

Counterfeit products pros and cons in Indian Market –A review of Literature

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Abstract - India is one of the high consumption country with the increased per capita income. The trade in India is highly promising and majority of the sectors are prospering with great customer support. But in this era there is a threat of counterfeiting to the products being sold by the manufacturing firms. We are witnessing a high growth in the counterfeit products and which are posing a heavy pressure on the original market. The paper tries to throw the light on the present situation in counterfeiting and its effects on the Indian market.

Key words: Fake brands, counterfeiting, confectionary products.

I. INTRODUCTION

Counterfeit market is running in almost parallel manner and day by day it is extending its wings in the markets. We can define counterfeit products as the fakes or the imitations, replication of the authorized products with slight modification which have capacity to remain unnoticed by the consumers. Here the imitations of packaging, spellings, fonts and sizes will be maintained on par with the original brand. In India, we are having a huge market for counterfeit products and the business is happening without any interruptions.

The product categories under this counterfeiting are fast moving consumer goods, consumer durables, pharma sector, electronics and related ones. When we look at the statistics available, it is fact of concern that counterfeit market is running parallel to the original products market and the movement is goods are huge.

The few products which are fighting with fake brands in confectionary market. (Table No.1)

Sl. No.	Original Brand	Counterfeit Brand
1	Dairy Milk	Daily Milk
2	Clinic Shampoo	Clamic Shampoo
3	Tiger Biscuits	Fighter Biscuits
4	Fair & Lovely	Fair & Lonely
5	Ponds	Bonds
6	Parachute	Paracute
7	Vicks	Vibex
8	Dabur Amla	Lalita Amla
9	Lifebuoy	Shagun
10	Kurkure	Kurkur

(Source: Rural Marketing by Predeep Kashyap Second Edition)

Most of the sectors in India are facing the challenges by the counterfeit brands and struggling with them has become a challenge to the original brands. FMCG sector is prime

victim of this problem and it is followed by durables, cosmetics, pharmaceuticals and so on.

Authentication Solution Providers Association (ASPA) provides us an information that market of fakes in India is increasingly rising and it has crossed 40,000 crores in organized sector. The FICCI & KPMG published a report and they estimated that by end of 2014, the counterfeiting in FMCG sector in India was around Rs. 68,000 crores. This was around 65 per cent of the total market of counterfeit products, which was worth Rs 1.05 lakh crore. This market has grown by at least 10 per cent over the last two years. At the end of 2014, the overall FMCG market in India was valued at Rs 3.2 lakh crore. The KPMG report said the loss to the exchequer as a result of FMCG counterfeiting is around Rs 27,500 crore, annually. The lack of coordination between law enforcement authorities and awareness deficiency among consumers are considered to be a big challenge.

Since Indian customers are increasingly opting e-commerce sites but surprisingly now a days they are receiving the counterfeit products through sites. The survey revealed that around 38% of the customers have complained about the fake brands the fake brands and 29% of the consumers said that they have received the fake brands from the known e-commerce sites. This was seen in the products like fragrances, apparels and bags, which tend to be sold at heavily discounted prices. (Local circles survey)

II. METHODOLOGY

The paper tries to provide a conceptual understanding about the counterfeit products and the data is relying on the secondary sources. Literature provides enormous data and also various cases at different places. Existence of counterfeit products is clearly evident through the available data and hence paper considers the sourced information as a working data.

Objectives:

- To introduce the counterfeit products
- To find the spread of the counterfeit products
- To analyze the advantages caused by the fake brands
- To search out disadvantages caused by such products.

III. REVIEW OF LITERATURE

The local circles conducted a survey to examine the existence of counterfeit products sold by the e-commerce sites. The results were surprising that 34% consumers identified perfumes and other fragrances as the top category for counterfeit products on ecommerce sites while 11% identified it as shoes, 4% as sporting goods and 51% said others like fashion apparels, bags, and gadgets.

Earlier, the Delhi High Court banned a seller from using the name L'Oreal on any of its products sold on ShopClues.com, after it was reported by consumers for selling fake L'Oreal products on the site.

Mr. K V Kannan published a paper on the fake products in the rural market which emphasised on the nature and status of the fake products in the Indian rural market and discussed the strategies to be followed by the chocolate manufactures to overcome from counterfeiting issue.

On 10th October 2018 www. holostick.com published a data on Indian markets of counterfeit goods-destroying businesses and brands. It mentioned the prime locations of the metro cities where the greater sale of the counterfeit products takes place.

The Authentication Solutions Providers Association claims that the market for fakes in India has grown steadily and stands at a whopping over Rs. 40,000 crore even as law enforcement remains weak.

Harsh Aggarwal and Roma Arora report claims about the open market of counterfeit products in India and also advocates two ways of purchasing such products, one is due to cheaper price and second one is due to deception.

Anandan.C (2007) found that quality was the major driver to prefer a particular brand washing soap and detergents in the rural market. If the preferred brands are not available then the purchase may shift to the available ones. He also claims that there was a significant relationship between income and brand preference of the consumer.

Garga.P,Ghuman.K and Digra.B (2009) conducted study in the rural areas of three districts of Punjab and interviewed about 300 respondents. The results are interesting that the FMCG goods were preferred which in smaller size and at smaller prices.

FICCI took a National Initiative against piracy and counterfeiting and found that fake medicines is estimated at 15%-20% of the Indian Market and fake cosmetics, toiletries and packages food at 10% to 30%.

Nantoo Banarjee published an article on Fake And Unsafe Goods Are Flooding Indian Market. He focused on the other sectors and the existence of counterfeiting into it. He also took the reference of KpmG reports and quantified the amount of business with respect to the counterfeit bands.

Neeraj Mahajan published an article with a title "Fakes don't kill brands, but they kill businesses".

The article focuses on the loss being caused by the fake brands to the original brands and gives the bird's eye view pertaining to various sectors and companies.

IV. ANALYSIS AND INTERPRETATION

According to the sources it is clearly evident that the counterfeit products are gaining huge momentum in Indian market. By referring to the researched data magnitude of the counterfeits is given below. (Table no.2)

Sl. no	Sector	Counterfeiting quantity in India
1	Automobile spares	30%
2	Mobile Phones	21%
3	IT products	10%
4	Luxury goods	Rs.6,000cr(2016)
5	FMCG & packaged goods	Approx. 15%
		Source: Neeraj Mahajan report

The above results are alarming and the study reveals that surprisingly 80% of the consumers do not even realise this at the time of making purchase. They continue to believe that they have not bought the original.

Delhi is treated as Asia's largest market for the counterfeit and electronic goods. The places such as Sonipath, Gaziabad, Panipat, Meerat are the hubs of manufacturing fake FMCG brands and Ahamadabad for fake Pharmaceutical products.

Advantages caused by the counterfeit products:

As per the literature reviews the existing data is an evident that the factors like price and the easy availability is boosting the sale of counterfeit products. It is also emphasised on the ignorance and the lack of awareness shown by the consumers. Empirically, saving money is the only one step most consumers think about. The price may be lower. Counterfeiters don't have to spend time, effort, or money on research and development; they don't have to invest in their people or their company future. They don't have to do any of the things that Indian businesses proudly do to build strong companies that help our economy and our people. And counterfeiters can pass those savings on consumers.

One of the biggest reasons for the sale of counterfeit goods are their low prices compared to the original items. Whether it's a designer bag or a diamond-studded watch one can easily buy their cheap replicas. Experts have revealed that the replicas of luxury goods are sold at 1/4th of the original price. Such counterfeit goods are sold at different markets

situated in different cities of India and are quite a rage among shopping lovers.

Disadvantages of counterfeit products

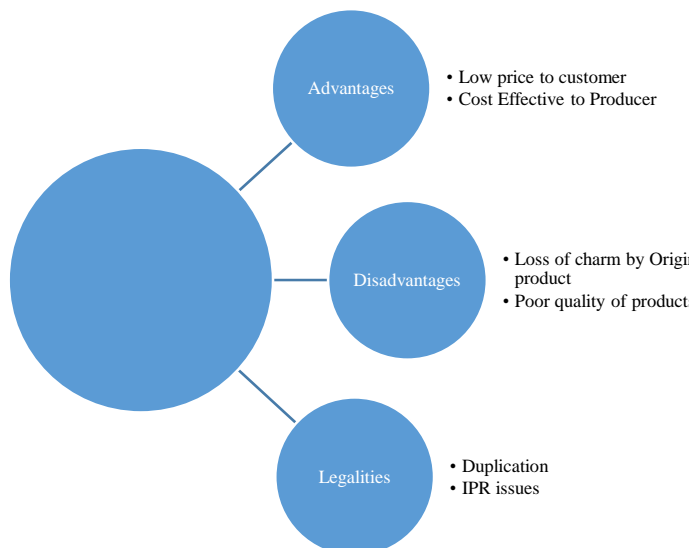
As per the data available it is clear that disadvantages are more as compared to the advantages caused by the counterfeit products. The literature is quite supportive for an argument that such products eliminate the charm of the genuine and original brands and reduce the revenue of the companies who are largely investing on research and development activities. The disadvantages could be distributed in two parts i.e. the manufacturer and consumer.

The manufacturer will get suffered economically because the good percentage of the market share is grabbed by the counterfeits. Parallel to this is the original brands will lose their brand equity and brand image. But in the case of consumer there are chances of getting health hazards by using the fake brands of packaged food, cosmetics, medicines etc. The reports of FICCI and HUL are witnessing the alarming situations when consumers use counterfeits. Equally consumer may pay high price for the poor quality possessed by such products.

V. CONCEPTUAL MODEL

Post literature review the understanding is slightly moving towards the fact that counterfeit products are possessing three factors and the this will be researched further as an empirical study. As counterfeits are classified into three types namely, spellalikes, lookalikes and duplicates, the first two may be not be having legal complications but duplicates certainly possess legal challenge with them. Hence pros and cons will be with spellalikes and lookalikes and duplicates are illegal products. This conceptual model provides an opportunity to explore reality empirically.

(Diagram no.1)



VI. CONCLUSION

This paper focuses on introducing counterfeiting market in India and which is eventually increasing in our sub-continent. In some rare cases there are few advantages to the consumer market by such products but more often there are economic losses to the originals and there are also losses to the consumers with respect to quality, price and originality. At the outset, it is clear that the operations of counterfeits into the noted cities is common and that happens with respect to the luxury products. On the other hands rural area faces this problem in the low priced products like FMCGs, electric appliances, confectionaries etc. The quantitative performances of such products are available on the literature but the near estimation can be carried out through field work. Hence the further scope of search is to of field investigation to estimate the marketing performances of counterfeit products.

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