THE ROLE OF PRODUCT ATTRIBUTES AND SOCIAL NORM IN FORMING THE INTENTION TO BUY COUNTERFEIT PRODUCTS

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ABSTRACT
Buying counterfeit products is a habit and a common thing that causes some problems, especially in the country that has not developed yet, one of them is Indonesia. The counterfeiting activities undoubtedly harmed the original producers, both local producers and international producers because counterfeit products have the advantage of product attributes compared to the original product. The objective of this study is to examine the influence of product attributes consisting of price, quality, and convenience to purchase intention of counterfeit products, also the role of subjective norms as a moderating variable. The sample consists of 200 respondents who have intentions to buy counterfeit “Nike” shoe in Surakarta is collected by the method of purposive sampling. Multiple Group Structural Equation Modeling analysis is used to explain the variables that hypothesized. The results of the study showed that the intentions to buy counterfeit products significantly influenced by the price, quality, and convenience in getting the product. Then, subjective norms variable moderate the relationship between both quality and convenience with intention to buy counterfeit product, but not moderate the influence of the price. The conclusion in this research is the price is the main factor that motivates consumer to buy counterfeit product.

Keywords: Buying intention, counterfeit, multiple-group SEM, product attributes, subjective norm

INTRODUCTION
Rapid development in information technology and the Internet today encourage companies to think about how to make their products can be marketed in a wider market scale. One of thing that can be done is to expand into the international market in a some
country’s domestic market. This phenomenon is exploited by the world fashion industry to enter new markets, including Indonesia. This foreign investment coming into Indonesia contributes to the growth of the Indonesian economy. Many fashion apparel companies that come are not only open an official store in Indonesia, even some of them are also build up factories in Indonesia.

When competing in the domestic market of a country, the company not only competes with local companies but also faced with counterfeiting which done by home industry. Fashion trends that come from the foreign products are also used by the small medium enterprises (SME) and home industry by observing, imitating, and modifying the famous foreign products in the consumer’s perceptions. Counterfeiting causes the original product sales to fall so that the original product manufacturer suffered a huge loss that cause some fashion apparel companies bankrupt and forced them to close the factory and all its official stores in Indonesia as happened to Reebok, Macbeth and Vans that occurred on May 31, 2017.

In this case the consumer actually knows the existence of counterfeited products, but consciously keep making purchases (Nia & Zaichkowsky, 2000). Consumers prefer counterfeit products because they are cheap even though they have to give up a low quality of the product (Lai, 1999) because consumers get a price benefit with a cheap price and also obtain hedonic benefits with the visibility of products that are identical to the original product (Penz E, 2005). This causes the distribution of counterfeit products is widespread, so the losses caused by the counterfeit product is getting bigger.

Counterfeiting occurs especially in developing countries like Indonesia because of the government’s attention to law enforcement on intellectual property rights is still very small (Peter H. Bloch, Ronald F. Bush, 1993). Research is needed to conduct because the loss due to counterfeiting not only happened in Indonesia but already global and the losses are increasingly larger. International Chamber of Commerce (ICC) 2008 data showed the distribution of counterfeit products, especially sports and fashion products is the largest in international trade with a value of more than 2% of the total output of the world economy at that time. Even in 2015, counterfeit products that traded globally grow to $ 1.77 trillion. Based on the (Organisation for Economic Cooperation and Development (OECD) report, “Nike” brand shoes are the most items that being counterfeited.

The research model undertaken is the development of the previous study from Eisend & Schuchert-güler (2006) that focuses on product attributes. This study reconstructs and modify the model by adding subjective norm variables as moderating variables between product attributes (independent variables) and intention to buy counterfeit product (dependent variable). The existing hypotheses will be analyzed using Multi-Group Structural Equation Modeling (SEM) analysis. In order that the research model tested can explain the phenomenon well, then the selected research object is based on the consideration of the homogeneity of the tested sample. Therefore, the object in this study is a consumer who has the intention to buy counterfeit shoes with the “Nike” brand.
LITERATURE REVIEW

Intention to buy counterfeit products is become a dependent variable in this study. The intention to buy the product is the individual’s tendency to purchase a brand (Assael, 2001:55). Counterfeit products are products duplication that looks identical to the original product (Ha & Lennon, 2006), so the intention to buy counterfeit products is an individual’s tendency to buy fake products by considering the benefits that can be obtained. This study uses three independent variables that supposedly influence the intention to buy counterfeit products, that are the price adopted from the Zeithaml’s (1988) study, then the quality adopted from Philip Kotler’s (2008) research, and the last is the convenience in obtaining the counterfeit products adopted from the research of Ozturk, Bilgihan, Nusair, & Okumus (2016).

Price is defined as a fairness of the price based on individual’s perception of the price which determined by the seller of the counterfeit product, that are the reasonable and rational price for the consumer (Bolton, Warlop, & W Alba, 2003). So that the price in this study is the consumer perception of the price for counterfeit products which is the cheap price that reasonable and worth to be accepted by consumers. Therefore Zeithaml (1988) states that indicator for price are affordability, service conformity and quality to be received, and competitiveness of prices. Meanwhile, according to Philip Kotler (2008) indicators of price perception are affordability of prices, price conformity with quality, price competitiveness, and price conformity with benefits.

Consumers make purchasing decisions according to their ability to purchase products (Abeles, 2004). Yi cai (2005) in his research about the need of luxurious products show that when the consumer intends to buy a product from a luxury brand but does not have sufficient funds, the consumer will choose to find a substitute product that is cheaper or in accordance with the funds owned, that are one of them by purchasing a counterfeit product from the brand rather than looking for substitution products with the other luxurious brand. In addition to purchasing counterfeit products, consumers benefit with low prices (price benefits) and the same prestige as original products (hedonic benefits) (Penz E, 2005). From the description above, there is a positive relationship between the price (price perception) with the intention to buy counterfeit products, so that if the price of the product is going cheap and match with consumers perception the intention to buy counterfeit products increases.

Hellier, P.K., Geersen, G.M., Carr, R.A., & Rickard (2003) and Spais (2006) define the perception of quality as the overall consumer’s valuation of product attributes. In addition, Collins-Dodd, C.,& Lindley (2003) state that overall product attributes include intrinsic attributes and extrinsic attributes. Intrinsic attributes include physical characteristics of products such as colors, shapes and sizes, whereas extrinsic attributes are attributes that have undirect relationship to products such as price and promotional advertising. In conclusion, the indicators of quality perception used in this study are the product that is attractive, reliable, durable, comfortable, and has a strong design.

Richardson, P.S,Jain,A.K & Dick (1996) argue that perception of quality determines the tendency of consumers to buy a product. However, the assessment of product quality is evaluated by the consumer rather than by the company. So sometimes consumers give
higher values to product that has lower attributes for the same product type (Richardson, P.S, Jain, A.K & Dick, 1996). In accordance with Yoo & Lee (2009) research, Lai (1999) suggest that as long as counterfeit products do not harm them, consumers who have purchased counterfeit products will likely repurchase even though counterfeit products have lower quality than original products because consumers of counterfeit products can tolerate the lower quality they will get. Product quality has a significant impact on product performance, thus positively affecting consumer satisfaction (Philip Kotler, 2008) and will cause intention to make a purchase. However, the phenomenon that happened commonly explains that the higher the quality of the counterfeit products the higher the intention to buy the counterfeit products.

The convenience of getting a product is a consumer perception of easy or not the product can be obtained. According to Brown (1990) in Ozturk et al., (2016), the concept of convenience includes five dimensions that are time, place, purchase, usage, and availability. The time dimension is that the product can be provided at the right time and more convenient for the consumer. The dimensions of the place are that the product can be provided in a more convenient place for the customer. Purchasing dimensions such as producers make it easier for customers to buy their products. Usage dimensions such as products can be made to be more user-friendly. And the most important is the dimension of availability, that is the product is always available to consumers. In this study, the concept of convenience is a product that is always available so it is easy to buy at the right time and right place, also always available when needed by consumers anywhere and anytime.

The availability of this product is very important because if the product is not available, then there is no sale happened because no items are sold. The availability of the product is influenced by the level of distribution intensity. Manufacturers must be able to distribute the product well so that the product can be obtained easily by consumers. The goal of this strategy is to achieve optimal customer satisfaction by providing on-time services. The more the product is received according to the scheduled time then the intensity of consumer purchases will be greater. This is in accordance with the statement of Philip Kotler (2008) that one of the factors that influence consumer buying interest is the product availability factor so it is easy to obtain. From the earlier statements, it can be concluded that convenience variables are measured by indicators that are easy to find, can be purchased at any time, the effort required to get them is little, many sell the product, and the product is always available in the market.

Intention to buy is a variable that indicates one’s readiness and belief before deciding to buy a product (Ajzen, 1991). Meanwhile, according to Chapman (1999), the intention to buy is the desire of consumers to buy a product. Indicator of intent to buy counterfeit products in this study was adopted from Barry J Babin & Darden (1995) research which was adapted to the situation and phenomenon in the research on buying intentions that consist of possibility, will, wish, tendency, and certainty to buy counterfeit products. The better the consumer’s judgment on the purchase of counterfeit products, the higher the consumer’s intention to buy counterfeit products.

Subjective norms are variables that indicate consumer behavior that is influenced by others, especially people around like friends and family. This influence can make the individual to behave according to the person who become his role model (Stone, Jawahar,
Subjective norm refers to the social pressure that perceived by an individual to perform or does not perform certain actions (Icek Ajzen, 1991). Individual’s intention of behaviors is influenced by the people around to the individual such as the perception of family members, relatives and other important people who can influence the individual’s decisions about a product (Johar, M., & Rammohan, 2006). Previous research has also shown that individual consumption decisions are commonly influenced by people around individuals (Chen, K.; Liang, 2016). Item measurement of subjective norm variable can be seen from the absence of tease, the absence of insult, the absence of moral sanction, and the absence of mockery from using counterfeit products, as well as the support and suggestion from the nearest person to buy counterfeit products.

Thus, the subjective norm is one’s perception of social influences in shaping certain behaviors. A person can be affected or unaffected by social pressure. Subjective norms in this study are referred to social factors in the awareness of individuals not to buy counterfeit products. Therefore this research hypothesizes that subjective norms play a moderation role between the relation of price, quality, and convenience with the intention of buying counterfeit products.

In his research, Moores (2004) suggests that laws and subjective norms moderate the influence of prices on consumer intentions to buy counterfeit products. Previous research conducted by Yi Hsu (2015) also shows the same result, consumers will choose the referenced product at a cheaper price for products with the same look and function.

As an evaluator of the quality of a product, consumers tend to do word of mouth (WOM) or recommend the product to his relatives (Faraditta, Angela, 2015). WOM about quality to relatives affect the intention to make a purchase (Bryce et al., 2015).

The results of a study of students in Hong Kong regarding pirated software by Moores & Dhillon (2000) show that the law and subjective norms moderate the effect of availability and convenience of obtaining products on consumer intention to buy pirated products. The results of this study are consistent with subsequent research conducted by Moores (2004) in Singapore.

Following is the hypothetical formula used to describe the local brand behavior process:
- Hypothesis 1: Price has a positive effect on the intention to buy counterfeit products.
- Hypothesis 2: Quality has a positive effect on the intention to buy counterfeit products.
- Hypothesis 3: Convenience has a positive effect on the intention to buy counterfeit products.
- Hypothesis 4: Subjective norms moderate the influence of prices on consumer intentions to buy counterfeit products.
- Hypothesis 5: Subjective norms moderate the effect of quality on consumer intentions to buy counterfeit products.
- Hypothesis 6: Subjective norms moderate the effect of availability on consumer intentions to buy counterfeit products.
Based on the six formulated hypotheses, the relationship among conceptual variables is shown in model below (see Figure 1). It describes the relationship framework of the variables.

![Model of Intensions to Buy Counterfeit Products](image)

*Figure 1. The model of intentions to buy counterfeit products

Based on the background, researchers want to do research on public awareness to reduce consumer intention to buy counterfeit products. Therefore, this study aims to determine the effect of independent variables which is price, quality, and convenience on the dependent variables intention to buy counterfeit products. The next purpose of this research is to know the effect of subjective norm variable the influence of independent variable to the intention to buy counterfeit product.

**METHODS**

The scope of this research object is consumers who have the intention to buy the counterfeit shoe in Surakarta Central Java. This study is conducted in the Surakarta region because Surakarta is one of the largest markets where counterfeit shoe is largely distributed. The survey method for data collection arranged by using questionnaire given to consumers who intend to make purchases of counterfeit shoes, purposive sampling technique used in data collection with the sample size that is selected as many as 200 respondents. The data taken through the questionnaire should be filled in and withdrawn immediately after the question has been answered completely which intended to obtain high response rate.
Hypothesis testing is done by testing the influence of independent variables to the dependent variable before moderated. For the hypothesis testing after moderation, firstly split test is done to calculate the influence of moderating variable. So in hypothesis test after moderation there are two groups tested, that is group of high subjective norm and group of low subjective norm.

**RESULTS AND DISCUSSION**

Table 1 explains that the prices significantly influence the intention to buy counterfeit products, so that 1st hypothesis is supported ($\beta = 0.223$, SE = 0.082; CR = 2.720). Then, quality is a significant variable in influencing the intention to buy counterfeit products, so that 2nd hypothesis is supported ($\beta = 0.195$, SE = 0.067; CR = 2.910). The convenience variables also significantly influence the intention to buy counterfeit products, so that 3rd hypothesis is supported ($\beta = 0.600$, SE = 0.078; CR = 7.692). The results of the tests that have been done, support the previous studies that become the research reference to formulate the hypothesis. This means that price, quality, and convenience are important variables for consumers in considering to buy counterfeit products.

<table>
<thead>
<tr>
<th>Variable</th>
<th>$\beta$</th>
<th>S.E.</th>
<th>C.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to buy ← Price</td>
<td>0.223</td>
<td>0.082</td>
<td>2.720</td>
</tr>
<tr>
<td>Intention to buy ← Quality</td>
<td>0.195</td>
<td>0.067</td>
<td>2.910</td>
</tr>
<tr>
<td>Intention to buy ← Convenience</td>
<td>0.600</td>
<td>0.078</td>
<td>7.692</td>
</tr>
</tbody>
</table>

*Source: author’s research results (2017)*

Table 2 describes that in high subjective norms it is found that prices do not affect the intention to buy counterfeit products ($\beta = 0.024$, SE = 0.028; CR = 0.857). Meanwhile, the relationship between quality and the intention to buy counterfeit products has found significant results ($\beta = 0.047; SE = 0.016; CR = 2.938$). Then the relationship between convenience and the intention to buy counterfeit products also showed significant results ($\beta = 0.620; SE = 0.072; CR = 8.611$). This means that consumers who have high subjective norms consider the quality and convenience in buying counterfeit products. Meanwhile, prices are not a consideration in the forming process of the intentions to buy counterfeit products.

Furthermore, in low subjective norms, consumers also do not consider the price as a variable in influencing the intention to buy counterfeit products ($\beta = 0.059$, SE = 0.046; CR = 1.283). Meanwhile, the relationship between quality and the intention to buy counterfeit products has found significant results ($\beta = 0.178$, SE = 0.085; CR = 2.094), as well as relationship between convenience and the intention to buy counterfeit products which also showed significant results ($\beta = 0.236$, SE = 0.089; CR = 2.652). The same result has shown from the test on high subjective norm, in low subjective norms only the quality and convenience variables that are considered in the formation of the intentions to buy counterfeit products.
The results of this test have shown that subjective norms as moderating variables only moderate the relationship between quality and purchase intentions of counterfeit products, as well as the relationship between convenience and the intention of purchasing counterfeit products. Meanwhile subjective norms do not moderate the relationship between price and the intentions of buying counterfeit products either on high subjective norms or low subjective norms. This means that regardless of the relatives’s assessment to the purchase of counterfeit products, the intention to buy the counterfeit product still exists because of its cheap price so it can always be accepted by the consumers.

Table 2.
Results of SEM (Norm as Moderator)

<table>
<thead>
<tr>
<th>Variable</th>
<th>High Norm</th>
<th></th>
<th>C.R.</th>
<th>Low Norm</th>
<th></th>
<th>C.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>S.E.</td>
<td></td>
<td>β</td>
<td>S.E.</td>
<td></td>
</tr>
<tr>
<td>Intention to buy ← Price</td>
<td>0,024</td>
<td>0,028</td>
<td>0,857</td>
<td>0,059</td>
<td>0,046</td>
<td>1,283</td>
</tr>
<tr>
<td>Intention to buy ← Quality</td>
<td>0,047</td>
<td>0,016</td>
<td>2,938</td>
<td>0,178</td>
<td>0,085</td>
<td>2,094</td>
</tr>
<tr>
<td>Intention to buy ← Convenience</td>
<td>0,620</td>
<td>0,072</td>
<td>8,611</td>
<td>0,236</td>
<td>0,089</td>
<td>2,652</td>
</tr>
</tbody>
</table>

Chi square calculate ($\Delta \chi^2$) = 159,220 – 132,675 = 26,545
Degree of Freedom difference ($\Delta$df) = 148 – 120 = 28
Probability (p) = $\geq$0,050
Chi square table (28;0,050) = 41,337

Chi square table ($\Delta \chi^2$) > Chi square calculate ($\Delta \chi^2$)
Constrained Model significantly differs from Unconstrained Model

Source: author’s research results (2017)

CONCLUSION

Based on the results of research analysis that has been described previously and supported by the data obtained, this study shows that price is the main driving factor that forming consumers’ buying intentions toward counterfeit products. This happens because of the subjective norm does not affect the consumer’s intention to keep buying counterfeit products, so the companies can not compete in term of price. In this case, researchers suggest that the manufacturer should do is to adjust the quality that meets the basic functional standards of products which are considered most important by consumers. Manufacturers may reduce the features that is not so necessary in the consumers perceptions but the manufacturer can not simply reduce the quality of its products to reduce the cost of production so that the selling price can compete with the counterfeit product, because this will actually result in the declining and even lossing of exclusivity and brand image of the original product. The results of this research are expected to provide new understanding and reference for the academics in explaining the phenomenon of consumer behavior factors that forming the intention to buy counterfeit products that are price, quality, and convenience variables and the influence of subjective norm as a moderation variable.
ACKNOWLEDGEMENT

Indonesian public awareness of buying original products is relatively low. Various efforts are being undertaken by Ministry of Trade as a government agencies authorized to manage trading activities in Indonesia and YLKI as a community organizations that aim to increase the critical awareness of consumers about their rights and responsibilities to protect themselves and their environment. This research was conducted to provide an understanding of the strategy that should be done to make Indonesia people aware of the risk of the counterfeit product and to be willing to buy original products instead. Thanks to sports and apparel store in Surakarta especially sellers in the shoe stall in the Notoharjo Market Surakarta for allowing the collection of research data. Similarly, to the Director of Master of Management, Universitas Sebelas Maret Surakarta has allowed its students in conducting this research.

DAFTAR PUSTAKA


Global trade in fake goods worth nearly half a trillion dollars a year - OECD & EUIPO. (2008).


