

**The Influence of Consumer Moral, Risk Perception, and Consumer Motive to Consumer Buying Intention of Pirated CDs/DVDs**

Firsan Nova<sup>1</sup>

Dini Rahayu<sup>2</sup>

Ellena Nurfazria Handayani<sup>3</sup>

<sup>1</sup>Faculty of Economic, Univ. of Darma Persada, [firsannova@yahoo.com](mailto:firsannova@yahoo.com)

<sup>2</sup>Faculty of Economic, Univ. of Darma Persada, [dini\\_drse@yahoo.com](mailto:dini_drse@yahoo.com)

<sup>3</sup>Head of Management Dept. Univ. Darma Persada, [ellena\\_0510@yahoo.com](mailto:ellena_0510@yahoo.com)

**Corresponding Author**

**Firsan Nova**

**+62 813 10 909040**

**+62 21 864 9051 Ext No. 1018/1023**

**Sponsored by:**

**Directorate General of Higher Education**

**Ministry of Education**

**Republic of Indonesia**

## ABSTRACT

According to a recent study from the Business Software Alliance (BSA) 86 percent of all programs installed on computers in Indonesia in 2011 were unlicensed or pirated. A significant part of that number is consumers. The country's piracy rate dropped by only one point from 87 percent in 2010. Particularly in Southeast Asia, Indonesia clocks in the highest installation rate of pirated software at 84% – higher than the global average.

Beside of pirated software, music piracy in Indonesia has been at an alarming stage. From the total public spending for music, only 10% (or less) was recorded and enjoyed by the musicians. Average Indonesians spend Rp 20,000 (\$US 2) to enjoy music, either through CDs or other digital forms. If it is multiplied with the total population of 245 million people, the total amount would reach Rp 4.9 trillion. From that figure, only 10% of it is recorded, so the rest is from the pirated forms.

Entertainment industries play an important role in the global economy today. Indonesia has so many artists. Most of them are amazing ones. Indonesia can be one of the biggest global entertainment industry players. It has a high economic value. However, it won't happen if Indonesian consumers continue to buy pirated CDs or DVDs. Therefore, the government urges Indonesian consumers not to buy pirated CDs or DVDs, especially those that of local musicians and artists, as it will ruin the entertainment industries that have high economic value and will also impoverish musicians and artists. Government had started an anti-piracy campaign 13 years ago, but people's awareness of intellectual property rights (IPR) remained low.

Due to phenomenon above, this research trying to explain why Indonesian consumers tend to buy pirated CDs or DVDs? Research result shows that consumer moral and consumer motive influence consumer buying intention of pirated CDs/DVDs. Meanwhile, risk perception has not significant influence on consumer buying intention of pirated CDs/DVDs.

*Keyword: Consumer Moral, Risk Perception, Consumer Motive and Consumer Buying Intention*

## 1. INTRODUCTION

Illegal music downloads are causing the country's record companies to bleed with lower CD sales and local artistes are not helped by a complex copyright registration system. Indonesia's music industry is facing up to a daily loss of 16 billion rupiah (US\$1.65 million) a day due to illegal online downloads, and the country's complex patent registration system is not helping the situation. Citing figures from the Indonesian Record Industry Association (AIRI), that rampant online piracy has undermined the local music industry. Not less than 6 million people each day would illegally consume music content and this has resulted in sharp decline in the sale of music CDs, with only 11 million copies sold in 2012 compared with the annual average of 90 million copies several years back, it noted.

While the government's anti-piracy campaigns were launched 13 years ago, people's awareness of intellectual property rights (IPR) remained low. The situation is not helped by a complex IPR system for which local artistes can obtain copyright for their literary and artistic

works. The report noted the process for filing copyright locally is done via a complicated paper-based registration; it could take about 18 months to obtain the copyright or patent.

Nearly 60 percent of Indonesian computer users operate pirated software, despite government attempts to raise awareness for using genuine programs. According to a recent study from the Business Software Alliance (BSA), 86 percent of all programs installed on computers in Indonesia in 2011 were unlicensed or pirated. A significant part of that number is consumers. The country's piracy rate dropped by only one point from 87 percent in 2010. BSA also estimated that the pirated software industry had a commercial value of US\$1.47 billion, which partly indicates the potential losses borne by software giants, such as Microsoft. The government had started an anti-piracy campaign 13 years ago, but people's awareness of intellectual property rights (IPR) remained low.

We assume that there are three variables influence the high demand of pirated CDs/DVDs; Consumer Moral, Risk Perception and Consumer Motives.

## **2. PROBLEM FORMULATION AND HYPOTHESES**

Based on the identification of the problems above, the scope of variables to be studied consists of consumer moral, risk perception and consumer motive. The object under study is a person who bought pirated CDs/DVDs located in DKI Jakarta. The time of the study was scheduled in 2015.

Based on the formulation of the problem and research paradigms that have been described, the hypotheses of this study are as follows:

1. Consumer moral influence consumer buying intention of pirated CDs/DVDs.
2. Risk perception influence consumer buying intention of pirated CDs/DVDs.
3. Consumer motive influence consumer buying intention of pirated CDs/DVDs.

## **3. CONCEPTUAL FRAMEWORK**

### **Consumer Buying Motive**

A motive is an inner state that mobilizes bodily energy and directs it in selective fashion toward goals usually located in the external environment. (Loudon and Della Bitta 2004; 322). According to W. J. Stanton: A motive can be defined as a drive or an urge for which an individual seeks satisfaction. A motive is a need that is sufficiently pressing to drive the person to act. (Kotler 2003; 195) Buying motive is the urge or motive to satisfy a desire or need that makes people buy goods or services. Behind every purchase there is a buying motive. It refers to the thoughts, feelings, emotions and instincts, which arouse in the buyers a desire to buy an article. A buyer does not buy because s/he has been persuaded by the salesman, but s/he buys for the aroused desire in him or her. Motives should be distinguished from instincts.

According to M. C. Farland: "Motivation refers to the way in which urges, drives, desires, aspirations, strings or needs direct, control or explain the behavior of human beings." Motivation

is the driving force within individuals that implies them to action. (Schiffman and Kanuk 2003; 87). Motivation is an inner force that reflects goal-directed arousal. (Hoyer & Macinnis 1999; 30)

A motive is simply a reason for carrying out a particular behavior and not an automatic response to a stimulus, whereas instincts are pre-programmed responses, which are inborn in the individual and involuntary. Thus hunger is an instinct whereas desire to purchase pizza is a buying motive. According to Prof. D. J. Duncan, "Buying Motives are those influences or considerations which provide the impulse to buy, induce action and determine choice in the purchase of goods and services." Buying motives are can be divided by the following way (Figure 1).

Product buying motives refer to those influences and reasons, which prompt (i.e. induce) a buyer to choose a particular product in preference to other products. They include the physical attraction of the product (i.e. the design, shape, dimension, size, colour, package, performance, price etc. of the product) or the psychological attraction of the product (i.e. the enhancement of the social prestige or status of the purchaser through its possession), desire to remove or reduce the danger or damage to life or body of the possessor, etc. In short, they refer to all those characteristics of a product, which induce a buyer to buy it in preference to other products.

Product buying motives may be sub-divided into two groups, viz., (1) emotional product buying motives and (2) rational product buying motives. Buying Motives are all the desires, considerations and impulses which induce a buyer to purchase a given product. According to Prof. D. J. Duncan, Buying motives are those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or services. (Nair 2004; 235)

Basically, buying motives are of two kinds:

1. Product motives
2. Patronage motives.

### **Product Motives**

The impulses, considerations and desires that induce a person to be positively inclined to purchase a particular product is called product motives. The product is inclusive of attributes color, size, attractive design, package, price, etc., which may be the reason behind a person having product motive. Product motives can be classified on the basis of the nature of satisfaction sought by the buyer. Based on this classification, there are two categories of product motives:

- a. Emotional product motives
- b. Rational product motives

### **Emotional Product Motives**

Emotional Product Motives are those impulses which persuade a consumer to purchase a product spontaneously and without forethought on the consequences of the action or decision. Evaluation of the pros and cons of the decision or logical reasoning analysis is not found behind such purchase decisions. Here the buyer lets the heart rule over the mind. That is, emotional product motives usually appeal to the buyers' sense of ego, to display his social status, tendency to imitate others or convey the feeling of love and affection to close friends and family members.

**Rational Product Motives**

Rational product motives involve careful reasoning and logical analysis of the intended purchase. The buyer will work out whether it is worthwhile to purchase the product. He will think on the lines - the purpose to be served by the intended product purchase, the various alternatives available to the buyer and so on-. The buyer will think and work out the valid and relevant reasons to justify the proposed purchase of the product.

**Patronage Motives**

Why do buyers purchase from certain specific firms or shops? What are the considerations or factors which persuade the buyer to display such store patronage? These questions can be answered by understanding patronage motives. Patronage motives are of two kinds:

- a. Emotional patronage motives
- b. Rational patronage motives.

**4. RESEARCH METHODOLOGY**

In this study, the researcher uses quota sampling to determine the number of sample. Quota sampling technique is a sampling technique by setting a certain number as a target to be met in the sampling of the population (especially the infinite or unclear). The numbers of sample in this study were 200 people who buy pirated CDs/DVDs located in DKI Jakarta.

Verification method is used to examine the relationship between variables, which is the influence of consumer moral, risk perception and consumer motive on consumer buying intention of pirated CDs/DVDs in Indonesia. By using the research method, a significant relationship between the variables studied to produce conclusions that will clarify the picture of the object under study, will be found.

Data collected through surveys. The data required in this study is primary data collected through questionnaire. Interviews with the respondents also made to complement and strengthen secondary data. Observation is carried out to obtain more accurate information and to obtain other information which cannot be predicted in advance. Observations are made by examining, reviewing records or reports regarding consumer moral, risk perception and consumer motive of buying pirated CDs/DVDs from different institutions related to the problems to be studied.

Analysis of the data used in this research is regression analysis. Regression analysis was used to understand any of independent variables associated with the dependent variable, and to determine the forms of the relationship. Independent variables are consumer moral, risk perception and consumer motive. The dependent variable is consumer buying intention.

Primary data was collected by distributing questionnaires to respondents living in Jakarta, Indonesia. Most previous studies were conducted in an academic setting among university students or in an organization among business professionals. In order to eliminate biasness, efforts were made to obtain a sample of respondents with distribution that approximates the population. The respondents included both students and working professionals from various institutions and organizations respectively. A total of 230 questionnaires were distributed and 221 were returned,

however only 200 were found usable. For both the independent and dependent variables, a Likert scale ranging from 1 to 5 was used with 1 representing “very low”, “highly unlikely” or “strongly disagree” and 5 representing “very high”, “highly likely” or “strongly agree”. For the independent variable moral intensity, perceived risks and moral judgment were adapted from Jones (1991) and for the dependent variable purchase intention was adapted from Wee, et al (1995).

## 5. RESEARCH FINDINGS

Verification analysis was designed to explain why Indonesian consumers tend to buy pirated CDs/DVDs by examining the influence of consumer moral, risk perception and consumer motive on consumer buying intention by using multiple relationship model among variables, in which information is obtained simultaneously (Malhotra, 2004), so that the analysis techniques quantitatively uses simple and multiple linear regression. Simple linear regression analysis is a linear relationship between the independent variable (X) and the dependent variable (Y). This analysis to determine the direction of the relationship between the dependent and independent variables whether positive or negative, and to predict the value of the dependent variable when the independent variable values increase or decrease.

### a. The Influence of Consumer Moral on Consumer Buying Intention of Pirated CDs/DVDs. (Hypothesis 1)

The relationship between consumer moral and consumer buying intention is 0.148; the Sig. value ( $p$ ) obtained is 0.036, which is smaller than 0.050, so that it was significant. The influence formed is  $0.148^2$  or 2.20% with  $\beta_1 = -0.119$ .

The result of the above analysis shows that first hypothesis is accepted, that the consumer moral has negatively influence on consumer buying of pirated CDs/DVDs. This is in line with the previous study of Cesareo and Pastore (2014), which states moral judgment regarding piracy has negatively influence attitude toward online piracy. Chen, *et al* (2009) also found that moral intensity and moral judgment has a negatively effect on the consumer’s use intention of pirated software.

Moral equity can affect behavioral intention both directly and indirectly, through ethical judgments, and actual behavior is in turn determined by such intentions (Tan, 2002; Wagner and Sanders, 2001; Wang *et al.*, 2005).

### b. The Influence of Risk Perception on Consumer Buying Intention of Pirated CDs/DVDs. (Hypothesis 2)

The relationship between risk perception and consumer buying intention is 0.110; the Sig. value ( $p$ ) obtained is 0.121, which is greater than 0.050, so that it was insignificant. The influence formed is  $0.110^2$  or 1.20% with  $\beta_2 = -0.173$ .

The result of the above analysis proves that second hypothesis is not accepted, that the risk perception not give influence to consumer buying intention of pirated CDs/DVDs. The results of the study support the statement of Ang, *et al.* (2001), those buyers of pirated CDs did not think buying

counterfeits was as risky. They also felt that it was all right to buy counterfeits because the strongly belief that piracy benefited the social.

Huang, *et al.* (2004) found a significant inverse relationship between risk averseness and attitude. Risk averseness is defined as the propensity to avoid taking risks and is generally considered a personality variable (Bonoma and Johnston, 1979; Zinkhan and Karande, 1990). Risk in buying counterfeits may include getting caught by authorities for purchasing fake products. Some buyers of fake products may think that such products do not hurt the authentic manufacturers, the industry, and society at large (Ang *et. al.*, 2001)

### **c. The influence of Consumer Motive on Consumer Buying Intention of Pirated CDs/DVDs. (Hypothesis 3)**

Relationship between consumer motive and consumer buying intention is 0.329 the Sig. value ( $p$ ) obtained is 0.000, which is smaller than 0.050, so that it was significant. The influence formed is  $0.0.329^2$  or 10.90% with  $\beta_3 = 0.451$ .

The influence formed by consumer motive on consumer buying intention of pirated CDs/DVDs is 10.90%. This means that 10.90% of changes in the consumer motive are affected by changes in consumer buying intention of pirated CDs/DVDs. The remaining 89.10% is influenced by other factors beyond these variables. The results of the above analysis prove that third hypothesis is accepted, that consumer motive has positively influence to consumer buying intention.

Price plays a critical role in the appeal of fake products (Ang, *et al.*, 2001). Tom *et al.* (1998), for example, found that it was the superior price and not the brand, quality, or function of pirated CDs that attracted consumers to buying fake CDs. Even those who preferred to buy legitimate CDs found the low prices attractive.

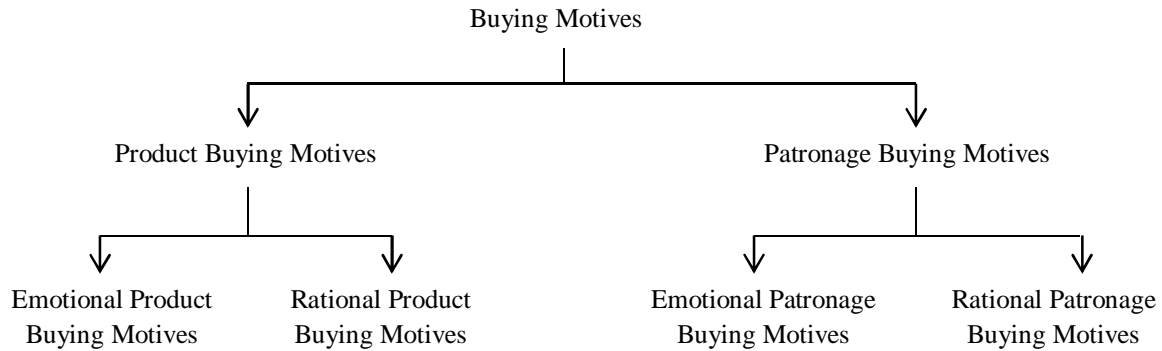
## **6. CONCLUSIONS**

Based on the objectives and results of the study can be summarized that only consumer moral and consumer motive which are significantly influence to consumer buying intention of pirated CDs/DVSs. The risk perception has not influence to consumer intention on buying pirated CDs/DVDs. This is understandable because law enforcement in Indonesia on pirated products have not been fully implemented. This makes the sellers of CDs/DVDs piracy continue to sell their products without fear of being exposed to the risk of material and non-material, nor with a buyer.

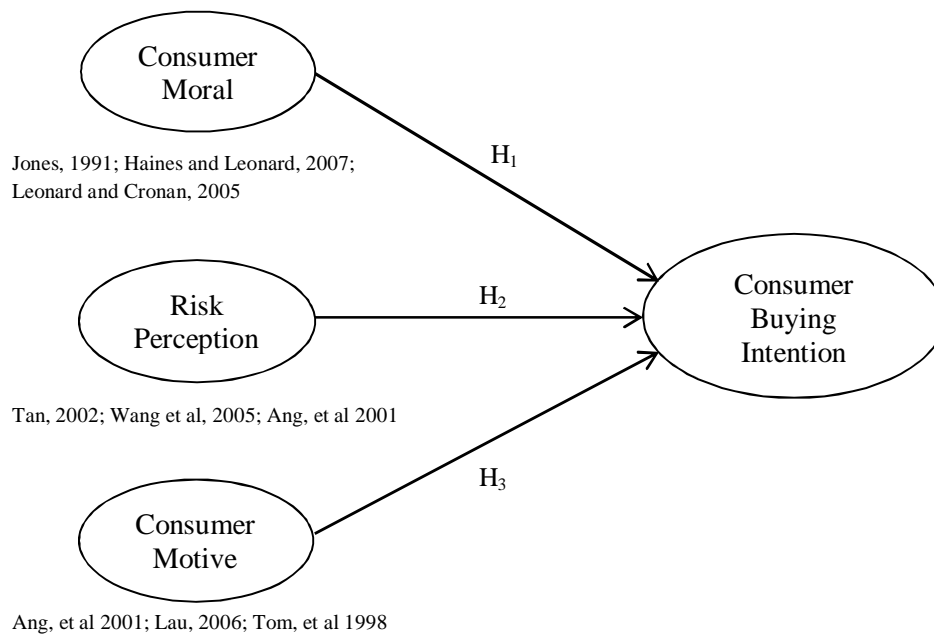
Therefore, it is necessary and a must for governments to educate people into accepting the importance of property rights. The government and related parties should accompany this with strong enforcement of laws protecting those rights. Just as illegal foreign fishermen were reduced when the law of the sea in Indonesia enforced, consumers will think more carefully to buy counterfeit products when they have a chance of being punished if they do so.

**TABLES AND FIGURE**

**Figure 1. The Classification of Buying Motives**



**Figure 2. The Research Paradigm of the Influence of Consumer Moral, Risk Perception, and Consumer Motive to Consumer Buying Intention of Pirated CDs/DVDs**

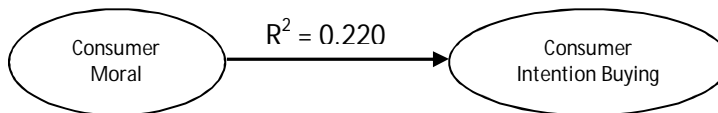




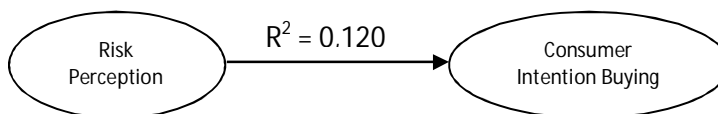
**Table 1. The Operational Variables (Dependent and Independent Variables)**

| No. | Variables                     | Dimension   | Scale  |
|-----|-------------------------------|---|--------|
| 1   | Consumer Moral (X1)           | Magnitude of Consequence<br>Probability of Effect<br>Social Consensus | Likert |
| 2   | Perceived Risk (X2)           | Financial Risk<br>Performance Risk<br>Prosecution Risk<br>Social Risk | Likert |
| 3   | Consumer Motive (X3)          | Emotional Motive<br>Rational Motive                                   | Likert |
| 4   | Consumer Buying Intention (Y) | Intention to Purchase   | Likert |

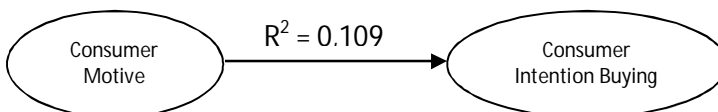
**Figure 3. The Influence of Consumer Moral on Consumer Buying Intention**



**Figure 4. The Influence of Risk Perception on Consumer Buying Intention**



**Figure 5. The Influence of Consumer Motive on Consumer Buying Intention**



**Table 2. Relationship among Variables**

| Hypothesis | Description  | Sig. ( <i>p value</i> ) | Description   |
|------------|--|-------------------------|---------------|
| H1         | Relationship between Consumer Moral and Consumer buying intention  | 0.036                   | Significant   |
| H2         | Relationship between Risk Perception and Consumer buying intention | 0.121                   | Insignificant |
| H3         | Relationship between Consumer Motive and Consumer buying intention | 0.000                   | Significant   |

Sources: Research Findings, 2015

## REFERENCES

- Anas Hidayat. *Pembajakan Produk: Problema, Strategi dan Aantisipasi Strategi*. Fakultas Ekonomi Universitas Islam Indonesia. Katherine Mizerski School of Marketing, Edith Cowan University. [Journal.uui.ac.id/index.php/JSB/article/view/995/926](http://journal.uui.ac.id/index.php/JSB/article/view/995/926).
- Ang, S. H., Cheng, P. S., and Lim, C.E. (2001). "Spot The Difference: Consumer Responses Towards Counterfeits". *Journal of Consumer Marketing*. Vol. 18 Iss: 3, pp.19-235
- Bonoma, T.V. & Johnston, W.J. (1979). "Decision Making Under Uncertainty: A Direct Measurement Approach". *Journal of Consumer Research*. Vol.6 No.2, pp.177-191
- Cesareo, Ludovica and Pastore, Alberto. (2014). "Consumers' Attitude And Behavior Towards Online Music Piracy And Subscription-Based Services". *Journal of Consumer Marketing*. Vol. 31 Iss: 6/7, pp.515-525
- Chen, Mei-Fang, Pan, Ching-Ti, and Pan, Ming-Chuan. (2009). "The Joint Moderating Impact Of Moral Intensity And Moral Judgment On Consumer's Use Intention Of Pirated Software". *Journal of Business Ethics*. Vol. 90, pp.361-373
- Cordell, V.V., Wongtada, N., Kieschnick, R.L. Jr. 1996. "Counterfeit Purchase Intentions: Role of Lawfulness Attitudes and Product Traits as Determinants". *Journal of Business Research*. Vol. 35 pp.41-53.
- Haines.R. and Leonard.L.N.K. (2007). "Individual Characteristics And Ethical Decision-Making In An IT Context". *Industrial Management & Data Systems*. Vol. 107 No.1, pp.5-20.
- Hoyer, Wayne D. and MacInnis, Deborah J. (1999). "Consumer Behavior". 1 edition. All India Publishers and Distributors Regd: Chennai
- Huang, J.H., Lee, B.C.Y. and Ho, S.H. (2004). "Consumer Attitude toward Gray Market Goods". *International Marketing Review*. Vol. 21 No. 6, pp.598-614.
- Jones. T.M. (1991). "Ethical Decision Making By Individual: An Issue-Contigent Model", *Academy Of Management Review*. Vol.16, pp.366-95.
- Kotler, P. and Armstrong, G., (2006), "Principles of Marketing", 11 edition. Prentice Hall: New Jersey.

- Kotler, P., Bowen, J., and Makens, J., (2003). *“Marketing for Hospitality & Tourism”*. 3th edition. Prentice Hall: New Jersey
- Kotler, Philip and Armstrong, Gary (2006). *”Principles of Marketing”* Eleventh Edition, Pearson Prentice Hall: New Jersey.
- Kotler, Philip dan Armstrong, G. (2004). *“Prinsip-prinsip Marketing, Edisi Ketujuh, Penerbit Salemba Empat: Jakarta.*
- Kotler, Philip. (2003). *”Marketing Management”*. 11 edition, Prentice Hall: New Jersey
- Lai, K.K.Y., Zaichkowsky, J.L. (1999). *”Brand Imitation: do the Chinese Have Different Views?”*. *Asia Pacific Journal of Management*. Vol. 16 No. 2, pp.179–92.
- Lau, K.W. (2006). *“Factors Motivating People Toward Pirated Software”*. *Qualitative Market Research*. Vol.9, No.4, pp.404-419.
- Leonard, Lori N.K. and Cronan, Timothy Paul. (2005). *”Attitude Toward Ethical Behavior In Computer Use: A Shifting Model”*. *Industrial Management & Data Systems*. Vol. 105 Iss: 9, pp.1150 – 1171
- Loudon, David L. and Della Bitta, Albert J. (2004). *”Consumer Behavior”*. 4 edition. McGraw Hill: New Delhi
- Lynch, S. (2002). *“Commercial Counterfeiting”*. *Paper prepared for Trade Inspections Conference*, October 23, pp.1–23.
- Malhotra, Naresh K. (2004). *“Marketing Research : An Applied Orientation”*. Fifth Edition. Pearson Education, Inc.: New Jersey, USA
- Nair, Suja R. (2004). *”Consumer Behaviour in Indian Perspective”*. 1 edition. Himalaya Publishing House: Bombai
- Satria Putra Utama dan Fatchur Rochman. Pengaruh Faktor Sosial dan Faktor Pribadi Terhadap Sikap dan Minat Pembelian Film Bajakan (Studi pada Masyarakat Kota Malang). *Jurnal Aplikasi Manajemen*. Volume 11. Nomor 4. Desember 2013.
- Schiffman, Leon G. and Kanuk, Leslie Lazar. (2003) *”Consumer Behavior”*. 8 edition. Prentice-Hall of India: New Delhi
- Schultz, CJ, dan Saporito. (1996). *“Protecting Intellectual Propoerty: Strategies and Recommendations to Deter Counterfeiting and Brand Piracy in Global Markets”*. *Columbia Journal of World Business*. Vol.31 No.1, pp.18-29.
- Tan, B. (2002). *“Understanding Consumer Ethical Decision Making With Respect To Purchase Of Pirated Software”*. *Journal of Consumer Marketing*. Vol. 19 No. 2, pp.96-111.
- Tom, G., B. Garibaldi, Y. Zeng and J. Pilcher. (1998). *“Consumer Demand for Counterfeit Goods”*. *Psychology and Marketing*. Vol. 15 No. 5, pp. 405-421
- Wagner, Suzanne C. and Sanders , G. Lawrence. (2001). *“Considerations in Ethical Decision-Making and Software Piracy”*. *Journal of Business Ethics*. Vol. 29, Issue 1-2, pp.161-167
- Wang, F., Zhang, H., Zang, H. and Ouyang, M. (2005). *“Purchasing Pirated Software: An Initial Examination of Chinese Consumers”*. *Journal of Consumer Marketing*. Vol. 22 No. 6, pp.340-351

- Wee, C. H., S. J. Tan and K. H. Cheok. (1995). “*Non-price Determinants of Intention to Purchase Counterfeit Goods: An Exploratory Study*”. *International Marketing Review*. Vol. 12 No. 6, pp.19-46
- Zinkhan, G.M. and Karande, K.W. (1990), “*Cultural and Gender Differences In Risk-Taking Behavior among American And Spanish Decision Markers*”, *The Journal of Social Psychology*. Vol. 131 No. 5, pp. 741-742.