

The Influence of Information Susceptibility and Normative Susceptibility on Counterfeit Manufacturing Products Purchase Intention

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Abstract - Counterfeiting products trend of production, distribution and consumption is rising at an alarming rate. In Malaysia, counterfeiting has a market value worth \$772.5 million and Malaysia is ranked number 40 in the world. For counterfeiters doing counterfeiting activities might ease their marketing strategy because they can easily join the popularity of the genuine branded goods. However, for genuine entrepreneurs, makers, and designers, the effects of counterfeiting resulted in loss of goodwill, damaging the brand's reputation, equity and trust in the company. The objective of this study is to observe the influence of two social factors including informative and normative susceptibility which is related to consumers' attitude and consumers' purchasing intention of counterfeit products. The foundation of the variables for this study was assessed by using a validated online survey questionnaire through convenience sampling with a total of 207 respondents involved. The result indicated that informative susceptibility has negative, but significant relationship towards purchase intention of buying counterfeit products. It has proved that the more information the consumers get on the counterfeit products the lesser their purchase intention. However, subjective susceptibility has no relationship with intention to purchase counterfeit products. Future research directions and recommendations were also discussed in this research.

Keywords - Counterfeit products, purchase intention, informative susceptibility, subjective susceptibility, social factor, marketing strategy.

1. Introduction

Today, the issue of counterfeiting products trend is rising at an alarming rate, especially in the area of production, distribution and consumption. All the business owners across the countries have decided to work with Union International Anti-Counterfeiting Organizations (IACC) and the Institute of Ownership International Intellectual (IIPI) in order to protect their product designs from being imitated by counterfeiters [24]. As being announced by The International Anti-Counterfeiting Coalition [18] and the International Intellectual Property Institute, [19] there are almost five percent of all products offered in the markets are counterfeit throughout the world. The IACC has also projected that counterfeiting is accountable for 200 billion

dollars a year for job loss, taxes and sales [15] and this scenario is at a severe stage if no movements in terms of the laws and policies towards this activity are not being seriously imposed. If it keeps on rising, it can cause severe destructions in the future.

There seem to be some serious actions taken to overcome the issues, as well as implementing practices to trace, identify and take legal action on counterfeiting criminals [23]. However, the effort seems to be impractical and ineffective due to several reasons such as the growth in world trade and evolving of new markets, more innovative counterfeit organizations, rapid technological expansions, and likewise the increase of merchandise that are worth counterfeiting. These scenarios are making the authorities to trace and eradicate the counterfeit deeds disastrous. Moreover, the lack of serious punishments permits counterfeiters to be progressively brave with their illegal activities [9]. However, if the government wishes to act on this issue, it will need to be at a global level for the effort to be effective. Nevertheless, to date, there are no perceived solid actions done to overcome these issues whatsoever.

It is unfortunate for the manufacturers of genuine products as they have spent a large amount of money in designing, marketing and manufacturing their products, while counterfeiters can simply use their trademark and gain the profits. Due to the modern technology and state-of-art machines which allow counterfeit goods to look alike the genuine ones, it is quite difficult for the public to differentiate between counterfeits and genuine goods. At present, one of the main reasons for consumers buying counterfeit products is that the products cost less than the genuine one. Besides that, the counterfeit products are easily reachable and available. Another factor that could contribute to consumers' demand for counterfeit products is the quest on level of status and the aspiration of keeping in trend with the latest fashions [12]. These reputations and status conscious make people to own branded products as they feel that these products reflect their "status" in the society. On top of that, customers also

hindered by the interior drive and outer condition amid the obtaining process of buying. This behavior will be driven by the physiological inspiration that empowers their reaction which conveys them to the retail location to satisfy their needs [20], [28], [29]

However, when it comes to the price of the product, some of them cannot afford the branded one. Therefore, in order to maintain their “status” in the society, people are keen to purchase counterfeit goods that are very similar to the genuine products. In counterfeiters’ perspective, by doing counterfeiting identical products would ease their marketing because they can easily join the popularity of the genuine branded goods [23]. However, for producers, entrepreneurs and designer's side, the effects of counterfeiting will result in the loss of goodwill, damage the brand reputation, brand equity [26] and brand’s trust of the company [7].

This objective of this study is to investigate the relationship between two variables of social factors: normative and informative susceptibility which are associated with consumers’ attitude towards consumers’ purchasing intention for counterfeit products. Informative susceptibility is defined as an opinion or information given by someone to the purchaser before buying the products they want. On the other hand, normative susceptibility is the society’s expectation, or opinion towards the products purchased by the consumers [5].

Regarding the issues arise from this unethical activity, this study can help the policy makers or the government authorities to get more information on factors that contribute and affect customers’ attitude towards counterfeit products in Malaysia especially in Kuching, Sarawak. Therefore, it could be a value added for genuine manufacturers in establishing a better understanding on the customers’ attitude and purchase intention. In addition, this study could also create awareness to the genuine manufacturers the reasons why consumers are keen in buying the counterfeit products. Thus, this study could enhance to improve their marketing strategies on how they can market and draw the attention of the consumers to buy their products before they purchased the counterfeit products.

2. Literature Review

2.1 Definition and Concepts of Counterfeits

Counterfeit is defined as the reproduction or replica of a registered trademarked brand [10]. The product is normally identical and closely similar to genuine brand which manufactured by unauthorized producers where it is also includes trademarks, product packaging and labeling that is intentionally copied and imitated the original one [5]. Counterfeits events can be occurred in two separated situations which are deceptive and non-deceptive counterfeiting, which both situations are important in

determining the consumers’ favorable attitude in purchasing counterfeit products [30]. According to Eisend and Schuchert-Guler [12], deceptive counterfeiting refers to the situation where consumers are unconscious of being misled into buying a counterfeit product or which means they have been cheated by the counterfeiter company. It is quite often that consumers think they are buying an item made by a genuine company, in fact, it is actually made by unauthorized producers that claiming it is their original products. Next, non-deceptive counterfeiting transpires when consumers are aware that the product is not a genuine product, but then they still make a sensible decision to purchase the counterfeit product [12]. Counterfeiting is well-defined as the cheating practice by attaching genuine trademark to the illegal products that were similar with genuine product [21]. However, in terms of the quality the counterfeit products are typically low-grade or inferior in terms of their product performance, quality, and reliability. Other than that, counterfeiting goods can describe as trade goods that were identically looking alike with genuine products in which the products were hardly to be distinguished from the registered trademark; therefore, it is against the rights of the trademark owners or the makers [6].

2.2 Consumers’ Purchase Intention towards Counterfeits manufacturing Products

Based on the classical theory in studying human behavior which is Theory of Planned Behavior (TPB) established by Ajzen[1] stated that the purchase behavior is determined by the purchase intention, where this intention is determined by several factors such as attitudes towards behavior, perceived behavioral control, and subjective norms. Therefore, most researchers are only targeting on the attitude and intention since it is proven that attitude is a better predictor of intention [14]. However, the Theory of Planned Behavior also emphasized that the existence of chances and resources such as the availability of counterfeit products is important and need to be presented before purchase behavior is fulfilled. Without such conditions, no matter how favorable purchase intentions are, it would be challenging and hard to perform a purchase [8]. In detail, the higher favorable consumers’ attitudes towards counterfeiting, the greater the possibilities of consumers’ intention to purchase counterfeit products. On the contrary, the less favorable consumers’ attitudes towards counterfeiting, the lesser the chances of consumers to have intention to purchase it [32]. Moreover, social and personality factors have been established previously in order to have an effect on consumers’ decision-making [21] towards the consumers’ purchase intention. The association of attitude-behavioral intentions has been widely studied in the marketing area. Theory of Reasoned Action stated that attitude is positively associated with purchase intentions, which will lead to the real behavior [3]. In relation to this, attitude does becomes the most important criteria in

consumer purchase intention of facial care product, followed by price consciousness [22].

2.3 Information Susceptibility

Information susceptibility is one of the social influences that will be studied in this research. Information susceptibility refers to the consumers purchase decision based on other's expert opinion [5]. Other's opinion is crucial for the people that have little knowledge about particular brands or products where the opinions become their assurance or as a point of reference. The others can be individual's peer, reference group, families who have expert knowledge about the differences between genuine and counterfeit product. Information susceptibility is an important role in examining the consumers' attitude because experts' opinions could be a point of reference which will become an assurance for consumers in purchase decision making [5]. Consumers' attitude towards counterfeit products will be affected by the information susceptibility when the consumers have limited knowledge of the product brands he or she intended to buy. Therefore, it can be hypothesized that:

H₁: There is a relationship between information susceptibility and consumers' purchase intention towards counterfeit products.

2.4 Normative Susceptibility

Normative susceptibility refers to the decision to purchase based on the expectations of what would impress others [5]. Most of the consumers whom are normative susceptibility tend to purchase something according to what they assume the others want to buy because the consumers want to have a good impression that will satisfy society's expectations [23]. Normative susceptibility which it concerns about what other people would think or expect when purchasing a product. Besides, he or she would buy a product that would impress others because they are intended to make a good impression which is considered as consumers' self-image [25]. Thus, consumers' attitude towards counterfeit products will be affected by the normative susceptibility because those consumers with a high level of normative exposure willing to purchase a certain product based on what they assume the other people would expect.

Therefore, it can be hypothesized that:

H₂: There is a relationship between normative susceptibility and consumers' purchase intention towards counterfeit products.

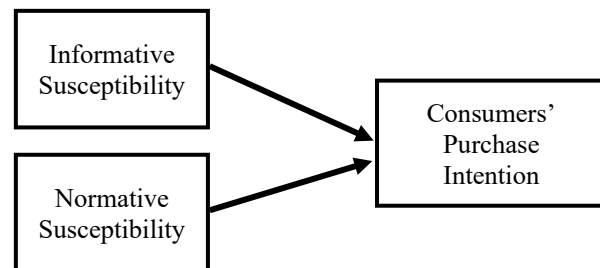
Below is the study framework which includes informative

and normative susceptibility that falls under social factors which are the dimensions of consumers' attitude as the independent variables, and purchase intention toward counterfeit products is the dependent variable.

Figure 1: Research Framework

3. Research Method

CONSUMERS' ATTITUDE



This study is implementing a correlation research design which applied a quantitative research approach. The target respondents in this research are both male and female consumers aged about 18 years old and above from Kuching, Sarawak. The sampling frame is not applicable for this research because the sampling technique used in selecting samples in this research is non-probability technique. The convenience sampling technique is used for the data collection and 5-Point Likert Scale was used to evaluate the respondents' level of agreement. In the questionnaire, there were four items each for normative and informative susceptibility and eight items for consumer' purchase intention towards counterfeit products.

To ensure that the sample characteristics corresponded to the nature of the study, a non-probability purposive sampling technique was adopted to ensure the collected data were indeed from valid sources. Sample size estimation was determined using G*power 3.0 analysis [13]. By using G-Power Analysis software, with the effect size of f square 0.15, α error pro 0.05, power Gf 0.95 with a number of 2 tested predictors; therefore 114 respondents are the minimum sampling for this study. An online survey questionnaire was blasted to the target population and 207 survey questions were returned and usable to be analyzed. Figure 1 depicted the study framework that contained statements of three variables investigated. The variables were examined using multiple items and the data was then analysed using SmartPLS 3.0 to assess the hypotheses.

4. Findings and Discussion

Below is the demographic background of the respondents involved in this study. Most of the respondents was Malay female (51.2%) and aged between 21-30 years old (49.8%). Most of them work in private sectors (22.7%) and obtained a

degree as their highest educational background (36.2%).

The table below shows the detail.

Table 4.1 Personal Background of the Respondents (n=207)

Variable	Label	Frequency	Percentage
Gender	Male	101	48.8
	Female	106	51.2
Age	20 years old and below	7	3.4
	21 – 30 years' old	103	49.8
	31 – 40 years' old	44	21.3
	41 – 50 years' old	25	12.1
	51 – 60 years' old	20	9.7
	Above 61 years' old	8	3.9
Race	Malay	114	69.6
	Chinese	16	7.7
	Indian	14	6.8
	Bidayuh	11	5.3
	Iban	7	3.4
	Melanau	12	5.8
	Others	3	1.4
	Occupation	Government Sector	28
Private Sector		47	22.7
Businessman/ Self-Employed		28	13.5
Student		56	27.1
Unemployed		27	13.0
Others		21	10.1
Level of Education		SPM and below	31
	Diploma/ STPM	50	24.2
	Bachelor's degree	75	36.2
	Postgraduate	24	11.6
	Professional	27	13.0
Marital Status	Single	119	57.5
	Married	76	36.7
	Divorced/ Widowed	12	5.8

Table 4.2 demonstrates the findings of construct reliability (CR) and convergent validity testing. The results confirm that the constructs (or variables under investigation) to have high internal consistency and sufficient average variance extracted (AVE) to validate the convergent validity.

Table 4.2: HTMT Criterion

	Informative	Normative	Purchase Intention
Informative	?		
Normative	0.378	?	
Purchase Intention	0.310	0.182	?

Criteria: Discriminant validity is established at HTMT0.85 / HTMT0.90

Table 4.3: Measurement Model Assessment

Construct	Item	Loadings	CR	AVE	Convergent Validity (AVE)
Informative	Info1	0.662	0.864	0.615	Yes
	Info2	0.854			
	Info3	0.749			
	Info4	0.857			
Normative	Norm1	0.885	0.882	0.713	Yes
	Norm2	0.845			
	Norm3	0.802			
Purchase Intention	PI5	0.817	0.943	0.673	Yes
	PI6	0.834			
	PI7	0.792			
	PI8	0.804			
	PI1	0.845			
	PI2	0.865			
	PI3	0.756			
	PI4	0.844			

*N4 item was deleted as loading Composite Reliability < .708 (Hair et al., 2010, & Hair et al., 2014)

Table 4.2 displayed HTMT criterion to evaluate discriminant validity. The result specifies that the discriminant validity is well-established at HTMT0.85. The findings indicated that it is appropriate to proceed with structural model assessment so as to test the hypotheses of the study as there is no issue of multi-collinearity between items loaded on different constructs in the outer model displayed in table 4.3.

4.2 Structural Model Assessment

To assess the hypotheses, a 5000-bootstrap re-sampling of data is conducted. Table 4.3 demonstrates the assessment of the path co-efficient, which is represented by Beta values for each path relationship. The results show that informative susceptibility was indeed to have negative influence on intention to purchase while normative susceptibility do not have any effect on purchasing intention of counterfeit products. Table 4.4 also displays the quality of the model. The hypotheses are found to have carried small effect size. The predictive relevance values of both independent variables (informative susceptibility and normative susceptibility) towards dependent variable (purchasing intention) are larger than 0, indicating that the independent variables can predict the Malaysians' intention to counterfeit products, as presented by Q^2 using blindfolding procedure.

Table 4.4 Path Coefficient Model

Table IV: Path Coefficients and Model Quality Assessment

Direct Effect	Beta	S.E.	t-value	p-value	5.00%	95.00%	Decision	f ²	R ²	VIF	Q ²
Informative -> Purchase Intention	-0.273	0.069	3.965	0.000	-0.433	-0.170	Supported	0.075	0.095	1.094	0.053
Normative -> Purchase Intention	-0.085	0.094	0.905	0.366	-0.279	0.103	Not Supported	0.007		1.094	

Path Coefficient 0.01, 0.05 (Hair et al. 2017)
 Lateral Collinearity: VIF 3.3 or higher (Diamantopoulos & Sigour 2006)
 R² ≥ 0.26 consider Substantial (Cohen, 1989)
 F² ≥ 0.26 consider Substantial (Cohen, 1989)
 Q² > 0.00 consider large (Hair, 2017)

5. Conclusion

As a conclusion, only normative susceptibility has shown the insignificant result, while informative is significant toward counterfeit products. It can be concluded that consumers choose to purchase counterfeit products if the products are worth for money to spend by ignoring what others might think about what they buy. On the other hand information susceptibility does influence their intention to buy where getting the right advice and information from their colleagues, experts or the manufacturers do help them to make decisions to buy the counterfeit products. However, in order to encourage the consumers to buy genuine products, the producers need to play their roles in highlighting the advantages of their products in order to compete with counterfeit products. Good advertising and marketing strategies can help them overcome this issue

The recommendations of this study are divided into two categories in terms of industrial and management perspective, academic perspective and future research. Besides that, there are few factors that may drive intention to purchase of counterfeit products. For industrial and management perspective, more activities and awareness programs need to be designed for the society about the effect of purchasing counterfeit product. In addition, policy makers or authorities need be more stringent to those selling counterfeit products as well as to those who purchase it because it is not only give impact on the economy, but also could be dangerous due to its inferior quality. For academic Perspective, establishing full education programs or course structure can help to overcome this issue. This will directly help in creating awareness to the society about the consequences of purchasing counterfeit products.

Since the study was only conducted in Kuching, Sarawak, the researchers would like to suggest for future study to involve other states in Malaysia in order to be able to generalize the result. A comparative study is also in need in validating this model. It is also recommended for the future research to add more variables such as price and value consciousness in determining the consumers' intention of purchasing counterfeit products.

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