Determinants of Consumer's Behavioural Intention for Pirated Music in Pakistan

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Abstract: *This research is conducted with the objective to identify the determinants of customers' purchase intention for pirated music in Pakistan. The research contains Fair Price, Perceived Harm and Ethics as the independent variables to analyze the impact on Purchase Intention, which is a dependent variable. The sample size of this study is 350 respondents (including Graduate Students and lay men) who regularly buy pirated music CDs/DVDs in Karachi. Likert scale technique is used in this study. Data has been analyzed through the reliability statistical technique, factor analysis and linear regression analysis. The result indicates that Fair Price and Perceived Harm shows the significant impact on Behavioral Intention while Ethics shows insignificant impact on Behavioral intention.*

Keywords: Behavioral intention, Fair Price, Perceived Harm and Ethics.

1 Introduction

The rate of piracy in several industries including music, software and film has been widely practiced. The ever increasing rate of piracy in different areas, particularly music, film and recording studios, is the pressing issue world is concerned and identified as the major hurdle in the growth of respective industries. Music piracy is a global concern now and majority of music markets, across various countries, contain prohibited pirated versions, such as, insiders' approximation about the music CDs piracy figure in China is almost 90 to 95% (Cockrill & Goode, 2012). There is a high price difference between the counterfeit and the original ones. Internet and business piracy are considered as the common ground, which have given boost to the problem. A huge amount of money can easily be generated from the pirated items due to which every country has to suffer losses. The music artist, music publishers, songwriters and composers also bear the loss of pirated CD's. Despite malice of legislation, proposed to decrease the pirated commodities sale, business leaders and designers every where in the world have recognized that it is a rising problem, and are collaborating with groups such as the International Anti-Counterfeiting Coalition (IACC) to defend their formats from being copied. The IACC (2008) approximate that 5-7% of world commerce is in illegal goods. Interchange counterfeit products

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have reached \$600 billion yearly on a worldwide foundation (Norum & Cuno, 2011).

Music industry has become a risky business, where investors are vulnerable of investing in the field due to the involvement of loss factor. Pakistan is also one of the victim of this practice and bears a loss of huge revenues because of pirated CD's, which is posing negative impacts in two folds; firstly on music industry and secondly it also hits the economy. Pakistan's government has established 'Intellectual Property Rights Organization' (IPRP) under the intellectual property right ordinance. It is a regulatory body, under the Cabinet Division, enforcing international standards for intellectual property rights in Pakistan. To promote official downloads, costing requirements to give an actual benefits for downloaders to get authorized preferably than prohibited copies. Currently, the estimate cost spent, on legal downloads, is neither satisfactory nor gives any incentives (Cockrill & Goode, 2012). A common purchase attribute has been witnessed across societies regarding consumer's purchase on spending preferences. According to this, consumers are more open to spend on those goods which reflect their social status while they opt to purchase pirated versions of movies and music.

Estimated by the International Federation of the Phonographic Industry (IFPI), the reproduction facilities in Pakistan created about 230 million copies annually. With only about 25 million discs used locally, while remaining (roughly 205 million) exported across the world. Rainbow Center in Karachi is classified as Pakistan's biggest center for pirated products. As the pirated versions have dominated the markets, a common notion has been witnessed about the consumer behavior, that purchase of pirated items is no longer a taboo or considered wrong. While consumers blame the industry for setting high prices for original products which are out of purchasing power of a consumer. Moreover, the demand of pirated CDs is increasing day by day and it has also inclined the local company. The top 10 countries where piracy is "at unacceptable levels" are Brazil, China, India, Indonesia, Mexico, Pakistan, Paraguay, Russia, Spain, and Ukraine. According to International Federation of the Phonographic Industry (IFPI) China sold 85% of pirated music.

Albeit significant studies were aimed to highlight counterfeit and pirated products (Cockrill & Goode, 2012; Norum & Cuno, 2011) within the different areas but there isn't any work in the sector of pirated music. This study, thus, attempts to analyze the impact of fair price, perceived harm, and ethics on customer's purchase intention towards pirated music in Karachi, Pakistan.

2 Literature Review

2.1 Theoretical debates

The conceptual theory of Ajzen's suggests that the human purchase is led by 3 central fundamentals: firstly, purchasable beliefs i.e. believe regarding the result of purchase; second is subjective norms that are explained because of the

societal judgment, public pressures and to observe with the desires of others or not. Lastly, controlling believes, according to this core factor, efforts are made to control the belief of an individual regarding presentation of a purchase (Cockrill & Goode, 2012). Most of the researches have shown the same pattern that due to low prices, consumers spend less attention on quality, therefore, quality-price relationship is directly proportional to each other. However, there have been studies that showed, the believe of customers that price is an independent variable, which does not affect the quality of pirated products is no different from the original ones (Chaudhry & Stumpf, 2011).

Major studies (Al-Rafee & Cronan, 2006; Bryce & Rutter, 2005; Casola, Kemp, & Mackenzie, 2009; Cordell, Wongtada, & Kieschnick Jr, 1996) have contributed to the fact that cheap price is the major factor which undermine the quality. Consequently, consumer observations of a good value were evaluated at completely different time, from the manufacturing date of single and double CD (Chaudhry & Stumpf, 2011). A substantial body of scholars recommend that piracy does not influence the similar stage of moral significance as purchase like stealing and certainly is frequently perceived as imposing small or no harm to anybody at all (Cockrill & Goode, 2012). The positive relation between perceived harm and ethics can be predictable, as is a nonconstructive association among perceived value and fair price. The only lucrative relation, in this study, is between perceived harm and perceived value. Those who pay higher prices, to them the ratio of perceived harm is comparatively very low.

This is an additional suggestion, so as to similar group of people who gives importance to the original most, also pirate most, that is devils and chancers, and prove that pricing the real and not perceiving some damage in pirating are not commonly restricted (Cockrill & Goode, 2012). Academic investigation has concentrated on a figure of cause as to why customers buy counterfeit goods, these comprise of psychographic attribute like information susceptibility, price consciousness, honesty, status, materialism. Whereas the demographic factors like gender, income, age, employment, education and quality are calculated. Product characteristics like quality of product, brand image, product involvement and information are investigated to explain the buying purchase of counterfeits (Fernandes, 2013). On behalf of devils, chancers and receivers, no powerful or important association, between ethical consideration and purchase intentions, was identified, which means that on behalf of these players, moral issues do not enforce any restriction on top of pirating purchase and intention(Cockrill & Goode, 2012).

2.2 Empirical studies in US

Generally researches in this domain, as Papadopoulos (2003) investigate the determinants of international sound recording piracy through the use of cross section data in 84 countries. They use regression analysis and co-relational analysis. They use twelve variables including piracy market share, Berne convention membership dummy, years of membership Berne convention, Rome convention membership dummy, years of membership Rome convention, Geneva conven-

tion membership dummy, years of membership geneva convention, property right index, index of corruption, trade specialization index, index of black market activity and ration of the average price of legitimate product to average hourly manufacturing wages (squared). The result shows that the relationship to an international copyright conference gives sizable short-term decrease in PMS (approximately 17 points) as national governments improve institutional support for IPR. They suggest that the membership of the Geneva conference inferiors PMS by 16.8 points. This is a regular with our supposition which suggest that the membership of an international copyright convention will outcome in improved copyright protection in associate country nationwide markets and, thereby, lesser PMS.

Ramayah, Ahmad, Chin, and Lo (2009) examine that testing a causal model of Internet Piracy Purchase among university students through the sample size of 116 university students. They use four variables; habit, affect, intention and actual purchase. They use reliability analysis and regression technique. The result shows that the practice has a strong outcome on internet piracy purchase. Furthermore it discovered that the influence and intentions are important and considerable of internet piracy purchase between scholars. They suggest that the universities must have to take the action in order to manage these activities from flattering common. Start movement and guide them to aware about the piracy activities.

Robinson and Doss (2011) examine the pre-purchase substitute evaluation: prestige and replication fashion products through sample size of 158 undergraduate female students. They use regression analysis and Anova technique. They use four variables; shopping motivation, reference group influence, product risk and transaction risk. The result shows that reference group influence, shopping motivation and perceived transaction risk are significantly but the product risk are not significantly predictors for consumer's pre-purchase alternative evaluation of prestige handbags. They suggest for further research but in different populations and also a different variables.

Norum and Cuno (2011) examine the analysis of the demand for counterfeit goods through sample size of 517 students. They use simple t-test and logistic regression technique. They use six variables; counterfeit good purchase, income, attitude, sensitivity, gender and year in school. The result shows that the student feeling to the counterfeit issue did not considerably discourage the buying of counterfeit products. They suggest that to increase the awareness of customers about the counterfeit products. When customers know that it is a crime so they do not buy the counterfeit product.

(Souiden, M'Saad, & Pons, 2011) examine the cross-cultural investigation of consumer consumption of branded fashion accessories through sample size of 313 people; 152 Canadian and 161 Tunisians. They use ANOVA and regression technique. They use four variables; social status, self-image (congruity), self-esteem, conspicuous consumption. The result shows that the conspicuous consumption of customers in both culture (Canadian and Tunisian) shows positively and significantly affect by social status and in equally culture customers consider that social status involve their social image. They suggest that in both

culture consumers belongs to the high and low class. So the high class people easily buy the branded items as compared to the low class peoples. So if the low class people are involving in high financial position so they buy branded items.

Chaudhry and Stumpf (2011) investigate the consumer complicity with counterfeit products during the size of sample 254 students. They use factor analysis and regression technique. They use seven variables; consumer complicity, complicity, hedonic shopping experience, ethical concern, perceived value, idealism and relativism. The result shows that to make strategy and examined to see consumer identify that such action will be helpful and then really modify their purchase to be less involvement with counterfeit. They suggest for the further study and acknowledge the opportunity of consumers having several ethical ideologies that can coordinate consequently.

Bian and Moutinho (2011) examine the counterfeits and branded products: effects of counterfeit ownership through sample size of 430 adults. They use factor analysis, multiple regression, paired sample t-test and Anova. They use ten variables; competence personality, product attribute, image benefit, satisfactory benefit, functional attributes, excitement personality, functional benefit, security concern, social risk and financial risk. The result shows that the purchase of consumers mostly attracts the perceived brand personality of the counterfeit branded products. They suggest that the marketers should consider and to build the brand meaning through their promotional activities to control the utilization of counterfeit branded products.

Sirkeci and Magnúsdóttir (2011) examine the considerate illegal music downloading in the UK: a multi-attribute model through the on-line survey data collected. They use logistic regression technique. They use seven variables; price, quality of music file, ability to copy without restriction, security and data protection, time spent acquiring music, variety of product offering, compliance with copy right. The results show that the illegal downloaders look forward to a related usefulness from both sources. At the same time as others lean to have a further positive approach towards their selected sources (i.e. buying). They suggest for the marketer to use key attribution and consumer perception and design those things which customer attracts.

Cockrill and Goode (2012) examine the DVD pirating intention; angels, devils, chancers and receivers during the size of sample 300 students. They apply Anova, Factor analysis and regression technique. They use five variables; purchase intention, ethics, fair price, perceived value and perceived harm. The result indicates that the intention of anti-pirating experience may increase the effectiveness of different type of purchase with different types of locations. They suggest that it does not give you a negative message of anti-pirating DVDs but also gives you positive message of the original DVDs. It might be effective approach to develop new strategic models and also consistently involve with the international legal enforcement to ban the pirated DVDs.

Riquelme, Abbas, and Rios (2012) investigate the intention to purchase fake products in an Islamic country during the size of sample 401 respondents. They apply factor analysis, Anova and reliability technique. They use eight variables; value consciousness, risk, social norms, ethical and moral consciousness, social

Figure 1: Conceptual Framework
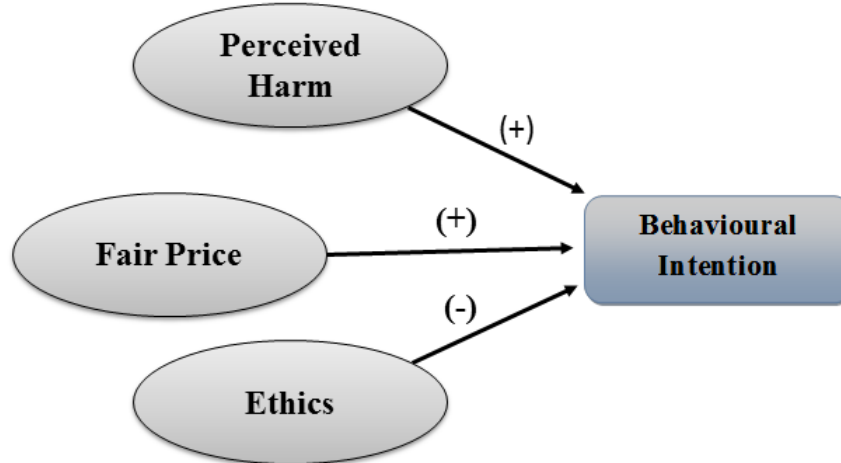
status, genuine store trustworthiness, previous experience and attitude. The result shows that the government should play a vital role to change the perception of consumer buying purchase about the counterfeit products. The opinion of the common factors in explaining a positive approach towards counterfeits which make an objective to buy these products. They suggest that in Muslim countries people should know what ethical and unethical products are.

Fernandes (2013) empirically identify analysis of counterfeit fashion purchase purchase in UAE through sample size of 320 students at business schools of UAE. The technique they use is correlation analysis and regression analysis. They use five variables; fashion consciousness, subject norm, ethical judgment, value consciousness and self ambiguity. Results show that to make better policies, companies come up with a new ideas and implement those ideas to reduce counterfeit products. This have been suggested for the future studies to evaluate why tourists have intention to buy counterfeit products in any tourist country such as UAE.

2.3   Conceptual Framework

In the conceptual framework, figure 1 shows the relationship between independent variables and dependent variables. In this, independent variables; fair price and perceived harm show a positive relationship with the dependent variable; purchase intention, but ethics show a negative relationship with purchase intention. The conceptual theory of Ajzen's is to consider purchase that preserves the human purchase lead by 3 central fundamentals: purchase beliefs, that are beliefs regarding the result of purchase; subjective norms, that are explained because the discernment of public pressures moreover to observe with the desires of others or not; and control beliefs, that are elements provided efforts to the

control that an individual has regarding the presentation of a purchase (Cockrill & Goode, 2012).

3   Methodology

A combination of quantitative and explanatory approach has been used. Through quantitative approach, data is being gathered to collect information and organize it for further analysis and to test the hypothesis. Data has been collected through a questionnaire from 350 students belonging to different colleges/universities students who purchased pirated music CD's or other counterfeit products. While on the other hand explanatory research approach is used for this study to test a hypothesis and to find the reasons behind the occurance of certain behaviours such as perceived harm, fair price, and ethics. These affect the behavioral intention with correlation research design in which we simply measure variables and then examine the statistics to see whether the variables are associated or not.

The data collected on Likert scale has been analyzed through different tests such as reliability, factor and regression analysis. The groups made by factor analysis on the basis of variance among co-related variables has been used in regression to measure the relationship between independent and dependent variables.

Regression equation can be constructed as:

$$BI = \alpha + \beta_1 FP + \beta_2 PH + \beta_3 ET + \varepsilon$$

where,

FP is the Fair Price

BI is the Behavioral Intention

ET is Ethics

4   Results and Discussion

Table 4.1 shows the demographic profile of the respondents.The highest ratio of age 26-34 is 47.6%, second highest ratio of 18-25 is 35.3 and lowest ratio of above 35 is 16.8%. The majority of the respondents are male(57.8%) and female are 41.3%. According to the qualification, the highest ratio of 51.3% pertains to respondents who are masters ,35% bachelors and 13.4% PhD. Considering occupation, the highest ratio of 42.2% are students, employees are 40.2% and private business owners are 17.4%.

Table 1: Demographic Profile of respondents

	Frequency	%
Age		
18-25	124	35.3
26-34	167	47.6
35 above	59	16.8
Gender		
Male	203	57.8
Female	145	41.3
Qualification		
Bachelor's Degree	123	35
Master's Degree	180	51.3
Phd	47	13.4
Occupation		
Student	148	42.2
Employed	141	40.2
Private Business	61	17.4

4.1 The Measurement Model

The Reliability Statistics tell the reliability of the data to be used for further analysis. The Cronbach's Alpha value should be more the 0.5 which means 50%. In our analysis the Cronbach's Alpha value is 0.647 which means 64.7%. In addition, the individual values are also greater than 0.5. Thus our data is reliable for further analysis.

The cronbach's alpha value for 4 number of items is 0.641, fair price encompass 3 items with cronbach's alpha value 0.662. Perceived harm have cronbach's alpha 0.71 with 3 number of items. And ethics has 0.68 value with 4 number of items.

4.2 Model Fitness

Once we are sure that our data is reliable, we perform factor analysis. The KMO (Kaiser-Meyer-Olkin) has also been checked to identify whether the data is appropriate for factor analysis or not.The Kaiser-Meyer-Olkin (KMO) value tells that the data is sufficient for creating the factors. The result shows that the value of KMO is 0.715 or 71.9% which is greater than 0.5. Thus it is satisfactory and is appropriate to perform factor analysis.

Factors are made on the basis of correlation, Bartlett's test is used to determine whether there is correlation between the variables in the population. The value of significance is 0.000 which is less than 0.05 which means that correlation between the variables exist and the correlation matrix is not an identity matrix.

The accuracy of data has been shown in rotated component matrix. To fetch the factors based upon the variables, rotated component matrix,using varimax rotation, has been produced. The primary factor "Behavioral Intention" has 4 items and the Cronbach's alpha value is 0.641. In the next factor "Fair Price" has 3 items and the Cronbach's alpha value is 0.662. The third factor "Perceived Harm" has 3 items and the Cronbach's alpha value is 0.710. The last factor "Ethics" has 4 items and the Cronbach's alpha value is 0.680.

After driving factors, regression analysis has been used to check the impact

Table 2: Rotated Component Matrix

Items	Adapted Source	Factor Loading
Behavioural Intention		
(Cronbach's alpha=0.641)		
BI1		0.769
BI2		0.662
BI3	Cockrill and Goodge (2012)	0.608
BI4		0.614
Fair Price (Cronbach's alpha=0.662)		
FP2		0.776
FP3	Cockrill and Goodge (2012)	0.712
FP4		0.726
Perceived Harm (Cronbach's alpha=0.713)		
PH1		0.831
PH2	Cockrill and Goodge (2012)	0.751
PH3		0.778
Ethics (Cronbach's alpha=0.683)		
ET1		0.672
ET2		0.665
ET3	Cockrill and Goodge (2012)	0.721
ET4		0.782

on independent variable. The results of regression analysis, shown in the Table 2, explains beta, Multi co-linearity and significance. The value of Beta is positive, except for ethics, which shows positive relationship among fair price, perceived harm and purchase intention. However, shows negative relationship between ethics and purchase intention.

It indicates that the pirated products compromises the standard and customers are eager due to the cost price saving. (Norum & Cuno, 2011). Perceived Harm also shows the positive impact on Behavioural Intention. Consumers look for perceived harm, so the more they will engage in behaviour intention such as consumption of social status symbol Souiden et al. (2011). Whereas, Ethics shows the negative impact on Behavioral intention. Numerous studies (Tan, 2002; Maldonado & Hume, 2005) have shown that the consumer on ethics have been found to reduce the purchase intentions of pirated music's that's why it is a negative impact on Behavioral Intention (Riquelme et al., 2012).

Table 3: Regression Results

Model	β	t	P	VIF
(Constant)	1.397	8.403	0.000	-
Fair Price	0.282	6.375	0.000	1.057
Perceived Harm	0.109	2.649	0.000	1.056
Ethics	-0.102	-2.155	0.032	1.001
Adj. R Square = 0.148	F- Statistics =21.210			
	Prob value = 0.000			

Dependent Variable = Behavioral intention

Based upon the above table, a Regression equation can be constructed as follows:
$BehaviouralIntention = 1.397 + 0.282(FairPrice) + 0.109(PerceivedHarm) - 0.102(Ethics)$

The value of 't' in table 3 explain the comparative of every variable in above model. The value of P shows the significance of each variable. The values of Fair Price, Perceived Harm and Ethics are less than 0.05 which means that each variable has a significant outcome on Behavioral Intention. The value of VIF displays the coefficient of multi co-linearity which means that the extent to which independent variables are correlated with each other. When the value of VIF is greater than 10 so it means that multi co-linearity exists. VIF value, in table 3, for all variables are less than 10 and it means change in value of any variable does not have affect on the values of extra variables. The value of R^2 shows the extent to which variance in the dependent variable is explained by the independent variable. In our case the value is 0.148 (i.e. 14.8%) and it displays the independent variables (Fair Price, Perceived Harm and Ethics) can explain 14.8% of variance in dependent variable (i.e. Behavioral Intention).

5   Conclusion

Pirating music or counterfeit goods consumption is a global concern. Its roots are strong in Pakistan as well while Karachi offers an extensive market for counterfeit products. The objective of the research was to investigate the reasons behind the growing practice of piracy. The research has showed results of purchase intention of customers when they purchase pirated music. There are several reasons which can be described to purchase pirated music. The sample size of this research study is 350 respondents, chosen from the college students, university students and common people of Karachi city. The independent variables were Fair Price, Perceived Harm and Ethics, whereas the dependent variable was Behavioral Intention. Once the data was collected reliability statistics was checked through Cronbach's alpha. After that Kaiser-Meyer-Olkin (KMO) and Barlett's test were applied to check whether tests can be followed by factor analysis. The results of all the three tests were appropriate. Finally, regression analysis was used to examine whether the model is applicable, the association among the variables and then investigate which variables are significant or insignificant in forecasting purchase intention. The result showed that the independent variable Fair Price and Perceived Harm had a positive significant impact on Behavioral intention whereas Ethics showed a negative but significant impact on Behavioral Intention. Results show that Fair Price and Perceived Harm have significant positive effect on purchase intention. On the other hand, ethics has significant negative effect on purchase intention. It is suggested that this product should be available at price which is significantly different and low with the price of original product.

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