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**ANALYSIS OF HESITATION FACTORS TO BUY PIRATED PRODUCTS
AMONG INDONESIAN YOUTH AS END CONSUMERS**

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Abstract

The rampant of product piracy cause a big harm to Indonesia. As a high lifestyles of Indonesian youth nowadays pushed the sales of counterfeit products. Piracy become popular because it is provide the branded products such as bags, wallets, or watches with affordable price. Indonesia has been suffered loss due to the products piracy action, not only money loss but also another factors. This study analyses the factors that influence behavior and intentions of purchasing a product piracy among Indonesian youth, especially in the area of piracy and watch purchase. Furthermore, this study is aim to analyze the influence of social, personal, and word-of-mouth in shaping buyers attitude against counterfeit products and how these attitudes and subjective norm are able to raise hesitation to buy pirated products. The data collection method is gathered using questionnaire based on Likert scale. It is distributed to the selected sample of 242 respondents. The samples are representative of Indonesian youth such as students, fresh graduates and young employees from various cities in Indonesia. Data analysis is using Structured Equation Model (SEM) with SPSS and AMOS. The results of this study found that social factor and personal factors (appreciation of religious values) did not affect attitudes toward pirated products but these factors have negative influence on attitude. While word-of-mouth positively influence attitudes toward imitation watch products and customer attitudes also positively influence hesitation attitude in buying imitation watch products. Further, subjective norm has no doubt in buying.

Keywords: PiratedProduct, Word-of-Mouth, SocialFactor, SubjectiveNorm, and CounterfeitProduct

Introduction

Branded goods is very interesting to be imitated because it is easy to sell with lower production cost (Shultz & Soporito, 1996; Gentry et al., 2006). According to U.S. Customs And Border Protection Office of International Trade (2007) 70 percent of counterfeit products are fashion products, such as handbags, watches, jewelry, shoes, clothing, hats, sunglasses, and perfume.

One of important factors that encourage customers' desire to buy counterfeit products is the confidence of customers toward a product (Hidayat et al., 2013). There are two types of transcription factors that affect hesitation to buy pirated products, namely social factor where there is lack of information and normative understanding owned by consumers from the environment, and the second is personal factors which in this research are divided into two, including materialist nature and religious adherence. Social factor is a behavior arising from the influence of others (Hidayat et al., 2013; Ang et al., 2001). In general, hesitation or anxiety feelings experienced by a consumer after making a hard and relatively permanent decision. There is an insecurity sense felt by a buyer after purchasing product. To deal with those feelings, a consumer will try to give positive suggestions for the options that have been taken toward purchasing product (Hidayat et al., 2013; Hawkins, 1986).

Literature Review

According to Phau et al. (2009), consumers have supportive attitudes if their friends or relationships around them supporting it. Phuong and ThiBaoToan (2013) found a positive relationship of social influence to favorable attitudes toward counterfeiting fashion products. Social factor influence has strong impact to support counterfeiting products (Krishnan et al., 2017)

H1: Social factor influences consumer attitude toward imitation watch products significantly.

Appreciation of religion can be defined as a belief in God, followed by running the God's commands and away from His prohibitions (Hidayat et al., 2013; McDaniel & Burnett, 1990; and Vitell et al., 2005).

Religion was known as the key element from the culture that had the good influence on behavior or decision that related with purchase behavior (Essoo & Dibb, 2004). Budiman (2012) found that religiosity has positive and significant influence toward attitude.

H2: Appreciation of religious values from personal factors significantly influence consumer attitudes.

Word-of-mouth (WOM) is the process of sharing opinions and information about a particular product among consumers (Bataineh, 2014; Jalilvand et al., 2011). The tendency of a consumer recommending a product or service to others is when they are satisfied with the quality they get (Parasuraman et al., 1988). Mir (2011) identified that WOM is an important factor stimulating consumers' demand for the non-deceptive counterfeits. Saptalawungan (2015) found that word of mouth affect the attitude toward counterfeit products, especially the negative word of mouth.

H3: WOM significantly affect attitudes toward imitation watch products.

Hesitation to buy a product usually experienced by consumers when they buy a product that is relatively permanent (Hidayat et al., 2013; Hawkins, 1986). After making purchase of an item, consumer will strive to believe his decision to buy goods by increasing the sense of like to which he had purchased, reduce the sense of like toward rejected alternative, and reduce the importance rate on purchase decisions (Hidayat et al., 2013; Hawkins, 1986). In his study, Saptalawungan (2015) found that there are some indicators that leads to the relationship between customer hesitation and their intention to buy counterfeit products.

H4: Consumer attitude toward counterfeit products affect consumers' doubt to buy imitation watch products.

H5: Subjective norms affect hesitation to buy imitation watch products.

Theoretical Framework

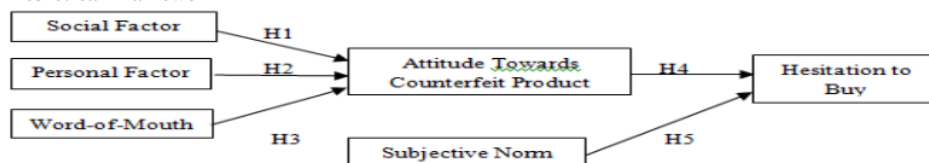


Figure 1: Research Conceptual Framework

Methodology

The data used in this research is primary data from questionnaire using six-point Likert scale which is obtained from representative of Indonesian young people from various cities in Indonesia. The representatives are selected based on certain level such are students, fresh graduates, and university graduates who have worked, where all respondents selected in the range of young people age between 18 to 40 years. Sample will be drawn as many as 242 people.

Validity and Reliability

Data are considered valid when r-value shows more than the critical value for validity coefficient which is 0.279. The result of validity test shown that all of the items are valid with corrected item total correlation value are more than 0.279. The highest score with the value of 0.883 is get from word-of-mouth measurement. While the lowest score with the value 0.451 is come from personal factor measurement of basic teaching of religion. The results of reliability test shown that the questionnaire distributed to respondents are reliable. The highest score is 0.934 come from word-of-mouth variable. While the lowest score with 0.814 is come from hesitation to buy variable.

Data Analysis

The research testing result shows that Likelihood Chi-Square has a probability of 141.053 which is ≤ 587.720 . Based on the cut-off value rule, the model is significant. Goodness of Fit Index (GFI) has a value of 0.936 which is > 0.05 . Adjusted Goodness of Fit Index (AGFI) has a value of 0.920 which is > 0.09 . Incremental Fit Index (IFI) has a value of 0.972 which is > 0.09 . Tucker Lewis index (TLI) has a value of 0.989 which is > 0.09 . Normalization Fit Index (NFI) has a value of 0.950 which is > 0.09 . Comparative Fit Index (CFI) has a value of 0.971 which is > 0.09 . Root Mean Square Error of Approximation (RMSEA) has a value of 0.066 which is < 0.08 . Number of Absolute Fit Measured which is measured by GFI, IFI, TLI, CFI and NFI are over 0.09, while RMSEA is less than 0.08. It means all has reached the cut off value. It can be

concluded that the parameter has met the expected requirement and the model meets the assumption of Goodness of Fit model.

Table 1 Result of Regression Weights

Hypothesis	Path	Regression Weight		C.R.	P
		Unstandardized	Standardized		
H1	S ← FS	-0.005	0.094	-0.052	0.958
H2	S ← FP	0.122	0.073	1.671	0.095
H3	S ← WOM	0.616	0.071	8.614	0.000
H4	KM ← S	0.196	0.095	2.058	0.040
H5	KM ← NS	0.065	0.075	0.866	0.387

Source: Primary Data (Computed), 2016

As shown in the Table 1, the standardized regression weights estimate of all hypothesis has positive value except H1. The positive value of standard regression weights estimate reveals that the independent variable and dependent variable has positive relation except H1 which has negative relation. It is proven by third hypothesis which the significant levels (P) is equal to 0.616 more than 0.000. While the fourth hypothesis which the significant levels (P) is equal to 0.196 more than 0.040. Therefore, both H3 and H4 are accepted.

Discussion

Social factor does not significantly influence consumer attitude toward imitation watch products. It means that the higher the social factor, the lower consumer attitudes toward imitation watch products. This finding is in line with previous studies conducted by Hidayat et al. (2013) that found the greater social factor, then it will reduce positive attitude toward imitation cosmetic product. Appreciation of religious values from personal factors does not significantly influence consumer attitudes. It means that the higher the adherence of someone in religion, the more negative his attitude toward imitation products. This finding is in line with previous research which stated that appreciation of religion has control function toward belief and behaviors (Hidayat et al., 2013; Light, Keller & Calhoun, 1989). Although in this study the personal factor, which religious adherence does not significantly affect attitudes toward pirated products, but this study also reveal that the better adherence of religion, the lower the interest of consumer to buy pirated products.

Word-of-mouth (WOM) has positive influence on attitudes toward imitation watch products. It means that the higher the word-of-mouth (WOM) of consumers, the more it influencing attitudes toward pirated products. Poleretsky (in Hidayat et al., 2013) stated that consumers who feel disappointed because of dissatisfaction feeling felt by consumers due to poor quality of services provided, they will share their unpleasant experience to at least five people. But when consumer perception of that service quality is high, then consumers tend to recommend the service to their friends (Parasuraman et al., 1988). Consumer attitude toward counterfeit products has positive influence on consumers' doubt to buy imitation watch products. It means that the higher or the more positive an attitude of consumer, the higher their hesitation to buy toward counterfeit products. Hesitation to buy a product usually experienced by consumers when they buy a product that is relatively permanent (Hidayat et al., 2013; Hawkins, 1986). Subjective norms do not significantly affect hesitation to buy imitation watch products. It means that the more someone adhere to the subjective norm, or in other words, the more an individual concerned with other people opinions in their life, the more they will be hesitant to buy pirated products.

Conclusion

Social factor and personal factor did not affect attitudes toward pirated products, but these factors have negative relationship with attitude. So the higher social factor and personal factor, the lower the respondents' attitudes toward imitation watch products. Word-of-mouth influence attitudes toward imitation watch products and also have a positive relationship. The more popular pirated watch products through WOM, the better the respondents attitudes toward that products. Attitudes and subjective norm have a positive relationship with hesitation to buy imitation watch products. Although attitude has positive influence on hesitation to buy, whereas subjective norm does not have such influence. But the increase in these two variables may raise hesitation to buy.

Due to the limitation of geographic area covered in the research. The survey was conducted only in several big cities in Indonesia. In order to achieve the common goal of this research that used to represent Indonesia, similar studies should be done in more over cities in Indonesia.

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