A STUDY OF FACTORS AFFECTING CONSUMER PURCHASE BEHAVIOUR TOWARDS COUNTERFEIT PRODUCTS

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Abstract Consumers behaviour towards purchasing counterfeit products will eventually lead to economic damage, affect the legitimate manufacturers and impact the industry and social cost. However, there is still limited research that have been conducted to investigate the predictors of consumer behaviour on counterfeit products. The aim of this study is to investigate the factors that can affect or influence the consumer purchase behaviour towards counterfeit products. This quantitative study randomly gathered one hundred and thirty-seven respondents from Universiti Teknologi MARA Kota Bharu Campus using random sampling technique. Online survey and questionnaire tool were used in this study for the collection method, and the data gathered were analysed using SPSS software. Findings showed that only personal gratification and social influence have the positive and significant relationship with consumer purchase behaviour on counterfeit products. The result from the findings, however, did not support price-quality inference on the consumer purchase behaviour. Personal gratification has been found to be the strongest factor for this research. Overall, this study reveals that consumers' desire for social attention, feeling of achievement, and need for social acceptance as the factors that mostly contributed to the behaviour to purchase counterfeit products.

Keywords: Counterfeit, Personal Gratification, Price-Quality Inference, Purchase Behaviour, Social Influence

1. Introduction

1.1 *Background of Study*

Counterfeit product is goods that offer low or inferior quality, made or sold under another brand name without the brand owner's permission, or the action of imitating something legitimately, and to be used in illegal transactions, and otherwise to confuse customers into believing that the counterfeit is equal or better than the truth, steal, eliminate, or replace the initial. Counterfeits are also defined as reproduced copies that are identical to legitimate articles, including packaging, trademarks, and labelling (Kay, 1990).

Prendergast (2002), categorized consumers who purchased counterfeit products into two types. The first type is deceptive, in which the consumer is unaware that they buy the unauthorised and fake products and think that the products are the original products. Meanwhile, the second category is non-deceptive, where the consumer intentionally and consciously purchases the product of the counterfeits during the purchasing process.

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Imitation of branded goods also appears in a wide variety of forms (Engizek & Şekerkaya, 2015). This is because things that typically imitated are well-known and well-known products that display the business value also draw business interest, whereas in this way, these fraudulent goods quickly are put on the market, and their revenues can continue to grow as long customers' demand exist. Most people may not realize, but some are still buying these counterfeit goods even though they already know about the product's originality. Moreover, the producers are certainly not aware that their work is counterfeit though consumers are typically aware that they are purchasing counterfeits.

Additionally, consumers who buy counterfeit goods may not realize the economic damage that their activities cause to the legitimate manufacturers (Total, 1998). When consumers buy counterfeits products, it will affect and impact the industry worldwide and lose large amounts to counterfeiters. These losses not only affect the producers of genuine items, but they also involve social costs. The ultimate victims of unfair competition are the consumers. They receive poor-quality goods at an excessive price and sometimes are exposed to health and safety dangers. Governments lose out on unpaid tax and incur high costs in enforcing intellectual property rights.

Based on the previous study, there are many price-related factors and non-price related factors that are affecting consumer purchase behaviour towards counterfeit products in Malaysia (Sharif, 2020). The lower price of the counterfeits also has become the main reason why consumers purchase the counterfeits. The finding showed that the price-related and non-price related factors such as social power, price, and personal accomplishment have influenced the consumers' behaviour. Some studies revealed that the purchase of counterfeits has moved to social media and online systems along with the day's shopping trend. Importantly, counterfeiting products have increased from year to year since the 1970s (Bian, 2005), and the counterfeit products sold have also been increasing, whereby it has mostly gone unnoticed by many buyers. This study aims to examine the factors affecting consumer purchase behaviour towards counterfeit products among university students who have a high tendency to purchase counterfeits.

2.   Literature Review

2.1   Consumer Purchase Behaviour

Previous studies stated that consumer purchase behaviour is the consumer's behaviour to satisfy or fulfil his or her needs and also desires by implementing several activities such as searching for the goods and information, generating the purchase intention and comparing the goods to make a decision when to purchase the product (Moslehpour, 2014). Several researchers also agreed that consumer behaviour is divided into two types: purchase intention and purchase decision. The consumer purchase behaviour falls under the purchase decision. The purchase decision refers to the consumers that have firm purchase intention, that is ready to purchase or has already purchased the product (Lee, 2015).

2.2   Counterfeit Product

Many studies have given clear definition of the term counterfeit product. In one study, the term counterfeit product is defined as any actions aimed at producing goods which violate Intellectual Property Rights (IPRs) and supplying the counterfeits to conscious and unconscious consumers (Caneppele, 2012). Maria and Gadekar (2019) stated that counterfeiting product is one of the consumer frauds where the counterfeit product was sold pretended as the original product. They also stated that the counterfeit presents the genuine product but in lower quality, durability and reliability. According to Young and Barney (2018), the imitation strategy happened when a party intentionally copied the product, or process in order to fulfil their strategic goal. The imitated products were made precisely and was offered to the marketplace with lower price compared to the original products, as the products were made from cheaper materials, big workforce, and machines to make them look similar to the authentic products.

2.3   *Personal Gratification*

Personal gratification is related to the need for a sense of success and social recognition and a willingness to enjoy life's better aspects (Ang et al, 2001). Although customers who purchase counterfeit goods are conscious that counterfeit products do not have the same quality value as the initial, they can accept such a settlement. Consumers are going through a method of moral judgment as they opt to buy fraudulent products (Phau et al., 2009). People can be susceptible to becoming conscious of the situational aspects of socially acceptable actions and may change their conduct based on the social circumstance in which they find themselves. The consumer's mindset would influence personal gratification. Typically, the customer may opt to purchase if the commodity is worthy of pleasing them. When buyers want to meet their wishes, they may take steps that include purchasing counterfeit goods. Hence, it is posited that:

H0: There is no substantial correlation between personal gratification and the customer's buying conduct towards counterfeit products.

H1: There is substantial correlation between personal gratification and the customer's buying conduct towards counterfeit products.

2.4   *Price Quality Inference*

Analysis has shown that consumers prefer a counterfeit product from a genuine product where there is a price benefit. The first group contends that if imitation items are in all ways comparable to authentic products and are still higher in the price sold, consumers will favour counterfeit products since they profit from the status and quality of brand-name products. On the other side, the second party claims that while imitation goods are lower than the real one, their higher costs are more than compensated for the loss of consistency and performance. Counterfeit goods can deliver a lower price than the initial with a lower standard (Chuchu et al., 2016). Price is one of the most significant considerations linked to the willingness to adjust the buying intention. According to one theory, the price-quality linkage is inferential; there is no rational need for higher prices to imply higher quality; nor does lower prices indicate lower rate "(Obermiller, 1988). In addition, this theory also stated that the inferential price-level quality is famous among customers and is an essential factor in customer behaviour (Wahlers, 1999). Therefore, it is posited that:

H0: There is no substantial correlation between price-quality inference and the customer's buying conduct towards counterfeit products.

H1: There is a significant connection between price-quality inference and the factors of customers purchase behaviour towards counterfeit products.

2.5   *Social Influence*

Social influence is how people modify their actions to satisfy the expectations of a social environment. Social influence can also be described as a shift in the opinions, emotions, attitudes or action of a person arising from an association with another individual or community. Therefore, this people are more likely to buy branded products reflecting wealth and the prestige of social class brands. Consequently, advertised goods that carry the brand's status to popularity, wealth and hierarchy are much more likely to be selected. If the level of a brand is important to consumers, but they cannot afford costly originals, they are likely to turn to false labels as cheaper replacements for sources (Phau et al., 2009). Thus, it is posited that:

H0: There is no substantial correlation between social influence and the customer's buying conduct towards counterfeit products.

H1: There is substantial correlation between social influence and the customer's buying conduct towards counterfeit products.

3.   Research framework

Figure 1 illustrates the research framework of this study.

Figure 1: Antecedents and Consequences of Brand Equity
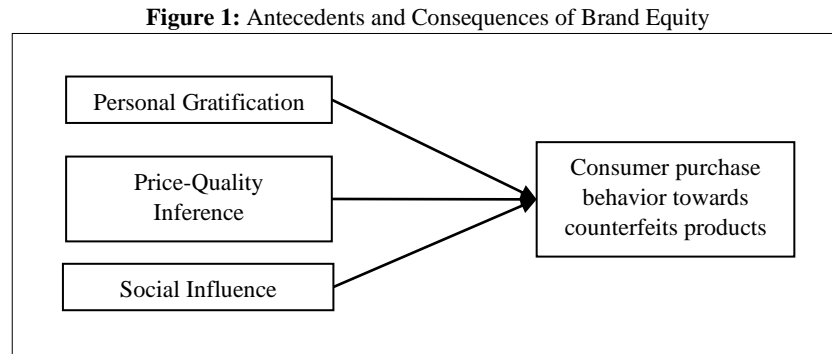
Source: Adhikari & Biswakarma (2017).

4.   Research Methodology

One hundred and thirty-seven students from Universiti Teknologi MARA Kota Bharu Campus were recruited for this study. The quantitative method was used for data collection by using online survey and questionnaire tool according to the current situation and restriction faced by the researcher due to lockdown during the COVID-19 pandemic. The online questionnaire was designed by using online Google Form and was distributed and shared with the participants among the students from Universiti Teknologi MARA Kota Bharu Campus using convenience sampling technique via e-mails and messenger apps such as WhatsApp and Telegram. This study also used single cross-sectional design where the collection of data will only be collected once.

The questionnaire was split into two sections, whereby the first section consists of demographic profile and the second section contains the measurement of the independent variables of personal gratification, social influence, price-quality inference, and dependent variable of consumer purchase behaviour that will be tested in this study. The questionnaire was designed by adopting and adapting questions from related past studies, and the items would be a closed-ended questions where the respondent will be presented with alternatives for responses using the 5-point Likert-scale that range from 1 (strongly disagree) to 5 (strongly agree). Finally, the data collected were analysed by using the Statistical Package of Social Science, SPSS software which involved the measurement of missing data, normality assessment, frequency analysis, descriptive analysis, reliability test, correlations analysis, validity test, and multiple regression analysis.

5.   Results

The analysis from demographic profiles shows that 112 (81.8%) of the respondents are female and 25 (18.2%) of the respondents are male. 54.7% or 75 from the respondents are aged between 23-24 years old, 32.8% or 45 respondents aged 21-22 years old, 5.1% or 7 respondents aged between 19-20 years, and 7.3% (10) respondents are in 25 years old and above. The results also present 35.8% (49) respondents are from Marketing course, 27% (37) are from Finance course, 12.4% (17) are from Islamic Banking course, 9.5% (13) are from Statistics course, 6.6% (9) are from Economic course, 5.1% (7) are from other courses, and 3.6% (5) respondents are from Mathematic course. The analysis of status shows that 132 (96.4%) from the respondents are single and 5 (3.6%) of respondents are married. Additionally, the results of monthly expenses reported that 44.5% (61) from the respondents spend less than RM100, 32.8% (45) spend RM100-RM200, and 22.6% (31) spend more than RM200 for monthly expenses. Knowledge about counterfeit products revealed that 131

(95.6%) of respondents have the knowledge, 3.6% (5) respondents do not have the knowledge, and 3.6% (1) of respondents partially have the knowledge on counterfeits. Finally, the analysis also demonstrated that 137 (59.1%) of respondents have purchased the counterfeits more than 2 times, 34 (24.8%) never purchased the counterfeits, and 22 (16.1%) have once purchased the counterfeits.

Table 1: Cronbach's Alpha Statistics

Variables	Cronbach's Alpha	No of items
Consumer Purchase Behaviour	0.437	2
Personal Gratification	0.707	4
Price Quality Inference	0.845	4
Social Influence	0.902	4

Reliability analysis of Cronbach's Alpha considered the value of and less than 0.6 as weak, range of 0.7 as acceptable, and the values within 0.8 range are good. According to the reliability analysis, the dependent variable of consumer purchase behaviour towards counterfeit products, the result indicates that the Cronbach's Alpha for four (2) items measure is .437 equal to 43.7%, the result shows that the range for dependent variable is weak. For the first independent variable that is personal gratification, the result indicates that the Cronbach's Alpha for four (4) items measure is .707 equal to 70.7%, the result shows that the range for independent variable is good, and it means that the questionnaire about personal gratification is acceptable. Next, for the price quality inference, the result indicates that the Cronbach's Alpha for four (4) items measure is .845 equal to 84.5%, the result shows that the range for independent variable is very good and the questionnaire about price quality inference is acceptable. Lastly is social influence. The result indicates that the Cronbach's Alpha for four (4) items measure is .902 equal to 90.2%, the result shows that the range for independent variable is very good and the questionnaire about social influence is acceptable.

Table 2: Summary Results of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.598	.237		10.943	.000
pgt	.247	.109	.276	2.261	.025
pqi	-.068	.092	-.099	-.742	.459
sin	.184	.074	.287	2.471	.015

Note: R2 = 19.0

Table 2 summarizes the result of multiple regression analysis. The result shows that personal gratification and social influence are significant with the significant value below 0.05 (p<0.05). social influence highly influences the consumer purchase behaviour towards counterfeit products with beta value of 0.287, followed by personal gratification with beta value 0.276. Subsequently, from the multiple regression analysis, the result reveals that 19.0% of the consumer purchase behaviour can be explained by total variation of personal gratification, price-quality inference, and social influence.

Table 3: Summary of Hypotheses Results

Hypothesis- Statement	Significance	Results
H1: There is a significant relationship between personal gratification and factor affecting consumer behaviour to purchase counterfeit product	0.025	supported
H0: There is no significant relationship between price-quality inference and the factors affecting consumer behaviour in purchasing counterfeit products	0.459	supported
H1: There is a significant relationship between social influence and the factors affecting consumer behaviour in purchasing counterfeit products	0.015	supported

Table 3 demonstrated the hypothesis results of this study. From six hypotheses tested in this study, only three hypotheses are supported. According to the table, for personal gratification, it shows that the correlation is very significant at value 0.025, therefore, there is a significant relationship between personal gratification and factor affecting consumer behavior in purchasing counterfeits product, and the result of H1 is supported. Second, for the price-quality inference, the table shows that the correlation is not significant at value 0.459, thus there is no significant relationship between price quality inference and factor affecting consumer behavior in purchasing counterfeit product and h0 is supported. Next is for social influence, it shows that the correlation is significant at value 0.015, therefore, there is a significant relationship between social influence and factor affecting consumer behavior in purchasing counterfeits product, thus the result of H1 is supported.

6.   Conclusion

The objective of this study is to examine the factors affecting consumer purchase behaviour towards counterfeit products among university students in UiTM Kota Bharu and to investigate the relationship between personal gratification, price-quality inference, and social influence with consumer behaviour to purchase counterfeit products. From the result, personal gratification and social influence were found to positively and significantly influenced the consumer behaviour to purchase counterfeit products among students in UiTM Kota Bharu Campus. From the result, it shows that personal gratification is the most contributing factor that affects the consumer in buying counterfeits product. On the other hand, the remaining one independent variable which is price-quality inference was found not significant and does not have relationship with the consumer behaviour to purchase counterfeit products. Overall, it is recommended for the future research to test and explore other contributing factors on consumer purchase behaviour towards counterfeit products, as well as expand the range of the study population into border target of population.

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