

Success of Fake Brands in Rural Market of West Bengal

Abstract

The paper is an attempt to identify the success factors of fake brands in rural markets of West Bengal. The paper will be helpful to the companies for taking corrective actions in this perspective. The scope of the study is limited to five rural areas of W.B. and selected fake brands which are commonly available in the market. The primary data was collected through questionnaire and convenience sampling was used. The hypothesis was tested through chi square test and results were interpreted. Thus a brief scenario of rural FMCG market is being shown by this study.

Executive Summary

Indian rural markets are lucrative options for any marketer in terms of high growth and untapped potential. This exponential growth and rural consumer's characteristics are encouraging fake brands in the market which are quite similar to original brands and are difficult to identify. These brands are easily available in low prices and are curbing the profits of marketers and original companies. The study is an attempt to identify the reasons behind the success of fake brands in rural markets of West Bengal and consumer's attitude towards them. The study covered five rural areas of West Bengal and a sample of 202 respondents. The study is significant to identify the awareness level and influencing factors behind the success of fake products in rural area of West Bengal. Major successful fake products are lookalike and spell alike. The study is presenting a clear picture of rural consumers mind set and is helpful in taking preventive actions by the Government for fighting against the current alarming situation.

Keywords: Rural markets, Fake brands, Fake products, Counterfeit, FMCG products

Introduction

Indian rural markets are lucrative options for any marketer in terms of high growth and untapped potential. This exponential growth has also brought some negative effects

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of counterfeiting, adulteration and spurious products. The rural consumer is having distinct characteristics like lack of knowledge, poor financial conditions which are fundamentally distinct from its urban counterpart, are also encouraging fake brands in the market. These fake brands are quite similar to original brand but are easily available in low prices and are curbing the profits of original brand's manufacturers. It has become an increasingly dangerous menace to consumer choices, health and the economy.

The fake products can be classified in to two categories, Counterfeit products and Pass-off products. Counterfeiting is a kind of duplication where even the original manufacturer would not be able to distinguish between a genuine and a fake product. These fake products bear the identical name of the original product, its packaging, graphics, colour pattern, design and even same name and address as the genuine manufacturer. A pass-off product, on the other hand, is one that comes with a few minor changes from the original product. The slight changes are made to avoid being categorized legally as counterfeits. (for example "Luk" for "Lux", "510" for "501"). They use similar type of packaging or colour or designs. They come out with the motive of misleading and cheating ordinary consumers who are uneducated or in a hurry in purchasing products. (Megharajani 2012)

According to an estimate, there are 128 'known versions' of Parachute Hair oil, 113 of Fair & Lovely cream, 44 of Vicks Vapo Rub, and 38 of Clinic Plus Shampoo. It is very common to get the products like Bonds, Ray Bon, Run, Chaudharys éclairs, Nilima, Narima, Lifejoy, Liteboy, College Toothpaste, Friends and Lovely and so on. (Unilever Report 2012)

A study conducted by AC Nielson, a research agency reveals that FMCG industry loses around 2500 crores annually to counterfeits and pass-off products. According to Executive Director, P&G the fake products are affecting the sales of leading brands to the extent of 20 to 30 percent. Another recent survey conducted by AC Nielson reveals that top brands in India are estimated to lose up to 30 percent of their business to fake products. Besides the loss of revenue, the leading companies also face the loss in the damage to brand image and brand loyalty of consumers. (economictimes.indiatimes.com)

The study is an attempt to critically analyze the success of fake brands available in the rural market of West Bengal. The scope of the paper is limited to rural areas of West Bengal. The study is significant to the manufacturers of real brands in identifying the factors influencing consumer's in buying fake products.

Objectives of the Study

The study is having following objectives:

- To identify the various fake brands available in the rural markets.
- To analyze the consumer's criteria of choosing the products in rural market.
- To identify the awareness level of consumer's for fake products.
- To determine the influencers for buying the fake brands.

- To study the reasons for buying the fakes with respect to the demographics of the respondents.

Literature Review

The sale of fake products is damaging a great share of the branded products in the rural markets which is becoming a big inhibiting factor for marketers to foray in these markets.

There are 113 look-alikes of fairness creams being distributed in rural areas, affecting almost 5% share of fairness cream=fair & lovely of HUL (Megharajani 2012).

Duplicate products such as soaps, (Lifeboy), toothpaste (Kolgate), creams, oils, lipsticks, nail polishes all bearing labels having similar design and colours as the original brand can be easily spotted in bazaars and haats. These products are probably of dubious quality, contain substandard ingredients and are priced much cheaper than the key brand they imitate.

Bijoor (2009) in his article titled, "The Fakes Market" has remarked that fakes are rampant in rural India. There are spurious brands present in the market. For Example Bond's (for Ponds), Fare & Lovely (for Fair & lovely), Likeboy (for Lifebuoy), etc.

According to Bhattacharjee (2011), "Influence of media in the purchase of FMCG products seems to be similar for both the rural as well as the urban households in different income classes and types. It is found that media has considerable influence upon the rural folks. With the increasing rate of literacy, print media in the form of newspapers, magazines etc are also gaining popularity in the rural context. It is for the marketers to understand the implications of the influence of the various media and utilize the appropriate media applicable for marketing their products, especially to the rural areas."

According to Chaturvedi (2007), "Rural people prefer brand name although price is also the leading factor that affects the purchase decision of rural consumers. Durability also attracts the rural customers."

Kumar and Madhavi (2006) in their study "Rural Marketing for FMCG" evaluated the level of satisfaction and brand preference of FMCG consumers.

According to Ramakrishan (2006), "The rural consumers are influenced by the electronic media and print media also. Affordability, local language, simplicity, value pricing are the factors that are influencing rural markets and have to be taken care by the marketers."

According to R. Piraktheswar (2010), "Rural consumers buy small packs as they are perceived for value of money. There is brand stickiness where consumers buy a brand out of habit and not really buy choice. Brand rarely fight for market, they just have to be visible in right place."

Sabharwal (2016) in his article revealed that An examination of primary and secondary data on rural consumer behaviour shows that for day to day consumption items people are inclined to spend less, purchase often, buy small packs and tend to get lured by duplicate and cheap but well-labeled products.

According to Sakkthivel (2006), “Companies intended to attract the rural consumers ought to very courteous in their approach and should try to develop the personal rapport by offering better products and supportive services. Once this is done, they don’t have to worry about promotion as word of mouth will take care of it.”

According to Sayulu and Reddy (1996), “The rural market offers a very promising future. But this market has certain characteristics that hinder marketers from exploiting the opportunities. These include low literacy level, ignorance of right consumers, indifference to quality standards and lack of cooperative spirit.”

Research Methodology:

The research was conducted in rural areas of West Bengal. The researcher took 250 respondents as a sample but got positive response from 202 respondents. The research was carried out in Uluberia, Bankura, Uttarara, Kona and Ulluberia. The primary data was collected from rural customers by the structured interviews of the consumers. The list of fake products was prepared through observation of the retail stores.

Convenience sampling method is adopted in five rural areas of West Bengal. A structured questionnaire was prepared and administered to the sample respondents who were also interviewed for the collection of primary data. Hence, in this paper, mainly an attempt is made to analyze the attitude and behavior of rural respondents in terms of selected (See Table 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 tried to identify the reasons and influencing factors for choosing fake products. The consumer’s awareness about these brands was identified. After gathering the data, hypotheses were tested by applying Chi Square test in SPSS 17.0 software.

The questionnaire covered following topics: criteria of choosing a product, awareness among the consumers of the purchased products, the reason behind buying particular brands, the buying pattern of the selected products, their satisfaction level and reasons for buying from particular retailers.

Hypothesis of the study:

Two hypotheses were selected for testing the demographics with the buying decision.

H1: Income will have a positive influence on buying decision of fake products.

H2: Education will have a positive influence on buying decision of fake products.

Findings of the study:

· The list of fake products available in the rural market: After an observation of the retail stores, the researcher selected few fake products in the rural market of West Bengal. The list is given below:

Sl. No.	Commodity	Brand Using	Brands Heard
1	Vests	RupaiFrontline	Rupa Frontline
2	Bathing Soap	Luk	Lux
3	Hair Oil	Uttam	Parachute
4	Washing Powder	Areal, Tids	Ariel, Tide
5	Match Box	Home Life	Home Lite
6	Detergent Cake	Run	Rin
7	Ready to eat packets	Bajji, Kurekure	Balaji, Kurkure
8	Chocolates	Kirkat, Daily Milk	Kit Kat, Dairy Milk
9	Face Cream	Fair & Lonely	Fair &Lovely
10	Shampoo	Loreal, Cliric Plus	L'oreal, Clinic Plus

Demographics of the respondents:

Demographics	Male	Female
No. of Respondents	156	46
Age		
<15	30	5
15-30	66	17
30-45	37	20
>45	23	4
Total	156	46
Education		
Illiterate	24	12
Upto Primary	39	20
Upto Higher Secondary	51	8
< Higher Secondary	42	6
Total	156	46
Monthly Income		
< 5000		
5000-10000	67	25
10000-15000	37	9
>15000	37	6
Total	15	2
	156	46

- How do you choose the products for buying:

Criteria of choosing the product	F (Frequency)	%
By reading names/spellings	29	14%
By watching colour, shape & size	75	37%
By checking hologram	0	0%
By checking company details	10	5%
By suggestion of retailer	88	44%
Total	202	100%

- The major respondents (44%) were choosing the products by the suggestion of retailer and 37% respondents were buying by watching colour, shape and size of the products. No one is checking the hologram while buying the products.
- The respondents were asked about the sources of information about the fake products, 89% told that at the time of shopping due to retailer's suggestions they purchased those brands and rest of 11% told that due to friends and relatives suggestion they bought it.
- Reasons of buying the products from a particular retailer: 67% respondents informed due to credit facility, 14% told due to nearby location, 11% suggested due to reasonable prices and 8% told due to good relations they are buying these product from the particular retailer.



- Awareness of products being faked: The survey results showed that 72% respondents were not aware about the duplicate products and thought of them as the original branded product. Only 28% respondents were aware about the duplicate products but were using deliberately.
- Influencers for buying the fakes:-

Influencing factors for buying fake brands	F	%
Easy availability	15	7%
Cheap prices	120	60%
Trust on retailers	42	21%
Brand does not matter	25	12%

Major respondents (60%) showed that they were buying the fake products because of cheap prices and 21% because of their trust on retailer. Only 12% said brand does not matter for them.

- Satisfaction level towards fake product: 85% respondents told they are not satisfied with the fake products and won't switch to original brands due to their high prices.

Testing of Hypothesis:

Hypothesis 1: Income will have a positive influence on buying decision of fake products.

H0: Customer's income is not an influencing factor of buying fake brands.

H1: Customer's income is an influencing factor of buying fake brands.

Income * Buying Crosstabulation

		Buying		Total
		N	Y	
Income	>10000	5	45	50
	>15000	19	24	43
	>20000	11	6	17
	>5000	3	89	92
Total		38	164	202

Chi-Square Tests

	Value	df	Asymp. Sig. (2 - sided)
Pearson Chi-Square	58.681 ^a	3	.000
Likelihood Ratio	55.277	3	.000
N of Valid Cases	202		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 3.20.

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Results: Since the significance value is less than 0.5, the null hypothesis is rejected and alternative hypothesis is accepted which shows customer's income is an influencing factor of buying fake products.

Hypothesis 2: Education will have a positive influence on buying decision of fake products

H0: Customer's education is not an influencing factor of buying fake brands.

H1: Customer's education is an influencing factor of buying fake brands.

Education * Buying Crosstabulation

		Buying		Total
		N	Y	
Education	>Hr. Secondary	26	22	48
	Illiterate	0	36	36
	Upto Primary	5	54	59
	Class 6-12	7	52	59
Total		38	164	202

Chi-Square Tests

	Value	df	Asymp. Sig. (2 -sided)
Pearson Chi-Square	53.618 ^a	3	.000
Likelihood Ratio	51.897	3	.000
N of Valid Cases	202		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.77.

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.77.

Results: Since the significance value is less than 0.5, the null hypothesis is rejected and alternative hypothesis is accepted which shows customer's education is an influencing factor of buying fake products.

Limitations of the study:

The study is limited to rural areas of West Bengal only. The scope of the study is limited to few selected fake products only. Due to time and budget constraints, the researcher covered only five villages and 202 samples only for the study.

Conclusion:

Fake brands are flourishing in rural markets. Though they create damage to leading company's sales and brand image but reality is that these products are harmful to consumer's health. The result of the study showed that due to cheap prices and low education level rural consumers are adopting these products. It is required to take preventive actions and various strategies by MNCs for combating the counterfeit products. The income level should be increased by generating more employment and literacy level should increase by starting more educational institutes in rural areas. Awareness campaigns

about harmful impact of fake brands should be organized by MNCs and Government. The government should also take legal actions against the manufacturers of fake brands. Thus, strict laws, unique holograms, logos, packaging styles and availability of low cost original branded products can help in making the rural market a fake brand free arena.

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