

Purchase Intention on Counterfeit Movies: An Empirical Study on College Students

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Abstract. This study aims at examining the impacts of ethical concern, collectivism, perceived quality, and hedonic shopping motivation on purchase intention toward counterfeit movies. Closed-ended questionnaires were distributed to 350 college students in two cities in Indonesia with 88.57 percent response rate. Structural equation modeling was used to analyze the data. The findings showed ethical concern and collectivism significantly influenced purchase intention toward counterfeit movies.

Keywords: Culture, Ethics, Perception, Motivation, Purchase Intention, Counterfeit

1. Introduction

The rise of Indonesian movie industry has been counterproductive due to rampant copyright infringement. Nearly 80 percent of DVDs in the market is pirated products. The counterfeiting activities obstruct investment in movie industry and reduce tax revenues. People tend to purchase counterfeit movies because of cheaper price, wider availability of the product in the marketplace, and the weakness of law enforcement (Sari, 2007; Wijayanto, 2004).

Previous studies mostly examine the possible factors that may influence purchase intention towards counterfeit products partially. As mentioned by Lee and Yoo (2009), a more comprehensive research framework is needed to understand the consumption of counterfeit products. Thus, this study aims to examine the effect of ethical concern, collectivism, perceived quality, and hedonic shopping motivation on purchase intention toward counterfeit movies in Indonesia. This study replicates the model of Chaudry and Stumpf (2011) to be tested in different cultural setting.

2. Literature Review and Hypotheses Development

The lack of ethical concern and the weakness in law enforcement toward intellectual properties have caused consumer's purchase intention toward counterfeit products to increase (Ratnasingam & Ponnu, 2008). Purchase intention on counterfeit products is influenced by consumer's perception about the righteousness of the action (Chaudry & Stumpf, 2011; Lysonski & Durvasula, 2008). Every individual has a good understanding about the norms, values, and behavior of a particular society. A person's ethical concern is based on moral philosophies consisting of idealism and relativism. Buying a counterfeit product is usually considered as an unethical action by idealists; whereas the relativists have a contradictive opinion (Chan et al., 2011; Chaudry & Stumpf, 2011; Dubinsky et al., 2005; Park, 2005). Based on these arguments, the following hypotheses are tested:

H1: idealism has a positive effect on ethical concern

H2: relativism has a negative effect on ethical concern

H3: ethical concern has a negative effect on purchase intention toward counterfeit movies

The analysis of consumer's behavior toward counterfeit products should be related to social cultural setting, because ethical behavior is a part of culture of a particular society. One of the Hofstede's cultural dimensions is individualism/collectivism. According to Lee and Yoo (2009), Wang et al. (2005), and Phau et al. (2009), attitude and purchase intention toward counterfeit products are influenced by collectivism.

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However, Chaipooirutana (2011) and Phau and Teah (2009) reveal that collectivism has no significant influence on purchase intention toward counterfeit products. Therefore, we test this following hypothesis:

H4: collectivism has a positive effect on purchase intention toward counterfeit movies

Purchase intention may be influenced by consumer's utilitarian or hedonic shopping motivation. Utilitarian motivation drives consumers to buy a product based on its functionality and benefits, whereas hedonic motivation leads them to purchase based on interactions, experiences, and emotions (Solomon, 2009). Previous experiences in purchasing a counterfeit product with good quality at reasonable price may encourage consumers to repurchase (Chaudry & Stumpf, 2011; Lee & Yoo, 2009). Based on this argument, the following hypothesis is tested:

H5: hedonic shopping motivation has a positive effect on purchase intention toward counterfeit movies

Another internal factor that may influence purchase intention toward counterfeit products is perception of product quality. One of the reasons that motivates consumer to purchase counterfeit product is the similarity of product quality between counterfeit and original products (de Matos et al., 2007; Prendergast et al., 2002). Therefore, we examine the following hypothesis:

H6: perceived quality has a positive effect on purchase intention toward counterfeit movies

The research model is shown in Figure 1.

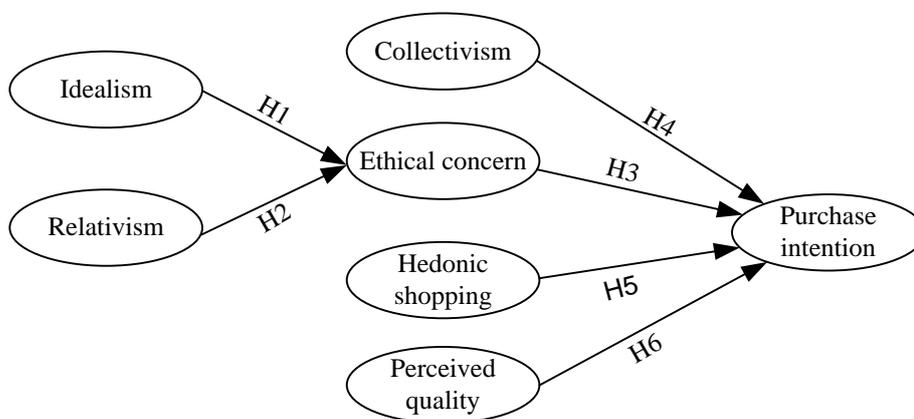


Fig 1: Research model

Source: Chaudry and Stumpf (2011)

3. Research Methodology

This study involved students from several universities in Jakarta and Tangerang. It was assumed that college students were likely to buy counterfeit products even though they had good ethical knowledge (Carrigan & Attalla, 2001; Lee, 2009; Rawwas & Singhapakdi, 1998). Despite the demand of counterfeit products was often related to the low purchasing power, Prendergast et al. (2002) and Kwong et al. (2003) found the purchase of counterfeit products had not related to purchasing power. Lee and Yoo (2009) argued that a research on purchasing counterfeit product needs to be conducted on consumers with adequate purchasing power. Therefore, this study focused on college students from middle and upper classes. Purposive sample was used comprising of students who purchased counterfeit movies during the last one year.

Idealism and relativism as constructs were individually measured by six indicators adopted from Chaudry and Stumpf (2011) and Cooper (2009). The five items to measure hedonic shopping motivation and four items of purchase intention toward counterfeit products items were adopted from Chaudry and Stumpf (2011). The four items to measure ethical concern were adopted from studies by Chaudry and Stumpf (2011), Cooper (2009), and McGovern (2009). There were three items adopted from from Chaudry and Stumpf (2011) and Wang et al. (2005) to measure collectivism. The nine indicators to measure perceived quality were adopted from Chaudry and Stumpf (2011), Sirkeci and Magnúsdóttir (2011); and Chang and Wang

(2011). All items were presented as a 5-point Likert scale. Data were analyzed using structural equation modeling.

4. Results

The questionnaires were distributed to 350 respondents with 88.57 percent response rate. There were 45.8 percent of males and 54.2 percents of females in the sample. About 38.1 percent of respondents belonged to upper class and the rest was middle class. Apparently, 65.2 percent of respondents purchased more than 3 counterfeit movies per month.

Twenty four out of 37 items were valid and reliable based on Cronbach's alpha ranging from 0.710 to 0.816, and the factor loading ranging from 0.570 to 0.896. The overall model was good fit based on CMIN/DF = 1.890, RMSEA = 0.054, GFI = 0.902, AGFI = 0.872, and CFI = 0.943. Table 1 showed that ethical concern had significant negative influence, whereas collectivism gave significant positive influence on purchase intention toward counterfeit movies. Meanwhile, this study found that idealism had a significant negative impact on ethical concern.

Table 1: Results of hypotheses testing (n = 310)

Path	Standardized regression weight	C.R.	P-value	Hypothesis
Idealism → Ethical concern	-0,537	-4,588	0,000	Not supported
Relativism → Ethical concern	-0,145	-1,368	0,171	Not supported
Ethical concern → Purchase intention	-0,403	-5,303	0,000	Supported
Collectivism → Purchase intention	0,359	2,326	0,020	Supported
Hedonic shopping → Purchase intention	0,174	1,551	0,121	Not supported
Perceived quality → Purchase intention	0,035	0,243	0,808	Not supported

5. Discussion

The finding shows ethical concern has a negative influence on purchase intention toward counterfeit movies. College students who have a high ethical concern tend to discourage purchasing of counterfeit movies as they believe counterfeiting movies against the intellectual property rights. However, a person's ethical concern was influenced by the degree of idealism and relativism. This study found that idealism has a reverse effect on ethical concern. Though this finding contradicts to Chaudry and Stumpf's study (2011), it supports the findings of Cruz et al. (2000) and Fleischman and Valentine (2003) where an idealist individual was often involved in unethical behavior. Meanwhile, relativism has insignificant negative influence on ethical concern. According to Forsyth's personal moral philosophies taxonomy (Chan et al., 2011), the respondents are situationists and subjectivists as they show a moderate-to-low degree of idealism (M = 3.32) and high degree of relativism (M = 3.54). They are inclined to reject ethical norms and prioritize individual analysis on every situation they faced.

Based on the morality development stage, most respondents are between pre-conventional and conventional stages where they can distinguish between positive and negative behavior. However, they tend to be egocentric. Even though they consider the purchase of counterfeit movies as illegal, the law enforcement concession in Indonesia encourages them to use this gap for their personal gain. This finding is consistent to the previous studies by Rawwas & Singhapakdi (1998) and Wang & McClung (2011) who found that adolescents tend to do unethical action if they are able to avoid the punishment.

It is also found that collectivism has significant positive influence on purchase intention toward counterfeit movies which supports the findings of Lee and Yoo (2009), Wang et al. (2005), and Phau et al. (2009). A collectivist individual is more likely to follow the behavior of others, including in the purchasing of counterfeit products. As many Asian consumers, Indonesians believe that product invention should be spread out, so other people may relish the benefits too. Therefore, they cannot truly accept the concept of intellectual property rights (Hidayat & Phau, 2003).

This study showed that hedonic shopping motivation and perceived quality have insignificant positive influence on purchase intention toward counterfeit movies. Hedonic shopping motivation gives a small contribution to purchase intention due to the weaknesses of law enforcement and the easiness to purchase

counterfeit movies. Many respondents feel that purchasing counterfeit movies does not create a unique experience. Movie is categorized as low-involvement product; therefore, many respondents do not pay too much attention to the appropriateness between product quality and price. Thus, product quality does not influence purchase intention toward counterfeit movies.

6. Conclusion and Suggestions for Future Studies

The high demand for counterfeit movies in Indonesia is caused by the lack of ethical concern and collectivism culture. Even though college students from middle and upper classes have adequate purchasing power and high ethical concern, it does not reduce their intention to purchase counterfeit movies as the law enforcement in Indonesia has not well-established.

The findings show that consumers' compliance to law and ethical concern need to be further explored, especially related to the demand on counterfeit products. The compliance to law has direct impact on consumer tendency to obey the rules, whereas ethical concern correlates to consumer morality toward their actions that may affect the shared values in the society.

Future studies should involve customers from different cultural and demographic characteristics. Moreover, this model may be tested on different low-involvement and high-involvement products.

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