DOES BEHAVIOURAL INTENTION INFLUENCE PURCHASE BEHAVIOUR OF COUNTERFEIT PRODUCTS: A LOOK AT MALAYSIAN CONSUMERS

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Abstract

Counterfeit products are defined as identical copies of authentic products and account for at least five percent of the world’s trade. Counterfeit products have been found to be a serious problem around the world. It is a lame issues from a long time ago that are never resolved. Various studies were carried out to find the underlying reasons why consumer purchase counterfeits product. This paper sets out to examine to what extend does behavioural intention influences consumers to purchase counterfeit products. An intercept survey approach involved 390 respondents was conducted at hot-spot areas selling counterfeit products in Kuala Lumpur, Penang and Johor Baharu. A self-administered questionnaire was designed using established scales. A variety of statistical techniques were used to analyze the data. Analyses conducted reveals that consumer intention explains large percent of the variation in consumer purchase behavior of counterfeit products. This indicates that consumer intention has high explanatory power to predict consumer behavior of purchasing counterfeit products. The study provides an understanding of Malaysian consumers’ behavioral intention and purchase behaviour of counterfeit products.

Keywords: counterfeit products, consumer purchase behaviour, behavioural intention
Introduction

Undeniably, counterfeiting, or piracy, is a big business. Counterfeit products are defined as identical copies of authentic products and account for at least five percent of the world’s trade (Carpenter & Lear, 2011). Over the years, counterfeiting products have embellished the market alongside with original brands.

In fact, a recent study by Chaudary, Ahmed, Gill and Rizwan (2014) acknowledged the alarming advent of worldwide economic phenomenon of counterfeiting. Counterfeit products have been found to be a serious problem around the world in recent days (Hendriana et al., 2013). Counterfeiting is such a problem that causes havoc not only in economic activities but also affect social life as well.

Phau and Teah (2009) identified two categories of consumers who buy counterfeit, namely (i) deceptive counterfeit consumer (victim, unknowingly purchase the pirated products as look similar) and (ii) non-deceptive counterfeit consumers (purchase the counterfeit version even knew that is illegal). In a similar vein, Grossman and Shapiro (1988) divided the business of counterfeits into two types known as deceptive purchase and non-deceptive purchase. On one hand, deceptive counterfeit transactions occur when consumer cannot readily seen the quality of the goods or differentiate copies from the original during the purchasing process; they are the victims. In other words, deceptive counterfeit buyers are not aware that the product that they are buying is a counterfeit; as is often happen in the case of product categories such as automotive parts, electronics and pharmaceuticals (Grossman & Shapiro, 1988). On the other hand, when consumers are aware that they are purchasing counterfeits, they are involved in as non-deceptive counterfeit transactions, and they are willing collaborators.

Nevertheless, researchers have generally agreed that in reality, most consumers fall under the non-deceptive purchase behaviors (Prendergast et al., 2003). It is particularly obvious in luxury market where consumers are often able to distinguish channels and the inferior quality of the product itself (Nia & Zaichkowsky, 2000). Since these consumers knowingly purchase the products that are not legitimate, the manufacturers and retailers cannot be blamed for deceiving the consumers (Ang, Cheng, Lim & Tambyah, 2001). This non deceptive purchase of counterfeits contributes to the discussion of consumer misbehavior in the marketplace, indicating the need to understand the reasons for their misbehavior (Tatic & Cinjarevic, 2012).

Although counterfeiting goods are seen to be imitated products of low in quality, inexpensive, distasteful, easily available and in certain cases, even unsafe (Trott & Hoecht, 2007; Nordin, 2009), the “quality” of counterfeit products are seen to have improve gradually for the past several years (Budiman, 2012). This improvement has permeated into almost every element of counterfeit product especially among premium or luxury products in terms of its quality, durability and design (Turunen & Laaksonen, 2011). Therefore, this could be one of the underlying reasons why the demand for counterfeit products is increasing. This trend might have been getting worst recently (Nordin, 2009; Stravinskiene et al., 2013). Rizwan et al. (2013) claim that counterfeiting is “liable for getting grievous monetary and societal impairments to both legal manufacturers and society”. Yoo and Lee (2012) further emphasize that counterfeiting leads to infringement of intellectual property rights, loss of taxes and foreign investment, increment in social cost as well as occurrence of hazardous outcomes.
Thus, counterfeiting has become a serious issue that must be resolved as it able to bring a bad impact on national economies (Romani et al., 2012). However, in short, the consequences of the counterfeit product, no matter consumers intend to buy or not, have some hostile effect on consumers’ welfare as a whole (Haque, Khatibi & Rahman, 2009). Besides, it hampers the benefits of the legal (actual producers) manufactures; even endanger the human life.

In the context of Malaysia, the Malaysian government has been seriously involved and played its significant role to eradicate the counterfeiting issue. Many campaigns and activities were carried out such as briefings, seminars and workshops with the aim to create awareness among Malaysians the on the bad consequences of this unethical behavior. However, government laws and enforcement are not sufficient to solve the problem (Stumpf, Chaudhry & Perretta, 2011). Despite the worldwide legal sanctions against the manufacturing and the consumption of counterfeit products, the problem is expanding rapidly. New ways are required to control this phenomenon.

Prior research on counterfeiting (Bush, Bloch, & Dawson, 1989; Green & Smith, 2002; Nill & Shultz, 1996; Olsen & Granzin, 1992) has focused on controlling the supply of counterfeit goods (e.g., manufacturer, company, industry, retail channel, and government). However, attempting to control the supply of counterfeits has not been successful. Because consumers purchase and use counterfeits, what is more important is to study factors that contribute to consumer decision making with regard to counterfeit products as a way to determine how to gain control over this situation. The present study attempts to fill the gap in the counterfeit literature that views the problem from the demand side. After all, it is basic economic reasoning that if no demand for counterfeit products exists, supply will erode automatically. Thus, as consumers play a leading and growing role in the existence of counterfeit trade (Yoo & Lee, 2009), it is important to gain a deeper insight in potential determinants of consumers’ to knowingly purchase counterfeit goods. In particular, this study focuses on the influences of behavioural intention on consumer purchase behaviour of counterfeit products.

Literature Review

Behavioural intention is defined as “the motivational factors that influence an individual’s readiness to act and to demonstrate the effort they would strive to perform the behaviour” (Ajzen, 1991). Armitage & Conner (2001) mention that, with the influence of positive attitude and perceive opportunities, a behavioural intention is likely will be performed. Theory of Planned Behaviour (TPB) by Ajzen (1991) stated that behavioural intention is the main predictor and regarded as the immediate antecedent of individual behaviour.

Previous literature indicates that intention has established a significant association between intention and behaviour, and accurately predicted a variety of action tendencies. Follows and Jobber (2000) found a positive association between green purchase intention and behaviour, which the results showed that individuals who perceived the environmental consequences is important, would be likely to commit in green purchasing. In the food context, the intention to buy or to consume certain types of food is considered to be one of the most important behavioural indicators. In meta-analytic review of 185 independent studies, Armitage and Conner (2001) reported that intention was the best predictor of future behaviour. In seafood consumption studies, it showed that behavioural intention has a significant effect on consumption frequency (Verbeke & Vackier, 2005; Tuu et al., 2008). Follows and Jobber (2000) also found a positive association between green purchase behavioural intention and
behaviour, which the results showed that individuals who perceived the environmental consequences is important, would be likely to commit in green purchasing. In the middle-east market, Fernandes (2012) found that behavioural intention to purchase counterfeit products is related to higher likelihood to purchase counterfeits. In the same vein, Riemenschneider, Leonard and Manly (2013) has assumed that intention is an accurate proxy for behaviour. From the above discussion, it shows that intention influences numerous behavioural tendencies in many different setting; and in addition, intention has been established to have a significant positive relationship towards behaviour. This shows that it is very important to study the construct of behavioural intention and that it cannot be ignored. Ajzen and Fishbein (1980) argue that intentions should always translate into behavior given there is correspondence between measures of intentions and behavior and that intentions remain constant prior to engaging in the behavior. However, intentions can change over time due to new information, individual differences or a variety of unexpected factors such as illness or injury, financial hardships, family issues or job loss (Ajzen, 1985). Unfortunately, much of the research related to unethical behavior such as counterfeit purchase behavior using Theory of Planned Behaviour (Bian & Moutinho, 2011) has assumed that intentions are an accurate proxy for behavior and neglected the measurement of behavior. Indeed, Armitage and Conner (2001) noted in their meta-analysis that most studies do not measure behavior per se.

Therefore, further empirical research is warranted to examine the predictive power of behavioural intention towards counterfeit products purchase behaviour in Malaysia. Based on the earlier discussion, we develop this hypothesis:

H1: Behavioural intention is positively related to consumer purchase behaviour of counterfeit products.

Methodology

This study is correlational in nature where data was gathered once, to answer the study’s research questions. The study was conducted with the intention to obtain a good grasp of the consumer purchasing behavior of counterfeit products. A survey method was employed because this study strongly believes that survey research is best adopted to obtain personal and social facts, beliefs, and attitudes (Kerlinger, 1973). The unit of analysis for this study was the individual consumer who went for shopping at hot spot areas that sell counterfeit products. This study treats each consumer’s response as an individual data source.

The population for this study comprised consumers aged 18 and above who live in Peninsular Malaysia. Sample for the present study were the consumers at the age of 18 and above who visited and the hot-spot areas that sell counterfeits products in Kuala Lumpur, Pulau Pinang, dan Johor Bharu and have experienced bought counterfeit products for at least 3 month ago.

Sample is a part of the whole pie of the total population. The given definition of sample by Sekaran (2006) is “…subset of the population”. In this study, some percentage of the total population of consumers is considered as the sample. The sample is studied in order to derive with some conclusions about counterfeit purchase behaviour among Malaysian consumers. Whereas, sampling is derived as “…the process of selecting a sufficient number of elements from the population …” (Sekaran, 2006).
The sampling of this study refers to the sample size table by Krejcie & Morgan (1970). Sekaran and Bougie (2009) has cited their table as guideline to make decision on sample size. Therefore, in this study, the chosen sample size for this study is 384 since the total population is more than 1,000,000 (refer Table 1). However, to ensure this minimal response number and taking into account that survey method has poor response rate, we decided to distribute 450 questionnaires to selected consumers.

**Table 1 Sample Size (starting with more than 10,000 populations)**

<table>
<thead>
<tr>
<th>Population Size (N)</th>
<th>Sample Size (s)</th>
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</thead>
<tbody>
<tr>
<td>10,000</td>
<td>370</td>
</tr>
<tr>
<td>15,000</td>
<td>375</td>
</tr>
<tr>
<td>20,000</td>
<td>377</td>
</tr>
<tr>
<td>30,000</td>
<td>379</td>
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<td>40,000</td>
<td>380</td>
</tr>
<tr>
<td>50,000</td>
<td>381</td>
</tr>
<tr>
<td>75,000</td>
<td>382</td>
</tr>
<tr>
<td>1,000,000</td>
<td>384</td>
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</tbody>
</table>

Source: Sekaran and Bougie (2009)

In order to select the appropriate sampling design, the intercept survey was chosen. According to Kotler et al. (2009), intercept survey involves stopping people at a certain location requesting them to answer the questionnaires. In this study, the questionnaires were filled by intercepting consumers at the locations where known at hot spot area that sell counterfeit products such as Golden Triangle and Petaling Street at Kuala Lumpur, Holiday Plaza in Johor Bharu and Gurney Drive in Penang. In addition, this intercept method has been claimed to have several advantages such as speedier, lower cost and researcher has control over the type of respondent (Chinomona, 2013).

One of the major concerns when using intercept surveys is ensuring the sampling procedure so that the correct respondents are chosen (Keen et al., 2004). Since we preferred a more random sample of the population and to avoid the convenience nature in the sampling design, systematic sampling was used. Hence, following the same method used by Phau and Teah (2009), every fifth shoppers who passed our data collection point were invited to participate in our study. In order to avoid respondent bias, the research was carried out over a 4-days period that included 2 weekend days and 2 weekdays for one month as well as different shopping hours based on the opening hour of the identified hot spot area. For example, Petaling Street starts its operation from mid until late evening (6.00 p.m till 12 a.m). Shoppers were asked if they have experienced buying counterfeits before they were asked to complete the survey to assure that they were familiar with the subject matter that were presented in the questionnaire. For those who were not able to complete the questionnaire on the spot, a pre-stamped envelope with the researcher’s mailing address is given to them. In this case, customers can complete the questionnaires and mail them back to the researcher.
Out of the number of shoppers intercepted, 87 percent of them agreed (390 respondents) to take part in this survey.

The main variables in this study were measured using multiple items drawn from previous research except for the socio-demographic characteristics and general information relating to counterfeit product purchase and users. However, some of the items were re-phrasing and modified to suit the study local setting. A five-point Likert scale was used to measure all of the items for the main variables to minimize the confusion among respondents and to make sure of the equality among variables (Ackfeldt & Coole, 2003; Ingram et al., 1991). The five-point Likert scale are: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree.

The consumer purchase behaviour measure for this study was based on a study of Wang et al. (2005), which examined counterfeit purchase behavior of pirated software among Chinese in China, with modifications concerning the phrasing of the items to suit the general counterfeit products context in this study. It required respondents to rate their responses towards four items relating to counterfeit products purchase behaviour in general by measuring five self-rating items on five-point Likert scale. The higher the score of purchase behavior, the higher is the likelihood of purchasing counterfeit products. As Armitage and Conner (2001) indicate, behavioural intention is measured in terms of expectation, and were assessed in terms of intended, expected and desired. Therefore, in this study behavioural intention is operationalized as the likelihood of an individual’s motivation and willingness to participate in counterfeit product purchase (Ajzen, 1991). Consumer behavioural intention was measured using the scale developed by Kim and Karpova (2010). Five items were assessed in terms of will, intend, want and expect to purchase on the statements relating to counterfeit products.

Analysis and Findings

Out of the 390 respondents, 60 percent were female (60%) and aged between 21 to 30 years (38%). This is followed by those in the age group of 31 to 40 years (19%). The majority (40%) of the respondents are Malays (40%) followed by Chinese (38%), and more than half of the respondents are singles (60%). The majority of the respondents are working in private organization (33%), followed by government servants (18%) and self-employed (13%). Majority of the respondents are high school leavers (46%), followed by degree holders (20%) with majority of income between RM 2000 to RM 3000 (44%).
Table 2 Reliability Values and Mean Scores

<table>
<thead>
<tr>
<th></th>
<th>Reliability values</th>
<th>Mean Scores</th>
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<tbody>
<tr>
<td>Behavioural intention to purchase</td>
<td>0.75</td>
<td>3.73</td>
</tr>
<tr>
<td>Purchase behaviour</td>
<td>0.63</td>
<td>3.16</td>
</tr>
</tbody>
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Table 3 Correlations between Variables

<table>
<thead>
<tr>
<th></th>
<th>Behavioural intention</th>
<th>Purchase Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural intention</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Purchase behaviour</td>
<td>0.48**</td>
<td>1</td>
</tr>
</tbody>
</table>

**p≤0.01

As shown in Table 3 above, behavioural intention is significantly correlated with purchase behaviour of counterfeit products, giving us a clue that this factor plays a significant influence on consumer purchase behaviour of counterfeit products. In order to test the hypothesis, multiple regression was used to analyze the effect of the independent variable on purchase behaviour of counterfeit products. Result generated is shown in Table 4 below.

Table 4 Regression of Behavioural Intention on Purchase Behaviour of Counterfeit Products

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Standardized β</th>
<th>t-statistics</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural intention</td>
<td>0.583</td>
<td>4.21</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

n=390; adjusted $R^2=0.68$; $F=7.363$; **p≤0.01

As shown in Table 4, result indicates that behavioural intention is a significant variable having influences on the purchase behaviour of counterfeit products. This predictor is explained by 68 percent of the variance in purchase behaviour of counterfeit products. In summary, there is sufficient statistical evidence to support the hypothesis.

Discussion

This study found a significant influence of behavioural intention on purchase behaviour, which corroborates many past findings in this regard (e.g., Reimenschneider et al., 2011; Fukukawa, 2002; Phau et al., 2009). In fact, this study reveals that consumer intention explains large percent of the variation in consumer purchase behavior of counterfeit products. This indicates that consumer intention has high explanatory power to predict consumer behavior of purchasing counterfeit products. This may indicate the consistency between what respondents’ say they intend to do and what they actually do. Ajzen and Fishbein (2005)
referred to the issue of poor behavioural intention in predicting actual behaviour as a literal inconsistency, which is the tendency for an individual not to do what they said they were going to do. This support the argument made by Ozcaglar-Toulouse, Shui and Shaw (2006) that behavior is deemed to be a direct function of an individual’s intention to conduct the behavior.

The finding demonstrates that consumers have a positive impression towards counterfeit products and that their actual purchase behavior is due to a strong belief that counterfeit products are cheap, easy to get, safe, at par with original products and identical to original products. Therefore, consumer good perception towards purchasing counterfeit products has changed consumers from choosing original products towards counterfeit. The positive association between behavioral intention and purchase behavior of counterfeit products further confirms previous finding by Su, Lu and Lin (2012) that piracy intention is positively related to purchase behavior of textbook piracy among Taiwanese respondents. This also echoes the finding of Wu et al. (2013) that intention significantly explained gambling involvement among Chinese gamblers. Last but not least, this result validates the Theory of Planned Behaviour that intention is a good predictor index of behavior (Ajzen, 1991).

**Limitations and Future Research Directions**

There are a number of limitations worthy of improvement and future research. The study was conducted using intercept method, which may limit the population that could be reached. Those who may purchase may not be regular shoppers at the selected locations but may be in wholesale markets, night markets or online where counterfeit products are largely sold. As the study is a snapshot of the Malaysian consumers who shop in the hot spot areas selling counterfeits, extensions to a population of other areas in Malaysia of different socioeconomic group and to other states may produce different results.

In the earlier discussion, it has been discussed that this research explored the consumers’ behaviour towards counterfeit products in general. Therefore, questions referring to all the constructs in this study referred to the general concept of counterfeit products without focusing on different counterfeit product categories. However, Phau and Teah (2009) argued that counterfeit products should be examined as different categories and not as one homogeneous group. Therefore, for future research, the study should focus on specific counterfeit products categories with separate unique components such as luxury items, fashion, cosmetics and spare parts. Consequently, different categories of counterfeit products may have a different effect on the purchase behavior of the consumers.

From a methodological standpoint, the limitations of this study may include the selection of samples. The collection of data was confined to only counterfeit hotspot areas particularly in the Kuala Lumpur, Penang and Johor Baharu. Although we manage to get respondents representing the majority of the states in Malaysia, these features may not be reflective of the overall population in Malaysia. Thus, the results cannot be used to generalize to the whole population of Malaysia. Future studies should therefore be extended with data collection in other part of states to portray the real picture of counterfeit products purchase in Malaysia. Moreover, the data in this study were obtained randomly from adult consumers (aged 18 and above) who went shopping in selected counterfeit hot spot area in Kuala Lumpur, Penang.
and Johor Baharu. For future research, it would be practical to attain a wider sample of adult consumers, teenagers and/or college/university students.

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References


