CONSUMERS’ PERCEPTIONS AND ATTITUDES TOWARDS OPTICAL DISCS AND ONLINE PIRACY IN MANADO

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ABSTRACT

Piracy is a bad impact of technology development. It is affecting worldwide included Indonesia. But despite the bad impact the piracy brought, many people choose to involve in piracy activity and ignore the morality of their behavior in order to seek the benefit they can get from piracy. This research is designed to have a clearer image and deeper understanding about the consumers’ perceptions and attitudes towards optical discs and online piracy in Manado specifically among university students from 5 universities (De La Salle University, Nusantara University, Politeknik University, Pembangunan Indonesia University and Sam Ratulangi University). The method used in this research is qualitative research methodology with case study research approach and provided a descriptive insight about the piracy phenomenon. The sample of this research is 14 informants who are university students in Manado and participating in piracy. The findings, the university students do think and know the piracy is illegal and bad but because of the advantages of piracy, like cheaper price, easy access to its product and availability of product the university students prefer pirated product rather than original product and ignore the morality of their behavior and current law. The piracy situation like now may be continues to exist in the future. This research suggests the government and related companies to do several proper actions (manage the law and information, more advance in security and technology also teach and guide the people) to fight piracy.

Keywords: consumer perceptions, attitudes, piracy, online

INTRODUCTION

Research Background

The rapid development of technology is giving the people easiness and help through their daily activities. There is no wonder it became a primary needs and making the people dependent to it especially for urban societies today. The development of technology is a sign of the ideas development and people’s needs to be more advance and to be better in life. There is no doubt that technology brought so many benefits for social life but it also creates problems in this world.

Piracy is a crime and one of the negative effects that rises along with the development of technology and today the world are facing the piracy problem with not much helping solutions. There are many types of piracy including optical discs piracy and online or internet piracy. Optical discs piracy included CDs, DVDs, CD-ROMs already became a major problems for a few last decades while online piracy more likely develop together with the internet usage and network access that has becoming wider and more accessible. Aside from the advancing technology, the piracy problem also related to the responses from people. The people’s perceptions and attitudes about piracy are one of the reasons the piracy happened globally. Towards what they want or what they need, people tend to do everything exclude the ethical concerns and even the regulation weather to act right or wrong and morally or Immorally.

Developed countries, developing countries and less-developed countries are facing piracy problem. Not an exception, piracy also happened in Indonesia. With the ranking fourth in nation population, wider internet facility, the spreading of pirated discs and the loose of law along with the executions inside the country, the piracy in Indonesia is still in high scale. Until now, International Intellectual Property Alliance (2014) still...
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recommends Indonesia remain on the Priority Watch List along with Argentina, Chile, China, Costa Rica, India, Russian Federation, Thailand and Vietnam.

Research Objectives
There are specific objectives for this research, which is to know and understand:
1. Consumers’ perceptions towards optical discs and online piracy.
2. Consumers’ attitudes towards optical discs and online piracy.
3. Factors which underlying consumers’ attitudes towards optical discs and online piracy.
4. Future existence of the optical discs piracy and online piracy phenomenon.

THEORETICAL FRAMEWORK

Theories

Business Ethics

Valentzas and Broni (2010) defined the business ethics as a system. The system includes moral principles that applied in world not just in business area. There are law theories, politics and provided guidelines to maintain the behavior inside the organization that can be accepted by the organizations in order to achieve organizations’ positive image and success. To Crane and Matten (2010:5) business ethics is not even an oxymoron, but it is a phenomenon and a subject. Business ethics is the general deepening of business situations, activities, and also decisions about the several issues of right and wrong.

Consumer Perceptions

Kain (2013) stated the consumer perception as the way of consumers and potential consumers view a firm as a whole along with its products or services. It is obvious that the consumer behavior is influenced by consumer perception, and the impact of consumer perception directly affects the profits of a company. Consumer perceptions are very dynamic, and there can be differences between what consumers perceive or think and their behavior later on. The consumer can not be judged by one type of behavior because it is based on their needs, but the behavior is strongly influenced by their mind (Danijela et al., 2011).

Consumer Attitudes

Schermerhorn Jr. et al. (2012:61) explained an attitude as a predisposition or action to respond in a positive or negative way in a situation. Added, attitudes are inferred from the things people say or through their behavior. These statements indicated that consumers’ attitudes have a strong connection to consumers’ behavior. An attitude expresses an intended behavior that may or may not be carried out. From theory of planned behavior (Phau, 2010), consumers’ attitudes determine the purchase intention and related to the facility conditions. Habitual behavior was the most significant factor which directly influenced consumers’ attitudes and their purchase intention.

Optical Disc Piracy

Goodwin (2011) stated optical discs are information that recorded and read using a laser light-beam. The type optical discs are included CDs, DVDs and Blu-Ray with several variations. In Haque et al. (2010), Haque et al. (2009) defined the piracy as an activity that has a greater threat to the economy, social and cultural of a nation than the consumers’ acknowledge.

Online Piracy

Malaysian Federation Against Copyright Theft (2008) stated internet piracy is the process of downloading and distribution of unauthorized copies of intellectual property (movies, television programs, music, games and software programs) via the internet. Internet piracy or online piracy became a common dilemma nowadays, it is because for the majority of companies, piracy is a problem related to their interest which are they want to protect, and the other side, people look internet piracy as an opportunities and make the internet piracy as a superior driver for business advancement (Andersson et al., 2012:3).
Previous Research

Ayupp and Ismail (2008) found that novelty seeking is an important factor for people to participating in piracy. The consumers who have positive attitude according to social concern, product similarity product functionality, product reliability, legal judgment and perception had a favorable attitude toward pirated optical discs and will lead to their purchase intention. The result from Risch (2013), shown that there are correlation between online pirating and other behavioral factors and there is a high correlation from consumers’ beliefs, the frequencies, opportunism, and past and future intention. Cheung and Prendergast (2006) found there is difference perception between citizens who live in 3 cities in China, where as one of them, Wuhan city, tended to have more positive views on the ethicality and legality of both pirated VCDS and pirated clothing and accessories. Xanthidis and Aleisa (2012) found that half of the local population in Greece are not interest in official web sites, they openly admit participate in piracy, admit piracy is a crime but not immoral action, agreed the piracy damages the local economy and they do not mind the legal consequences. In Bagnasco (2010), the phenomenon of piracy is worrying especially for its digital aspects: on one hand, physical piracy is diminishing; on the other hand, secondary piracy is a ‘drop down phenomenon’.

Conceptual Framework

![Conceptual Framework](image)

The figure above shows the conceptual framework of this research which is to understand the consumer perceptions and consumer attitudes in participation of optical discs and online piracy activity.

RESEARCH METHOD

Type of Research

The research was conducted using qualitative research method, which is more like an inductive reasoning. The qualitative research is a situation where the researcher and the data gathered from the observed phenomenon have a strong correlation (Williams, 2007). Based on the original purpose of this research, this research was processed using descriptive research type. Yin (2003) in Baxter and Jack (2008) stated with descriptive research the researcher allowed to describe possibilities in an intervention or phenomenon and the real-life context in a current situation. Furthermore, this research used a case study research approach, which according to Creswell (2007:73), case study research allowed the researcher explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports), and reports a case description and case-based themes.

Place and Time of Research

The research was conducted in Manado area (North Sulawesi, Indonesia) within three (3) months, period of July to September 2014.

Social Situation

In qualitative research there is no ‘population’ term but only social situation. Spradley in Sugiyono (2007:49) stated the social situation separated into three elements: place, actors and activity that interact in a synergic way. By this statement, this research will focus only on piracy activities specifically optical discs and
online piracy among students who are studying in universities in Manado city area. The sample of the university students were selected using purposive sampling method from the non-probability sampling and also random purposeful sampling because of this research has large potential purposeful sample.

**Data Collection Method**

This research used primary data which is obtained from individual interviews and through non-participant direct observation and also secondary data which is obtained from the internet and several types of document like books and journals.

**Research Procedures**

Chenail (2011) explained there are ten steps to conduct a qualitative research.

- Choose the Topic
- Identify the Problem
- Specify the Topic Focus
- Compose Research Questions
- Define Research Objectives
- Conduct Self-Assessment
- Plan, Conduct and Manage the Research
- Compose and Submit the Research

**Figure 2. Ten Steps to Conduct Qualitative Research**

*Source: Chenail (2011:1715-1721)*

**Data Analyzing Process**

This research used the inductive analysis process for qualitative data.

- Data Cleaning
- Close Reading
- Create Categories
- Reduce overlap and Uncoded Text
- Revise and Refine Category System

**Figure 3. Inductive Analysis Process**

*Source: Thomas (2006, 241-242)*
Validity and Reliability

Creswell (2007:206-207) stated that in attempt to assess accuracy of the research findings, the qualitative research needs a validation. Validation should be processed in the field with an extensive amount of time, really detailed description of the situation, and the close relation between the researcher and the informants concerning the research give more value to the accuracy of the research. In Sugiyono (2007:117-118), the qualitative research is more specific to credibility (internal validity), transferability (external validity), dependability (reliability) and conformability (objectivity).

RESULT AND DISCUSSION

Results

The interview data were gathered from fourteen (14) informants from five (5) universities in Manado. The informants are university students who participate in piracy activity, especially in optical discs piracy and online piracy. The result shown that university students think piracy as a problem, immoral act, bad and damaging but instead of avoid piracy, they participate in piracy. They agree that price is the important reason why they prefer pirated product than original product. Other than price, the availability of product, the access, knowledge about technology and current law influence their behavior towards optical discs and online piracy.

From observation proceed in several points in Manado, it shown the piracy problem is growing along with the technology that become more advance and also because the influx of technology itself in Manado. Right now people can find the pirated discs booths easily in Manado. At bus stations, traditional markets, around super markets and mini markets, even inside the shopping centers there are pirated discs booths. Compared to the shops that sell original discs, the pirated discs booths are easier to find. The shops that sell original discs are only a few in Manado. And the reality now, the shops are less visitors. There are also rental for discs in Manado make the selling of original products decreasing. Not only for the pirated discs, the access of internet connection also become wider in Manado. Everybody can connect to the internet almost anywhere. Because there are many internet cafés around the city and many Wi-Fi hotspots in the public places that can be used freely.

The campuses also have the internet facility for their students make the students easier to go online. The development of internet usage in here also influenced by the providers that influx with several internet promotions to push the people to connect to internet using their products. It is also influenced by the selling of advanced gadgets in Manado that provides internet connectivity feature. The price of original products is from Rp. 50.000 to million rupiah. Actually, there are original products with cheap price, around Rp. 15.000 but less known by people. Compared to the original products, the pirated discs can be bought from Rp. 5.000 to Rp.100.000. For the pirated products the price can be decreased too because it is negotiable. From the observation in Manado, the implementation of the law is not really firm and strict. As the sellers of pirated discs still freely selling their product in public places that are strategies and easy to find, the action of the government and the apparatus is being questioned. Not only that, even there are some raids by apparatus, the sellers will know and close their booth but will come back again to their booth the next day and selling again. They are selling free in a public places means they are not afraid of the apparatus and the sanctions they can get. For the end-users itself the law is still not clear, that is why many people still buy the pirated discs. It is also occur for the illegal online activity like downloading, streaming and file-sharing. The internet users still do it because they think they are free from law.

Discussion

It is so obvious to see that piracy is a problem. It is illegal activity and not only need to be decreased but also need to be end. Piracy is not only damaging the right owners, but also the public (Djumhana & Djubaeddillah, 2014:33). Many people want it to end, but they are the one who do it or participate in it. They believe that the piracy is an act of stealing and they know that it is cheating to the right owners, but in the application many people still dependent to pirated products. For people nowadays, it is not important if it is original or pirated products. It makes the pirated products favorable by the people and makes the original
products excluded. It is in line with the findings of Ayupp and Ismail (2008) that shown that the people who are more favor piracy will likely to buy pirated products and even recommend it to their relation. The people think the impacts of piracy is not only bad and damaging the people, but also brought several advantages that can be felt by people. This ignorant thought by the people make some of the party more suffer. They are the victim of the piracy activity, such as the owners' of the right or the companies, the official distributors and sellers or retail shops that sell original products. The government in this case also gets the negative impact because it is decrease the income from tax and several problems for country. From this piracy, the pirates and illegal distributors have an opportunity to gain profit and enrich themselves by selling and distributing pirated products as their job.

The consumers or the end-users also have several benefits from participating in piracy. Breaking the rules for piracy actually is a people’s action that rises because of their needs to get benefit instantly (Djumhana & Djubaedillah, 2014:33). In their mind planted the thought of pirated products as an opportunity and an alternative of original products. Just like the findings of Risch (2013), the opportunity to participate in piracy has a high correlation with the piracy itself. From the economic point of view, the pirated products are less in cost. Means, the price of it is cheaper than the price of original products or even free in some circumstances like if you downloading the products via internet using free Wi-Fi hotspot. The price can be so cheap because the products are illegally duplicated or propagated from its original products. It is consistent with Ayupp and Ismail (2008) and also Cheung and Prendergast (2006) findings that indicated price is one of the factor people choose pirated products.

The consumers, especially the students prefer the pirated products that are cheaper because as a student most of them do not have a job yet. It means they are still have no income and still depends on their parents. In Xanthidis and Aleisa (2012) findings, the income is not significantly influenced the buying of pirated products because the people with high income buy a pirated products, so does it worst with the people with low income. Comparing the availability of pirated products and original products, the people will still choose the pirated products. It is because there are many choices of pirated products in Manado rather than the choices for original products. If the original products are not available here, the consumers can not buy it and choose the pirated products. Sangadji and Sopiah (2013:25) found the situational factor like the facilities influenced the people to buy a product or not. Moreover, the pirated products are available faster to be sold in Manado rather than the original products. The digital products also can be found faster from internet that is purposely exists for information deployment.

The pirated products are easier to find rather than the original products. It is obvious in Manado anybody can acknowledge that the amount of pirated discs booths is more than the amount of retail shops that sells original products. It is consistent with the Bagnasco (2010) findings that the legal physical channels are not able to fulfill the people’s demand. The internet connection also contributes in people decision. Especially for students, internet connection is so important nowadays. It makes them usually connect to the internet and have a bigger chance to participate in piracy. The knowledge about technology is influencing the people to participate or not in piracy activity. Along with the personal intention, people can commit piracy or not. With bad intention, the people who do not really know to use technology will download the digital products rather than buy the original discs. With bad intention, the people who understand technology will download the digital products rather than buy the products from the official website. The knowledge has a strong relation with information, and using the information there will be an intention to decide to buy a product or not (Sangadji & Sopiah, 2013:43).

Moving towards the benefit of piracy, people somehow ignore the morality of their action. The people exactly know that their action is not good and immoral but the people is not really concern about it. Ayupp and Ismail (2008) found the consumers of pirated products are not really concern about ethics and morality. The people who commit piracy are both immoral. This is contradicting with the Xanthidis and Aleisa (2012) findings that shown that the people admit piracy is a crime but not an immoral action. Although there is a debate about the wrong or not the end-users participating in piracy, the actions by the end-users can not be said a genuine actions. For the pirates, the distributors of pirated products and all the people who are gaining profit from the legal parties can be said as a criminal because the law in Indonesia protects the legal parties or the owner of the right. Concerning the fairness of the action between people who choose the pirated products and
original products, the people who prefer pirated products can not be said unfair for buying pirated products. It depends on people’s understanding and perception towards it. Because the fact is the pirated products and the original products are available, the people only have to choose what they want and act toward their intention.

Indonesia has a law concerning the piracy matter. But the situation right now, the people do not know clearly and understand the law. There are still some people that do not know the law about piracy is exists in Indonesia. Other than that, the execution of law in here is still not bolder and strict. The people think the law is just like a formality without proper action by the government and the apparatus because the people who are guilty do not get the sanctions like in the law said. The law as a limiting and binding tools, can not resist the behavior of people in Indonesia. The law can not reach the piracy and too powerless to complement the recent pattern of people’s life (Suteki, 2013:25). Moreover, there still no law concerning cyber crime in here. People think they are blameless using internet for illegal activity because there is no law yet about cyber crime. Maskun (2013:61-62) stated that there is emptiness in law concerning technology and information that is why the government in Indonesia still use law of information and electronics transaction when facing cyber crime cases.

The actions against piracy will not work without cooperation of all parties involved. The parties are included the government and apparatus as a party who made and execute the regulation; the companies or the owners of the right as a victim parties; the pirates, illegal distributors and the sellers of pirated products as a guilty parties, and the end-users as a consumers of pirated products. Djumhana and Djubaedillah (2014:41) also stated that the right owners have an important role in piracy. From the real situation that happening right now, like the growing of piracy, the behavior of people towards piracy and the current law and execution in Indonesia, the piracy is expected will continue to exist in the future.

CONCLUSION AND RECOMMENDATION

Conclusion

From the result that discussed in the previous chapter, there are four (4) main points that can be concluded from this research.

1. The people do think the piracy as a problem because of the illegal activity that is damaging people and the world but they still participate even they want it to end.
2. Even the people know their behavior is wrong and breaking the rules and seems to ignore the morality of their behavior and the current law.
3. For the consumers, piracy is an opportunity and also an alternative of original products. The price of pirated products is cheap, more variants in the Manado market, the access to pirated products easier and can be faster and the knowledge about technology along with the personal intention also can be a factor people choose the pirated products. The external factor is the current law in Indonesia concerning piracy.
4. Those who are involved in piracy have role and responsibility to end piracy. From the real situation that happening right now, like the growing of piracy, the behavior of people towards piracy, the current law and the execution in Indonesia, the piracy is expected will continue to exist in the future.

Recommendation

For Indonesia government.

1. More clear information and bold pointing the law to people.
2. The law and the execution should be firm, strict and binding the people.
3. Make the law concerning cyber law in order to make the piracy situation in Indonesia clearer and not blurry.
4. The government and the apparatus should be one-step ahead from the society concerning the knowledge of technology and the technology itself.
5. Increase the security in the country. The security from the influx and the spreading of pirated discs also the security of internet access inside the country.
6. The government should teach and guide the people more about the morality, the regulation and more reluctant to the government.
For companies or the right owners.

1. Companies or the right owners should increase the security of its products so the irresponsible party can not copy, duplicate and propagate the data for their own benefit.

2. Companies or right owners should be more focus to its price and the easiness to get the product. It should be more competitive with the pirated products.

REFERENCES


