Volume : 1 | Issue : 9 | September 2012 ISSN - 2250-1991

Research Paper Management

Why Fake Products? Ignorance or Availability (Marketing)

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ABSTRACT

Fake products are imitations of name-brand products. They are the look-alikes or spell alikes of genuine products. This paper concentrates on the use of some fake FMCG products in the villages of Ahmedabad and Gandhinagar. The availability of fake FMCG products in villages is growing by leaps and bounds. From personal care products to processed foods, everywhere faking has grown. The growth in counterfeiting clearly has an economic impact on the marketplace and on the manufacturers of genuine products. The unfavorable economic impact on the manufacturers of genuine products should be obvious to, or at least assumed by, the end consumer, yet rural consumers continue to seek and purchase fake goods. What factors influence the attitudes that rural consumers hold towards fake products. Are the consumers unaware of the original products or are retailers influencing the rural consumers to buy these fake products. The sale of counterfeit products, in FMCG, represents a serious threat to both the manufacturers of the legitimate products and the welfare of the consumers who purchase fake.

The density of Gujarat state is spread around 196024/Sq Km having total population of 60383628 with 57.4% of population in the rural area, having 9619796 households.

Keywords: Buyer Attitudes, Fake Products, FMCG, Villages of Gujarat, pass-off products, spell alikes

Introduction

Fake products are imitations of name-brand products. They are the look-alikes or spell alikes of genuine products also called the pass-off products. This paper concentrates on the use of some Fake FMCG products in the villages of Ahmedabad and Gandhinagar districts. The availability of fake FMCG products in villages is growing by leaps and bounds. From personal care products to processed foods, everywhere faking has grown. The growth in faking clearly has an economic impact on the marketplace and on the manufacturers of genuine products. The unfavorable economic impact on the manufacturers of genuine products should be obvious to, or at least assumed by, the end consumer, yet rural consumers continue to seek and purchase fake goods. What factors influence the attitudes that rural consumers hold towards fake products? Are the consumers unaware of the original products or are retailers influencing the rural consumers to buy these fake products?

Rural India is no more what it used to be about a decade ago. With economic development and trade liberalization in the country, rural India has also undergone tremendous change and it is contributing up to 60 per cent to the Indian GDP. With saturation in urban markets for the demand of products, most of the FMCGs have penetrated deep into rural markets and it is estimated that 53 per cent of their revenue comes from the rural markets alone. The communication technology revolution has reached the rural areas with almost the same intensity as the urban areas. So it can be assumed that rural consumers may be aware of the genuine products.

According to an ORG-Marg, there are as many as 113 look-alike fairness creams that are distributed in the rural market. According to HLL, nearly five per cent of the total market for Fair & Lovely has been taken away by the fake products. About 60 to 70 per cent of the total spurious products that are distributed in the market are manufactured in Delhi alone which are also supplied all over the country. The sale of fake products, in FMCG, represents a serious threat to both the manufacturers of the legitimate/genuine products and the welfare of the consumers who purchase fakes.

With the increase in purchasing power and the demand for a wide variety of product by the rural consumers, the rural markets offer new and greater opportunities to manufacturers of several consumers and industrial products in India. To tap this vast and expanding market, companies are developing effective marketing and advertising strategies based on their study and understanding of the rural consumer behavior. There are certainly significant differences in the buying behavior of the rural consumers from the stand point of product development, pricing policies, distribution, and after-sales service, which create differences in requirements for marketing strategies in rural India.

In this paper, an attempt is made to analyze the characteristics of rural respondents in terms of use of Fake products and their awareness of the original brands. The variables which contribute in buying of these pass-off products. The role played by retailers in selling these Fake products to the consumers. The retailers benefit of keeping the Fake products alongwith the genuine products. The study focuses only on selected FMCG products (see annexure 1) including the personal care, some processed food packets and chocolates in the selected villages of Ahmedabad and Gandhinagar (see annexure 2 for list of villages)

Literature review

A study on brand loyalty was conducted by Singh and Singh (1981). They analyzed the relation between store loyalty patterns and brand loyalty behavior, covering a sample of educated families in Delhi by selecting food, toiletry and cosmetic items. The Indian consumers seemed to be more and more brand loyal. The reasons for their brand loyalty are the ready and regular availability of the products; quality and the use habit also do matter. Major sources of information to the consumers for the products are the commercials on television, radio and print advertisements. Repeat advertising, price of the product, packaging and use of sales promotional schemes by the marketers seem to make little impression on their loyalties, irrespective of the differences in their socio-economic characteristics.

Aggarwal (1987) conducted a study to know the extent of brand loyalty in blade and analyzed the purchase and use behavior of the consumers in Lucknow city, taking a sample of 137 families. Purchase data was collected every month for a period of one year and found that one fourth of those who participated in the study had single brand loyalty. The study concludes that there is no apparent correlation between the quantities purchased and brand loyalty in blade. It is also found that there is no relationship between a person's age and his brand loyalty.

Alka Gupta and Amtrik Singh (1999) conducted a study on psychographic Characteristics of consumers operating in four interdependent cultures in Jammu and Kashmir, namely, Punjabis, Dogras, Kashmiris and Hindi-speaking. The study concluded that purchase decisions are influenced by the psychographic profiles of the consumers. It states that the efficiency of advertising depends on its match with target markets. The study has established the relationship between psychographics and advertising effectiveness through targeting divisions, advertisement writing decisions and media decisions.

Surender (2004) undertook a research to evaluate the impact of advertising on both rural and urban consumers, in terms of improving the sales of products and the living standards of consumers and to analyze the differences between rural and urban consumers. The study examines different media habits of the rural and urban consumers with regard to the purchase of the selected Fast Moving Consumer Goods (FMCGs), and also examines the effectiveness and usefulness of advertising to the society in general, and the rural consumers in particular. The study suggests the measures for the effective use of advertisement in rural India.

Carrie et al. (2000) made a study on the evolution of brand preferences and choice behavior of consumers who are new to a market. The authors defined the buyers new to a market as those making their very first kind purchases. The authors' theory was based on the notion that choices made by new consumers entering a market are driven by two competing forces, consumer's desire to collect information about alternatives and their aversion to trying new ones.

Objectives

- To analyze rural consumers consumption patterns with regard to selected FMCGs in the sample area.
- The medium through which the customers learn about selected brand names.
- To investigate the motives of rural consumers, their brand preferences and shop support with regard to select FMCGs.
- To study the behavior of customers towards going to a particular retailer.
- To study the relationship between some demographics of respondents and the awareness of select FMCG brands purchased in sample area.
- To study the reasons for buying the Fakes with respect to the demographics of the respondents.

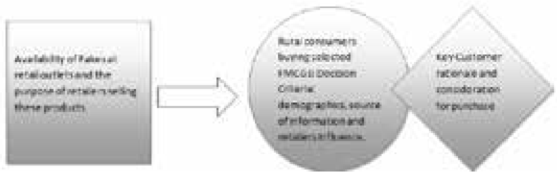

Figure 1: A schematic of the buying pattern of Fakes Research Process a

Research Process and Data Collection

Research was designed primarily as an observational study of the rural market followed by the structured interviews of the consumers and also the retailers. Samples of 300 consumer households were selected from two districts Ahmedabad and Gandhinagar in Gujarat state of India. These villages are located in the radius of 30 kms, from these cities (list of villages in annexure 2). Non probability Convenience Random Sampling method is adopted in both the districts. For the purpose of collecting relevant primary data, a structured questionnaire was prepared and administered to the sample respondents who were also interviewed. Hence, in this paper, mainly an attempt is made to analyze the characteristics of rural respondents in terms of selected (See Annexure 1 for list of selected products) look- alike and spell-alike products.

Observational study was done by visiting the markets in the selected geographical location. The research captured the inputs from the consumers who purchased the fakes and also the retailers who sold these products. The consumer's knowledge about the national brands was seeked upon from them. Data was collected through initial observation in local markets to decide on the list of products which had maximum fakes. This was followed by collecting data through structured questionnaires from 300 households wherein the fake products were used. The data was collected between November 2011 and January 2012.

Key components of the questionnaires were: Awareness among the consumers of the purchased products, the reason behind buying particular brands, the consumption pattern of the selected products, the source of brand information and reasons for buying from particular retailers

In the case of retailers only the structured interviews were conducted for finding the reason for selling the fake products. The key questions asked were the main purposes for selling the fake products i.e. the price margins, easy availability of the fake products and credit facilities by the distributors.

Table 1: List of Fake products used by consumers and original brands heard by them

Sr. No.	Commodity	Brand Using	Brand Heard
1	Shampoo	Calorie plus, Clean Plus, Sansilk	Clinic Plus, Sunsilk
2	Bathing soap	Lax, Lifeboi	Lux, Lifebouy
3	Hair oil	Paramute, Cocopure	Parachute, Cocoraj
4	Face cream	Fair my luv, Veselene, Blue Shine	Fair and lovely, Ponds, Vaseline
5	Washing soap	Sangita, Rheel, Wonder	Tide, Wheel, Rin
6	Face powder	Snow cool, Pods,	Ponds, Cinthol, Dermicool
7	Washing powder	Kirma, Rheel	Nirma, Rin,Tide,Wheel
8	Biscuits	Parla G, Perle G, Bonbon	Parle G, Krackjack, Bourbon,
9	Ready to Eat Packets	Kurekure, Pappu, Bapji,Chaka chak	Kurkure, Appu, Balaji, Chataka Pataka
10	Chocolates and Candies	555 Star, Atrimilk	Dairy Milk, 5 Star

Source: Primary Data

Analysis and Findings Ranking of consumer's source of information about the products

Source/Medium	W.A.M.	Rank
Radio	3.58	10
Television	8.29	2
Newspaper	4.70	8
Cinema Slides	5.52	6
Pamphlet	5.13	7
Wall Paintings	7.49	3
Announcement in Local Speaker	4.40	9
Local Melas & Festivals	6.28	4
Retailers	9.17	1
Friends	6.16	5

Table 2: Ranking of the major sources of information of the brands to consumers
Source: Primary Data

The respondents were asked to rank the various sources from where they got information of the brands purchased. Rank 1 being of highest priority and 10 being of lowest priority. On asking the respondents about the medium which played a very important role in their knowledge about the brands, the respondents ranked the retailers and the television as major players. Through television they could know about the packets of the products. Even the advertisements on the walls help them in knowing some products, but the retailer played a major role. The consumers relied immensely on the retailers for their purchase even though the retailer sold them the Fakes.

Reason for going to a Particular Retailer

Respondents were asked to rank the criteria for going to a particular retailer for buying the products. 1 being for highest priority and 8 of lowest priority

Table 3: Ranking given by respondents for priorities given to a particular retailer

Reasons	W.A.M	Rank
Nearness to home	5.77	4
Credit facility	7.13	1
Quality of products	4.36	6
Variety of products	4.79	5
Reasonable prices	6.78	2
Price discounts	6.53	3
Good behavior of the retailer	3.13	8
Good relation with the retailer	3.56	7

Source: Primary Data

Ranking the reasons for going to a particular shop for the purchase revealed that the consumers bent more toward the monetary variables than the quality or the relations with the retailers. The people here are more concerned about the prices and the availability credit facilities than any other factors. As the respondents felt that they do not have steady income, need to have low priced products was very important for them.

Monthly income of the households and frequency of purchase

Through the income demographic of the respondents the frequency of their making the purchase of the selected FMCGs was done. It is seen (Table 4) that respondents with income below INR.

5000 make their purchases daily.

Table 4: The cross tabulation between the approx monthly income and the frequency of purchase

MONTHLY INCOME(INR.)	PURCHASE FREQUENCY				Total
	DAILY	WEEKLY	MONTHLY	WHEN NEEDED	
BELOW 5000	39	0	5	0	44
5000-10000	14	20	0	15	49
10000-15000	5	33	25	45	108
ABOVE 15000	5	0	29	65	99
TOTAL	63	53	59	125	300

It can be seen that even if the respondents had the income of more than INR. 10000 still they (almost 37%) preferred to make the purchases of the selected FMCGs when required rather than making monthly purchases. This shows that the consumers do not like to stock the products as this would involve locking of the money in these products.

Monthly income of the households and the consumption (In INR.) of the selected products

The study of monthly income (In INR.) and the amount spent on the selected FMCGs was done to find how much the consumers preferred to spend on the personal care products and eatables.

Table 5: Cross tabulation of the monthly income and the amount spent on the selected FMCGs

MONTHLY INCOME(INR)	MONTHLY CONSUMPTION(In INR)				Total
	UPTO 100	100-200	200-300	ABOVE 300	
BELOW 5000	15	24	5	0	44
5000-10000	0	39	10	0	49
10000-15000	5	50	29	24	108
ABOVE 5000	5	5	25	64	99
TOTAL	25	118	69	88	300

The table shows how the consumption pattern is dependent on the approximate monthly income of the consumers. The more the income the more is the amount spent on the selected FMCGs. Still it is seen that irrespective of the income all the respondents buy the selected products. This is due to the usage habit and also the availability of the products on credit and low prices.

Awareness of products being Fakes

Consumers were asked about the awareness of the products which they bought being Fake products and not genuine.

Table 6: Awareness of respondents of the products being Fakes

AWARE		Frequency	Percent	Valid Percent
Valid	YES	232	77.3	77.3
	NO	68	22.7	22.7
	TOTAL	300	100.0	100.0

Most of the respondents (77.3%) were aware that the products which they bought were not original but still they preferred to buy these products reason. There were only a few respondents who were not at all aware of the products they were using but still were satisfied and did not think much of the brands being genuine or Fakes.

Influencers for buying the Fakes

The respondents were asked what influenced them to buy the Fake products when national brands can be asked for from the retailers. The respondents (41.8%) are more influenced by the retailers. There are respondents for whom the brand did not matter just the products being available was vital for them. The respondents buy whatever is available at the retailers near their home.

Table 7: Reasons for buying the Fakes

Reasons	Frequency	Percent	Valid Percent
AVAILABILITY	97	41.81	41.81
PRICE	78	33.62	33.62
BRAND DOES NOT MATTER	57	24.00	24.00
TOTAL	232	100.0	100.0

Source: Primary Data

As seen in the table 41.81% of respondents decided to buy the products because of availability of the products at the retailer. There were some respondents to whom price did not matter (24%).

Awareness level of the available brands according to the demographics of the consumers

The awareness of the products being genuine or Fakes was studied according to some demographics of the consumers to see whether the awareness level in any ways was related with the demographics as seen from Table 8, people above the age of 30 years are aware about the Faking of which 32% had some kind of primary education yet they are buying these products. The respondents who were aware what they are buying earned below INR 10000.

Volume : 1 | Issue : 9 | September 2012 ISSN - 2250-1991

Table 8: Awareness of Faking among the Respondents according to their demographics

DEMOGRAPHICS	AWARE OF FAKING (232)		UNAWARE OF FAKING (68)	
	F	%	F	%
AGE				
<15	37	16	7	10
15-30	60	26	34	50
30-45	63	27	22	33
>45	72	31	5	7
TOTAL	**232**	**100**	**68**	**100**
EDUCATION				
ILLITERATE	132	57	4	6
PRIMARY	73	32	27	40
HIGH SCHOOL	10	4	33	48
GRADUATE	17	7	4	6
POST GRADUATE	0	0	0	0
TOTAL	**232**	**100**	**68**	**100**
MONTHLY INCOME(INR)				
<5000	38	16	15	22
5000-10000	113	49	29	43
10000-15000	67	29	13	19
>15000	15	6	11	16
TOTAL	**232**	**100**	**68**	**100**
Note: f= frequency				
source: compiled from questionnaire				

Basic Influencers for buying Fakes and consumers demographics

During the observation studies the respondents were asked the reasons for buying the Fakes even if they were aware of the products not being genuine. The respondents' answers revolved around price and availability. Almost all the respondents were of the opinion that brands did not matter to them. As seen in table 9 all the respondents irrespective of age, education and monthly income purchased the Fakes because of the availability with the retailers. Respondents who had some primary education also bought Fakes because of the availability. Among the illiterates the 34% of the respondents were not concerned with the genuine brands. of which 50% were above the age of 45 years and in the income band of INR 5000-10000.

Table 9: Consumers Influencers for buying Fakes and demographics

DEMOGRAPHICS	AWARE OF FAKE PRODUCTS			
	Availability (f)	Price (f)	Brand does not matter (f)	Total
AGE				
<15	10	10	17	**37**
15-30	21	34	5	**60**
30-45	26	22	15	**63**
>45	23	15	34	**72**
Total	**80**	**81**	**71**	**232**
%	**34.5**	**34.9**	**30.6**	**100**
EDUCATION				
ILLITERATE	45	33	54	**132**
PRIMARY	29	25	19	**73**
HIGH SCHOOL	5	2	3	**10**
GRADUATE	9	5	3	**17**
POST GRADUATE	0	0	0	**0**
Total	**88**	**65**	**79**	**232**
%	**37.9**	**28**	**34**	**100**
MONTHLY INCOME(INR)				
<5000	12	10	16	**38**
5000-10000	52	36	25	**113**
10000-15000	29	21	17	**67**
>15000	9	3	3	**15**
Total	**102**	**70**	**61**	**232**
%	**44**	**30**	**26**	**100**
Note: f= frequency				
Source: compiled from questionnaire				

Reasons for Respondents' Unawareness about the brands

Table 10: Reason for not knowing the kind of brand purchased

Reasons	Frequency	Percent	Valid Percent
NO AWARENESS OF ORIGINAL BRANDS	7	10.29	10.29
HABITUATED OF USING AVAIL PDTS	4	5.88	5.88
PRICE OF THE PRODUCTS	35	51.47	51.47
TRUST ON RETAILERS	22	32.35	32.35
TOTAL	68	100.0	100.0

Almost 52% of the respondents among the unaware group bought the products only because of the low prices of the products. As seen in table 10 respondents who were completely unaware of the products brands were concerned more for the price or trusted the retailers.

Purchase of original brands on availability

Table 11 shows 43.7% of the respondents were not ready to buy the genuine brands if made easily available, the major reason being the price. But the respondents who were ready to buy were the ones who again relied on the retailers. The researchers faced difficulty with the respondents who were not sure whether they would buy the genuine products or not. May be if the genuine products were made available in their price range then they may consider to buy genuine products.

Table 11: If made available would you buy original products?

	Frequency	Percent	Valid Percent
YES	67	22.3	22.3
NO	131	43.7	43.7
NOT SURE	101	33.7	33.7
TOTAL	300	100.0	100.0

Conclusion

Village shops are most effective outlets. The retailers have the capacity of providing credit sales facilities to villagers. As the flow of income in villages is irregular so credit facility has a great attraction in purchase. In densely populated villages retailers may function as retailers-cum-wholesalers. The majority of people in the rural areas depend on the retailers for their purchase. The people in the sample rural areas are more price conscious and buy the products of low price even if the products are not original.

As the study proves majority of consumers buying Fakes were either illiterate or belonged to lower income groups. Consumers being aware of the Faking of products did not mind using such products shows their inclination towards monetary value and the retailers stocking of the Fakes. Consumers here are not completely unaware of the genuine products, the products have been seen by them either on television or any print advertisement and buying the look alike makes the consumers feel like using the genuine products.

The retailers being the prominent link between the products and consumers, they play a vital role in the buying decision of the consumers. The consumers trust the retailers and buy the products suggested by the later. The retailers stock the Fakes for earning the higher margins and easy availability of the stock from the local markets. The local distributors of the Fakes provide the stock to the retailers on monthly credit which is comforting for the retailers. The retailers have to go to the nearest town to buy the genuine products which makes it difficult and expensive for them. So they just rely on the local distributors for the goods.

Suggestion

Retailers, distributors and wholesalers have a significant role to play in the distribution process. Their function is not only to store genuine goods but to make them available to consumers at the lowest possible price. The wholesalers and distributors may take up their own vehicles and distribute the goods among retailers and the consumers so that a sort of competition is created and a large portion of market is entrapped for higher profits. The manufacturers should see to it that minimum numbers of channels prevail between him and his consumer. The numbers of middlemen determine the price of a product. Different kind of trade discounts and credit facilities may be made available to the retailers to influence them to stock the genuine products and also persuade the consumers to buy these genuine products.

Annexures

Annexure 1

LIST OF SELECTED FMCG PRODUCTS	
Sr.No.	**Commodity**
1	Shampoo
2	Bathing soap
3	Hair oil
4	Face cream
5	Washing soap
6	Face powder
7	Washing powder
8	Biscuits
9	Ready to eat packets
10	Chocolates and candies

Annexure 2

Sample area: List of Villages in Ahmedabad and Gandhinagar District			
District Ahmedabad: Bavla-Dhanduka			
Village	**Population**	**No of House Holds**	**Nearest town**
Bela	2095	303	Botad 14 kms
Chachariya	1729	238	Botad 15 kms
Dhadodar	802	148	Dhandhuka 38 kms
Barwala City	16048	2695	Dhandhuka 28 kms
Hebatpur	5236	851	Dhandhuka 40 kms
Fedra	2770	495	Dhandhuka 21kms
Dholera	2637	528	Dhandhuka 27kms
Rayka	1569	282	dhandhuka 7 kms
SanandViramgam			
Village	**Population**	**No of Hou.se Holds**	**Nearest town**
Asalgam	1691	355	Viramgam 36 kms
Dalsana	2064	435	Viramgam 15 kms
Sachana	3616	703	Viramgam 14 kms
Changodar	3244	679	Sarkhej 10 kms
District Gandhinagar : Ghandinagar City			
Village	**Population**	**No of House Holds**	**Nearest town**
Chiloda	3853	722	Gandhinagar 13 kms
Chandrala	4417	779	Dehgam 23 kms
Sadra	5480	1102	Gandhinagar 25 kms
Mansa-Kalol			
Village	**Population**	**No of House Holds**	**Nearest town**
Mahudi	4748	923	Mansa 14 kms
Bilodra	7228	1405	Mansa 11 kms
Balva	5456	1088	Mansa 8 kms
Chhatral	9744	2111	Kalol 7 kms

Annexure 3

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