

CHAPTER I

INTRODUCTION

1.1 Research Background

A global trend that has been increasing at an alarming rate is the production, distribution and consumption of counterfeit products. In spite of legislation intended to reduce the sale of counterfeit merchandise, industry leaders and designers all over the world have identified this as a growing problem, and are working with groups such as the International Anti-Counterfeiting Coalition (IACC) to protect their designs from being copied.

Counterfeit products are those bearing a trademark that is identical to, or indistinguishable from, a trademark registered to another party and infringe the rights of the holder of the trademark (Bian, 2009). Despite the fact that consumers are aware of the ethical issues in relation to purchase of counterfeit products, the past research has revealed that approximately one-third of consumers would knowingly purchase counterfeit goods (Phau, et al. 2001; Bian, 2009).

Analysis of consumer perceptions and decision-making processes is crucially important, since it helps marketers to determine more readily what influences consumers' buying behavior, provide marketers with a more detailed picture as to how their brand is perceived by consumers in comparison with

competing brands, thereafter enabling marketers to draft better positioning strategies (Moutinho, 2009). Moreover, only under these circumstances will consumers' perceptions reflect their demand for these products, and thereafter influence their cognitive processes.

The highest profile counterfeit investigations and prosecutions have focused on luxury goods. Oftentimes these products are sold by street merchants and vendors at mall. Counterfeit luxury items have become a multi-million dollar business for traffickers because of the commonplace acceptance of counterfeit purses in our society and the sophisticated strategies for evading state or federal agents (Amendolara, 2005).

Crocs, Inc. is a shoe manufacturer founded by Scott Seamans, Lyndon "Duke" Hanson, and George Boedecker, Jr. To produce and distribute a foam clog design acquired from a Quebec company called Foam Creations. The shoe had originally been developed as a spa shoe. The first model produced by Crocs, the *Beach*, was unveiled in 2002 at the Ft. Lauderdale Boat Show in Florida, and sold out the 200 pairs produced at that time.

In June 2004, Crocs purchased Foam Creations and their manufacturing operations to secure exclusive rights to the proprietary foam resin called Croslite. Croslite is a closed cell resin. The foam forms itself to a wearer's feet and offers purported medical benefits, according to a number of podiatrists. Crocs hold one patent covering various utility aspects of its footwear, U.S. Patent No. 6993858 B2 issued February 7, 2006, and three design patents covering

various ornamental aspects, U.S. Patent Nos. D517788, D517789, and D517790 issued on March 28, 2006.

Crocs announced in 2006 that it filed complaints with the U.S. International Trade Commission (ITC) and the U.S. Federal District Court against 11 companies that manufacture, import or distribute products, called "croc-offs", that Crocs believes infringe its patents. Seizures of fake Crocs occurred in 2007 in the Philippines and Denmark, and were under litigation in South Africa. In 2010, the U.S. Court of Appeals for the Federal Circuit held that Croc's design patent had been infringed.

In 2007, the U.S. Consumer Product Safety Commission requested a voluntary recall of Croc-like clogs due to a potential choking hazard involving detaching plastic rivets. Croc-like brands include Airwalk, Poliwalks, USA Dawgs/Doggers, NothinZ, Veggies etc. Versions of the Croc style clogs have appeared in children's fashion catalogs, usually under their own name brands or as no names. Other knock-offs are in discount stores, amusement park stores, beach stores, department stores, and super stores.

The previous research is the first in the literature on counterfeits to establish that perceived brand personality plays a more dominant role in explaining consumers' purchase intention of counterfeit branded products than other influential factors (e.g. benefit and product attribute). Involvement/knowledge has no significant influence on counterfeit purchase

intention. Evidence of involvement as a moderator does not exist. Brand image is not a mediator of the effects of involvement/knowledge on purchase intention

Since there are many people in Indonesia that know and buy counterfeit products of *CROCS* and since this product is famous enough in society, the author wants to know the factors that can influence purchase intention by students to buy counterfeit products.

1.2 Research Problems

This research is intended to analyze the factors influencing purchase intention by students to buy counterfeit products. The specific research problems can be derived into the following:

1. How is the influence of brand personality toward purchase intention by students to buy counterfeit products?
2. How is the influence of perceived product attribute toward purchase intention by students to buy counterfeit products?
3. How is the influence of perceived benefits toward purchase intention by students to buy counterfeit products?
4. How is the influence of product involvement toward purchase intention by students to buy counterfeit products?
5. How is the influence of product knowledge toward purchase intention by students to buy counterfeit products?

1.3 Research Objectives

Based on research problems above, the research objectives is to analyze the factors influencing purchase intention by students to buy counterfeit products.

The specific research objectives can be derived into the following:

1. To analyze the influence of brand personality toward purchase intention by students to buy counterfeit products.
2. To analyze the influence of perceived product attribute toward purchase intention by students to buy counterfeit products.
3. To analyze the influence of perceived benefits toward purchase intention by students to buy counterfeit products.
4. To analyze the influence of product involvement toward purchase intention by students to buy counterfeit products.
5. To analyze the influence of product knowledge toward purchase intention by students to buy counterfeit products.

1.4 Benefits of Research

The results of this research are expected to provide the following benefits.

1. Theoretical Benefits

The results of this research are expected to be able to contribute information about what factors influencing purchase intention by students to buy

counterfeit products. Further studies the research can be a reference for marketing management.

2. Practical Benefits

- For the researcher

To know and understand what factors influencing purchase intention by students to buy counterfeit products.

- For the companies

To become opinion in determining policies and may provide knowledge about the factors influencing purchase intention by students to buy counterfeit products

- For the buyers

The buyer can diminish purchase intention to buy counterfeit products.

- For the academic

The results of this research are expected as study materials reference in field related to marketing management, especially regarding the factors that influence purchase intention by students to buy counterfeit products.

1.5 Contents of Research

There are five chapters in this research.

The chapter I introduction describes the background, research problem, research objectives, benefits of research and systematic of research.

The chapter II literature review describes theory of Brand, Brand Personality (BP), Perceived Product Attribute (PPA), Perceived Benefits (PB), Product Involvement (PV), Product Knowledge (PK), Purchase Intention (PI) and the Research Framework.

The chapter III research methodology explains clearly and detail about the types of research, location of research, population, sample and sampling techniques, data and source of data, methods of data collection, variable measurement and data analysis techniques.

The chapter IV data analysis and discussion describes analysis of statistical data, results of test instrument, the assumption classic test, the hypotheses test and discussion.

The chapter V conclusion describes the conclusions, implications, limitation and recommendations of research.