



# Antecedents Factors that Influence Customer's Purchase Intention Towards Purchasing Counterfeit Products

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**Abstract.** Counterfeit products are a global problem that has become a hot topic of discussion in various circles. Many studies often blame counterfeit product manufacturers, but consumers also have a significant role in this problem. High consumer demand for counterfeit products causes counterfeit products to circulate more and more. Although the use of counterfeit products does not violate the law, this often makes consumers uncertain whether the actions they do are in accordance with the norms. Therefore, this study aims to investigate the factors influencing customers' purchase intention towards purchasing counterfeit products. This study identifies several factors in product purchases, such as materialism, risk of embarrassment, ethics, variety-seeking behavior, and purchase intention. The research data was collected through an online survey of 450 respondents who had experience buying counterfeit products. The analysis method used was Structural Equation Modeling (SEM) using Lisrel 8.7 software. The results of this study indicate that when consumers with materialistic values hold ethics and feel a high risk of embarrassment, the desire to buy counterfeit products will be low.

**Keywords:** Materialism · Risk of embarrassment · Ethics · Variety seeking · Purchase Intention

## 1 Introduction

In recent years, purchasing counterfeit products has become a global issue that has a significant impact on economic, social, and cultural aspects. Counterfeit products are unauthorized and take the trademarks of other registered goods and sell low-quality products. Data shows that the trend of increasing sales of counterfeit products in the future is predicted to reach as much as 1.8 trillion. Handfield [1] According to OECD data on counterfeiting and international trade, the total value of counterfeit and pirated products was around \$1 Trillion in 2013 and is expected to grow to close to \$3 Trillion by 2022. Other negative effects of counterfeit products include increased unemployment and loss of tax revenues. Despite the attention this issue attracts, the reasons for consumer's behavioral intention to purchase counterfeit products are not fully known. To date, most research has focused on social and personal factors, but little research

has examined consumer's ethical concerns and the risk of embarrassment when using counterfeit products. Therefore, this study aims to investigate the factors that influence customer's purchase intentions towards purchasing counterfeit products.

### **1.1 Relationship Between Materialism and ROE**

Although buying counterfeit products is not a crime and will violate the law, they are concerned about the views of others when using counterfeit products. Research Elfriede and Barbara [2] shows that social risks such as embarrassment keep consumers from using counterfeit products. Materialistic individuals tend to buy flashy products to be socially recognized [3]. Some studies show that materialistic individuals try to show their high social class when socializing through the products they own. If their products lack value in their social class, they will feel ostracized, and they will try to increase their consumption and social class by owning higher prices [4, 5]. Simply put, materialistic individuals feel ashamed of using counterfeit products because if they are caught using counterfeit products, they will feel a negative impact on themselves. If materialistic individuals feel high shame, they are unlikely to buy counterfeit products because it will impact their self-esteem. Self-esteem is important and upheld for materialistic individuals, especially those who prioritize prestige when using original goods [6]. Therefore, the hypothesis is as follows:

H1: Materialism has a positive and significant effect on the ROE of using counterfeit products.

### **1.2 Relationship Between Materialism and Ethics**

Materialism is a manifestation of a person's life who is greedy and possessive of objects because it places the primary value on ownership, which affects the way of behavior [7, 8]. Materialism is strongly associated with the value of self-enhancement [9]. Although some studies say that materialistic people tend to be selfish and ignore ethics, research [10] stipulates that ethics play an important role in individuals as a determinant of action. According to Gupta et al. [11], the determination of consumer behavior is based on behavior considered normatively appropriate and vice versa; if it is inappropriate, then it tends to be avoided. Therefore, the hypothesis is formulated as follows:

H2: Materialism negatively affects ethics when using counterfeit products.

### **1.3 Relationship Between Materialism and Variety Seeking**

Variety-seeking behavior is defined as the behavior to replace the last purchased/usually purchased product. Consumers generally want to find a substitute for something, either bigger or smaller. More specifically, humans have unique behavior in finding and buying a product. When consumers are saturated in purchasing a specific product, consumers start trying to find other alternatives. Sheth and Raju [12] shows that the reason for variety-seeking behavior is often due to curiosity. Consumers sometimes search for products that are unique/rarely owned by others just to be differentiated from others.

People with high materialistic values like to show off what they have to those around them, and they believe that the ownership of objects can be a source of satisfaction for themselves and a symbol of life's success [13]. Individuals with high materialistic values tend to find happiness from purchasing goods, so it can be concluded that the higher a person has materialistic value, the more they tend to have a large consumption for purchasing goods [5]. With the increase in large consumption for purchasing goods, the purchase of various goods is also increasing. Since people with high materialistic values like to show their success by owning goods, they tend to consume various goods to show their pride and success. So those with high materialist values tend to seek and consume various products. Therefore, the hypothesis is formed as follows:

H3: Materialism has a positive effect on variety-seeking behavior when using counterfeit products.

#### **1.4 Relationship Between ROE and PI**

Individual materialism emphasizes the pursuit of worldly possessions to increase self-esteem. Therefore, materialistic individuals usually buy goods that can increase their self-worth and try to show their self-worth to others by owning them [5]. When materialistic individuals interact with their social groups, they will compete to show their social class and self-worth from the goods they own. If materialistic individuals are caught owning items that do not match their social class, they will be ostracized and feel embarrassed. Therefore, individual materialism will avoid buying counterfeit products to avoid social sanctions. Therefore, the hypothesis is as follows:

H4: Risk of embarrassment has a negative effect on purchase intention when using counterfeit products.

#### **1.5 Relationship Between Ethics and PI**

As the main actors who buy counterfeit products, consumers often experience ethical dilemmas such as guilty feelings and ask themselves whether this is a moral act. Although purchasing counterfeit products is not against the law, purchasing counterfeit products means supporting this activity. Arli and Tjiptono [14] admits that ethical judgment depends on the situation and benefits. Ethics regarding whether purchasing counterfeit products is right are evaluated depending on the situation. Consumers who feel that purchasing counterfeit products is not wrong tend to make purchases and feel that this action is legitimate and ethical. Research Furnham and Valgeirsson [9] admits that customers who purchase counterfeit products usually have lower morality and integrity values than those who purchase original goods. Research Matos et al. [4] postulates that consumers who purchase counterfeit products mostly have materialistic values and lack high ethical values because they tend to think this behavior is ethical. Meanwhile, those with high integrity and ethical values tend not to purchase counterfeit products. Therefore, the hypothesis is formed as follows:

H5: Ethics has a negative effect on purchase intention when using counterfeit products

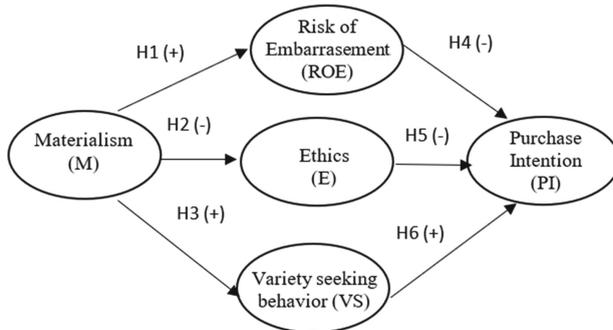


Fig. 1. Research Model

### 1.6 Relationship Between Variety-Seeking and PI

Consumer curiosity often makes consumers want to try new things. Variety-seeking behavior is defined as the desire to get a new stimulus [15]. One of the attractions for consumers to try using counterfeit goods is that the price is relatively lower than the original goods so that consumers can replace various kinds of products without fearing spending too much. In addition, counterfeit goods usually also have a wider variety than the original goods because usually the original goods are limited in existence, so this encourages consumers to try various kinds of counterfeit products; hence the hypothesis is as follows:

H6: Variety-seeking has a positive effect on purchase intention when using counterfeit products (Fig. 1).

## 2 Research Method

This research is a survey research using a purposive sampling method distributed to 450 respondents. However, 10 questionnaires were not returned, and there were 8 questionnaires whose data were invalid, so the data collected were 432. The questionnaire was distributed online via Google Form with several criteria: (1) at least 17 years old and (2) have bought two counterfeit products in the past year. The respondent data for this study were mostly women (378 respondents or 87.5%) and men (54 respondents or 12.5%). In this study, a validity test has been carried out, namely content validity and construct validity. Furthermore, this study used factor loading on factor analysis and Average Variance Extracted (AVE).

A 5-point Likert scale was used as a measurement scale with the following conditions: (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly Agree. The dimensions of ROE adopted from [5] Davidson et al. 2017, materialism was adopted from Richins and Dawson [8], variety seeking was adopted from Wee et al. [15], ethics was adopted from Tan [16], and purchase intention was adopted from Matos et al. [4].

### 3 Results and Discussion

Wee et al. [15] says that research results are said to be valid if the AVE value is > 0.5. While reliable results are obtained if the results are above 0.7 (Table 1). The results indicate that this study has met the validity and reliability tests. In addition, the GOF test results for the CFA model are as follows  $\lambda/DF$  3.046, GFI 0.90, RMSEA 0.068, RFI 0.92, and CFI 0.95 (Table 2).

This study has good results because it met the requirements of the GOF test results. As for the GOF results in hypothesis testing can be seen in Tables 3 and 4.

**Table 1.** The Results of CR and AVE

Variable	CR	AVE
ROE	0.917	0.69
PI	0.897	0.756
E	0.95	0.77
VS	0.879	0.712
M	0.838	0.50

**Table 2.** The Results of CFA’s Goodness of Fit (GOF) model

No	Criteria	Standard	Value	Description
1	CMIN/DF	>0.90 (approx 1)	3.046	Better fit
2	GFI ( <i>Goodness of Fit Index</i> )	>0.90	0.88	Marginal fit
3	RMSEA	0.05–0.08	0.068	Good fit
4	RFI	>0.90 (approx 1)	0.92	Better fit
5	CFI ( <i>Comparative Fit Index</i> )	>0.90	0.95	Better fit

**Table 3.** The Results of the Goodness of Fit (GOF) Model in Hypothesis Testing

No	Criteria	Standard	Value	Description
1	CMIN/DF	>0.90 (approx 1)	3.39	Better fit
2	GFI ( <i>Goodness of Fit Index</i> )	>0.90	0.86	Marginal fit
3	RMSEA	0.05–0.08	0.074	Good fit
4	RFI	>0.90 (approx 1)	0.91	Better fit
5	CFI ( <i>Comparative Fit Index</i> )	>0.90	0.94	Better fit

**Table 4.** The results of the hypothesis testing

	<b>Hypothesis</b>	<b>Estimate</b>	<b>T-value</b>	<b>Description</b>
<b>H1</b>	Materialism has a positive and significant effect on the ROE of using counterfeit products	<b>0.31</b>	<b>3.02</b>	<b>Supported</b>
<b>H2</b>	Materialism negatively affects ethics when using counterfeit products	<b>0.31</b>	<b>1.72</b>	<b>Not supported</b>
<b>H3</b>	Materialism has a positive effect on variety-seeking behavior when using counterfeit products	<b>0.09</b>	<b>5.34</b>	<b>Supported</b>
<b>H4</b>	Risk of embarrassment has a negative effect on purchase intention when using counterfeit products	<b>0.01</b>	<b>-8.25</b>	<b>Supported</b>
<b>H5</b>	Ethics has a negative effect on purchase intention when using counterfeit products	<b>0.03</b>	<b>-4.88</b>	<b>Supported</b>
<b>H6</b>	Variety-seeking has a positive effect on purchase intention when using counterfeit products	<b>0.82</b>	<b>-0.27</b>	<b>Not Supported</b>

## 4 Conclusion

The results of this study indicate that H1, H3, H4, and H5 are supported. While H2 and H6 are not supported. This study shows that people with materialism have high ethics in behavior and behavior. They consider purchasing counterfeit products immoral and tend to avoid purchasing them. In addition, this study shows that people with materialistic values tend to have a considerable sense of shame if their social class knows they are using counterfeit products, resulting in a reluctance to use them. This, of course, brings several implications, namely: manufacturers can improve the quality of their products so that they are not easily imitated, besides that companies must still be able to increase a great sense of pride in the original brand by forming and engaging with the brand community so that consumers still feel proud to be in an exclusive community and has the same social level, with this it can increase shame among customers not to use counterfeit products.

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