

The Impact of Attitudes, Value Consciousness and Social Influences on Purchasing Intention Towards Counterfeit Products

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Abstract— Counterfeiting originated from piracy of elite consumer products. This phenomenon has been regarded as the world's worst violator of intellectual property rights and counterfeit offenders. The development of commercial activities is certainly important in facilitating legitimate businesses which generally contribute to the economic growth of the country. This research seeks to explore the impact of attitudes, integrity and value consciousness and social influences on purchasing intention towards counterfeit products in Kuala Terengganu. This study used questionnaires for data collection, descriptive analysis and non-probability sampling to reach the respondents. 110 questionnaires were distributed to the respondents and data was analyzed using SPSS application. The correlation of coefficient, r^2 result showed the highest value is for attitudes, $r^2=0.994$. Theory of planned behavior will underpin the study.

Keywords— Attitudes , Integrity, Value Consciousness, Social Influence , Counterfeit Products

I. INTRODUCTION

Obviously, industries world-wide lose large amounts of money to counterfeiters. This does not only affect the producers of the original products but it also involves social cost. Besides, the customers also face negative consequences of this activity such as poor quality products and exposed to health and safety dangers. Chinese Taipei, Hong Kong (China) and the Philippines have been identified as major producers of counterfeit products. Generally, the development of technology indirectly influences the counterfeiting activities. In addition, many factors also shape product-counterfeiting opportunities such as global economy, accessibility of the Internet, consumerism and demand for low price, variation in cultural acceptance and approval, economic disparity, high profit margins, low risk of detection and punishment, and lack of awareness among the users.

A. Problem Statement

The development of commercial activities in these parts is certainly important in facilitating legitimate businesses which generally contribute to the economic growth of the country. It is now difficult to differentiate between imitation and authentic goods. Using modern technology and sophisticated machines enable counterfeit goods to look like the real ones. Hence, it is difficult for the public to differentiate between these two groups of products. One thing for sure, the most obvious reason for people to buy counterfeit products is that the counterfeit items are cheaper than the genuine items. It could also be because the counterfeit products are easily accessible and available while genuine products are not. Another factor that contributes to purchase intentions of counterfeit products is the pursuit of status goods and the desire of being in tune with fashions and trends [3]. Even though some people cannot afford to own branded items, they are willing to purchase counterfeit or imitation products to look rich as these products closely resemble and function like genuine items. People do this because these products reflect their status in the society. Terengganu is on the top 8 highest household income in Malaysia in 2014 with the average household income of RM4, 816 per month (Department of Statistic Malaysia, 2015). This situation has raised the following questions: Do economic status and capability of consumers really influence the purchasing of counterfeit products? What factors actually affect the purchasing intention towards counterfeit products in the market?

The Malaysian Government has seriously looked into this issue. Many campaigns and activities have been carried out in order to create awareness among Malaysians. Ministry of Domestic Trade, Cooperatives and Consumerism carried out more than 2.6 million inspections nationwide in 2014 to detect piracy, the sale of counterfeit goods and fraud rates [5]. Despite the efforts taken by the government to deal with this issue, the supply is still on high level of quantity in the market. The government laws and enforcements are not adequate to solve the problem [9].

This is a very serious issue which cannot be denied by the society, when all the goods can be seen everywhere in the market. In Rawang and Klang, Selangor, MDTCC has recorded 154 seizure cases of counterfeit products amounting to RM 500,000 (SinarHarian, 2014). This huge amount may lead to a great loss to the country. 2014 recorded the highest number of offences involving the seizure. This statement is supported by the Director of Enforcement of MDTCC in his latest statement when he said that the year of 2014 recorded the highest number of offences involving the seizure worth of RM 147.1 million from 10, 742 cases regarding pirated and counterfeit products and fraud in selling prices [5]. Producing these products in Malaysia is not a problem as the country has expertise in producing these goods after China, Thailand and Taiwan. The country that produces the largest number of counterfeit products is China which constitutes 60 percent of the total world production (European Commission, EC 2007). The worst case scenario, according to statistics, Malaysia has received \$35.3 billion of imported goods from China, the highest received products from its overall imports (Top Malaysia Imports). This shows the demand for these goods or products is highly supported by the society in Malaysia. This is strengthened by the law of demand and supply, the supply exists when there is demand in the market.

B. Research Hypotheses

The hypotheses of this study can be formulated as follows:

- H₁: There is relationship between attitudes towards purchase intention of counterfeit products
- H₂: There is relationship between integrity towards purchase intention of counterfeit products.
- H₃: There is relationship between value consciousness towards purchase intention of counterfeit products.
- H₄: There is relationship between social influences towards purchase intention of counterfeit products.

C. Theoretical Framework

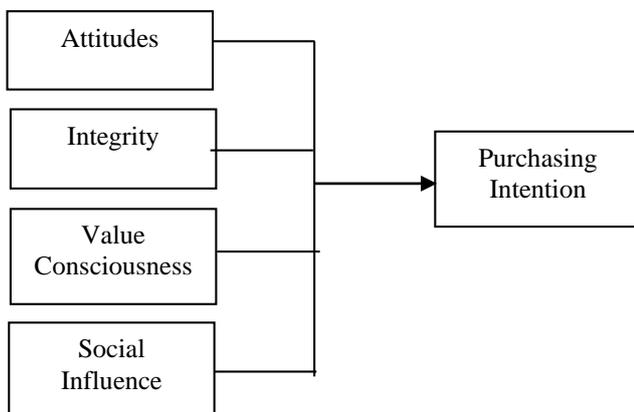


Fig. 1. Research Framework

In order to examine the influences of the variables, the framework was established as shown in figure 1.

II. LITERATURE REVIEW

According to the Theory of Planned Behavior (TPB) / Theory of Reasons Action (TRA), purchase intention is in turn determinants of purchase behavior, in which the purchase intention is in turn determinants of attitudes (Phau and Teah, 2009). In addition, they also state that, purchase intention is the condition when an individual is willing and ready to purchase goods and services. Intention can be a predictor that influences individual's behavior towards purchasing counterfeit. It is supported by a previous research which reveals that the factors that may influence customers' attitude towards counterfeit have strong relationship with intention to buy. Studies done based on the proposed theory of Reasoned Action (TRA), describe that customer's attitude is not linked to behavior but his intention does [7]. He stresses that, to understand the customer's action, it is essential to understand the customer's attitudes towards a particular behavior and intention.

Attitude is not something that can be observed directly as it is actually the mental state of an individual. Most consumers hold protected values – those which they claim are absolute, and cannot be traded off, such as prohibition against stealing [3]. However, Baron suggests that numerous consumers are willing to exchange those protected values for a discounted price on counterfeit products [2]. As the attitude leads to intention, the factors toward the attitude are very crucial to achieve the objective of this study. An attitude is a learned predisposition to behave in a consistently favorable or unfavorable manner towards a given object [7]. As a learned predisposition, attitude might influence a consumer towards, or push a consumer away, from a particular behavior [7]. This means that, there are certain behaviors that might influence consumers to buy counterfeit products. For instance, consumers might have either favorable or unfavorable attitude towards counterfeit products. Hence, attitude may form from a positive or negative personal experience and it influences the inclination of consumers' opinion of the products.

Generally, purchasing counterfeit products is not a criminal offence, but the purchasers are involved in supporting an illegal activity of counterfeit transaction. Therefore, integrity is also an important predictor for researchers to study in examining the consumers' willingness in buying counterfeit and their attitudes towards artfulness. Furthermore, other researches state that those consumers who have lower ethical standards are expected to feel less guilty when purchasing a counterfeit item [10]. Therefore, a further research may be beneficial to examine the customer's attitude on the factors of integrity whether they are more favorable or less favorable towards purchasing of counterfeit products. Integrity represents an individual's fundamental thinking about ethics and trustworthiness [10]. Integrity is another subject that is most discussed in many previous researches in relation to the factors of consumer's attitude to purchase counterfeit products. Consumers who knowingly buy the counterfeit products are considered to have lower ethical standards [10].

Value consciousness can be called as the factors that influence the purchasing intention towards counterfeit products. Lichtenstein et al. define value consciousness as the concern of people to purchase product or services in lower price with some

tolerance on quality [4]. Therefore, value is the main concern of purchasing counterfeit products. When the value does not exist in the product, there is no need for them to buy the product since it does not give benefit to them. A value conscious consumer is a person who looks for a product that they pay at a lower price subject to some quality constraints [10]. Reference [10] further explains that a person who has a high level of value consciousness has high tendency to purchase fake goods compared to someone with low value consciousness level. Based on previous studies, value is also one of the factors that shapes consumer's attitudes and behaviors in many circumstances. Thus, value plays a significant role in influencing consumer's attitudes in buying counterfeits because most of the counterfeit products are sold at low prices.

Social pressure influences consumer's attitude based on susceptibility level. Consumer susceptibility is "the need to identify with or enhance one's image in the opinion of significant others through the acquisition and used of products and brands, the willingness to obey the rules to the expectations of others regarding purchase decision, and the tendency to learn about products by observing others or seeking information from others" [1]. Consumers have supportive attitudes if their friends or relatives around them support them or vice versa. Reference [6] find a positive relationship of social influence to favorable attitudes towards counterfeit products. Consumers will purchase the products as the society influences them. This is supported by Ang at al, which states that social influences reflect on other people's judgements of an individual consumer's behavior [4]. Commonly, consumers tend to buy the products when there is a positive feedback or perception by the society and when the society has the negative perception towards it, it will reflect otherwise.

III. RESEARCH METHODOLOGY

The study adopts Descriptive Research Design. According to [8], a good research design has a clearly defined purpose and has consistency between the research questions and the proposed research methods.

A. Sampling Procedure:

The research paper uses the technique of simple random sampling to collect the data from the targeted respondents which are people from Kuala Terengganu and it consists of 110 respondents.

B. Tools for data collection

The research paper uses questionnaire survey approach to collect data to measure all the variables and test the research hypotheses. The questionnaire was adapted from previous studies.

C. Reliability of the Instruments

The reliability of the variables (Table 1) is calculated using Cronbach's alpha test and the results are mentioned in the table below:

TABLE I. RELIABILITY ANALYSIS

Variables	Cronbach Alpha	No. of items
Attitudes	0.749	6
Integrity	0.758	6
Value Consciousness	0.634	6
Social Influence	0.635	6
Purchase Intention	0.720	6

D. Demographics Profile of the Respondents:

TABLE II. DEMOGRAPHIC ANALYSIS

Gender	Frequency	Percentage
Male	49	44.5
Female	61	55.5
Total	110	100.00

IV. DATA ANALYSIS

The data was analyzed by using Statistical Package software for Social Science (SPSS) version 20.0 and the method of linear regression was used to test the hypothesis and find out the results for the research paper. The results for the analysis are mentioned below:

A. Correlation Analysis

TABLE III. PEARSON CORRELATION RELATIONSHIP BETWEEN ATTITUDES AND PURCHASE INTENTION

Variables	Attitude	Purchase Intention
Pearson Correlation	1	.994**
Attitudes	Sig.(2-tailed)	.000
	N	110
	Pearson Correlation	.994**
Purchase Intention	Sig.(2-tailed)	.000
	N	110

^a. ** Correlation is significant at the 0.01 level (2-tailed).

Based on the table, this study finds that there is a positive relationship between attitudes and purchasing decisions (r=0.994, p=0.00,p<0.01). Thus, the alternate hypothesis is supported.

TABLE IV. PEARSON CORRELATION RELATIONSHIP BETWEEN INTEGRITY AND PURCHASE INTENTION

Variables	Attitude	Purchase Intention
Pearson Correlation	1	-.599**
Integrity	Sig.(2-tailed)	.000
	N	110
	Pearson Correlation	-.599**
Purchase Intention	Sig. (2-tailed)	.000
	N	110

^b. ** Correlation is significant at the 0.01 level (2-tailed).

Table above indicates that there is a strong significant negative relationship between value consciousness and purchasing decision (r=-0.599, p-value < 0.001). Thus, the alternate hypothesis is not supported.

TABLE V. PEARSON CORRELATION RELATIONSHIP BETWEEN VALUE CONSCIOUSNESS AND PURCHASE INTENTION

Variables		Attitude	Purchase Intention
Pearson Correlation		1	-.702**
Value consciousness	Sig.(2-tailed)		.000
	N	110	
Pearson Correlation		-.7025**	1
Purchase Intention	Sig. (2-tailed)	.000	
	N	110	110

^c. ** Correlation is significant at the 0.01 level (2-tailed).

Table above indicates that there is a strong significant negative relationship between value consciousness and purchasing decision ($r=-0.702$, $p\text{-value}< 0.001$). Thus, the alternate hypothesis is not supported.

TABLE VI. PEARSON CORRELATION RELATIONSHIP BETWEEN SOCIAL INFLUENCE AND PURCHASE INTENTION

Variables		Attitude	Purchase Intention
Pearson Correlation		1	.442**
Soc.influence	Sig.(2-tailed)		.000
	N	110	
Pearson Correlation		.442**	1
Purchase Intention	Sig. (2-tailed)	.000	
	N	110	110

** Correlation is significant at the 0.01 level (2-tailed).

According to the table, this study finds that there is a positive relationship between attitudes and purchasing decisions ($r=0.442$, $p=0.00$, $p<0.01$). Thus, the alternate hypothesis is supported.

V. DISCUSSION

The aim of the study is to find the impact of attitudes, value consciousness and social influences on purchasing intention towards counterfeit products. After running the analysis, it shows that purchase intention has positive relationship with attitudes and social influences. It can be analysed by using coefficient table and comparison of all the independent variables.

On the other hand, demographic analysis also indicates that females are easily influenced to buy counterfeit products compared to male respondents. The result shows 55.5% respondents choose to have those categories of products. Therefore, further study is recommended to analyze the demographic influence of the buying decision.

VI. CONCLUSION

By changing their perception, consumers will have negative attitudes towards counterfeit products and it will prevent them from purchasing such products in the future. This will solve the problem in this research finding whereby, the researchers find

that the society considers the counterfeit phenomenon as a legal activity, even though in the study we discover that respondents are aware of the quality of these products and the laws that govern them. However, it is slightly different towards the end of the result whereby they tend to buy counterfeit products when they are concerned about integrity. Thus, any activity which can create awareness or knowledge about the impact of counterfeit products should be implemented. The government needs to create programs to educate the society about the consequences in supporting these products. Even though this variable slightly affects the purchasing of counterfeit products, it can still be one of the perspectives or areas that the government should focus on since it shows a significant result pertaining to purchasing of counterfeit products. Logically, the society that supports counterfeit products should be educated to ensure a better future for the country.

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