Impact of Perceived Risk on Customers' Buying Intentions for Counterfeit Tablet PCs in Central Punjab, Pakistan

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ABSTRACT: *This research study aims to investigate the determinant of customers' buying intention towards counterfeit product like Tablet PC in PC industry by focusing on the effects of perceived risk towards the customers' buying intention for counterfeit products. A survey of 200 customers of Tablet PC was conducted in Rex City, a computer market, Faisalabad, hub in central Punjab, Pakistan. Results revealed that perceived risk had no impact on customers buying intentions towards counterfeit products i.e. Tablet PC. After the regression test was run, the results illustrated that self-satisfaction is the first priority of the customers but they are unable to pay very high prices of genuine or branded Tablet PCs, so they do not consider risk and buy counterfeit Tablet PC to gain self-satisfaction.*

Keywords: *Buying Intention, Perceived Risk, Counterfeit Products, Tablet PC*
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Counterfeiting of branded products is a worldwide problem with which a large number of brands and branded companies are afflicted. The storm of counterfeit products is taking control over markets with high growth rate because of no network entry permits and quality certification from the Government (Phau, Sequeira, & Dix, 2009) which is harmful to economy and health since it restricts the development of making the genuine products by disrespect the goodwill of the Intellectual Property Rights holders (Goods, 2010).

China, Thailand, India and Malaysia are known as the 'home for piracy' where the most counterfeit, un-recognized and un-licensed products i-e clothing, wallets, hand bags, watches, mobile devices, colour Television, DVD player, Auto parts, software CDs and other computer accessories are manufactured by violating the copy rights to meet the increasing demand (Haque, Rahman, & Khatibi, 2010).

The customers' buying ratio toward counterfeit products willingly across the world is one third of whole population because they didn't see any harms & risks in the products due to the right prices and relative quality (Bian and veloutsou, 2005).

The customers' buying behavior toward counterfeit products also varies with respect to demographic characteristics, Socio-Economic characteristics and features of the product.

Product for Research Study: Branded Companies have merged computer services and telecom services into single product known as Tablet PC which is also called mini Tab or simply Tab. Tablet PC, a latest innovation in PC industry, is becoming very famous among people now a days. The increasing popularity and demand resulted into counterfeit Tablet PCs that have captured the computer markets with high growth rate to meet this increasing demand in the world. Therefore Tablet PC is selected for research study to find the determinants of customers' buying intention toward its counterfeit products.

Product Features and Famous Product Brands: The manufacturing companies have embedded the following features i-e
•   Touch-screen navigation
•   SIM cards support
•   High resolution screen
•   High speed processor performance
•   Latest camera technology
•   Maximum memory support
•   Speedily accelerated LCD
•   Long battery time

Now Internet use has become a common phenomenon and its users can enjoy net surfing, use of social networking sites i-e Facebook, Twitter, send and receive emails, see the live streaming video on the small and portable Tablet PC anywhere and anytime.

There are number of brands in Tablet PC. The most famous brands are HP, DELL, Acer, ASUS, SAMSUNG and APPLE. They are available in different screen size, tough panel, processor speed and many more functionalities.

Counterfeit Tablet PCs are generally found in two categories i-e un-recognized and un-licensed Tablets having no trade mark and license, second category is counterfeited form of the branded Tablet PCs which wrongly use the name of the branded products.

Product Price: Branded Tablet PCs are expensive than featured non-genuine. In developing countries customers are price sensitive and Counterfeited Tabs are available on cheap prices with similar functionalities in matched to original brands for those customers who don't possess the power to buy genuine branded Tabs such as APPLE, DELL, HP, Acer, Asus and SAMSUNG.

Genuine branded Tablet PCs are available in medium range of Rs.30, 000 to 40,000 and in high rang of Rs.60, 000 to 70,000 but counterfeit Tabs are available in price range of Rs.7000 to 21,000 normally which are affordable for them who cannot purchase the genuine branded Tablet PC. Counterfeit Tabs are available in local markets in high volume and any one can purchase it easily from anywhere.

Contemporary Fashioned Product: Now a day Non-genuine or counterfeit Tablet PCs are becoming very famous in Pakistani computer markets and choice of keeping the Tab has become fashion and status symbol in the current age of information **technology**. It shows the attitude of customers to remain them in fashion and stylish trends.

Product quality: They are effortlessly distinguished as non-branded or non-genuine due to adequate awareness about counterfeit products in general public. So, buying the counterfeit products cannot express the soul of brand and status symbolization by owing the luxury brand (Goods, 2010).That's why; buying of counterfeit products is a serious issue that must be investigated.

Significance / Contribution of the Study: Every research has a lot of information and benefits for researchers, respondents and also for officials. Researchers give their suggestions & recommendations

after conducting research and officials use them in their future policies and decision making.

Some studies have alarmed about the customer behavior of purchasing counterfeit products like software CDs and variables that could impact on customers' willingness to buy it. Although PC industry has great important and a vital role in every field of life in the world yet there is a big gap of research study toward its counterfeit products that have captured the computer markets in the world.

This study aims to reveal the impact of variables on customers' buying intention toward counterfeit products in PC industry like counterfeit Tablet PC. After this study, we will be able to know the current Socio-Economic profile of the interested customers in the use of computer products, especially in the buying and using of Tablet PC in Faisalabad Division. It will also provide the enhanced understanding of how Perceived Risk will affect the customers' buying intention toward the counterfeit products.

Place of Work and Facilities Available: REXCITY computer market at Satiana Road Faisalabad, Punjab, Pakistan was selected as a research area which was easily approachable to conduct field survey. It consists of approximately 400 shops dealing in used & new computers, Laptop, Tablet PC, LCD, TFT, Printers, networking products and all kind of computer accessories with approximately 5000 customers visiting on daily basis from Toba Tek Singh, Rajana, Per Mahal, Kamalia, Jaranwala, Sumondri, Jhang, Chiniot, Sargodha and Rawalpindi.

Further those shops were selected in the market where both branded and Non-branded or counterfeited Tablet PCs were sold. Data was collected from the visiting customers having interest in the buying of Tab to fill the questionnaire.

Hypothesis Development
H0: Perceived Risk has no impact on customers' buying intention toward counterfeit product (BITC).

Ha: Perceived Risk has some impact on customers' buying intention toward counterfeit product (BITC).

Literature Review

Perceived Risk toward Counterfeit Products
Perceived risk is the extent to which the customer touches the ambiguity and significances linked with their activities and play a significant part in customer decision-making (Chen, 2010). In actual, perceived risk looks when a person is involved in the circumstances

where the results are ambiguous and are concerned about the significances of an inappropriate choice (Chen, 2010).
The widespread outcomes of preceding readings exposed that perceived risk adversely affected the readiness to perform an uncertain behavior (Nicolaou & McKnight, 2006).
Customer's proceeds activities to lesser the perceived risk linked with a buy by transferring or suspending their buying, purchasing famous products and looking information or confirmation from a reliable foundation (Yeung & Morris, 2001).
The customers of counterfeit products have exposed some uneven presentations such as unanticipated stoppage and breakdown. These difficulties make customers nervous. The possibilities of using these products are the possible losses mainly give rise to the faults and breakdowns of the counterfeit branded products.

Buying Intention towards Counterfeit Product
Concept of customers' intention or Willingness to buy a counterfeit product as surrogate of buying determination and reinforced, willingness to repurchasing of counterfeit products indicates the buying behavior (Phau & Teah, 2009). The strength required to develop a behavior leave impact on relationship between willingness to buy, attitude and behavior of buyer (Bagozzi, 1992) and have greater effectiveness to understand the customer's brain than other behavioral measures (Day, 1969).
There are extreme correlation between willingness to buy and actual behavior (Zeithaml, Berry, & Parasuraman, 1996) and this association empirically verified on products of ICT and services industries e.g. online banking and green product. So, the willingness of a customer to buy a particular counterfeit product can forecast the buying of original product (Mavlanova & Benbunan-Fich, 2010).

Research Methodology
Methodology is an orderly procedure of rules and methods applicable to any field survey or research activities to fulfill one or more purposes of research. Its major purpose is to briefly explain the tools and methods used for data collection, its analysis and interpretation.

Sampling and data collection: To find the determinants of customers' buying intention toward counterfeit products, a Memory based method was implemented for data collection, instead of a stimulus based methodology. We showed genuine and counterfeit products to respondents for example original Tablet PC and counterfeit Table PC at the time of filling the questionnaire. A sample of 200 respondents was taken

and both primary and secondary sources of data were used. Mostly data were of primary nature.

For collection of primary data, a comprehensive questionnaire was used for interviewing the customers consisted of (1) Perceived Risk toward Counterfeit Products and (2) Buying intention for counterfeit products. The each response was measured against the likert scale SA (Strongly-Agree)=1, A (Agree)=2, N (Neutral)=3, DA (Dis-agree)=4, SDA (Strongly Disagree)=5.

Some secondary data were collected and consulted from different research articles and libraries. SPSS and other statistical soft wares were used for the analyses of data.

Equation of Regression analysis:

$$Y_i = b_o + b_i X_i + \varepsilon_i$$

Research Model

Customers' buying intension = f (PR) Perceived Risk
Mathematical form of the model:

$$Y_i = b_o + b_1 X_1 + \varepsilon_i$$

Where X_1=Perceived Risk (PR) is an independent variable and customers' buying intension toward counterfeit products (BITC) is a dependent variable.

Results and Discussion

Characteristics	Frequency	Percent (%)
Gender		
Male	159	79.5
Female	41	20.5
Age (Years)		
Upto 20	58	29
21- 30	114	57
31-40	22	11
41 and above	06	03
Education		
Up to Matric	27	13.5
Intermediate	34	17.0
Graduation	67	33.5
Master and above	72	36.0
Marital Status		
Single	158	79.0
Married	39	19.5
Divorced	03	1.50
Employment		
Student	104	52
Job Holder	26	13
Self- Business	66	33
Jobless	04	02
Income Level		
No Income	90	45.0
Up to 10000	43	21.5
11000- 20000	22	11.0
21000- 30000	22	11.0

31000 and above	23	11.5
Total	**200**	**100**

Factor analysis for Independent Variable

Results of factor analysis for independent variables showed that the Kaiser Meyer Olkin (KMO) test value was 0.805 which exceeded the minimum accepted value of 0.5 and Bartlett's Test of Sphericity statistically showed (Chi-Square = 815.124, P<0.01), indicating the high fitness of data and higher factorability of the correlation matrix. Initial Eigen values on 5 extracted factors were 4.460, 1.625, 1.511, 1.361 and 1.007 respectively that exceeded the recommended value of 1 which showed strong association among the factors as shown in table 2.

Factors	Loading
Perceived Risk (PR):	
Use of Counterfeit branded products endangers my health, electromagnetic wave, battery explosion etc.	0.613
There is high probability that Counterfeit branded products don't work properly	0.685
Counterfeit branded products are not reliable	0.846
The potential risk while using Counterfeit branded products cause me unexpected trouble i-e held, reset, software problems	0.704
Initial Eigenvalue	4.460
Percentage of variance explained	24.776
Kaiser_Meyer_Olkin (KMO)	0.805
Bartlett's test of Sphericity	815.124

Table 2

Factor Analysis for Dependent Variables

Out of 4, no item was dropped from the Dependent variable subjected to principal component analysis (PCA) and resulted in one factor. Factor loading values were between 0.471 and 0.750 with eigenvalue 2.573 which showed higher factor association. The Bartlett's test of Sphericity indicated a significant chi-square test value of 286.715, while Kaiser Meyer Olkin (KMO) was 0.762 which showed adequate measure of sampling and high fitness of data as shown in table 3.

Factors	Loading
Buying Intention Toward Counterfeit (BITC):	
Hopefully I will purchase non-Genuine branded products now or within the next 6 month	0.471
Hopefully I will purchase Counterfeit branded products within the next 2 years	0.654
I intend to continue to purchase and use counterfeit branded products in the future	0.750
I recommend my family and friends to purchase pirated branded products.	0.698 .
Initial Eigenvalue	2.573
Percentage of variance explained	64.337
Kaiser_Meyer_Olkin (KMO)	0.762
Bartlett'stest of Sphericity	286.715

Table 3

The Impact of Perceived Risk with Customers' Buying Intention toward Counterfeit Products

Regression tested the relationship between perceived risk (PR) and Customers' Buying Intention toward Counterfeit product (CBITC). The outcomes of regression of perceived risk (PR) with buying intention towards counterfeit products are shown below in table 4.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.557	.229		11.147	.000
Perceived_Risk (PR)	.082	.091	0.064	0.902	.368
Dependent Variable: Buying Intention Toward Counterfeit BITC					
$R^2 = 0.004$, F = 0.813, Sig. 0.368					

Table 4

The coefficient of Perceived Risk (PR) in Table 4 had +ve connection with BITC but having t-value 0.902 which pointed out that it was not a significant variable having no impact with customers' buying intention

toward counterfeit tablet PC. Thus in this case Null hypothesis was accepted and Ha rejected.

The study shows that self-satisfaction is the first priority of the customers but they are unable to pay very high prices of genuine or branded Tablet PCs, so they do not consider risk and buy counterfeit Tablet PC to gain self-satisfaction. The result is also confirmed from the research work of (Wee et al., 1995) who analyzed the attitude towards piracy was related to purchase intention for all counterfeit products and Perceived Risk has no influence.

Conclusion

Counterfeiting, imitation, fake products and piracy are illegal operations. Preceding some studies have focused on customers' buying behavior towards counterfeit products like clothing, wallets, hand bags, watches, mobile devices, colour Television, DVD player, Auto parts, software CDs and factors that could impact on their buying intention. Although PC industry has great important and a vital role in every field of life in the world yet there is a big gap of research study toward its counterfeit products that have captured the computer markets with high growth rate.

Owing to this limitation, current research study provides an enhanced understanding about the impact of Perceived Risk (PR) on customers' buying intention towards counterfeit products in PC industry like counterfeit Tablet PC. Hypothesis was developed showing the relationship with Perceived Risk and customers' buying intention toward counterfeit products. According to information extracted from primary data, out of total 200 respondents, majority i-e 79.5% were male customers and 57% were of the age class of 21 – 30 years. Out of the total respondents, majority i-e 36% were those customers who had education Master and above and 79% respondents were single. 52% respondents were student and therefore, 45% out of the total respondents had no income.

Explanatory variable i.e. Perceived Risk (PR) had showed that 57% out of the total 200 respondents were agreed with the view that "The potential risk while using counterfeit branded products cause me unexpected trouble i-e held, reset and software problems". Customers' Buying Intention towards Counterfeit products (BITC), a dependent variable, showed that 34.5% out of the total respondents were agreed with the view that "I intend to continue to purchase and use counterfeit branded products in the future".

After the regression test was run, the results proved that self-satisfaction is the first priority of the customers but they are unable to pay very high prices of genuine or branded Tablet PCs, so they do not consider risk and buy counterfeit Tablet PC to gain self-satisfaction. The

result is also confirmed from the research work of (Wee et al., 1995) who analyzed the attitude towards piracy was related to purchase intention for all counterfeit products and Perceived Risk has no influence.

Limitations & Future Research Directions
This research was conducted among those customers who will buy counterfeit Tablet PC. It is suggested that the future research study could focus on other counterfeit products such as Laptop, LCD, LED, Printer, scanner and All in One system unit in PC industry.

Secondly, this research study was done in Rex City, a computer market, Faisalabad-Pakistan which will limit the generalization of the study. Therefore, future research study should be conducted in different geographical pattern to investigate these factors in Pakistan with increase in sample size which may produce different results because of lifestyle and cultural differences.

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