

**INDONESIAN CONSUMER'S PURCHASE INTENTION OF BUYING PIRATED
CDs/DVDs: THE IMPACT OF CONSUMER MORAL, RISK PERCEPTION, CONSUMER
MOTIVE AND MORAL JUDGEMENT**

Firsan Nova¹
Ellena Nurfazria Handayani²

¹Faculty of Economic, Univ. of Darma Persada, Jakarta, Indonesia firsannova@yahoo.com

³Head of Management Dept. Univ. Darma Persada, Jakarta, Indonesia ellena_0510@yahoo.com

Corresponding Author

Firsan Nova
+62 813 10 909040
+62 21 864 9051 Ext No. 1018/1023

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ABSTRACT

Music piracy has rooted strongly in Indonesia, leaving only 4.3 percent of legal music sale in the industry. Indonesian Songwriter and Singer Association (PAPRI) recorded in 2013 that piracy had caused up to Rp4 trillion loss per year. Same thing happens in film industry where, based on Indonesian Film Producers Association (APROFI), piracy on a single film would cause around Rp4.3 billion loss.

Indonesian filmmakers have been battling against piracy since the 1980s with the arrival of home video, but the impact is now worse than ever as pirated content – distributed through peer-to-peer downloading, streaming and direct download sites – dominate Indonesia's burgeoning online landscape.

People in Indonesia, like anywhere else in the world, are drawn to pirated content because it's cheap, and for those in remote areas it provides the only access to such films. But the one factor that makes piracy so rampant in Indonesia, is that many Indonesians don't see it as a crime. Particularly with enforcement so weak and crackdowns occurring inconsistently and sporadically.

The discussion threads, in Indonesian, suggest that the users of pirated CDs/DVDs are well aware that the content being provided is pirated and the operators are offering their illegitimate services without fear of prosecution. The Indonesian sites also feature ads from popular Indonesian brands and companies, suggesting that with enforcement absent, even well-established advertisers are not afraid of being associated with such illegal activities.

Research result shows that consumer moral, consumer motive and moral judgment influence consumer intention buying of pirated CDs/DVDs. Meanwhile, risk perception has not significant influence on consumer intention buying of pirated CDs/DVDs.

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

INTRODUCTION

The Indonesian Association of Artists, Singers, Composers and Recording Businessmen (PAPPRI) estimates that, as of 2013, pirated music causes the industry losses of Rp.4 trillion (US\$291 million) annually. The Association of Indonesian Film Producers estimates that losses approach Rp.4.3 billion (US\$317,092) per film. Local industries report that in a given month, 18 million copies of pirated films, music, and software are circulating in the Indonesian market mostly online but also appearing in shopping malls and market.

In 2013, the Governor of Jakarta issued a decree that malls prohibit the sale of counterfeit and pirated materials on their premises (which was sent to the mayors of five municipalities of Jakarta), but the decree is not being enforced strictly and there are no consequences for noncompliance. The enforcement environment in Indonesia has improved in 2015 with implementation of the new copyright law and implementing regulations, leading to the shutdown of 25 major piracy sites, and the blocking of 22 pirate music sites in November of 2015.

To ensure that there is a significant positive impact on online infringement, and to give legitimate online distributors the opportunity to increase their market share, the government should successfully conclude additional enforcement rounds in 2016. Some industries report a greater need for the government to maintain or establish regular channels of communications with all of the affected industries.

We assume that there are four variables influence the high demand of pirated CDs/DVDs; consumer moral, risk perception, consumer motives and moral judgment. Based on the identification of the problems above, the scope of variables to be studied consists of consumer moral, risk perception, consumer motive and moral judgement. The object under study is a person who bought pirated CDs/DVDs located in DKI Jakarta. The time of the study was scheduled in 2015-2016.

PROBLEM FORMULATION AND HYPOTHESES

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.
4. Moral judgment influence consumer buying intentions of pirated CDs/DVDs.

MATERIALS AND METHODS

This is a qualitative descriptive study to explain the phenomenon of CDs/DVDs piracy in Indonesia and verification to determine the relationship between variables. Verification method is used to examine the relationship between variables, which is the influence of consumer moral, risk perception, consumer motive and moral judgment on consumer buying intention of pirated CDs/DVDs in Indonesia.

In determining the number of sample in this study, the researcher used quota sampling. Quota sampling is a non-probability sampling techniques which the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. The numbers of sample in this study were 401 people who buy pirated CDs/DVDs located in DKI Jakarta.

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, consumer motive and moral judgment of buying pirated CDs/DVDs from different institutions related to the problems to be studied.

The analysis of data used in this research is regression analysis. Regression analysis was used to examine associative relationships between a dependent variable and one or more independent variable (Malhotra, 2004). The independent variables are consumer moral, risk perception, consumer motive and moral judgment. The dependent variable is consumer buying intention.

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”.

RESULTS AND DISCUSSIONS

Verification analysis was designed to explain why Indonesian consumers tend to buy pirated CDs/DVDs by examining the influence of consumer moral, risk perception, consumer motive and moral judgment 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.

1.1 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 0.141; the Sig. value (p) obtained is 0.005, which is smaller than 0.050, so that it was significant. The influence formed is 0.141^2 or 2.0% with $\beta_1 = -0.171$.

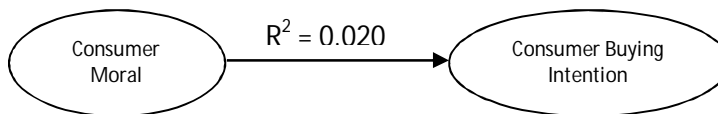


Fig. 1 The Influence of Consumer Moral on Consumer Buying Intention

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). Consumer intention to buy pirated CDs/DVDs will decrease if moral of consumer increase.

1.2 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 0.049; the Sig. value (p) obtained is 0.332, which is greater than 0.050, so that it was insignificant. The influence formed is 0.049^2 or 0.2% with $\beta_2 = -0.087$.

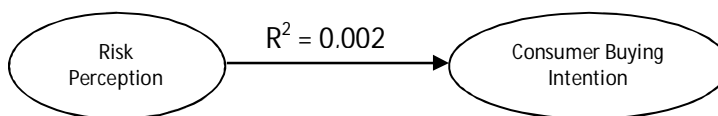


Fig. 2 The Influence of Risk Perception on Consumer Buying Intention

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). The application of the law that have not been assertive in Indonesia makes the buyers of pirated CDs/DVDs did not feel any risk in terms of purchasing a pirated CDs/DVDs. In addition, the quality of the pirated CDs/DVDs are good enough, that's why people preferred to buy pirated CDs/DVDs than the original ones.

1.3 The Influence of Consumer Motive on Consumer Buying Intention of Pirated CDs/DVDs. (Hypothesis 3)

Relationship between consumer motive and consumer buying intention is 0.382 the Sig. value (p) obtained is 0.000, which is smaller than 0.050, so that it was significant. The influence formed is 0.382^2 or 14.6% with $\beta_3 = 0.571$.

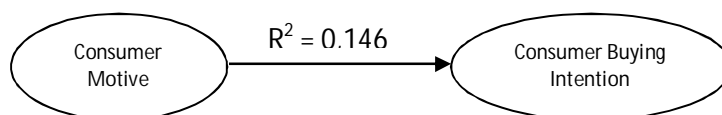


Fig. 3 The Influence of Consumer Motive on Consumer Buying Intention

The influence formed by consumer motive on consumer buying intention of pirated CDs/DVDs is 14.6%. This means that 14.6% of changes in the consumer motive are affected by changes in consumer buying intention of pirated CDs/DVDs. The remaining 85.4% 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. In line with previous study, consumer in Indonesia tends to buy product with lower price.

1.4 The Influence of Moral Judgment on Consumer Buying Intention of Pirated CDs/DVDs. (Hypothesis 4)

Relationship between moral judgment and consumer buying intention is 0.232 the Sig. value (p) obtained is 0.000, which is smaller than 0.050, so that it was significant. The influence formed is 0.232^2 or 5.4% with $\beta_3 = -0.306$.

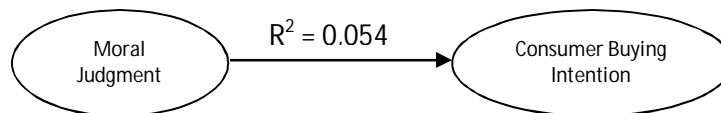


Fig. 4. The Influence of Moral Judgment on Consumer Buying Intention

The influence formed by moral judgment on consumer buying intention of pirated CDs/DVDs is 5.4%. This means that 5.4% of changes in the moral judgment are affected by changes in consumer buying intention of pirated CDs/DVDs. The remaining 94.6% is influenced by other factors beyond these variables. The results of the above analysis prove that fourth hypothesis is accepted, that moral judgment has negatively influence to consumer buying intention. It means that if consumer realizes that buying pirated CDs/DVDs is wrong, then consumer intention to buy pirated CDs/DVDs will decrease.

2. CONCLUSIONS

The results of the study show that only consumer moral, consumer motive and moral judgment which are significantly influence to consumer buying intention of pirated CDs/DVSS. On the other hand, 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 punished to the risk of material and non-material, nor with buyer.

Table 1 Relationship among Variables

Hypothesis	Description	Sig. (<i>p</i> value)	Description
H1	Relationship between Consumer Moral and Consumer Buying Intention	0.005	Significant
H2	Relationship between Risk Perception and Consumer Buying Intention	0.332	Insignificant
H3	Relationship between Consumer Motive and Consumer Buying Intention	0.000	Significant
H4	Relationship between Moral Judgment and Consumer Buying Intention	0.000	Significant

Sources: Research Findings, 2015

Therefore, it is necessary and a must for governments to educate people into accepting the importance of property rights and the law enforcement of pirated CDs/DVDs. 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.

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Authors' Bibliography

Firsan Nova is a Doctoral Degree Holder on Strategic Management, graduated from Padjadjaran University, Bandung-Indonesia. His expertise is in strategic management, marketing communication, political campaign, issue management and crisis public relations. Besides, Firsan is one of most productive PR writer in Indonesia, he has written several articles in International Journal and published books related to crisis management and public relations namely "Crisis Public Relations", "PR WAR" and "Republic Relations".

Ellena Nurfazria Handayani, born in Jakarta on October, 5th 1988. She is a Master Degree on Marketing Management of University of Indonesia. Now, she teaches marketing management and research method in University of Darma Persada.