

A Study on how Counterfeit of International Cosmetic Brands in India Affects the Goodwill of the Original Branded Products Among the Consumers and the Problems Faced by the Consumers - With Reference to Bengaluru City

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Abstract: The word counterfeit frequently describes both the forgeries of currency and documents, as well as the imitations of items such as clothing, handbags, shoes, pharmaceuticals, aviation and automobile parts, watches, electronics (both parts and finished products), software, works of art, toys, and movies. This study explains how counterfeit of International cosmetic brands in India affects the goodwill of the original branded products among the consumers and the problems faced by the consumers - with reference to Bengaluru city, India. In this exploratory study the Primary data has been collected through structured questionnaires' from the people of Bengaluru City (n-100) and the secondary data has been collected through various sources such as internet, journals, etc. The result of the study reveals that the customers face health related issues by using these fake branded products such as allergic reactions.

Keywords: cosmetic brands

1. Introduction to the study

Identity theft is the deliberate use of someone else's identity, usually as a method to gain a financial advantage or obtain credit and other benefits in the other person's name, and perhaps to the other person's disadvantage or loss. To counterfeit means to imitate something. Counterfeit products are fakes or unauthorized replicas of the real product. Counterfeit products are often produced with the intent to take advantage of the superior value of the imitated product. Counterfeit products tend to have fake company logos and brands (resulting in patent or trademark infringement in the case of goods), have a reputation for being lower quality (sometimes not working at all) and may even include toxic elements such as lead. This has resulted in the deaths of hundreds of thousands of people, due to automobile and aviation accidents, poisoning, or ceasing to take essential compounds (e.g., in the case a person takes non-working medicine).

A. Statement of the problem

Problems faced by the consumers who buy and use the counterfeit products trusting it to be the original branded

products.

B. Scope of study

To analyze the problems faced by the consumers buying counterfeit cosmetic products.

C. Objectives of the study

To analyse the problems faced by the consumers buying counterfeit cosmetic problems.

D. Research methodology

- Research Design This Study uses the research design of a Descriptive Study.
- Data Collection Questionnaire method is used for collecting the data. Primary data: Primary Data is collected through well formulated questionnaires. Secondary data: The Secondary Data for the study is collected through various methods such as in Journals, Internet, and Magazines etc.

E. Sample design

- Sample size: 100 Nos.
- Sample Technique: The Sampling Technique used for this study is the "Probability Sampling".
- Sample Selection: Sample Selection is carried out through Simple Random Sampling method.
- Period of study Dec 2018 – Jan 2018.

F. Data analysis procedure

The analysis techniques used would be SUM, Percentage, and CHI-SQUARE.

G. Limitations of the study

- The study is conducted with a limited number of population (100 Respondents).
- The study had its time constraint (2 Months).
- The study was limited to specific International

cosmetic brands.

- The information was up to the knowledge of the respondents’.

2. Review of literature

Ravi Kumar, Rakesh Kumar Shukla, Kuldeep Chand Rojhe (Dec 2018) in their study on the “Influence of customers’ attitude on purchase of counterfeit products in Himachal Pradesh, India” studied the factors that influence the customers’ attitudes towards counterfeit products of genuine brands and on the basis of Theory of Reasoned Action (TRA) it also examines the purchase intention of customers’ towards counterfeit products. Data were gathered by using a structured questionnaire from 300 respondents on the basis of convenience sampling. Value-consciousness, previous-experience and subjective-norm were found to be significantly associated with customers’ attitude whereas perceived-risk and integrity have unfavourable attitude towards counterfeit products of genuine items. This research paper also highlights that attitude plays the mediator role among these variables and intention to purchase. Demographic variables such as gender, age, education and income also help to demonstrate the individuals’ attitude towards counterfeit products. In addition gender and education have some significant influence on customers’ attitude whereas age and income were significantly associated with some aspects of customers’ attitude i.e. perceived-risk and previous experience respectively. Also, findings revealed that attitude towards counterfeits of original brands have significant influence with customers’ purchase intention.

Ravi Kumar, Rakesh Kumar Shukla and Yashwant Negi (Dec 2018) in their study “Influence of personality and Socio-economic factors on Consumer attitudes toward counterfeit cosmetic products: a case of Bilaspur town in Himachal Pradesh, India” examined customers’ attitudes for purchasing counterfeit cosmetic products. They studied the influence of personality and socio-economic factors on attitude. Data were collected from a sample of 598 respondents using a well-established questionnaire. Hypotheses were tested by utilizing multiple regression, exploratory factor analysis was used to evaluate customers’ attitude towards counterfeit cosmetic products. They have found that more price and value conscious, novelty seeker and seek status of famous brands one was, the more positive was an individual’s attitude towards fake goods. Findings revealed that selling as well as buying of counterfeit products is a crime and consumer attraction towards phony goods is directly proportional to their price. Socioeconomic characteristics were also important in influencing attitude. Results demonstrated that education and lower income groups play a vital role in influencing consumers’ attitude. Conclusively, attitude with respect to counterfeit products was significant in influencing intention to purchase.

3. Analysis and interpretation

Tools used for this study are

- A. Percentage method
- B. Chi-square method

A. Percentage method

Percentage analysis is a statistical tool which used to identify the percentage from the respondents response to a single question which is accounted samples. It is used to compare the relative terms and distributions of two or more data.

$$Percentage = \frac{\text{Number of responses}}{\text{Total number of respondents}} \times 100$$

B. Chi-Square test

Chi-square test enables the researcher to find out whether the divergence between expected and actual frequencies is significant or not.

$$CHI - SQUARE = \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Where,

O_{ij} – observed value

E_{ij} – expected value

E_{ij} = Row total x Column total / Grand total

Degree of freedom = (C-1) X (R-1)

Where C = No. of column

R = No. of row

C. Percentage analysis

Table 1
Age of respondents

Particulars	No. of respondents	Percentage (%)
18-25 Years	16	16
22-25 Years	38	38
26-30 Years	30	30
31 Years and above	16	16
Total	100	100

Source: Primary Data

Analysis:

The above table shows that out of 100 respondents, 16% are 18-21 Years, 38% are 22-25 Years, 30% are 26-30 Years, and 16% are 31 years and above.

It is inferred that majority of the respondents (38%) are between 22-25 years.

D. Chi-Square analysis

Relationship between the age of the respondents and the problematic factor of using fake cosmetic products

Null Hypothesis (H0): There is no significant difference between the age of the respondents’ and the problems faced by using the counterfeit products.

Alternative Hypothesis (H1): There is a significant difference between the age of the respondents’ and the problems faced by using the counterfeit products.

Table 2
Chi-Square table

Degree of freedom	Calculated value	Table value	Level of significance	Accepted/Not Accepted
6	4.747	1.635	5%	Not Accepted

Inference:

The table value is lesser than the calculated value. Therefore, the null hypothesis is rejected and there is a significant difference between the age of the respondents' and the problems faced by using the counterfeit products.

4. Findings and suggestions

A. Findings

1. It is inferred that majority of the respondents (38%) are between 22-25 years.
2. The table value is lesser than the calculated value. Therefore, the null hypothesis is rejected and there is a significant difference between the age of the respondents' and the problems faced by using the counterfeit products.

B. Suggestions

1. Consumers must make sure that they visit trusted retail shops and showrooms to buy the cosmetic products.
2. They must also verify the product for its formulas/ingredients etc. before making the purchase.
3. As instructed in many cosmetic products, the consumer must first try a small quantity of the product

on their skin to verify that the product does not cause any kind of health or allergic reactions.

4. Consumers must buy their products from certified stores and showrooms.

5. Conclusion

Cosmetic products are just like any other skin care or health products, one must remember to choose the products carefully and cautiously. Consumers must also have the knowledge to differentiate between the fake and the real products. The brand company must make sure that its counterfeit products does not hit the markets as it may damage the goodwill that the consumers have towards the company.

Legal actions must be taken against those who engage in manufacturing, selling and distributing of the counterfeit products.

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