups, while the alternative hypothesis is their statistically significant difference. For all three variables, the test fails to reject the null hypothesis of the same variable distribution in the two subgroups (respectively $p=0.346$, $p=0.288$, $p=0.868$) and confirms that the two groups are homogeneous in terms of age, net annual income and education distribution.

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of age is the same across categories of the group.	Independent-Samples Mann-Whitney U Test	,346	Retain the null hypothesis.
2	The distribution of Net Annual Income is the same across categories of group.	Independent-Samples Mann-Whitney U Test	,288	Retain the null hypothesis.
3	The distribution of education is the same across categories of group.	Independent-Samples Mann-Whitney U Test	,868	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is ,05.				

Figure 2-Hyphotesis test summary for Age, NAI and Education

A non-parametric test was also carried out for the control variables on the frequency of purchase of luxury goods and luxury copycats. In this case, both variables do not reject the null hypothesis of the same variable distribution in the two subgroups (p=0.502, p=0.658). Therefore, these results demonstrate that randomization is successfully achieved. Full results in APPENDIX 5.

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of How often do you buy luxury goods? – (Never-Very often) is the same across categories of group.	Independent-Samples Mann-Whitney U Test	,502	Retain the null hypothesis.
2	The distribution of How often do you buy luxury copycat goods? – (Never-Very often) is the same across categories of group.	Independent-Samples Mann-Whitney U Test	,658	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is 05.				

Figure 3-Hypothesis test summary for the frequency of purchase

4.4 MANIPULATION CHECKS

In this experiment, respondents were asked to judge a luxury copycat product. The respondents, divided into two groups, were exposed to two different stimuli, one with the copycat in the presence of the original product, and the other with the copycat alone. The experiment group that was shown the copycat alone underwent a manipulation check that required them to identify which luxury brand the copycat product was trying to imitate. The respondents could choose between three different brands, selected because of their reputation, to give respondents different hypotheses, and to avoid vague answers. These brands were Gucci, Fendi, and Louis Vuitton. This manipulation check, therefore, has only been submitted to those who have seen as a stimulus the copycat in the absence of the original brand, so that they cannot have external references to the product. All those belonging to this condition have responded with the right brand, namely Gucci. Thus, 100% of the respondents demonstrated that they had identified the brand that the copycat attempted to imitate. Therefore, no

respondents will be eliminated from the sample. This result thus leads to understanding how the sample of the experiment brought attention to the stimuli presented to them and, above all, to be aware of the brand that was being imitated. The following answers, therefore, are not vitiated by wrong conclusions about the product.

4.5 Assumption checks

Before running the main analysis, it is important to check the assumptions for the Mann-Whitney U test, independent samples t-test, and mediation analysis. For the Mann-Whitney U test to be applied, several assumptions need to be met (Nachar, 2008). The first assumption is that the study needs to have one dependent variable measured at the continuous or ordinal level (purchase intention). The second assumption is met because it requests an independent variable that consists of two independent groups, and in this study, the manipulation of the evaluation mode variable allows this. Moreover, independence of observations is one of the most critical assumptions for this test, which means that there is no relationship between the observations in each group of the independent variable or between the groups themselves. This assumption is guaranteed because the experiment has a between-subject design, which ensures that you have different respondents for each group. The last assumption asks to determine whether the distribution of scores for both groups of the independent variable have the same shape or a different shape. Therefore, testing normality, the normal p-plot (APPENDIX 6) shows that the distribution of scores for 'absence' and 'presence' has a similar shape. For the independent samples t-test, the following assumptions need to be met: independent variable should consist of two categorical group (evaluation mode), independence of observation (between-subject design), dependent variable should be normally distributed for each group of the independent variable (only ethical judgment), and assumption of homogeneity of error variance, that is met (Levene's Test, p-value = .496).

The assumptions that should be met in mediation analysis are the same as ordinary least squares (OLS). They consist on independence of observation, normality, homoscedasticity, and linearity (Hayes, 2018). To test normality, to make valid inferences from the regression, it will be examined the results of Kolmogorov-Smirnoff and Shapiro Wilk test (APPENDIX 6) where the data follow the normality line for ethical judgment but not for purchase intention. However, it is not a problem because bootstrapping does not pose a restriction for variables' normality (Preacher, Hayes, 2014).

Moreover, linearity is not violated because in the given scatterplot found in the normality test (APPENDIX 6) it is possible to visually inspect the linearity of the variables given the points follow the normality line. Regarding homoscedasticity, the plot shows that it does not have an obvious pattern, and the points are equally distributed above and below zero on the X-axis, and right and left

of zero on the Y-axis. Thereafter, independence of observation is guaranteed by the between-subject design. In conclusion, all assumptions are met, and then it is possible to proceed with the analysis for the study.

4.6 Main Analysis

In these final paragraphs, the collected data is analyzed to determine if the hypotheses are confirmed or rejected. In the last section, the potential mediating role of ethical judgment is discussed.

4.6.1 Ethical Judgment and Purchase Intention

In this paragraph, it will be verified whether there is a difference in the mediator and in the dependent variable between the two experimental groups (presence vs. absence of the original brand). In this case, two different tests will be performed, one independent sample t-test for ethical judgment given the normality of distribution and an Independent-Samples Mann-Whitney U Test, given the small number of data and the non-normal distribution of the variable purchase intention. An independent-samples t-test was conducted to compare ethical judgment in absence and presence conditions. There was a significant difference in the scores for the absence group (M=4,1794, SD=1.23) and presence group (M=3,2664, SD=1.11) conditions; t=4.328, p<.01. These results suggest that evaluation mode really does have an effect on ethical judgment. Specifically, our results suggest that when consumers evaluate the copycat in the absence of the original brand, their ethical judgment will be higher. In addition, the Mann-Whitney U test was applied to test if there were differences in purchase intention between presence and absence groups. From the results it is possible to conclude that the median engagement scores for presence and absence were not statistically significant, U = 1960.5, Z = .357, p = 0.721 (>0.05). Results for both the variables are in APPENDIX 6.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Ethical judgment is the same across categories of group.	Independent-Samples T-test	,000	Reject the null hypothesis.
2	The distribution of Purchase Intention is the same across categories of group.	Independent-Samples Mann-Whitney U Test	,721	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is ,05.

Figure 4-Hyphotesis test summary for ethical judgment and purchase intention

4.6.2 Preliminary Regression analysis

A linear regression analysis was performed in order to test the effect of ethical judgment on purchase intention. The result shows that R-squared (R^2=.199) is low. It explains how much of the total variation in ethical judgment is explained by purchase intention. However, the results indicate that the regression model predicts the dependent variable significantly well (F=30.08, p<0.001).
Therefore, the p-value is less than 0.05 and indicates that, overall, the regression model statistically significantly predicts the purchase intention. Moreover, it is possible to state that one unit increase in ethical judgment increases purchase intention by 0.56 (positive, p<.01).

4.6.3 Mediation Analysis

Mediation analysis was carried out to investigate the mediating role of the ethical judgment of the evaluation mode on the consumers' purchase intention, to test the significance of the hypotheses. Mediation analysis tests hypotheses about various intervening mechanisms by which causal effects operate (Hayes, 2013). The bootstrap confidence interval of Preacher and Hayes (2008) will be used to test for mediation. If the bootstrap interval does not include the zero, the indirect effect is significant, and mediation is established, and vice versa. In this study, a mediation model using the Process Macro for SPSS has been developed. The model used for a traditional mediation is the model n°4 with evaluation mode as an independent variable, purchase intention as the dependent variable and ethical judgment as a mediator. It will check the indirect impact of the relationship in the model. Control variables will be age, gender, education, net annual income, purchase frequency of luxury goods, and luxury copycat. The PROCESS macro only executes analyses with independent variables that must be either dichotomous or continuous. In order to solve this problem, the independent categorical variable will be transformed into dummy variables, and the model can be estimated. The group “absence of original brand” will be used as a reference level.

4.6.4 Effect of Evaluation Mode on Ethical Judgment

First, as part of the mediation analysis, a regression is done. It will be tested whether the evaluation mode and all the control variables do influence ethical judgment. More specifically, it is expected that the “absence of original brand” generates a higher ethical judgment than "the presence of the original brand." The results (APPENDIX 6) reveal significant differences of the different experimental conditions and the covariates on ethical judgment F (7, 112) = 4,525, p = < .05. A

significant difference was found between the “absence of original brand” (reference level) and the “presence of original brand” (b = -.944, t (112) = -4.542, p = <.01). From this, it can be deduced that the group “presence of the original brand” compared to the group “absence of the original brand” has a significantly negative ethical judgment. Therefore, *hypothesis 1* (H1) can be confirmed. This states that consumers' ethical judgment will be higher when the copycat is displayed alone to consumers and not in the presence of the original brand.

From the data, it is possible to see that "buycopy" (*b= .222, t (117) =2,584, p<.05)* that is the frequency of purchase of luxury copycats by respondents, is statistically significant with a positive sign. It could be concluded that a higher result of “buycopy” variable generates a higher ethical judgment.

4.6.5 Effect of Evaluation Mode and Ethical Judgment on Purchase Intention

The next step is to check whether the independent variable and the mediator affect purchase intention. It will be conducted a regression with purchase intention as a dependent variable and evaluation mode, ethical judgment, and the control variables as independent variables. The results indicate that the model is significant (F (8,111) = 17.92, p = <.00). It was found that ethical judgment predicts purchase intention significantly (b = 0.464, t = 5.109, p < .01). It was expected that higher ethical judgment increases purchase intention, and therefore *hypothesis 2 (*H2*)* is accepted. If consumers have a positive ethical judgment on the copycat, the purchase intention will increase. Conversely, the purchase intention will decrease when consumers consider the copycat to be ethically unfair. On the other hand, evaluation mode does not predict significantly purchase intention (b=.270, t=1.241, p=.217. Similarly, through the data of the control variables, it can be seen that, Age (*b= .077, t =2,592, p<.05),* net annual income (*b= .247, t =2,237, p<.05)* and “copybuy” (*b= .657, t =7,745, p<.05)* significantly predict purchase intention. Specifically, older consumers will have a greater effect on purchase intention and above all consumers that are common to buy luxury copycats, while people with higher income will have negative purchase intentions. Therefore, these three variables are statistically significant and affect purchase intention. Moreover, total effect model (c= c’ + a*b) demonstrated that evaluation mode is not a significant predictor of purchase intention when the mediator is not taken into account (b=-1.68, t=-.762, p=.448) while age (b = .066, t = 2.011, p < .05) and “copybuy” (b = .760, t = 8.33, p < 0.05) resulted significant. Moreover, net annual income resulted marginally significant (b=-.266, t=-1.857, p<0.1).

4.6.6 Mediating effect

The bootstrap confidence interval of Preacher and Hayes (2008) will be used to test for mediation. If the bootstrap interval does not include zero, the indirect effect is significant, and mediation is established. It will check the indirect impact of the relationship in the model. However, the results showed that the estimated indirect effect is equal to -0.438 and results to be statistically significant because the range LLCI and ULCI [-0.804; -0.209] does not contain the value zero. Full results in APPENDIX 6.

The significance levels of the estimated betas are checked. The figure below gives an overview of the model.

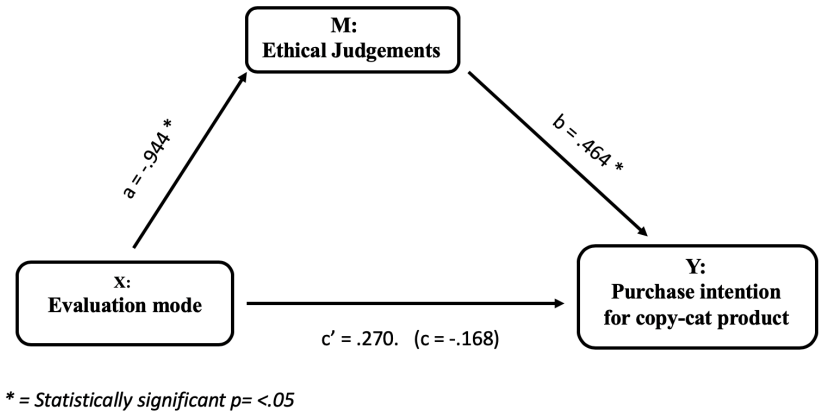

Figure 5- Standardized regression coefficient for the relationship in mediation analysis

4.7 Conclusion

To conclude, the evaluation mode of the copycat has a significant effect on ethical judgment (path a = -.944, p < .001), and the effect of ethical judgment on purchase intention is also significant (path b = .464, p <.001). The direct effect of the evaluation mode on purchase intention (path c' = .270, p = .217) is not significant. Moreover, the indirect effect via ethical judgment (path a * b = -.438, CI = [-.804; -.209]) lead us to confirm that the mediation analysis revealed that ethical judgment significantly mediated (i.e., the confidence interval does not include zero) the relationship between the evaluation mode and purchase intention. Therefore, it can be concluded that ethical judgment fully mediates the relationship between the evaluation mode of the luxury copycat product (presence or absence of the original brand) and purchase intention, which leads to the acceptance of *hypothesis 3*.

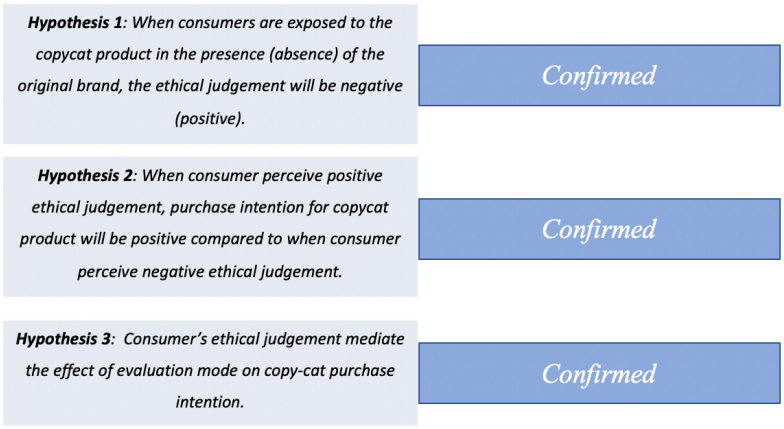

Figure 6-Hypothesis confirmation

CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

This chapter describes the results outlined in the previous chapter and discusses the main findings of this research. This is followed by academic and managerial recommendations. Finally, the last paragraph outlines the limitations of this research and gives suggestions for future research.

5.1 CONCLUSION

This study investigated the impact of ethical judgment in the luxury copycat industry with the following problem statement:
"To what extent does the evaluation mode of the products (presence vs. absence of the original brand) influence purchase intentions of copycat products, through consumer ethical judgment?"
The research has tried to contribute to the current literature, taking into account the ethical factors of the copycat market. This is because the copycat market is often influenced by the judgment of consumers who can evaluate the strategy of imitation of a product as fair or unfair, ethical or unethical. More specifically, this study tested two types of evaluation modes: "the presence of the original brand" and the "absence of the original brand." Based on different studies (Hsee and Zhang, 2004; Bazerman, Tenbrunsel, & Wade-Benzoni, 1998; Hsee et al., 1999) the present research was expected to demonstrate that the presence of the original brand next to the copycat has a negative effect on the ethical judgment of consumers. On the other side, it was found that as the *hypothesis 1* stated, the "absence of the original brand" generates a more positive ethical judgment than the "presence of the original brand". Consequently, based on the study of Ha and Lennon (2006) it was expected that a positive ethical judgment would lead to an increase in purchase intention. Results showed that ethical judgments are related to purchase intention according to the level of the judgment (*hypothesis 2).* Furthermore, no direct effect of evaluation mode on purchase intention is found. This means that the relationship between evaluation mode and purchase intention is fully explained by ethical judgment (*hypothesis 3).* In conclusion, it could be argued that within the luxury copycat industry, ethics is fundamental and that consumers rely on ethical judgment when deciding to purchase a luxury copycat product. Presenting a copycat next to the original brand reduces consumers' ethical judgment and this lower score decreases the purchase intention of the consumers.

5.2 DISCUSSION

Previous research has shown how much the copycat market has developed in the last decade (Gao, Shi, Tang, 2016). It has become common in different buying situations to be in contact with a copycat, especially a luxury one. In this research, it was assumed that a copycat could be evaluated in two different ways: in the presence of the original brand or in the absence of the latter. Moreover, a fundamental reason that stimulated the development of this research was undoubtedly the ethical aspect that emerges when an individual find himself evaluating an imitation of a luxury product. Consequently, being aware that there is a significant positive relationship between ethical judgments and behavioral intentions (Vitell, Singhapakdi, and Thomas, 2001), the question has arisen as to whether people's ethical judgment can mediate this relationship for luxury copycat products. Therefore, this study assumed that different ethical opinions might arise when evaluating a copycat product in the presence or absence of the original brand. Indeed, through this study it was found that people evaluating a luxury copycat product alone will have a more positive ethical judgment rather than those who evaluate the copycat next to the original brand. Consequently, this study tested the effect of ethical judgment on purchase intention following the statement of Vitell and Muncy (1992). This latter assumes that if an action is judged ethical, consumers are more likely to form an intention to perform it. On the other side, if an action is judged unethical consumers are less likely to form an intention to engage in the action. Therefore, it was expected that positive ethical judgment would lead to higher purchase intention. Consequently, this study confirmed that people who develop a positive ethical judgment are more likely to buy the copycat than people who develop a negative one. Therefore, it was determined whether consumers' ethical judgment can mediate the relationship between evaluation mode and purchase intention. The analysis showed that evaluation mode does not have a significant effect on the purchase intention but that this relationship is only mediated by the ethical judgment. Therefore, at the end of the study, the three hypotheses initially formulated were confirmed.

5.3 Recommendations

5.3.1 Academic Recommendations

Van Horen and Pieters (2012) studied the different effects that evaluation mode might have on consumer evaluation for a copycat product. However, the study has focused solely on convenience goods, thus leaving a gap in the literature regarding luxury products. They found that high similarity copycats gain under non comparative evaluation because of assimilation and suffer under

comparative one because of contrast. This study demonstrated that in luxury copycat, they benefit from non-comparative evaluation as well. However, it was found that the evaluation mode of luxury copycat product does not significantly affect copycat purchase intention. Therefore, the relationship is fully mediated by ethical judgment. This study has focused on the luxury copycat market and tried to contribute to existing literature. This was done considering the ethical factor in the copycat market and trying to determine if this mediates the relationship between evaluation mode and purchase intention. Hupman and Zaichkowsky (1998) stated that a consumer develops an ethical judgment when evaluating a copycat product. However, they didn't consider how the consumer's judgment and perceptions about the products' ethicality are compatible with their actions. This study confirmed the theory that ethical judgment has an important role in copycat evaluation. In addition, this study wanted to analyze how this relationship can influence consumers' purchase intentions. Therefore, the study was consistent with the "DPEF" theory developed by Schneider (2015), according to which a different evaluation mode corresponds to a different judgment which will lead to behavior choice. The findings show that, within the luxury copycat industry, presenting the product next to the original brand decreases ethical judgment and purchase intention, while presented alone it has the opposite effect. Therefore, researchers should take into account the ethical variable while studying luxury copycat product evaluation mode. The results found in this study can contribute to the recent literature as they can give an extra element to consider when dealing with this specific category of products.

5.3.2 Managerial Recommendations

The findings of this study provide several managerial implications, and therefore, few recommendations will be given. Currently, producers do not take into account the ethical judgment of their consumers through imitation strategy. They also affirmed that individuals facing ethical dilemmas intend to act in a manner consistent with their attitudes. Given the research findings, it is recommended that managers of copycat firms adopt strategies that will allow them not to present the luxury copycat product next to the original brand. The comparison between those two products can hurt consumers' ethical judgment and, therefore, hurt consumers' purchase intention. In most cases, this study is aiming at outlet stores, department stores, and to online market where the two products may be presented together. Nevertheless, the findings of this study can also give advice to Gucci's manager. Since it has been found that a copycat, when presented next to the original brand, is judged ethically negative, Gucci can exploit these results in its favor by adopting the reverse strategy to the copycat product managers to decrease the purchase intention for the copycat products.

5.4 Limitations and future research

This research is subject to several limitations which offer many prospects for further research. First, the study may suffer of sample bias because the sample does not reflect the general population. Moreover, the sample of this study is only the segment between 18 and 35, meaning that it does not reflect the whole Italian population. Future research should consider the whole population in order to discover if it is possible to obtain a variation in results when all age groups are included. This study investigated the effect of evaluation mode on ethical judgment and purchase intention. It was found that the manipulation of evaluation mode "absence of the original brand" has a more positive effect on ethical judgment than "the presence of the original brand." Following the findings of Van Horen and Pieters (2012), it may be interesting to investigate if this result would be the same when replacing in the same manipulation luxury copycat that shows moderate similarity to the original brand. They stated that copycats that show moderate similarities instead of high similarity benefit most from a comparative evaluation rather than non-comparative.

Moreover, individuals hold different ethical ideologies, which in turn influence ethical judgments (Vitell et al., 2001). This study did not take into account personal ethical traits because it wanted to focus more on the evaluation mode of the copycat. However, these could be a good addition to the study as a moderator that can change the strength of the effect of the independent variable on the mediator. Someone could find ethics important in a buying situation, and others could pay no attention to that. Therefore, it may be interesting to examine consumers' traits such as personal attitudes toward ethical/unethical behavior because this affects the intention to engage in that behavior (Dubisnky, Loken, 1989).

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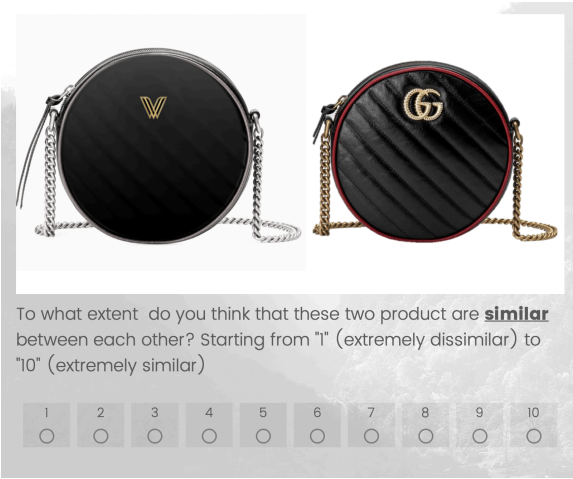
APPENDIX

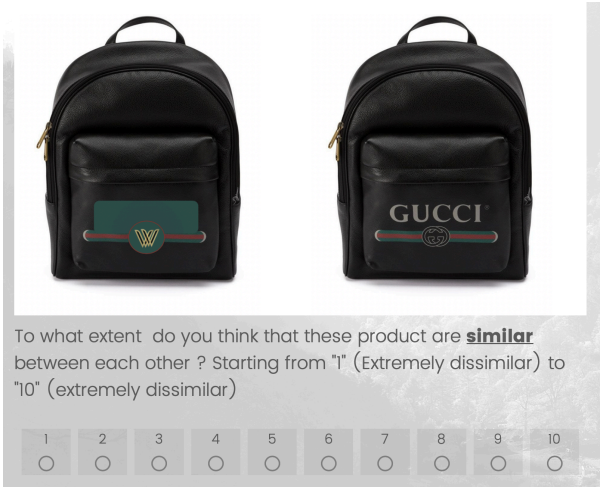
APPENDIX 1 PRETEST

Introduction "In the next questions, you will see two different pairs of products and you will have to judge for each pair whether the pair is similar *in overall appearance*, not in their functions or quality attributes. Therefore, look carefully at the picture."

ES1:



ES2:



Socio-demographic questions:

Age: <18 – 18/24 – 25/34 – 35/44 – 45/54 – 55/64 – 65/74 – 75/85 - > 85

Gender: Male – Female

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Bag	7,00	23	1,477	,308
	BagPack	7,70	23	1,259	,263

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Bag & BagPack	23	,122	,579

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	90% Confidence Interval of the Difference Lower	Upper			
Pair 1	Bag - BagPack	-,696	1,820	,379	-1,347	-,044	-1,833	22	,080

APPENDIX 2 EXPERIMENT

Introduction

Hi, I'm a marketing student at Tilburg University. Can I take just **1 minute** of your time to ask you some questions about a thesis project I'm conducting? I assure your answers will be completely anonymous. This study is about **copycat products in the luxury market**. Only a limited number of people are analyzed; therefore, your opinion on these issues is crucial to the success of the project. Thank you in advance for your cooperation!
For major details: a.germano@tilburguniversity.edu

A **copycat** is a brand that deliberately copies, imitates or is designed very similarly to an established brand.

This study will be based on a copycat product from the luxury market , so pay attention to the **images** and questions you will be asked.

Randomization

EG1

Copycat product

EG2

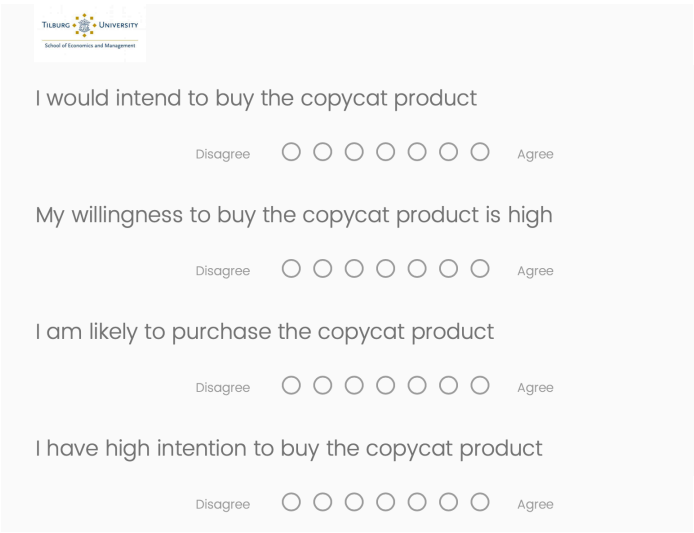
Copycat product

Original brand

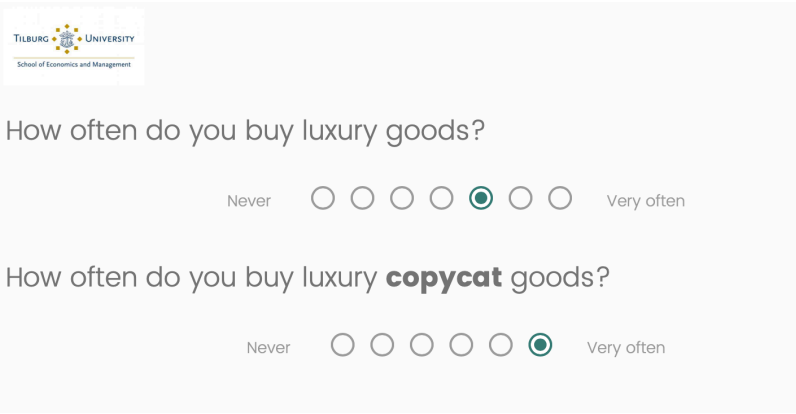
For each condition, the following question:

For EG1, where the copycat is presented alone, a manipulation check is added:

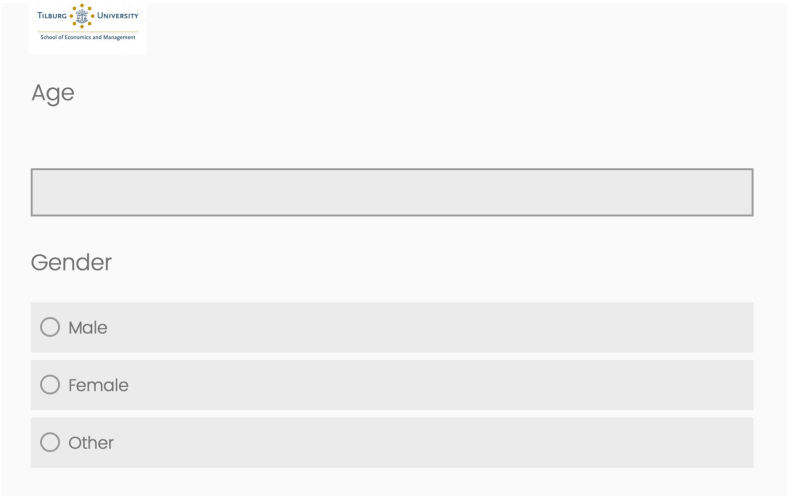
DV:

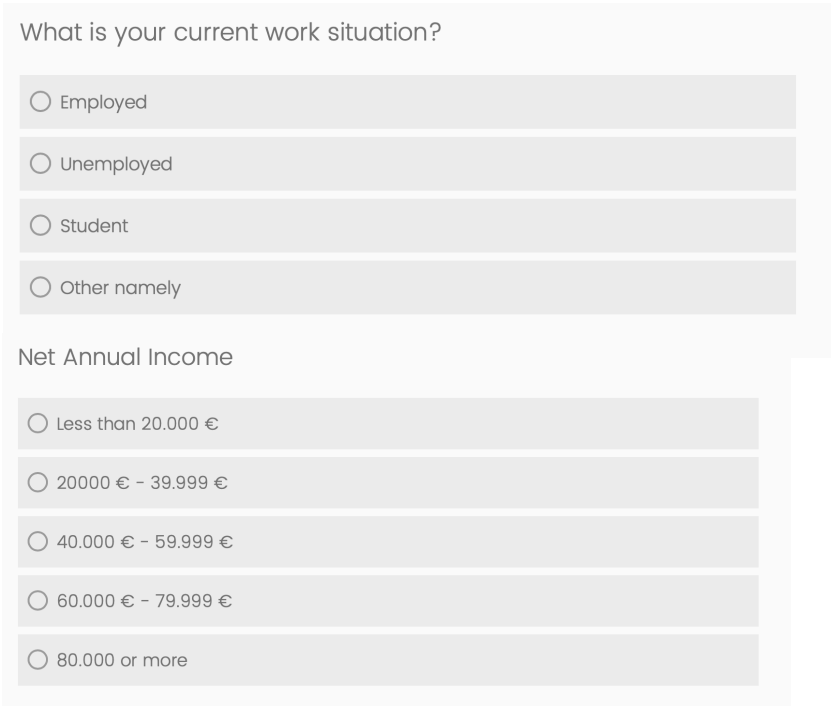


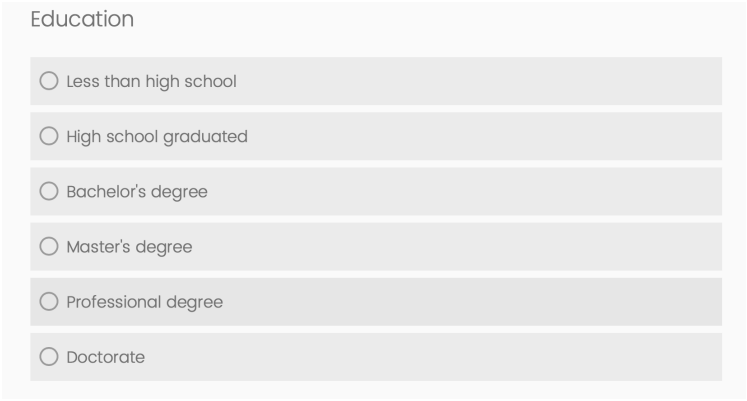
Frequency of Purchase:



Demographics:







APPENDIX 3 SCALE AND CRONBACH

Ethical judgment

Reliability Statistics

Cronbach's Alpha	N of Items
,852	8

Item-Total Statistics

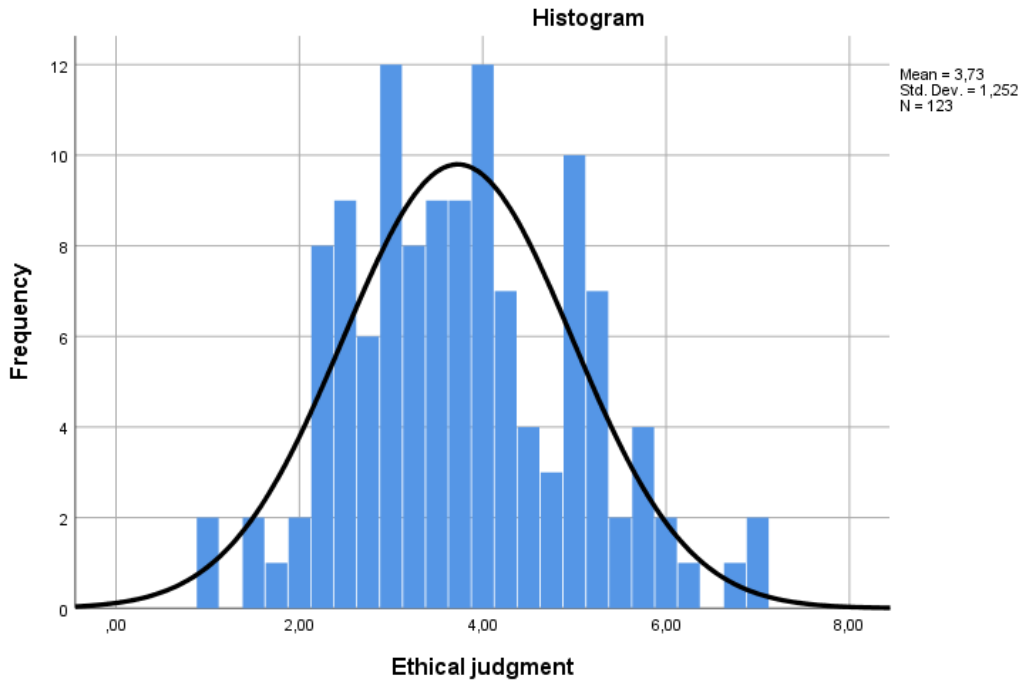
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
How do you judge this copycat product? - Unfair:Fair	26,390	76,289	,683	,823
How do you judge this copycat product? - Unjust:Just	26,073	78,085	,609	,832
How do you judge this copycat product? - Not culturally acceptable:Culturally acceptable	25,537	76,677	,666	,825
How do you judge this copycat product? - Violate an unwritten contract:Does not violate an unwritten contract	26,171	79,372	,517	,844

How do you judge this copycat product? - Traditionally unacceptable:Traditionally acceptable	26,179	78,705	,607	,833
How do you judge this copycat product? - Not morally right:Morally right	26,382	74,746	,692	,822
How do you judge this copycat product? - Violates an unspoken promise:Does not violates an unspoken promise	26,049	80,850	,534	,841
How do you judge this copycat product? - Not acceptable to my family: Acceptable to my family	25,911	82,705	,436	,852

Statistics

Ethical Judgment

N	Valid	123
	Missing	0
Mean		3,7266
Median		3,6250
Mode		4,00
Std. Deviation		1,25198
Variance		1,567
Skewness		,302
Std. Error of Skewness		,218
Kurtosis		-,227
Std. Error of Kurtosis		,433
Minimum		1,00
Maximum		7,00
Percentiles	25	2,8750
	50	3,6250
	75	4,7500



Purchase Intention

Reliability Statistics

Cronbach's Alpha	N of Items
,937	4

Item-Total Statistics

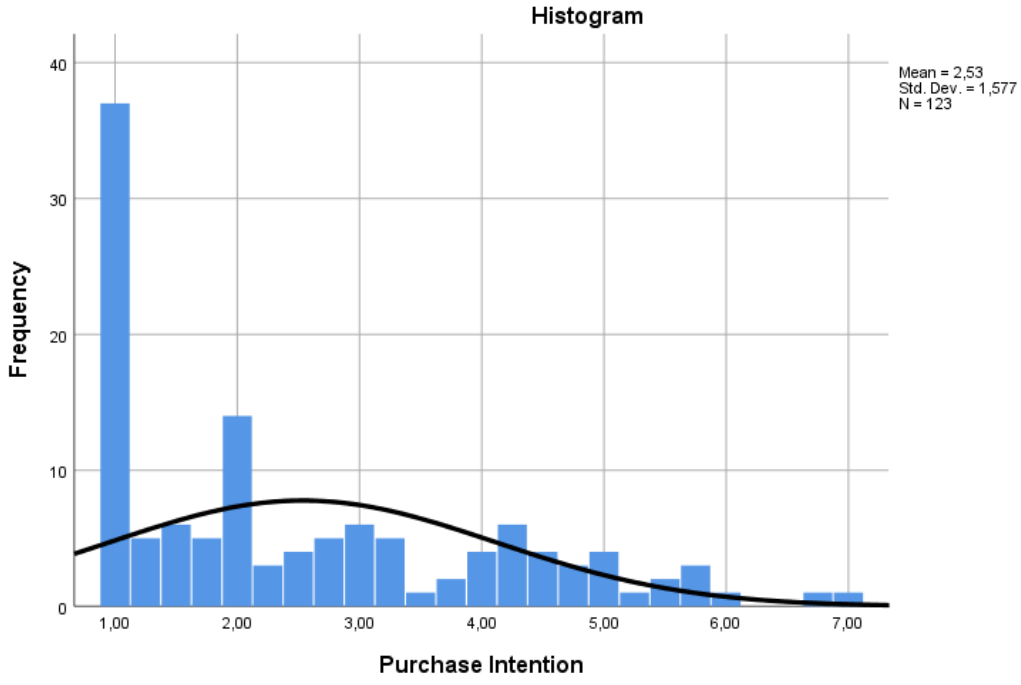
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I would intend to buy the copycat product – Disagree: Agree	7,46	21,725	,854	,917
My willingness to buy the copycat product is high - Disagree: Agree	7,59	23,817	,837	,922
I am likely to purchase the copycat product - Disagree: Agree	7,56	22,314	,859	,915

I have high intention to buy the copycat product - Disagree: Agree	7,80	23,601	,857	,916

Statistics

Purchase Intention

N	Valid	123
	Missing	0
Mean		2,5346
Median		2,0000
Mode		1,00
Std. Deviation		1,57735
Variance		2,488
Skewness		,838
Std. Error of Skewness		,218
Kurtosis		-,331
Std. Error of Kurtosis		,433
Minimum		1,00
Maximum		7,00
Percentiles	25	1,0000
	50	2,0000
	75	3,7500



APPENDIX 4 DESCRIPTIVE AND CHI-SQUARE

Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non comparative	62	50,4	50,4	50,4
	Comparative	61	49,6	49,6	100,0
	Total	123	100,0	100,0	

Do you like it?

Group			Frequency	Percent	Valid Percent	Cumulative Percent
Non comparative	Valid	Yes	16	25,8	25,8	25,8
		No	46	74,2	74,2	100,0
		Total	62	100,0	100,0	
Comparative	Missing	System	61	100,0		

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	47	38,2	38,2	38,2
	Female	76	61,8	61,8	100,0
	Total	123	100,0	100,0	

Age

Statistics

N	Valid	123
	Missing	0
Mean		25,15
Median		24,00
Std. Deviation		3,770
Range		23
Minimum		18
Maximum		41

What is your current work situation?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed	35	28,5	28,5	28,5
	Unemployed	7	5,7	5,7	34,1
	Student	71	57,7	57,7	91,9
	Other namely	10	8,1	8,1	100,0
	Total	123	100,0	100,0	

Net Annual Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20.000 €	82	66,7	68,3	68,3
	20000 € - 39.999 €	20	16,3	16,7	85,0
	40.000 € - 59.999 €	9	7,3	7,5	92,5
	60.000 € - 79.999 €	5	4,1	4,2	96,7
	80.000 or more	4	3,3	3,3	100,0
	Total	120	97,6	100,0	
Missing	System	3	2,4		
Total		123	100,0		

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than high school	2	1,6	1,6	1,6
	High school graduated	19	15,4	15,4	17,1
	Bachelor's degree	38	30,9	30,9	48,0
	Master's degree	46	37,4	37,4	85,4
	Professional degree	16	13,0	13,0	98,4
	Doctorate	2	1,6	1,6	100,0
	Total	123	100,0	100,0	

Which brand does this copycat product copy?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Gucci	62	50,4	100,0	100,0
Missing	System	61	49,6		
Total		123	100,0		

Chi-Square Test

Frequencies

Gender

	Observed N	Expected N	Residual
Male	47	65,5	-18,5
Female	76	57,5	18,5
Total	123		

Test Statistics

	Gender
Chi-Square	11,218[a]
df	1
Asymp. Sig.	,001

a. 0 cells (0,0%) have expected frequencies less than 5. The minimum expected cell frequency is 57,5.

Chi-Square Test

Frequencies

Education

	Observed N	Expected N	Residual
Less than high school	2	11,0	-9,0
High school graduated	19	76,0	-57,0
Bachelor's degree	38	26,0	12,0
Master's degree	46	4,0	42,0
Professional degree	16	4,0	12,0
Doctorate	2	2,0	,0
Total	123		

Test Statistics

	Education
Chi-Square	532,652[a]
df	5
Asymp. Sig.	,000

a. 3 cells (50,0%) have expected frequencies less than 5. The minimum expected cell frequency is 2,0.

Frequencies

What is your current work situation?

	Observed N	Expected N	Residual
Employed	35	45,0	-10,0
Unemployed	7	15,0	-8,0
Student	71	60,0	11,0
Other namely	10	3,0	7,0
Total	123		

Test Statistics

	What is your current work situation?
Chi-Square	24,839[a]
df	3
Asymp. Sig.	,000

a. 1 cells (25,0%) have expected frequencies less than 5. The minimum expected cell frequency is 3,0.

Frequencies

Net Annual Income

	Observed N	Expected N	Residual
Less than 20.000 €	82	48,8	33,2
20000 € - 39.999 €	20	48,8	-28,8
40.000 € - 59.999 €	9	14,6	-5,6
60.000 € - 79.999 €	5	4,9	,1
80.000 or more	4	2,9	1,1
Total	120		

Test Statistics

	Net Annual Income
Chi-Square	42,169[a]
df	4
Asymp. Sig.	,000

a. 2 cells (40,0%) have expected frequencies less than 5. The minimum expected cell frequency is 2,9.

APPENDIX 5 RANDOMIZATION CHECKS

Comparing the descriptive statistics between the two experimental groups.

Gender

Crosstab

			Group		
			Non comparative	Comparative	Total
Gender	Male	Count	21	26	47
		% within Group	33,9%	42,6%	38,2%
	Female	Count	41	35	76
		% within Group	66,1%	57,4%	61,8%
Total		Count	62	61	123
		% within Group	100,0%	100,0%	100,0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	,998[a]	1	,318		
Continuity Correction[b]	,661	1	,416		
Likelihood Ratio	,999	1	,318		
Fisher's Exact Test				,357	,208
Linear-by-Linear Association	,989	1	,320		
N of Valid Cases	123				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 23,31.

b. Computed only for a 2x2 table

Work situation

Crosstab

			Group		
			Non comparative	Comparative	Total
What is your current work situation?	Employed	Count	16	19	35
		% within Group	25,8%	31,1%	28,5%
	Unemployed	Count	4	3	7
		% within Group	6,5%	4,9%	5,7%
	Student	Count	38	33	71
		% within Group	61,3%	54,1%	57,7%
	Other namely	Count	4	6	10
		% within Group	6,5%	9,8%	8,1%
Total		Count	62	61	123
		% within Group	100,0%	100,0%	100,0%

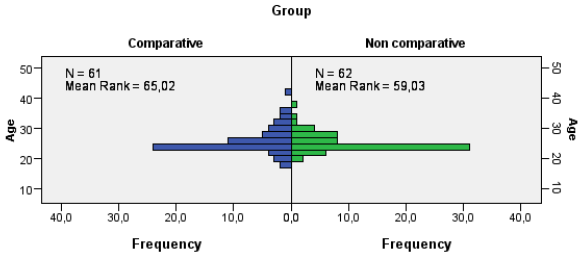
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1,144[a]	3	,766
Likelihood Ratio	1,148	3	,766
Linear-by-Linear Association	,103	1	,748
N of Valid Cases	123		

a. 3 cells (37,5%) have expected count less than 5. The minimum expected count is 3,47.

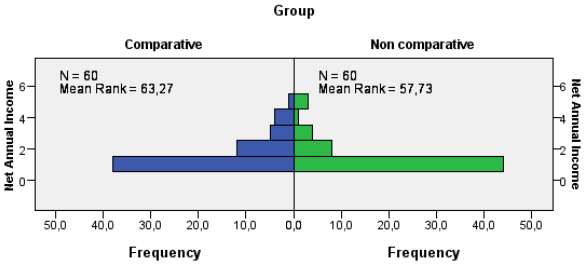
Single Variable test (Age, NAI, Education and Frequency of Purchase)

Independent-Samples Mann-Whitney U Test



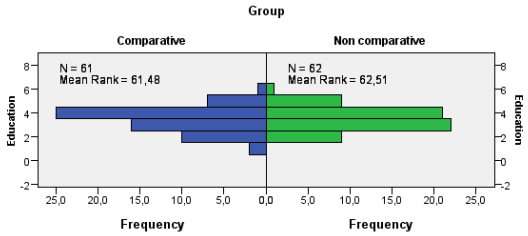
Total N	123
Mann-Whitney U	2.075,000
Wilcoxon W	3.966,000
Test Statistic	2.075,000
Standard Error	195,232
Standardized Test Statistic	,942
Asymptotic Sig. (2-sided test)	,346

Independent-Samples Mann-Whitney U Test



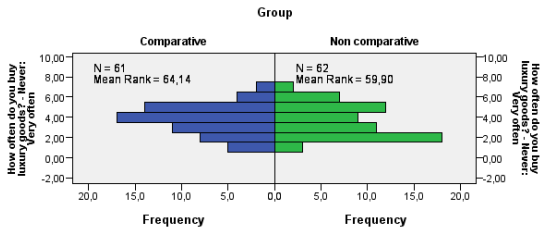
Total N	120
Mann-Whitney U	1.966,500
Wilcoxon W	3.796,500
Test Statistic	1.966,500
Standard Error	156,626
Standardized Test Statistic	1,063
Asymptotic Sig. (2-sided test)	,288

Independent-Samples Mann-Whitney U Test



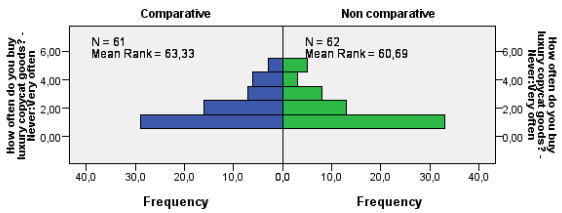
Total N	123
Mann-Whitney U	1.859,500
Wilcoxon W	3.750,500
Test Statistic	1.859,500
Standard Error	188,828
Standardized Test Statistic	-,167
Asymptotic Sig. (2-sided test)	,868

Independent-Samples Mann-Whitney U Test



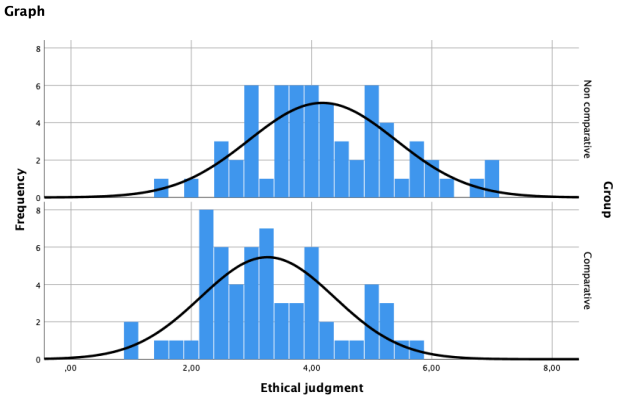
Total N	123
Mann-Whitney U	2.021,500
Wilcoxon W	3.912,500
Test Statistic	2.021,500
Standard Error	194,196
Standardized Test Statistic	,672
Asymptotic Sig. (2-sided test)	,502

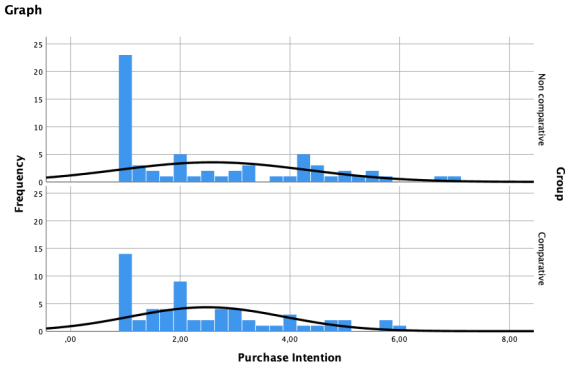
Independent-Samples Mann-Whitney U Test



Total N	123
Mann-Whitney U	1.972,000
Wilcoxon W	3.863,000
Test Statistic	1.972,000
Standard Error	182,944
Standardized Test Statistic	,443
Asymptotic Sig. (2-sided test)	,658

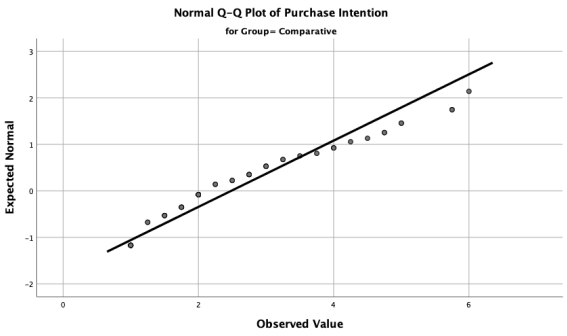
Mann Whitney U test (Evaluation mode distribution)

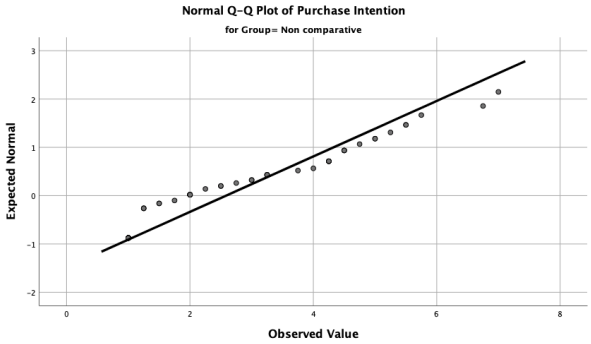




Regression/Mediation

Normality line

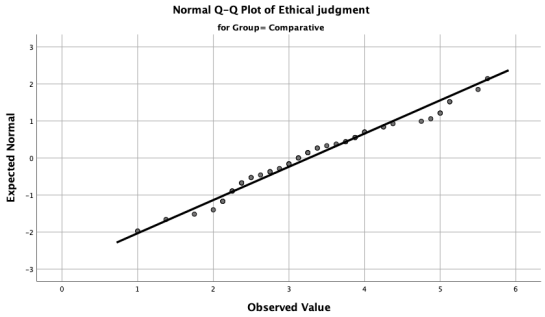


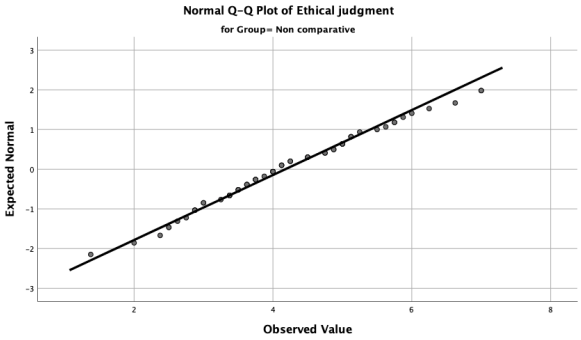


Tests of Normality

		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Group	Statistic	df	Sig.	Statistic	df	Sig.
Purchase Intention	Non comparative	,197	62	,000	,841	62	,000
	Comparative	,176	61	,000	,889	61	,000

a. Lilliefors Significance Correction



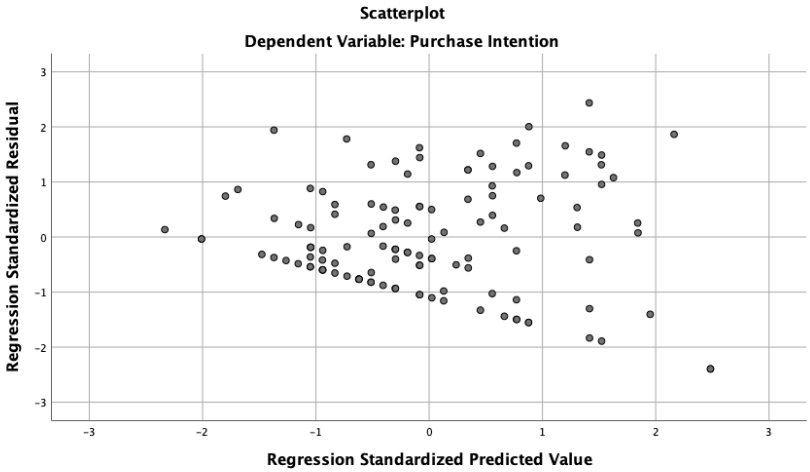


Tests of Normality

		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Group	Statistic	df	Sig.	Statistic	df	Sig.
Ethical judgment	Non comparative	,082	62	,200*	,986	62	,717
	Comparative	,096	61	,200*	,970	61	,134

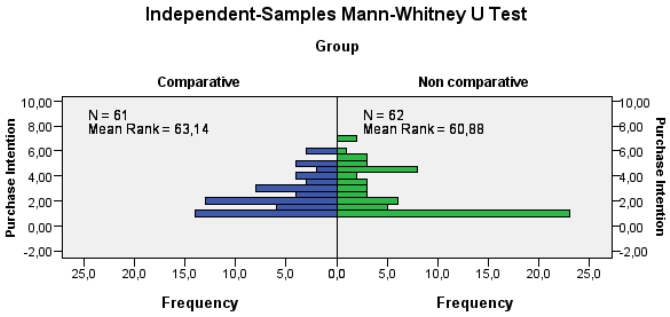
*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction



APPENDIX 7 MAIN ANALYSIS

Mann-Whitney U test Purchase Intention



Total N	123
Mann-Whitney U	1.960,500
Wilcoxon W	3.851,500
Test Statistic	1.960,500
Standard Error	194,757
Standardized Test Statistic	,357
Asymptotic Sig. (2-sided test)	,721

Independent sample t-test Ethical Judgment

T-Test

Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
Ethical judgment	Non comparative	62	4,1794	1,22194	,15519
	Comparative	61	3,2664	1,11441	,14269

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Ethical judgment	Equal variances assumed	,466	,496	4,328	121	,000	,91304	,21097	,49537	1,33072
	Equal variances not assumed			4,331	120,314	,000	,91304	,21081	,49566	1,33043

Preliminary regression of Ethical judgment on Purchase intention

Descriptive Statistics

	Mean	Std. Deviation	N
Purchase Intention	2,5346	1,57735	123
Ethical judgment	3,7266	1,25198	123

Correlations

		Purchase Intention	Ethical judgment
Pearson Correlation	Purchase Intention	1,000	,446
	Ethical judgment	,446	1,000
Sig. (1-tailed)	Purchase Intention	.	,000
	Ethical judgment	,000	.
N	Purchase Intention	123	123
	Ethical judgment	123	123

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Ethical judgment[b]	.	Enter

a. Dependent Variable: Purchase Intention

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,446[a]	,199	,192	1,41743

a. Predictors: (Constant), Ethical judgment

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60,438	1	60,438	30,082	,000[b]
	Residual	243,103	121	2,009		
	Total	303,541	122			

a. Dependent Variable: Purchase Intention

b. Predictors: (Constant), Ethical judgment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	,440	,403		1,091	,277			
	Ethical judgment	,562	,103	,446	5,485	,000	,446	,446	,446

a. Dependent Variable: Purchase Intention

Mediation analysis

(Absence of original brand=Reference level)

```
Run MATRIX procedure:

************* PROCESS Procedure for SPSS Release 2.16.3 *****************

          Written by Andrew F. Hayes, Ph.D.       www.afhayes.com

**************************************************************************
Model = 4
    Y = Purch_In
    X = Group
    M = Et_Judg

Statistical Controls:
CONTROL= Age      Gender   Net_AI   Education LuxurBuy CopyBuy

Sample size
        120

Coding of categorical X variable for analysis:
 Group    D1
   ,00   ,00
  1,00  1,00

**************************************************************************
Outcome: Et_Judg

Model Summary
         R      R-sq       MSE         F       df1       df2         p
      ,470      ,220     1,262     4,525     7,000   112,000      ,000

Model
             coeff        se         t         p      LLCI      ULCI
Constant     5,139      ,823     6,241      ,000     3,508     6,770
D1           -,944      ,208    -4,542      ,000    -1,355     -,532
Age          -,024      ,031     -,775      ,440     -,085      ,037
Gender       -,234      ,212    -1,103      ,272     -,656      ,187
Net_AI        ,043      ,115      ,379      ,705     -,184      ,271
Educatio     -,091      ,113     -,806      ,422     -,314      ,132
LuxurBuy     -,028      ,070     -,404      ,687     -,167      ,110
CopyBuy       ,222      ,086     2,584      ,011      ,052      ,391

**************************************************************************
Outcome: Purch_In

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      ,7507      ,5636     1,1661    17,9175     8,0000   111,0000      ,0000

Model
             coeff        se         t         p      LLCI      ULCI
Constant    -1,529      ,919    -1,665      ,099    -3,350      ,291
Et_Judg       ,464      ,091     5,109      ,000      ,284      ,644
D1            ,270      ,217     1,241      ,217     -,161      ,700
Age           ,077      ,030     2,592      ,011      ,018      ,136
Gender       -,160      ,205     -,779      ,438     -,567      ,247
Net_AI       -,247      ,110    -2,237      ,027     -,465     -,028
Educatio     -,137      ,109    -1,258      ,211     -,352      ,079
LuxurBuy      ,019      ,067      ,276      ,783     -,115      ,152
CopyBuy       ,657      ,085     7,745      ,000      ,489      ,825
```

```
************************** TOTAL EFFECT MODEL ****************************
Outcome: Purch_In

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      ,6789      ,4609     1,4275    13,6815     7,0000   112,0000      ,0000

Model
             coeff         se          t          p       LLCI       ULCI
Constant      ,855       ,876       ,976       ,331      -,880      2,590
D1           -,168       ,221      -,762       ,448      -,606       ,269
Age           ,066       ,033      2,011       ,047       ,001       ,131
Gender       -,269       ,226     -1,189       ,237      -,716       ,179
Net_AI       -,226       ,122     -1,857       ,066      -,468       ,015
Educatio     -,179       ,120     -1,492       ,139      -,416       ,059
LuxurBuy      ,005       ,074       ,073       ,942      -,142       ,153
CopyBuy       ,760       ,091      8,333       ,000       ,579       ,940


***************** TOTAL, DIRECT, AND INDIRECT EFFECTS ********************

Relative total effects of X of Y
       coeff         se          t          p       LLCI       ULCI
D1     -,168       ,221      -,762       ,448      -,606       ,269

Relative direct effects of X on Y
       coeff         se          t          p       LLCI       ULCI
D1      ,270       ,217      1,241       ,217      -,161       ,700

Omnibus test of direct effect of X on Y
      R-sq          F        df1        df2          p
      ,006      1,539      1,000    111,000       ,217
=====
Relative indirect effect(s) of X on Y through:
 Et_Judg

           Effect SE (boot)      LLCI      ULCI
D1          -,438       ,149      -,804      -,209
Omnibus      ,067       ,033       ,022       ,164

-------------------- ANALYSIS NOTES AND WARNINGS -------------------------

Number of bootstrap samples for bias corrected bootstrap confidence intervals:
     5000

Level of confidence for all confidence intervals in output:
    95,00

NOTE: Some cases were deleted due to missing data.  The number of such cases was:
  3

NOTE: CONTRAST option not available with multicategorical X.

------ END MATRIX -----
```

Management summary

Introduction

Copycat products have become an integral part of the market of the last decades and the phenomenon of product imitation is now widespread all over the world. Copycat resembles the trade-dress of the original brands by imitating their visual features, such as the brand product design (Balabanis & Craven, 1997; Mitchell & Kearney, 2002). Through their similarity, copycats try to access the information that consumers store on famous brands and the try to transfer it to themselves (Van Horen, Pieters 2012). An essential characteristic of the copycat product is its capability of not deceiving the consumer into thinking that the product is a copy of the original brand. Therefore, most copycat products are non-deceptive to the buyers in that they are entirely aware that the products are not the real ones either from the price (Cho et. al, 2015). In this context, it is essential to make a distinction between counterfeit products and copycats. Kay (1990) described a counterfeit product as the production of copies that are packaged in such a way that make them appear as they were the real articles. Counterfeit products usually have the explicit purpose of deliberately deceiving a consumer into thinking that what they are seeing is the original, while a copycat product does not. On the other hand, a copycat product looks similar to another product but is not identical. (Crettez, Hayek, Zaccour, 2018). There is a thin line differentiating copycats and counterfeits products: the first one imitates others' work without adding ingenuity, the second ones are non-genuine articles, hence, a fake. Nowadays, thousands of 'copycat' products with extremely similar appearances to those of original brand products are available to consumers. While consumers once considered copycat products to be inferior substitutes, copycats have been growing steadily in popularity and are now often considered a suitable alternative to nationally leading brands (Braxton, 2019). Gao, Lim, and Tang (2016) affirmed that, in general, most of the copycat products exhibit specific characteristics. The first one is that copycat products usually show a high resemblance to leader brand products in terms of brand names or external designs. Secondly, copycat products are generally sold at a low price partly because they bear relatively low production costs. As stated before, most of the copycat products are non-deceptive to the buyers. This means that the consumers are fully aware of the fact that the products they are evaluating are not genuine, either from the price paid or from the channel from which the product was purchased (Cho et al. 2015). Generally, copycat products can be found in two different categories of goods: convenience and luxury (d'Astous & Gargouri, 2001). Most of the studies (Wilcox et al. 2009; Radòn, 2012) have focused on counterfeit luxury products to assess the difference in consumer choice and the reason underlying their decisions. The demand for an imitation of a luxury brand might be greater than that for a convenience brand (Nia & Zaichkowsky,

2000). Consumers would be more interested in a copycat of luxury brands when they found the more considerable price differences between the imitations and the original brands than that in the context of convenience brands (Grossman & Shapiro, 1988). Accordingly, Van Horen and Pieters (2012), studied that the appraisal of copycats is critically dependent on consumer evaluation mode. One of the most influential factors of consumer evaluation in imitation strategies will be analysed: the presence or absence of the original brand. Consumers' evaluation mode of products will be manipulated according to the presence or the absence of the original brand next to the copycat product. In short, the original brand's presence increases the possibility for consumers to make a comparison between the imitations and the original brands. Van Horen and Pieters (2012) demonstrated that when products that show high similarity are compared next to each other, consumers' judgment of the copycat will be more negative compared to when they are evaluated separately. The study will take into account high similarity copycats because they are similar to counterfeit but differs from them because high similar copycat duplicate or imitate the physical appearance of other products but do not copy the brand name or logo as the counterfeits do (Jiang & Shang, 2016). These may be evaluated quite differently in a comparative evaluation setting rather than in a non-comparative one (Van Horen & Pieters, 2012). When the copycat is explicitly evaluated against the imitated original brand and similarity is high, consumers are highly likely to become more aware of the resemblance with the original brand.

Moreover, in researches, there is a factor that is not much considered when studying the purchase intention of copycat products. Hupman and Zaichkosky (1995) studied that ethical judgments could play a pivotal role in copycats' studies. Ethical judgment refers to an individual's opinion concerning whether engaging in a particular behavior is good or bad. The more favorably someone evaluates performing a specific behavior, the more likely the person will intend to show that behavior (Fishbein and Ajzen, 1975). If consumers consider a copycat strategy acceptable, more companies may be stimulated to follow this practice. If consumers perceive copycat strategy in a negative way and perceive those who practice it to be unethical, firms may be discouraged from adopting this kind of approach (Hupman, Zaichkosky 1995). They studied that imitation strategies can influence ethical perceptions. However, they did not question what behavior would follow these consumer judgments. Therefore, for example, a consumer who considers a company's behavior unethical may, however, buy the product sold by that company. According to Loken (1989), there is a positive relationship between judgments that an action is morally acceptable and intentions to perform that action. However, the problem is how people perceive the imitation of luxury product from an ethical perspective and how this influence their purchase intention. The aim is to focus on how a consumer reacts to a luxury product copycat based on the manipulation of evaluation mode. Therefore, the study

aims to fill the gap within the literature about how people perceive fairness or unfairness of the strategy in the luxury market due to different mode of evaluation and how this influences their purchase intention.

Problem statement

The study tests the idea that the ethical judgment of a copycat strategy critically depends on the evaluation mode of the copycat itself and of the original brand. Furthermore, it also aims to show how this evaluation mode can affect the consumer purchase intention.

"To what extent does the evaluation mode of the products (presence vs. absence of the original brand) influence purchase intentions of copycat products through consumers' ethical judgment?"

Theoretical and Managerial contribution

Over the years, numerous studies have focused on imitation or copying strategies. Van Horen and Pieters (2012) studied the different effects that evaluation mode can have on consumers evaluation of copycat product. However, this study has focused solely on convenience goods, thus leaving a gap in the literature regarding luxury products. Indeed, luxury and convenience products may differ in several dimensions such as image, perceived risk (social, financial), familiarity, affective involvement and others (Dubois, 1994). The evaluative criteria used by costumers for the imitation of luxury and convenience brands are different (Zaichkowsky, 1995). Nevertheless, D'astous and Gargouri (2001) pointed out to the idea that luxury products cannot be purchased by all consumers because of their high price. However, most consumers would want to acquire them anyway. Therefore, good copycats of these higher-priced products should generally be assessed better than convenience goods, which are usually affordable products. Differences in consumers' reactions were found to be associated with convenience and luxury copycat both when the original brand was present and when it was absent. Moreover, Hupman and Zaichkowsky (1995) tried to understand consumers' different ethical judgments on this type of strategy. They found that those who judge a product unethical, evaluate it negatively, and vice versa. At the same time, they have not deepened the topic further and they did not take in consideration the consumers' intentions or actions after the evaluation, such as purchase intention. Analyzing these studies, a gap has arisen within the literature. How consumers ethically perceive the strategy of imitation, depending on how the product is presented to them (absence or presence of the leading brand), has not been sufficiently investigated. This is why

the present study will lead to an interesting contribution to the existing literature. My aim is to investigate a new category of products which has not been considered in this context yet.

Research method

The adopted research strategy is an online experiment. This study examines whether the relationship between evaluation mode on purchase intention runs via individuals' ethical judgement or not. Hypothesized changes in evaluators' ethical judgments and purchase intention for alternatives will be tested across different evaluation modes. A pretest will be performed to test which products will be included in the survey, in order to evaluate the high degree of similarity among products. The target of the pretest and of the main study will be composed of Italian customers. Respondents will be shown copycat products both alongside the luxury imitated products and by itself. A one-factor (evaluation mode: presence or absence of the leader brand) between-subjects design will be employed to test the hypotheses. Following the approach taken by Zao, Linch and Chen (2010), the mediating effect of ethical judgment on purchase intention will be analyzed using the Bootstrapping analysis for mediation developed by Preacher, Rucker, and Hayes (2007). According to this analysis, the study should estimate the three following regression equations: first, regressing the independent variable on the mediator, second regressing the independent variable on the dependent variable and third, regressing the independent variable on both the dependent variable and on the mediator.

Evaluation Mode and Ethical Judgment

Evaluation mode is defined as a contextual factor describing how consumers judge objects or products, specifically it investigates whether evaluators evaluate each item separately or multiple items jointly (Hsee et al. 1999, Hsee & LeClerck, 1998). In this study, the comparative evaluation mode will use the copycat product alongside the original luxury brand. In contrast, the non-comparative evaluation mode will use the copycat product alone. Hence, the two-level of the variable is "presence of the original brand" and "absence of the original brand". To summarize, in these different evaluation processes we have two different situations: in one situation the comparison is provided, in the other the comparison is not explicitly presented. When a consumer evaluates a copycat being directly compared to another product, the concrete clues (i.e., the physical characteristics of the products) act as standards of comparison. Furthermore, differences become salient and lead to a comparative assessment. On the other side, when a consumer evaluates a copycat product separately, the abstract clues (i.e., heuristics and familiar details) act as representations of the product being assessed and this leads to a non-comparative evaluation (Braxton, 2018). Consequently, the presence of the original brand increases the likelihood that consumers will transfer

the “goodwill” of an original brand to the imitation. Moreover, several ethical behavior models include ethical judgments as a critical construct (e.g., Dubinsky and Loken, 1989; Hunt and Vitell, 1986; Jones, 1991). Consumer ethical judgment involves a consumer's evaluation of what is right or what is wrong, good or bad, morally acceptable or morally unacceptable (Nguyen and Biderman 2008; Trevino 1992; Ferreira et al. 2017). Therefore, an individual's ethical judgment is the degree towards which consumers believe a particular behavior to be morally acceptable (Jagger, 2011) and serve as a basis for ethical decision-making and behavior (Jones, 1991) across all contexts.

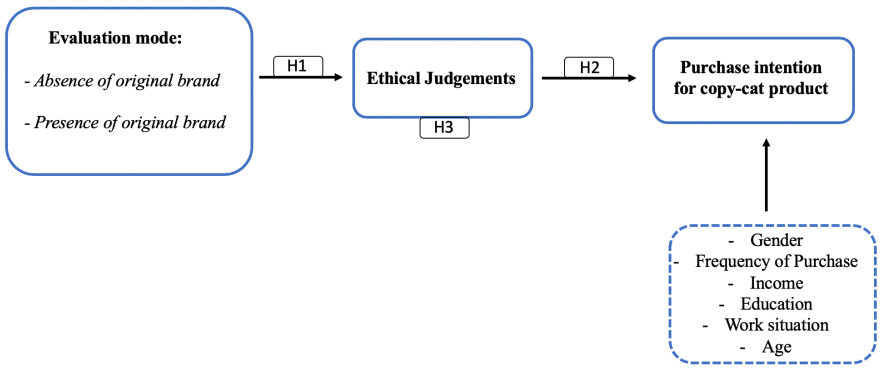
Following the literature findings, the study will test three hypotheses:

H1: When consumers are exposed to the copycat product in the presence (absence) of the original brand, the ethical judgment will be negative (positive).

H2: When consumer perceives positive ethical judgment, purchase intention for a copycat product will be positive compared to when the consumer perceives negative ethical judgment.

H3: Consumer's ethical judgment mediates the effect of evaluation mode on copycat purchase intention.

Conceptual model



Experiment

The experiment aims to validate the hypotheses based on the fact that it is a well-suited method for empirically studying cause-and-effect relationships (Koschate-Fischer & Schandelmeier, 2014). According to Aronson et al. (1990), this study will be conducted through an online experiment because it is the best method to find out whether one thing causes another. Nowadays, online experiments have become very popular as they can exploit the advantages that they have compared to traditional lab experiments, such as reducing demand characteristics and generalizing the results to larger populations (Dandurand et al., 2008). The unstoppable spread of the Internet now makes it possible to recruit a large number of participants. Through the Internet, different groups are easily targeted, resulting in a more diverse population of the experiment (Reips, 2000).

Pretest

The pretest was carried out to find the right product to study that shows a high degree of similarity to the brand leader. Two different types of copycats were tested next to the original brand in order to find the levels of similarity between them. Similarities of brands facilitate the transfer of knowledge, effect and intentions from one brand to another (Martin and Stewart 2001). "Gucci" was selected as the original brand because this brand is a product category leader in the luxury sector (high brand value and a distinctive name). Copycat marketers often imitate the color and design of its packaging. Two computers generated images of copycat packages which were created by reproducing an image of a Gucci product and then by altering graphics so that each copycat package would look similar but not identical to the Gucci trade dress. In the pretest, the level of similarity was measured between the copycat and the Gucci product. According to the study made by Loken, Ross, and Hinkle (1986), subjects were asked to make similarity ratings based on the one-item question, on a scale ranging from "0" (extremely dissimilar) to "10" (extremely similar). Among the tested products, the one that was rated most similar to the leader brand product was chosen for the main study. Demographic questions were asked at the end of the questionnaire. Two experimental stimuli were analyzed, the first one a copycat example of a “Gucci” bag (ES1) and the second one a copycat example of a “Gucci” backpack (ES2). A Paired Sample T-test was conducted, and, for the bag, the results reveal an M=7.0 (SD = 1.477) and for the backpack, M=7.70 (SD = 1.259). This indicates that both copycat products very similar to the original brand, and their means have been found to be marginally significant ($p<0,1$). On average, ES2 scores were 0.696 points higher than those of ES1 (90% CI [-1.347, -0.044]). Therefore, the backpack results in the copycat product that shows the most similarity to the original brand, and it will be the product that will be used in the main study.

Main Study

The experiment that will be used for this study has a between-subject design that is a type of experimental design where the subjects of the experiment are assigned to different conditions and each participant experiences only one of the experimental conditions (Charness et al., 2011). The population of interest will be the Italian population between 18 and 35 because the "Gucci" brand is crushing up with millennials. The participants will have the same chance of receiving any treatment as the treatments are assigned to the participant on a random basis (Rubin, 1974). Using this type of design can prevent the study from suffering from a carry-over effect that is common in within-subject design when all the participants are exposed to each treatment. This occurs when the experiences that the participant has get collected in an experimental condition and influence his behavior in the following experimental conditions (Christensen 2007). This research counts one independent variable with two levels which lead to a design containing two experimental treatments. Each treatment will be randomly assigned to one experimental group (E.G.). EG1 is exposed to treatment one which is the presence of the original brand next to the copycat. EG2 is exposed to treatment two, which instead is the absence of the original brand, meaning that the copycat is presented alone. The difference in the means between the two experimental groups will determine the effect of the evaluation mode on ethical judgment. After that, the research will study the effect of ethical judgment on purchase intention and whether the relationship between evaluation mode and purchase intention is mediated by ethical judgment. The online experiment is set up with the help of survey platform Qualtrics. Data will be gathered by conducting an online questionnaire. After a small introduction, and an explanation of what a copycat is, the participants are exposed to one of the two experimental treatments. The experiment will take on a between-subjects design so that respondents will be assigned one condition on a random basis. The participants were assigned to the stimuli where the copycat is evaluated in the absence of the original brand where a manipulation check is included asking them which luxury brand the copycat is trying to copy. The third part will be the same for all surveys and consists of questions that will measure the mediator and dependent variables of the conceptual model. The questionnaire will contain items that examine the constructs of ethical judgment and purchase intention. After that, there will be two questions about shopper characteristics: how often they buy luxury and luxury copycat products. In the end, the participants are asked demographic questions about their age, gender, income, and educational level.

Analysis and Findings

After a clear preparation of the data, a sample description and a randomization check, the collected data is analyzed to determine if the hypotheses are confirmed or rejected. Firsts, it will be verified whether there is a difference in the mediator and in the dependent variable between the two experimental groups (presence vs. absence of the original brand). In this case, two different tests will be performed, one independent sample t-test for ethical judgment given the normality of distribution and an Independent-Samples Mann-Whitney U Test, given the small number of data and the non-normal distribution of the variable purchase intention. An independent-samples t-test was conducted to compare ethical judgment in absence and presence conditions. There was a significant difference in the scores for the absence group (M=4,1794, SD=1.23) and presence group (M=3,2664, SD=1.11) conditions; t=4.328, p<.01. These results suggest that evaluation mode really does have an effect on ethical judgment. Specifically, our results suggest that when consumers evaluate the copycat in the absence of the original brand, their ethical judgment will be higher. In addition, the Mann-Whitney U test was applied to test if there were differences in purchase intention between presence and absence groups. From the results it is possible to conclude that the median engagement scores for presence and absence were not statistically significant, U = 1960.5, Z = .357, p = 0.721 (>0.05).

Mediation Analysis

Mediation analysis was carried out to investigate the mediating role of the ethical judgment of the evaluation mode on the consumers' purchase intention, to test the significance of the hypotheses. Mediation analysis tests hypotheses about various intervening mechanisms by which causal effects operate (Hayes, 2013). The bootstrap confidence interval of Preacher and Hayes (2008) will be used to test for mediation. If the bootstrap interval does not include the zero, the indirect effect is significant, and mediation is established, and vice versa.

Effect of Evaluation Mode on Ethical Judgment

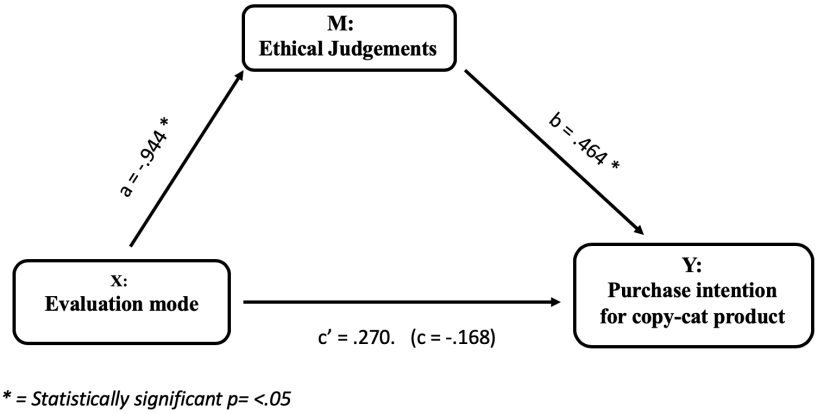
First, as part of the mediation analysis, a regression is done. It will be tested whether the evaluation mode and all the control variables do influence ethical judgment. More specifically, it is expected that the “absence of original brand” generates a higher ethical judgment than "the presence of the original brand." The results reveal significant differences of the different experimental conditions and the covariates on ethical judgment F (7, 112) = 4,525, p = < .05. A significant difference was found between the “absence of original brand” (reference level) and the “presence of original brand” (b = -.944, t (112) = -4.542, p = <.01). From this, it can be deduced that the group “presence of the

original brand" compared to the group "absence of the original brand" has a significantly negative ethical judgment. Therefore, *hypothesis 1* (H1) can be confirmed. This states that consumers' ethical judgment will be higher when the copycat is displayed alone to consumers and not in the presence of the original brand.

Effect of Evaluation Mode and Ethical Judgment on Purchase Intention

The next step is to check whether the independent variable and the mediator affect purchase intention. It will be conducted a regression with purchase intention as a dependent variable and evaluation mode, ethical judgment, and the control variables as independent variables. The results indicate that the model is significant (F (8,111) = 17.92, p = <.00). It was found that ethical judgment predicts purchase intention significantly (b = 0.464, t = 5.109, p < .01). It was expected that higher ethical judgment increases purchase intention, and therefore *hypothesis 2 (*H2*)* is accepted. If consumers have a positive ethical judgment on the copycat, the purchase intention will increase. Conversely, the purchase intention will decrease when consumers consider the copycat to be ethically unfair. On the other hand, evaluation mode does not predict significantly purchase intention (b=.270, t=1.241, p=.217. Similarly, through the data of the control variables, it can be seen that, Age (*b= .077, t =2,592, p<.05),* net annual income (*b= .247, t =2,237, p<.05)* and "copybuy" (*b= .657, t =7,745, p<.05)* significantly predict purchase intention. Specifically, older consumers will have a greater effect on purchase intention and above all consumers that are common to buy luxury copycats, while people with higher income will have negative purchase intentions. Therefore, these three variables are statistically significant and affect purchase intention. Moreover, total effect model (c= c' + a*b) demonstrated that evaluation mode is not a significant predictor of purchase intention when the mediator is not taken into account (b=-1.68, t=-.762, p=.448) while age (b = .066, t = 2.011, p < .05) and "copybuy" (b = .760, t = 8.33, p < 0.05) resulted significant. Moreover, net annual income resulted marginally significant (b=-.266, t=-1.857, p<0.1).

The bootstrap confidence interval of Preacher and Hayes (2008) will be used to test for mediation. If the bootstrap interval does not include zero, the indirect effect is significant, and mediation is established. It will check the indirect impact of the relationship in the model. However, the results showed that the estimated indirect effect is equal to -0.438 and results to be statistically significant because the range LLCI and ULCI [-0.804; -0.209] does not contain the value zero.



To conclude, the evaluation mode of the copycat has a significant effect on ethical judgment (path a = -.944, p < .001), and the effect of ethical judgment on purchase intention is also significant (path b = .464, p <.001). The direct effect of the evaluation mode on purchase intention (path c' = .270, p = .217) is not significant. Moreover, the indirect effect via ethical judgment (path a * b = -.438, CI = [-.804; -.209]) lead us to confirm that the mediation analysis revealed that ethical judgment significantly mediated (i.e., the confidence interval does not include zero) the relationship between the evaluation mode and purchase intention. Therefore, it can be concluded that ethical judgment fully mediates the relationship between the evaluation mode of the luxury copycat product (presence or absence of the original brand) and purchase intention, which leads to the acceptance of *hypothesis 3*.

Conclusion

This study investigated the impact of ethical judgment in the luxury copycat industry with the following problem statement:

"To what extent does the evaluation mode of the products (presence vs. absence of the original brand) influence purchase intentions of copycat products, through consumer ethical judgment?"

The research has tried to contribute to the current literature, taking into account the ethical factors of the copycat market. This is because the copycat market is often influenced by the judgment of consumers who can evaluate the strategy of imitation of a product as fair or unfair, ethical or unethical. More specifically, this study tested two types of evaluation modes: "the presence of the original brand" and the "absence of the original brand." Based on different studies (Hsee and Zhang, 2004; Bazerman, Tenbrunsel, & Wade-Benzoni, 1998; Hsee et al., 1999) the present research was expected to demonstrate that the presence of the original brand next to the copycat has a negative effect on the ethical judgment of consumers. On the other side, it was found that as the *hypothesis 1* stated, the "absence of the original brand" generates a more positive ethical judgment than the "presence of the original brand". Consequently, based on the study of Ha and Lennon (2006) it was

expected that a positive ethical judgment would lead to an increase in purchase intention. Results showed that ethical judgments are related to purchase intention according to the level of the judgment (*hypothesis 2).* Furthermore, no direct effect of evaluation mode on purchase intention is found. This means that the relationship between evaluation mode and purchase intention is fully explained by ethical judgment (*hypothesis 3).* In conclusion, it could be argued that within the luxury copycat industry, ethics is fundamental and that consumers rely on ethical judgment when deciding to purchase a luxury copycat product. Presenting a copycat next to the original brand reduces consumers' ethical judgment and this lower score decreases the purchase intention of the consumers.

Academic and Managerial Recommendations

The findings show that, within the luxury copycat industry, presenting the product next to the original brand decreases ethical judgment and purchase intention, while presented alone it has the opposite effect. Therefore, researchers should take into account the ethical variable while studying luxury copycat product evaluation mode. The results found in this study can contribute to the recent literature as they can give an extra element to consider when dealing with this specific category of products.
Currently, producers do not take into account the ethical judgment of their consumers through imitation strategy. They also affirmed that individuals facing ethical dilemmas intend to act in a manner consistent with their attitudes. Given the research findings, it is recommended that managers of copycat firms adopt strategies that will allow them not to present the luxury copycat product next to the original brand. The comparison between those two products can hurt consumers' ethical judgment and, therefore, hurt consumers' purchase intention. In most cases, this study is aiming at outlet stores, department stores, and to online market where the two products may be presented together. Nevertheless, the findings of this study can also give advice to Gucci's manager. Since it has been found that a copycat, when presented next to the original brand, is judged ethically negative, Gucci can exploit these results in its favor by adopting the reverse strategy to the copycat product managers to decrease the purchase intention for the copycat products.

Limitations and Future researches

This research is subject to several limitations which offer many prospects for further research. First, the study may suffer of sample bias because the sample does not reflect the general population. Moreover, the sample of this study is only the segment between 18 and 35, meaning that it does not reflect the whole Italian population. Future research should consider the whole population in order to discover if it is possible to obtain a variation in results when all age groups are included. This study

investigated the effect of evaluation mode on ethical judgment and purchase intention. It was found that the manipulation of evaluation mode "absence of the original brand" has a more positive effect on ethical judgment than "the presence of the original brand." Following the findings of Van Horen and Pieters (2012), it may be interesting to investigate if this result would be the same when replacing in the same manipulation luxury copycat that shows moderate similarity to the original brand. They stated that copycats that show moderate similarities instead of high similarity benefit most from a comparative evaluation rather than non-comparative.

Moreover, individuals hold different ethical ideologies, which in turn influence ethical judgments (Vitell et al., 2001). This study did not take into account personal ethical traits because it wanted to focus more on the evaluation mode of the copycat. However, these could be a good addition to the study as a moderator that can change the strength of the effect of the independent variable on the mediator. Someone could find ethics important in a buying situation, and others could pay no attention to that. Therefore, it may be interesting to examine consumers' traits such as personal attitudes toward ethical/unethical behavior because this affects the intention to engage in that behavior (Dubisnky, Loken, 1989).