UNDERSTANDING THE CONSUMPTION OF COUNTERFEIT PRODUCTS IN THE NATIONAL CAPITAL REGION (NCR) OF INDIA

Ritu Raj [1], Gargi Raj [2], Amit Kumar [3]

[1] *Research Scholar, Department of Management Studies, National Institute of Technology Silchar, Assam, India*

[2] *Research Scholar, Department of Management Studies, National Institute of Technology Silchar, Assam, India*

[3] *Research Scholar, Faculty of Commerce, Banaras Hindu University, Varanasi, India*

Abstract

Counterfeiting in today's world has become a great challenge and has been rightly inferred as one of the most severe crimes of the 21st century. Counterfeiting impacts in many ways such as socially and economically and it also causes a great threat to human health. Despite that consumers continue to consume counterfeit products sometimes unknowingly and sometimes intentionally; thus, this study is conducted in the national capital region of India to find the motivating factor for consumers towards counterfeit consumption and to know various counterfeit products that consumers use. This study is a qualitative study, and the findings indicate that a broad range of counterfeit products like software, shoes, clothes, CDs, beverages, movies, handbags, electronics items, cosmetics, watches, books, eyewear and food items are being used as counterfeit products by consumers. Price, availability, value derived, trend, social media, social influence, confusion and ignorance are the factors that motivate consumers to opt for counterfeit products.

Keywords: Counterfeiting, Value, Social Media, Non-deceptive Counterfeiting, Trend.

Introduction

Product counterfeiting is a global challenge that has serious economic and societal consequences (Gilgoff, 2004)**.** In today's economy, counterfeiting is on the rise and shows no signs of slowing (Zhang, Guo and Yue, 2012). The Agreement on Trade-related aspects on Intellectual Property Rights (the TRIPs Agreement) defines counterfeiting as "Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation". It has been reported by the International Trademark Association and the International Chamber of Commerce that the value of counterfeiting and piracy was 1.7 USD trillion and is estimated to reach USD 2.3 trillion in 2022 (Samaddar and Menon, 2020). Counterfeiting is of two types deceptive and non-deceptive (Phau, Sequeira and Dix, 2009). Deceptive counterfeiting is one in which consumers are unaware of the nature of the product, while in the case of non-deceptive counterfeiting, consumers know about the product despite their demand for that product (Bian and Veloutsou; Grossman and Shapiro, 1986). Initially, only a few costly industries were affected by counterfeiting (Eisend and Schuchert-güler, 2006), but nowadays no industry is left out; every sector is under threat of counterfeiting, even pharmaceutical, food and beverage industry are affected by counterfeiters (Walker, 1977). A severe threat to consumer safety and health has evolved from counterfeiting, which has become an international issue; this issue also costs legitimate brands and economies in the form of substantial economic losses (Kenavy, 2013). Despite these problems, consumer purchase these products knowingly and sometimes unknowingly. This study will try to explore the factors that motivate the

consumer to purchase counterfeit products and their consumption of a wide range of products, which might help businesses come up with a strategy to overcome this issue.

Literature Review

It is well known that demand is the primary factor that drives the market, and many studies concluded that consumer demand is the primary reason for the growth of counterfeiting (Casola, Kemp and Mackenzie, 2009). The available literature on the consumption of counterfeit products says that many factors lead to this decision to counterfeit purchase, but overwhelming factor which motivates them is the price factor. The same has been found in past studies (Gabor and Granger, 1961; Albers-Miller, 1999; Phau and Teah, 2009; Fernandes, 2013; Rizwan and Jamal, 2013; Ahmed, 2016) which says counterfeits are available at much lower price as compared to the genuine products. Even consumers who purchase genuine products are found to be attracted by the lower price of counterfeits (Tom *et al.*). Price is not only the point that motivates consumer; there are some other factors which attracts consumers. Studies found factors like easy availability of the products (Mir, 2013; Harun *et al.*, 2020), value for money (Cordell and Wongtada, 1991; Wang *et al.*, 2005; Prakash and Pathak, 2017), novelty seeking (Quach and Thaichon, 2018), social influence (Vida, 2007; Bian and Moutinho, 2011; Hanzaee and Taghipourian, 2012; Ahmad *et al.*, 2014; Amaral and Loken, 2016), brand consciousness (Jiang and Shan, 2016; Kaufmann *et al.*, 2016; Bhatia, 2018), materialism (Kozar and Marcketti, 2011; Trinh and Phau, 2011; Flynn, Goldsmith and Pollitte, 2016; Harun *et al.*, 2020; Nagar and Singh, 2021; Singh *et al.*, 2021) and variety (Cheung and Prendergast, 2006; Nagar and Singh, 2021).

While knowing what influences customer decisions to purchase counterfeit goods is important, it is much more crucial to look closely at and comprehend the elements that lower/reduce counterfeit consumption. Perceived Risk, religiosity and perceived ethicality are some of the factors that act as a deterrent factor in counterfeit consumption. Risk can be of different types like social risk, performance risk and prosecution risk, and these risks negatively influence counterfeit consumption (Riquelme *et al.*, 2008). Religiosity negatively motivates counterfeit purchases (Quoquab *et al.*, 2017; Mortimer *et al.*, 2020). Perceived ethicality plays an important role in decision-making regarding counterfeit consumption (Tan, 2002; Chaudhry and Stumpf, 2011).

However, these research are mostly conducted in countries other than India, and there might be a case that it is not similar to the Indian context. Scenario is very different in India as the income level is relatively lower for Indian consumers and also the lifestyle and culture of an Indian consumer is different from that of western countries so the need and demand of Indian consumers might be different. Quantitative studies dominate the current literature of counterfeiting; there is a dearth of qualitative studies in this field, and that too in the Indian context.

This study addresses these research gaps by exploring the following:

- Why consumers purchase and use a wide variety of counterfeit items.
- Which are the major and minor factors influencing the choice to buy counterfeit?
- What can be done to target these motivations to reduce counterfeit consumption?

Method

The study utilizes a qualitative method to collect data. The mall intercept method and personal interview was conducted to collect the data for the study. Seventy informants aged 18 to 25 were selected for the interview from NCR. Out of 70 respondents, 46 were female, which constitutes 65.71 % of the total informants. Informants identified a range of factors that motivate them to purchase counterfeit products, which are shown in Table 2. Counterfeit products that consumer buy is given in Table 1. Some of the factors like impulse buying and time period were highlighted by very few people. Price and availability are the two major factor that motivate consumers to go for counterfeit products. These factors provide a framework for understanding the consumer motivation behind counterfeit consumption.

Table 1 product category of counterfeit consumption among respondents.

Product	Number	Percentage	Product	number	percentage
Software	57	25.67	Books & Notebooks	15	6.76
Shoes	24	10.81	Handbags	15	6.76
Clothes	23	10.45	Electronics	12	5.40

Movies	21	9.45	Cosmetics	9	4.05
Beverages	21	9.45	Watches	8	3.60
CDs	17	7.65	Eyewear	6	2.70
Total	**222**	**100**	Food items	6	2.70

Table 2 factors motivating consumers to purchase counterfeit products.

Factors	**Number**	**Percentage**	**Factors**	**Numbers**	**Percentage**
Price	63	37	Social media	13	7.64
Availability	33	19.41	Social influence	11	6.47
Value	21	12.35	Confusion	9	5.29
Trend	14	8.23	Ignorance	6	3.52
Total	170	100			

Findings

Cost-effective

The main reason or number one reason for non-deceptive counterfeiting was the price point. A respondent says, "We get the product at a cheaper price, plus there is no negative impact of using that, then why should we pay higher for a similar type of product". Out of all the respondents, nearly every respondent listed price as the main reason for their purchase of counterfeit. Another respondent says "I use handbags very often and would never have purchased an original one but, I own some counterfeit because of the price and usage; considering I have very little usage I won't pay that much for any product which I will use very rarely".

Availability

Availability is one of the other main reasons that lead to counterfeit consumption. Counterfeiters are available everywhere, which allows a consumer to use them. A respondent says that "Some books are not available in my area, so I have to purchase pirated versions of those books". The reach of the original product is not everywhere, and consumers want to use it, then they opt for counterfeits. A respondent says "I know that using counterfeit cosmetics may harm me, but the genuine product is not available nearby, and I use it rarely so I purchase counterfeit cosmetics sometimes".

Value Derived

The value derived is the third main reason for the purchase of counterfeit goods among the respondents. A respondent said that "I have purchased duplicate electronic items like chargers and music system and I know they are less durable and less safe still I think they give me great value considering the price range and utility provided". Another respondent says "Counterfeiters are even ready to customize their product for us which is not in the case of genuine product and even if they do so then they charge a hefty amount for the same".

Trend

Another factor that motivates consumers is the trend. Respondent says "What is in trend is generally costly, and they cannot afford that, but they want to use those trendy products, so they go for counterfeit products". Another respondent gives her views about the trend as "Trend keeps changing and consumer do not have that much of resources with them but counterfeiters with the advancement in technology create identical products which enables the consumers to use those products".

Social Influence

Social influence is another factor that respondent says they adhere to. A respondent says "I want to have handbags of a particular brand because people think that I always use those bags and as those bags are costly so I go for counterfeit". The consumer gets influenced by the thoughts of peers, family and friends and they try to consume those products that their social groups perceive for them.

Social media

Social media in today's world is inevitable and its impact can be seen in almost every industry and this counterfeiting is no exception. A respondent says that "I find many celebrities promoting social media handles that deal in counterfeit products". A respondents says that "I was seeing a Converse shoe that was costing around 10,000 rupees

and then I found a link on my social media that took me to website which provided almost similar shoes at Rs. 2,000 and then I purchased that shoe". Another respondent says that "I find many handles on social media that deals only in counterfeit products and give services like free home delivery and cash on delivery and other which make their access easier".

Confusion

The consumer was confused or unaware of the nature of the product. A respondent says she purchased a trolley bag and thought it was genuine but later on realized that it was duplicate. Respondent says counterfeit products are nowadays well manufactured and it gets difficult for them if both the product is not available at the same time for comparison. A respondent says that "Counterfeiters play with words and prepare almost similar products which confuse the customer and they purchase wrong item out of confusion".

Ignorance

Ignorance is another factor that came out while conducting this research. Respondent says "Although we don't support counterfeit products, we use them sometimes out of ignorance like sometimes novels in the original form are not available, then we purchase the counterfeit version and ignore the fact that it is not original". Sometimes consumers do not care that much while purchasing and shopkeeper also do not disclose the fact that the products are not original and they get the wrong product out of sheer ignorance although they have paid the similar amount.

Discussion and implications

The importance of price in counterfeit consumption was evident in past studies, and this study also found that price is one of the main reasons for the demand for counterfeit consumption; the maximum respondents' first answer was the price factor; thereafter, they have some other reasons. Availability was the factor in the case of beverages, luxury bags, cosmetics and branded clothes and shoes, while value derived was in the case of the products like luxury items and movies, CDs and DVDs and electronics items where some risk was also there, but they think the value was greater. Trend, social media and social influence are the affecting factors in the case of products like clothes, shoes and bags. Confusion and ignorance works in the case where it was very hard to distinguish between genuine products and counterfeit products which shows there is little education on how to mitigate product confusion. Apart from these factors some factors were also there that was highlighted by very few people like time period as according to consumers counterfeits are available at relatively lesser time. Factor like impulse buying states that when consumers visit counterfeit market they might purchase these products even when they do not need them.

Insights

The study shows that consumers want authentic goods but sometimes do not know how to identify them. Distribution channels are the main identification source but are also not reliable. Therefore, businesses should communicate how to identify genuine brands. A nation's legal system may significantly impact the purchase intentions of consumers. Companies must pressurize government to make it a severe crime for customers to buy counterfeit products.

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