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# An Analysis of Demographic Determinants and Consumer Perception in Non-Deceptive Counterfeiting of Fashion Products in Delhi

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### ABSTRACT

The present study investigates the problem of counterfeiting from consumer's perspective. Fashion products and accessories like garments and shoes are the products that are mostly counterfeited. The present study profiles the consumers of counterfeit garments and shoes with respect to their demographic determinants such as age, education, income and occupation. Face to face interviews by using mall-intercept method were conducted on 200 consumers in Delhi, India. The findings revealed that students and private sector employees with low disposable income have a positive perception towards counterfeit garments.

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### Introduction

The Agreement on Trade-related Aspects on Intellectual Property Rights (TRIPs) 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." [6]. In other words, a counterfeit product refers to a 100 per cent copy made to deceive consumers into believing that it is the genuine article [2]. Counterfeiting has two aspects, Deceptive counterfeiting and Non- deceptive counterfeiting. "Since demand is always the key driver of a market, various researchers have argued that consumer demand for counterfeits is one of the leading causes of the existence and upsurge in growth of the counterfeiting phenomenon" [2]. The more successful the brand name would be, the more likely it is to have counterfeits [9]. Further, it may be seen from the past studies that consumers used to develop preferences, likes and dislikes about certain counterfeit products at a very early age which goes on changing with the passage of time and so it is important to understand consumer's perception and their preferences towards counterfeit products so as to know what are the key motivators behind their counterfeit consumption. In fact a few studies are available which shows the demographic profiles of the consumers with regard to their perception towards counterfeit products. A Study conducted by Kemp & Mackenzie reveals that consumer from young age group, having less education and which are from lower status income groups are more attracted towards counterfeit products [3]. The study conducted by stake and Fleisch established that "low price motivates consumers to buy non-deceptive counterfeits [10]. Mostly people falling in low income group failed to afford high end branded products are more prone towards counterfeit products [8]. Studies also revealed that mostly young consumers like students having low disposable income or pocket money perceives in a more favourable way towards counterfeit goods [4].

### Counterfeiting- The Problem

The existence of Counterfeit trade is a matter of serious concern for any Economy. Trade in counterfeit products is reaching outbreak proportions and can be described as the world's fastest growing and most lucrative business. India is not new to counterfeiting as global marketing research firm AC Nielsen has reported that 10% to 30% of cosmetics, toiletries and packaged goods in India are counterfeit [1]. In India counterfeiting is present in almost each and every industry such as auto components, FMCG, pharmaceutical, Computer hardware, tobacco and clothing. FICCI (2015) conducted a nationwide survey on seven key sectors which states that the approximated loss to these seven industries has significantly increased by 44.4% in just two years, from 2011-12 to 2013-14 (Table-1). The total losses to the Government in 2014 because of counterfeiting in these industries are Rs. 39,239 which earlier was Rs. 26,190 in 2012 [5] (Table-2).

**Table1. Loss of sales to Industries 2013-14 (Crores)**

Industry	2013-14	2011-12
Alcoholic Beverages	14,140	5,626
Auto Components	10,501	9,198
Computer Hardware	7,344	4,725
FMCG- Packaged Foods	21,957	20,378
FMCG- Personal Goods	19,243	15,035
Mobile Phones	19,066	9,042
Tobacco	13,130	8,965
<b>Total Loss</b>	<b>105,381</b>	<b>72,969</b>

Source:[5].

Indian metropolitan cities have become foundation for the manufacturing of counterfeit articles and account for maximum violations of Intellectual Property Rights. On an average, companies in India with well-known brands lose around 25% of market share due to the presence of counterfeits. In India, Delhi alone contributes nearly 75 per cent to the production of fake goods. The report indicates that besides being a big market for fake products, the Capital is the main transit point for the sale of such counterfeits to various other metropolitan cities [7].

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**Table 2. Loss of Revenue to Government (Crores)**

Industry	2013-14	2011-12
Alcoholic Beverages	6,309	2,511
Auto Components	3,113	2,726
Computer Hardware	1,923	1,234
FMCG- Packaged Foods	6,096	5,660
FMCG- Personal Goods	5,954	4,646
Mobile Phones	6,705	3,174
Tobacco	9,139	6,239
<b>Total Loss</b>	<b>39,239</b>	<b>26,190</b>

Source: [5]

### Objective

The main aim of this study is to analyse the relationship between demographic variables and consumer perception towards counterfeit fashion products.

### Hypotheses

Based upon the research objective, following hypotheses are formulated:

H1: There is no significant relationship between the age group and consumer perception towards counterfeit fashion products.

H2: There is no significant relationship between education and consumer perception towards counterfeit fashion products.

H3: There is no significant relationship between Income and consumer perception towards counterfeit fashion products.

H4: There is no significant relationship between Occupation and consumer perception towards counterfeit fashion products.

### Research Methodology

The present study is focused on the consumers knowingly purchasing Counterfeit Garments and shoes because these are the products that are mostly counterfeited in non-deceptive counterfeiting.

### Area of the study

The present study is conducted in Delhi, India. The reason for the selection of Delhi is because in India, Delhi has become the hub for counterfeit articles. In Delhi itself three counterfeit markets which are Palika Bazaar, Monastery Market and Tank Road Market are identified for the study. These Places are selected because these are the notorious locations of the sale of counterfeit readymade garments and shoes in Delhi.

### Data Collection

The present study is based on both primary and secondary data. The required secondary data were collected from various publications of FICCI (Federation of Indian Chambers of Commerce and Industry) and reports published on counterfeiting in India. The required primary data were collected through questionnaires. The sample size for the present study consists of 250 respondents out of which 200 responses are selected. The present study used quantitative methods and the respondents were selected by using purposive sampling (Non- Probability). The responses were collected through mall-intercept method so as to capture the perception of respondents in actual shopping scenario. The survey was conducted both in the weekdays as well as in the weekends to neutralize the shopping behaviour.

### Questionnaire

Based on Literature review, a two part questionnaire was formulated. Part-I of the questionnaire consisted of the demographic profiles of the consumers such as Age, Education level, Monthly Income and Occupation. Part-II of the questionnaire was consisted of 12 statements related to consumer perception towards counterfeit garments on the basis of 5 point Likert scale. (1=Strongly Agree, 2= Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree)

### Reliability Analysis

Number of Respondents- 200

Number of statements of Perception Scale- 12

Cronbach Alpha- 0.762

The Reliability coefficient of 0.762 indicates that the scale for measuring perception is reliable.

### Data Analysis

The above framed hypotheses were tested and analyzed by using one way ANOVA.

### Findings and Interpretation

The Demographic variables considered for the study were Age Group, Education Level, Monthly Income (Disposable) and Occupation of the respondents.

#### Age

\* 18-25 – 136

\* 26-40 – 54

\* 41-50 – 10

Table 3 shows that maximum respondents are between the age of 18-25. Table 4 (One Way ANOVA) indicates that with the F-value of 2.863 and Sig. value of .038 ( $p > 0.05$ ), there is no significant relation between consumer perception towards counterfeit fashion products and their respective age group and hence the hypothesis is accepted.

#### Education Level

\* Up to Metric – 19

\* Graduation – 121

\* Post Graduation and Above- 60

Result shows that maximum respondents are Graduate. Table 5 (One Way ANOVA) depict the relationship between the Education Level of the consumer's and their perception towards Counterfeit fashion products (Table 6). It shows that with the Sig. value of .153 ( $p > 0.05$ ) at 5% level of significance that there is no significant relationship between the Education level of the Consumer's and their perception towards counterfeit fashion products, hence the hypothesis is accepted.

#### Disposable Income (Monthly)

\* Below- 10,000 - 47

\* 10,000- 20,000 - 138

\* 21,000- 49,000 - 11

\* 50,000 and Above - 04

Analysis shows that maximum respondents lie between the income brackets of 10,000-20,000 with the mean of 2.7035. (Table7). (One Way ANOVA) indicates that with the F-value of 22.583 and Sig. value of .000 ( $p < 0.05$ ), there is a significant relationship between consumer perception towards counterfeit fashion products and their monthly disposable Income (Table 8). The post hoc test for differences in means through Tukey's method was used to examine which income group of respondents perception towards counterfeit fashion products differed from each other. The Post Hoc results are explained in Table 9 which indicates that the differences in the means of consumer's perception towards counterfeit garments was found to be significant between the consumer's within the income bracket of below 10,000, 10,000-19,000 and 21,000-49,000 (Sig. value 0.000). No other significant difference was found among other income brackets, thus it is quite evident from the results that consumer's having low disposable income are more prone towards counterfeit fashion products and hence the hypothesis is rejected.

#### Occupation

\* Business/Self-Employed – 19

\* Public Service- 14

Table 3. Descriptive

Perception towards counterfeit fashion products	N	Mean	Std. Deviation
18-25	136	2.3002	.41055
26-40	54	2.4907	.53117
41-50	8	2.5625	.38511
50 and above	2	2.3333	.94281
Total	200	2.3625	.45596

Table 4. ANOVA

Perception towards counterfeit fashion products	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.737	3	.579	2.863	.038
Within Groups	39.635	196	.202		
Total	41.372	199			

Table 5 Descriptive

Perception towards counterfeit fashion products	N	Mean	Std. Deviation
Up to Metric	19	2.3640	.48369
Graduation	121	2.3161	.45693
Post Graduation and above	60	2.4556	.43814
Total	200	2.3625	.45596

Table 6. ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.780	2	.390	1.893	.153
Within Groups	40.592	197	.206		
Total	41.372	199			

Table 7. Descriptive

Perception towards counterfeit fashion products	N	Mean	Std. Deviation
Below 10,000	47	2.0053	.32106
10,000-20,000	138	2.7035	.57436
21,000-49,000	11	2.8258	.62855
50,000 and above	4	2.1042	.38112
Total	200	2.5342	.60608

Table 8. ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.777	3	6.259	22.583	.000
Within Groups	54.323	196	.277		
Total	73.100	199			

Table 9. The Post Hoc Test for Difference in means of Perception towards Counterfeit Fashion products

		(I) Monthly Income (Disposable)	(J) Monthly Income (Disposable)	Mean Difference (I-J)	Std. Error	Sig.
Tukey HSD	dimension2	Below 10,000	10,000-20,000	-.69818*	.08891	.000
			21,000-49,000	-.82044*	.17633	.000
			50,000 and above	-.09885	.27420	.984
		10,000-20,000	Below 10,000	.69818*	.08891	.000
			21,000-49,000	-.12226	.16494	.880
			50,000 and above	.59934	.26702	.115
	dimension3	21,000-49,000	Below 10,000	.82044*	.17633	.000
			10,000-20,000	.12226	.16494	.880
			50,000 and above	.72159	.30739	.091
		50,000 and above	Below 10,000	.09885	.27420	.984
			10,000-20,000	-.59934	.26702	.115
			21,000-49,000	-.72159	.30739	.091

\*. The mean difference is significant at the 0.05 level.

Table 10. Descriptive

Perception towards counterfeit fashion products	N	Mean	Std. Deviation
Business/Self-Employed	19	2.6316	.50485
Public Service	14	2.6845	.52925
Private Service	39	2.7628	.53000
Student	122	2.2623	.41365
Other	6	3.1111	.56683
Total	200	2.4500	.51776

- \* Private Service- 39
- \* Student- 122
- \* Other – 06

The results state that maximum respondents are students (Table 10). One Way ANOVA indicates that with the F-value of 14.353 and Sig. value of .000 ( $p < 0.05$ ), there is a significant relationship between consumer perception towards counterfeit fashion products and their occupation (Table 11). The Post Hoc results are explained in Table 12 which indicates that the differences in the means of the four categories of occupation and the consumer perception towards counterfeit garments was found to be significant between the consumer's who are either students, in private service or fall in the category of others. No other significant difference was found among other categories of Consumer's occupation, thus it is quite evident from the results that students and consumer's employed in private sector are more prone towards counterfeit garments and hence the hypothesis is rejected.

#### **Conclusion and Suggestions**

The present study investigates the counterfeit markets of Delhi in terms of Consumer's perception stating that perception towards counterfeit garments and shoes varies from person to person based on their demographic backgrounds. On the basis of above conducted statistical analysis, a number of conclusions can be drawn. Income of the respondents shows a significant relationship with respect to their perception towards counterfeit products. The study also found a positive relationship between the occupation of the consumers and their perception towards counterfeit products concluding the fact that the perception of consumers used to change towards counterfeit fashion products with respect to their occupation or may be because of their purchasing power, buying habits and maturity level with respect to social status and ethical issues which comes accordingly with their occupation. As per the outcome of the study, demographic determinants of consumer's like age and education plays no significant role in deciding their perception towards counterfeit products. On the basis of above findings of the study, it may be concluded that in order to maintain a status into the society at affordable prices, consumers prefer counterfeit articles over

genuine articles. The present study is important for genuine brand manufacturers or marketer practitioners as it can help them to understand what consumers perceive about their counterparts and the reason for their illicit behaviour. The genuine brand manufacturers or market practitioners should focus on the demand side of counterfeiting if they really want to save their brand from being counterfeited. They should adopt positive strategies to make their product a brand, aspiring consumers an appeal of social status and recognition so that consumer will find buying original brand worthy. Consumers cannot be prevented from buying counterfeit goods, but they should at least be assured that they will get what they paid for.

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