

# Does Novelty Seeking, Status Consumption, Materialism, Perceived Risk, Self-Concept influence Indonesian consumers' purchase decision of counterfeit fashion products?

## ABSTRACT

The purpose of this research is to study the influence of Novelty Seeking, Status Consumption, Materialism, Perceived Risk, and Self-Concept on Consumers Purchase Decision mediated by Attitude in Indonesian non-deceptive consumers. This research uses quantitative methods using Structural Equation Modeling (SEM) using SMARTPLS 3.0 software. The population of this study is consumers who are awarely have bought counterfeit fashion products, with sampling techniques using random sampling. From the results of this study, it has been proven that Perceived Risk has the most significant influence on Attitude and Attitude has a highly significant on the consumers' purchase decision. On the other side, Materialism has the lowest influence on consumers' Attitude.

## Keywords

Novelty Seeking, Status Consumption, Materialism, Perceived Risk, Self-Concept, Attitude, Purchase Decision

## Introduction

Along with Indonesian customers, sales of luxury products in Indonesia are increasing in line with the fashion trend, and owning a luxury brand is becoming increasingly important for Indonesians. This can be seen in the rising sales of what is known as "preloved," which refers to used merchandise. According to CNNIndonesia (2018), pre-owned luxury product sales reached \$500 million in 2018.

On the other hand, a significant wealth gap promotes social status and materialism, which results in the purchase of counterfeit products carrying a logo or brand name (Yoo & Lee, 2009). This condition is supported by the minimal effort of obtaining the desired product through the use of e-commerce and a variety of payment methods such as credit or installments (Tempo.co, 2019).

Counterfeiting has now become a growing trend in China, Thailand, India, Malaysia, and Indonesia, which are known as the "home of counterfeiting," because those countries are regarded as the world's most outrageous violators of intellectual property rights and counterfeit violators (Krishnan et al., 2017).

Previously, jewelry and clothing were the most counterfeited products (Grossman & Shapiro, 1988), but nowadays almost every product is counterfeited. Furthermore, consumers bought counterfeit because they had limited disposable income; however, it was widely discovered that highly prominent people wore counterfeit products (Triandewi & Tjiptono, 2013; Cant et al., 2014).

Luxury counterfeit product producers rely on consumers' eagerness for luxury brand products to obtain the desired status (Hoe et al., 2003). Counterfeit product trading has become a dangerous risk for luxury companies worldwide, negatively impacting sales revenue, brand image, and the bad reputation of luxury companies (Berman, 2008).

Counterfeiting damages not only brands known for their superiority but also companies with brands involving a high level of research and development activity (Yao, 2015).

In recent years, counterfeiting products have created some progress and development, but they still absent assurances for their products that differ from authentic brands, adding to the financial risk of claiming broken products purchased (Nill & Schultz II, 1996).

Furthermore, counterfeit goods harm local entrepreneurs since they sell unpopular brands; lack of safety, which may harm consumers; and, ultimately, a loss in government income in terms of income tax (European Chamber of Commerce, 2017).

In the EU, counterfeit goods have culminated in a potential loss of government income of around EUR 85 billion, or Rp. 1.2 trillion, in 2013. (Europol, 2017). In Indonesia, this potential loss could add up to Rp 65.1 trillion (MIAP, 2010).

It is not surprising, then, that Indonesia, along with China, Thailand, Hong Kong, South Korea, and Singapore, is recognized as the "home of counterfeits" (Yeap & Ramayah, 2006). To demonstrate this condition, former Indonesian

Trade Minister Mr. Gobel stated that at least 40% of products in Indonesia are counterfeit (Merdeka, 2015). In particulars for counterfeit sales, see the counterfeit popular products listed below based on MIAP (2017).

Ink is the most widely counterfeited product because many customers use “refill” ink for their printers and purchase ink regularly. Fashion is the second most popular counterfeited product (21%), followed by leather material, software, cosmetics, Food and Beverages, and Pharmaceutical products for 20%, 18%, 7%, 5%, and 2% accordingly.

The object of study for this research is fashion products, which include leather material.

As a result, the total market sales for those two products are 41%. The ink was not chosen as the research object because it was less expensive than the original and there was no other internal motivator for a customer to choose it.

Before deciding on the variables, the researchers conducted a small pre-survey in which they asked participants why they bought or did not buy counterfeit fashion products. According to preliminary research, the most common reasons for purchasing counterfeit products are to follow a fashion trend, to show or impress others, to have good quality, to perform the same function as the genuine one, and to seek a sensation. While the most common reasons for not purchasing counterfeit, products are against one's principles and embarrassing in front of others.

## Literature Review

Based on the Theory of Planned Behaviour (TPB), this study investigates the impact of Novelty Seeking, Status Consumption, Materialism, Perceived Risk, and Self-Concept on Purchase Decisions Mediated by Attitude.

Novelty Seeking is also known as curiosity-driven, sensation seeking, and an exploratory drive. As a result, the novelty-seeking theory has become important in purchase decision-making because customers value novelty (Cohen, 1979).

Consumers with high levels of novelty seeking are drawn to new services that are superior to existing options; as a result, fashion product manufacturers should monitor levels of consumer eagerness to seek out a distinctive style (Hwang et al., 2021;

Kindstrom and Kowalkowski, 2014; Nicolau and Santa-Mara, 2013; Sandvik et al., 2014).

Status consumption is a way for people to raise their social status by purchasing high-value consumer goods with a positive brand image (Phau & Teah, 2009). Modern luxury fashion expresses affluent lifestyle, self-expression, and status, as well as dreams and aspirations (Bridges, 2018; Kim & Lee, 2015; Latter, Phau, & Marchegiani, 2010; Michman & Mazze, 2006). However, due to financial constraints, some customers buy counterfeit products with visible brand logos.

Materialism is a motivation to show wealth to others to gain acceptance in society (Lim et.al., 2020). According to Richins and Dawson (1992), materialists tend to judge their own and others' success based on the number and quality of possessions accumulated. Furthermore, Trigg (2001), Podoshen and Andrzejewski (2012), and Rose and DeJesus (2007) discovered that consumers with high-status consumption enjoy displaying their wealth through luxurious products purchased or consumed, and this type of consumer is easily swayed by others to be accepted in society.

Consumers' perceived risk is a subjective judgment of the potential consequences of poor decisions (Peter and Ryan, 1976). Whenever there is a high level of perceived risk, consumers can reduce risk by relying on warranties, reliable recommendations, a good reputation, and supporting information (Chen & Chang, 2013). Consumers who have purchased counterfeit clothing should be ready to accept the consequences of their friends or society notice that they are wearing or purchasing counterfeit clothing (Li and Huang, 2009).

A person's self-concept is formed through a process of negotiating identities for himself in his society for others to perceive him to have certain characteristics that he desires (Tice et al., 1995). Individuals learn to conform to fashion rules and conspicuous consumption to function effectively in the world, gain social approval, and maintain interpersonal relationships, thereby reinforcing a positive self-concept (Swann and Pelham, 2002). As a result, images of fashion and material possessions provide a sense of belonging (Finkelstein, 2007). To have a positive self-concept, one must embrace imperfection, which is

the wholehearted acceptance of one's true self after letting go of one's unrealistic self-image (Brown, 2010). Recognizing, accepting, and embracing one's true self and its flaws can help one cultivate a sense of uniqueness (Lynn and Snyder, 2002).

Attitudes toward behavior refer to a person's positive or negative evaluations of a specific behavior (Chetioui et., al 2020). According to the theory, the more positive an individual's attitudes toward a particular behavior, the stronger the individual's willingness to purchase in it (Armitage and Conner, 2001). Furthermore, emphasize that when consumers are highly involved, the relationship between consumer attitudes and purchase decisions is usually more consistent (Cooke and Sheeran, 2004). And a favorable attitude toward a brand results not only in continued preference for those brands but also in a favorable impact on purchase intention (Huanget al., 2011)

### Methodology

The Structural Equation Modeling (SEM) technique is combined with the Partial Least Squares (PLS) approach in this study to determine whether there is a relationship between latent variables. This study employs a descriptive research method to compare five independent variables (independent): novelty seeking, status consumption, materialism, perceived risk, and self-concept, as well as one dependent variable (dependent): purchase decision, which is mediated by attitude.

This study employs an associative research method as well, as it seeks to identify relationships that exist between one variable and another. The analytical method used in this study is the Structural Equation Modeling (SEM) analysis method, with the alternative model Partial Least Square (PLS) and data processing using SMARTPLS 3.0 software.

The sampling technique used was simple random sampling, which consisted of taking a non-deceptive population of people who had purchased counterfeit fashion products. An online questionnaire was used to collect data from 400 respondents.

### Results & Discussion

The validity of the construct can be determined by looking at the AVE value, which indicates that a good model is required if the AVE value of each construct is greater than 0.50.

**Table 2.** Average Variance Extracted

Variables	AVE
Novelty Seeking	0.7882
Status Consumption	0.7970
Materialism	0.7836
Perceived Risk	0.8273
Self-Concept	0.8033
Attitude	0.8120
Purchase Decision	0.7633

The results showed that each variable is valid if the AVE value is greater than 0.50. The discriminant validity using cross-loading results show that each indicator meets the requirements, with a value greater than 0.700. (Hair et al., 2017).

**Table 3.** Cross Loading

	AT	MA	NS	PD	PR	SC	SE
AT1	0.8833						
AT2	0.8869						
AT4	0.9116						
AT5	0.9221						
MA1		0.9038					
MA2		0.8810					
MA3		0.8778					
MA4		0.8780					
NS1			0.8655				
NS2			0.8979				
NS3			0.8879				
NS4			0.8994				
PD1				0.8821			
PD2				0.8405			
PD3				0.8937			
PD4				0.8775			
PR1					0.9072		
PR2					0.9055		
PR5					0.9115		
PR6					0.9140		
SC1						0.8802	
SC4						0.9034	

SC5	0.8919
SC6	0.8955
SE1	0.8904
SE2	0.8947
SE3	0.9035

The parameter coefficient for the Novelty Seeking variable on Attitude has a magnitude of 49.356 ( $>1.98$ ), implying that Novelty Seeking has a significant influence on Attitude. As a consequence, each Novelty Seeking indicator has a significant impact on Attitude. Furthermore, the Original Sample is needed to determine whether the influence is positive. Since the Original Sample value for this is a positive 0.1939, it can be concluded that Novelty Seeking has a positive influence on Attitude.

The parameter coefficient for the Status Consumption variable on Attitude has a magnitude of 50.585 ( $>1.98$ ), implying that Status Consumption has a significant influence on Attitude. As a consequence, each Status Consumption indicator has a significant impact on Attitude. Furthermore, the Original Sample is needed to determine whether the influence is positive. Since the Original Sample value for this is a positive 0.2477, it can be concluded that Status Consumption has a positive influence on Attitude.

The parameter coefficient for the Materialism variable on Attitude has a magnitude of 16.569 ( $>1.98$ ), implying that Materialism has a significant influence on Attitude. As a consequence, each Materialism indicator has a significant impact on Attitude. Furthermore, the Original Sample is needed to determine whether the influence is positive. Since the Original Sample value for this is a positive 0.0538, it can be concluded that Materialism has a positive influence on Attitude. However, because Materialism has the lowest Original value, it can be concluded that consumers with materialistic characteristics have a negative attitude toward counterfeit products.

This is due to consumers' beliefs that they cannot demonstrate their health to others by consuming or purchasing counterfeit products.

The magnitude of the parameter coefficient for the variable Perceived Risk on Attitude is 94.569 ( $>1.98$ ), indicating that Perceived Risk has a

significant influence on Attitude. As a result, each indicator of Perceived Risk has a significant influence on Attitude. Furthermore, the Original Sample is necessary to assess whether the influence is positive. Because the Original Sample value for this is a positive 0.4349, it can be concluded that Perceived Risk has a positive influence on Attitude. Since the Original Value for Perceived Risk is the highest among all independent variables, it can be stated that Perceived Risk is the most influential factor for consumers to purchase counterfeit fashion products, owing to consumers' risk perception of counterfeits. Non-deceptive consumers have anticipated the quality and durability of counterfeit products and are thus prepared for it before purchasing the counterfeit products.

Since the intensity of the parameter coefficient for the Self-Concept variable on Attitude is 22.263 ( $>1.98$ ), Self-Concept has a significant influence on Attitude. As a result, each indicator of Self-Concept has a significant impact on Customers' Attitudes. Furthermore, the Original Sample is needed to determine whether the influence is positive. Because the original sample value for this is a positive 0.0749, it can be concluded that Self-Concept positively influences Attitude.

The parameter coefficient for the Attitude variable on Purchase Decision has a magnitude of 279.100 ( $>1.98$ ), indicating that Attitude has a significant influence on Purchase Decision. As a result, each Attitude indicator has a significant impact on Purchase Decision. Furthermore, the Original Sample is required to determine whether the influence is positive. Because the Original Sample value for this is a positive 0.7951, it can be concluded that Attitude positively influences Purchase Decision. Based on the high Original Value, it can be concluded that when consumers have a positive attitude toward counterfeit fashion products, they are more likely to purchase them.

**Table.4** Significance of P-Value

	Ori	Mean	SD	T-Stat	P-Val
NS>AT	0.1939	0.1937	0.0393	49.356	0.0000
SC>AT	0.2477	0.2484	0.0490	50.585	0.0000
MA>AT	0.0538	0.0553	0.0325	16.569	0.0982



**PR>AT** 0.4349 0.4346 0.0460 94.596 0.0000

**SE>AT** 0.0749 0.0735 0.0336 22.263 0.0264

**AT> PD** 0.7951 0.7984 0.0285 279.100 0.0000

## Conclusion & Recommendations

In comparison to counterfeits, original brand companies must continue to improve the visible uniqueness of their products. This can be accomplished by sharing product features with their customers. By understanding the uniqueness of product features, consumers should be able to easily distinguish between original and counterfeit products.

Furthermore, original companies can use advertisements on social media or television to spread knowledge and awareness of their products.

Furthermore, the content of advertisements can be the disadvantage of purchasing and consuming counterfeit fashion products, such as wearing counterfeit products will not raise the consumer's social status, purchasing counterfeits will harm the local fashion industry, and it is an illegal act against the law.

Aside from the company, this study can help the Indonesian government act more actively to control counterfeit fashion sellers and distribution, as counterfeit trade harms government tax revenue and the sustainability of the domestic fashion brand industry.

## Limitation

The study's limitation is that the data search was conducted during the Covid-19 pandemic, which affected almost all countries worldwide, including Indonesia, where consumers are in the status of "working from home." With this status, consumers tend to purchase less fashion because they avoid doing an outside activity.

Another limitation is that this study was not limited to a specific age group, such as millennials, although Millennials play an important role in Indonesia and have a strong preference for purchasing fashion, whether online or offline.

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