



A Study on Consumer Goods Related to Counterfeit Products: A Review

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Abstract

Counterfeit consumer goods, unauthorized imitations of branded items, affect various sectors, including fashion, electronics, and luxury goods. These products deceive consumers through similar branding and packaging, undermining legitimate businesses and brand equity. The demand for counterfeit goods is fueled by factors like attractive pricing and brand-conscious consumers seeking prestige at a lower cost. However, counterfeits carry significant risks, particularly in health and safety sectors such as pharmaceuticals, where products may lack quality standards and include harmful substances. Counterfeiting has broader economic impacts, including financial losses for businesses and links to organized crime. Addressing this issue requires comprehensive strategies, including stricter legislation, anti-counterfeiting technologies, and increased consumer education. By understanding consumer perceptions and behaviors towards counterfeits, businesses and policymakers can develop targeted strategies to mitigate their appeal and ensure safer markets, thereby supporting authentic brand value and consumer trust.

Keywords: Consumer Goods, businesses, consumer education, branding

Introduction

Counterfeit consumer goods refer to imitation products that are manufactured, distributed, and sold without the authorization of the brand owner. These counterfeit products mimic legitimate items in appearance, branding, and packaging to deceive consumers into believing they are purchasing authentic goods. They span various sectors, including fashion, electronics, pharmaceuticals, personal care, and luxury items.

The unscrupulous imitators of the original brands can devastate brand equity and future prospects of a company. In the present world, the consumers are literally being bombarded with the incessant marketing stimuli. Even if a slogan of a company rhymes with another, the consumers can easily confuse the two. Hence, if the products are of the same type and appearance, a consumer can be deceived into purchasing fake versions. Moreover, some consumers intentionally opt for the imitated products regardless of substandard quality and higher risks.

Counterfeiting is considered as the crime of the 21st century. A highly affected market of counterfeits is the market of luxury branded goods. These goods are bought by consumers who want to express their social class and belonging by being admired, recognized and accepted by other people. The counterfeits of luxury brands that flourish on the market makes it possible for anyone to be a luxury brand user which is against the core of luxury brand, which strives for a low distribution to keep the demand high to be able to keep the consumer associations of luxury brands.

Literature Review

Arvid Cademan (2012) ^[2] the effect of Counterfeit Products on Luxury Brands: An Empirical Investigation from the Consumer Perspective. The purpose of this thesis is to create knowledge of how counterfeit products affect the consumer perception of luxury brands. The research approach was a deductive, quantitative research and the data was collected through a questionnaire distributed through Facebook and the internal e-mail of the Linnaeus University.

The sample frame was generation Y in Sweden. A total of 432 completed questionnaires were collected and was the foundation for the analysis and result. Conclusion: The consumers' perception of counterfeit products have a negative effect on the consumer perception of luxury brands. Both the consumer's brand associations and how consumers perceive the quality of luxury brands are affected by counterfeit products. However, what the consequences are of this negative relationship cannot be answered by the result of this thesis.

Preethi Singh an empirical study on the consumer behaviour towards counterfeit products. This research is about consumer behaviour towards counterfeits would highlight the factors that encourage people to buy such items. It will subsequently help a better problem definition of the global piracy problem. This will, in turn, lead to an improved action plan against counterfeits by incentivizing the consumers into choosing the original brands. The research objective is to investigate the consumer behaviour towards counterfeiting fast-moving consumer goods in Gwalior and to identify the factors influencing consumers to purchase counterfeit goods in Gwalior. Key words: Imitators, Counterfeits, Consumer Behaviour, Brands.

Shraddha (2019)^[4] Economics of Counterfeit Products: With Special Reference to Mobile Phones & Watches. Theoretical Economics Letters. Vol.9 No.5, June 2019 The Indian population is increasing at an alarming rate causing threat to the economic development, not forgetting the fact that another sector that is increasing at the same rate is the counterfeit goods. One important fact that needs to be checked is why we find such an increase in the counterfeit products. The fact that the aspiration of the population is increasing, in desire to have luxury products needs to be explored. Objective of the study is to examine the attitude toward the counterfeit product in the market on various parameters. A total 1207 responses from 22 districts of Delhi & NCR were used to examine the probability of intention to buy counterfeit of Mobile phones & Watches; the study employed the factor analysis and logit analysis. Results revealed that counterfeit purchasers had lower perceptions of business ethics, implying that ethical beliefs may become the key to develop the strategies to reduce demand for counterfeit products.

V Anupriya, G Maheswari, M Kavitha (2021)^[12] Factors determining brand resonance of apple iphone. Psychology Education Journal. Building brand resonance in a competitive market can play an active role in the modern marketing arena. It is now widely acknowledged by companies and business enterprises that strong brand resonance will create a competitive advantage in the marketplace that will enhance their overall reputation and credibility. Brand resonance depends on a systematic understanding of the company's consumers, competitors, and marketing environment. Brand resonance is based on appropriate identity that needs to reflect the marketing strategy and the firm's willingness to invest in the programs needed for the brand to live up to its promise as well as commitment to consumers. Strong brands take pleasure in consumer loyalty, the possibility to charge premium prices, and extensive brand power to hold up new product and service launches. Companies and business enterprises need to have careful as well as systematic understanding of consumer beliefs, behaviors, product or service characteristics as well as attributes and rivals. The continuous technological innovation creates a competitive

scenario where brand loyalty is nullified with the uninterrupted inflow of competitive product varieties and models and the brand resonance effect in terms of relationship that a consumer has with the product and the extent to which consumers feel that they are in „sync“ with the brand gets alleviated. Brand resonance refers to the nature of heightened brand-centric relationships and is characterized by intense psychological attachment with a brand as well as active, volitional behavior directed toward the brand's benefit. Mobile Users are very interested and eager to.

Key Characteristics of Counterfeit Goods

1. Imitation of Branding: Counterfeit products replicate the branding, logos, and packaging of legitimate goods, making them difficult for consumers to differentiate from the real thing.
2. Lower Quality: Counterfeits are usually made from cheaper materials and with inferior craftsmanship, which can result in poor performance and short lifespan compared to the authentic products.
3. Illegal Production and Distribution: These goods are typically produced without the authorization of the brand owner and violate intellectual property rights (trademarks, patents, etc.).
4. Attractive Pricing: Counterfeit goods are often sold at a fraction of the cost of the genuine product, appealing to consumers who are looking for deals.

Impact of Counterfeit Products

1. Economic Impact: Counterfeiting leads to significant financial losses for legitimate businesses as it undermines their revenue and brand value. It also contributes to lost jobs and reduced tax revenue for governments.
2. Health and Safety Risks: Counterfeit pharmaceuticals, cosmetics, and food products can be particularly dangerous, as they may contain harmful ingredients or lack safety standards, putting consumers' health at risk.
3. Consumer Trust: Consumers who unknowingly purchase counterfeit goods may feel deceived and lose trust in the brand they believe they are buying from, which can hurt a company's reputation.
4. Links to Organized Crime: Counterfeit goods are often associated with organized crime, with profits used to fund other illegal activities, such as human trafficking, drug trade, and terrorism.

Aim of the study

1. To analyse the consumer perception towards counterfeit products

Consumer Perception towards Counterfeits

Understanding why consumers buy counterfeit products is a major research area. According to Bian and Moutinho the key drivers include lower prices, perceived value, and a disregard for the ethics behind purchasing fakes. There is a distinction between deceptive consumers (those who believe they are buying authentic goods) and non-deceptive consumers (those who knowingly buy counterfeits). Cultural, psychological, and economic factors influence these behaviors.

- Price Sensitivity: Consumers are often driven by the lower cost of counterfeit goods, especially in emerging markets where brand authenticity may not be prioritized.
- Brand Consciousness: Despite knowing the products are

fake, some consumers still purchase counterfeits due to their desire for prestige brands.

- Ethical Considerations: Some studies focus on the ethical dilemma of purchasing counterfeit goods. Bambauer-Sachse and Mangold examined how brand attachment affects consumer attitudes toward fakes.

Impact on Consumer Health and Safety

Counterfeit products pose significant risks to consumer health and safety. This is especially true in sectors such as pharmaceuticals, cosmetics, and electronics. Counterfeit medicines, for example, may contain harmful substances or incorrect dosages, leading to severe health consequences. Studies by Cockburn *et al.* and OECD stress the urgency of addressing health-related counterfeit goods, particularly in developing regions where regulatory oversight is weaker.

Data Analysis

- Descriptive Statistics: Use descriptive statistics to summarize data (e.g., the percentage of consumers who knowingly purchase counterfeit goods, preferred counterfeit products, pricing points).
- Inferential Statistics: Hypothesis testing using methods such as Chi-square tests or regression analysis to identify relationships between consumer demographics and counterfeit purchasing behaviour.
- Thematic Analysis: For qualitative data from interviews and focus groups, use thematic analysis to categorize consumer opinions and motivations.

Findings and Conclusions

Since counterfeits are produced illegally, they are not manufactured to comply with relevant safety standards. They will often use cheap, hazardous and unapproved materials or cut costs in some other manner. These unapproved materials can be hazardous to consumers, or the environment.

It can be made for government policies, consumer education campaigns, or brand protection strategies. This may include anti-counterfeiting technologies, stricter enforcement of intellectual property laws, or collaborations between brands and law enforcement.

Combating counterfeit consumer goods requires a multi-faceted approach involving stronger legislation, enhanced technological solutions, greater collaboration between governments and industry, and informed consumer choices. Only through coordinated efforts can the negative consequences of counterfeit products be minimized, ensuring safer and fairer markets for both businesses and consumers.

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