

Whats the advantages of chinas counterfeits marketing essay



Chinas counterfeits have become a multi-billion industry, but it is also a serious problem in almost countries in the world nowadays. This paper, based on secondary research, discusses three questions of what the benefits Chinese counterfeiting brings, what the impacts on original companies, the environment, and the consumers China's counterfeits cause, and how to solve the impacts of China's counterfeits. Based on the findings of the research, the paper draw the conclusion that the problem of Chinese fake products is taken notice by many people because of the debate between the advantages and disadvantages of Chinese fake products. Awareness of the customers is the main factor relating to increase on the manufacture of counterfeits. In addition, it is necessary that the active solutions should be made to prevent the unexpected breakdown of China's counterfeiting which is a barrier for the general development of the whole world.

Counterfeits, or fake products, actually are " something that is forged, copied or imitated without the perpetrator having the right to do it, and with the purpose of deceiving or defrauding" (The Economist 2003). China is the particular country which is famous for manufacturing and consuming counterfeits. In fact, almost counterfeit versions sold and made in China are found throughout China markets and even in the world. The International Anti Counterfeiting Coalition (IACC) studied that approximately 80% of fake products consumed in the world are originated in China (NEW Momentum 2011). In particular, nearly everything is counterfeit versions with label " made in China", such as: luxury goods, electronics, household goods, foods, certificates, official documents, receipts and even counterfeit Apple Store (NEW Momentum 2011).

The total value of counterfeit goods produced in China increased substantially from approximately between \$19 billion and \$24 billion a year in 2003 to \$176 billion in 2006 (Hays 2008). Moreover, the research of Hays pointed out that counterfeits created 2.4 million jobs, \$400 billion in economy activity, and \$67 billion in tax revenues. Therefore, investors can find it easy to make quickly profits. However, with a further vision, legitimate products is damaging for the future development of economy as well as society, especially medicine counterfeit products “ have caused injuries and sometimes even death for some unsuspecting customers” (NEW Momentum 2011).

Therefore, this paper, with the purpose of improving awareness of customers for limiting the manufacture of the Chinese counterfeiting, discusses the questions of what the impacts of China’s counterfeits are, and how to solve problems of fake products of China.

Discussion of findings

What are the advantages of China’s counterfeits?

That the majority of fake products originate in China leads manufacture of counterfeits to become one of the China’s largest industries. Actually, the manufacturers can find it easy to imitate the real brand’s image and reputation, and these products look exactly like the original in order to trick the buyers (NEW Momentum 2011). In addition, companies producing and consuming the counterfeits of China do not have to worry about the taxes and fees of copyright. As a result, China gains economic growth and takes a lot of advantages. The illegal Chinese copying of goods makes billion of

dollars profits each year. In particular, according to Walthers and Buff (2008), the total values of counterfeits in world trade cost over \$512 billion, and this figure still increases. Besides, counterfeiting is responsible for hundred thousand jobs not only in China but also in many countries over the world. According to The Organization for Economic Co-operation and Development (OECD), the original companies cannot deny the advantages of counterfeits because the fake goods help original companies' logo and designs spread brand coverage and recognition over the world (2007). Due to the advantages that fake products bring, Grossmand & Shapiro (1988) consider Chinese counterfeits as " the world's fastest growing and most profitable business".

The advances in technology and customer's demand lead the easy manufacture of legitimate product and the expansion of this industry in China (Walthers and Buff 2008). Indeed, if making a question who buys fake products with the brand " made in China", it is obvious that the answer is everyone. Almost people think it is not absolutely wrong to purchase counterfeits, including 61% of Britons (Fake! 2001, cited in Walthers and Buff 2008) and 69% of Americans (Boumphrey 2007). Moreover, people suppose that buying and selling China's counterfeits are not criminal activities. In fact, most of people are fond of famous brands, but the cost of these products is too high. Luckily, market products of China which steal the brand and reputation are purchased just a quarter as much as original price (NEW Momentum 2011). Therefore, the fake products are only the answer for common people. To meet a huge demand, the term " shanzhai" culture is appeared and replaces the original meanings which describe of a small

mountain village (Hays 2008). Now, Hays reports that it is a general statement about fake products with suitable price for middle class in China which makes foreign companies not gain many profits.

What are the disadvantages of China's counterfeits?

Although Chinese counterfeits maybe good ideas and innovations to make huge profit quickly, their damages for future development of China as well as other countries in the world are really significant. Indeed, China's counterfeiting impacts strongly on the sales of the original companies, environment, and consumers.

Firstly, fake product is considered as a threat, and even Federal Bureau of Investigation calls it " the crime of the 21st century" (NEW Momentum 2011). China's counterfeits cause a wide impact on the global economy. The Organization for Economic Co-operation and Development (OECD) studied that counterfeiting is actually relevant to criminal activities, especially in transferring economy rent to parties (2007). On the other hand, innovation which is protected by " patents, copyrights, design rights and trademarks" plays a vital role in economic growth (OECD 2007). However, increasing producing the counterfeit makes the innovation process weaken, and limit investment in development of new products. As a result, the fake products of China impact strongly on the world industry. Therefore, the original manufacturers in the world, especially the U. S suffer huge loss from China's counterfeits. Indeed, the damage of the global automotive parts industry is as high as \$12 billion each year, \$3 billion of which is in the U. S (NEW Momentum 2011). Furthermore, counterfeits, which have the same brand images, colors, font size as the real product, " fool" the customers in belief

<https://assignbuster.com/whats-the-advantages-of-chinas-counterfeits-marketing-essay/>

that they purchase the original products and are mainly sold in the grey market with affect the brand and reputation of low quality and price the original manufacturer (NEW Momentum 2011). Customers will blame the manufacture of the real if the fake does not fulfill expectations, thus a loss of customers is an obvious problem. Then, they will have intention to buy another product instead of this brand, and even may communicate dissatisfaction to other potential customers (OECD 2007).

Secondly, it is clear that China's counterfeits have negative effects on the environment. Indeed, the environment is destroyed seriously by production process that eliminates considerable waste (OECD 2007). Moreover, that substandard counterfeit products contain chemically industrial waste can have environmentally damaging consequences. As a result, China is a main country which directly suffers from these damages.

Finally, there are too many China's counterfeit products in the market from some basic things to medicine. Thus, these products purchased also impact on the customers. In fact, the quality of counterfeit products of China actually is so poor and low that they really waste money and time to buy another product in a short using time, and safe of customers are rick.

Indeed, according to study of Jennings (1989), " fake birth control pills, hormones, shampoo and heart pumps" which are extremely dangerous and a serious impact on customers' health (cited in Walthers and Buff 2008). For instance, fake alcohol causes a nervous condition with loss of hand and feet ability of nearly 15, 000 people in 1930 (Jennings 1989). Fake drug can be also dangerous to people's health. Paul Newton (n. d.) of Oxford University reports (cited in BizAims n. d.) that majority of fake malaria drugs were <https://assignbuster.com/whats-the-advantages-of-chinas-counterfeits-marketing-essay/>

consumed in many countries in South-East Asia such as: Myanmar, Laos, Cambodia and Vietnam, and they not only can not prevent this disease but increase the threat of virus malaria as well.

How to solve the impacts of China's counterfeits?

Governments in China as well as other countries should establish multilateral organizations which work with the international organizations, such as: the World Trade Organization (WTO), World Intellectual Property Organization (WIPO), Interpol, and the World Customs Organization to prevent the breakdown of the fake products. In addition, the governments should also develop special programs to raise awareness of counterfeiting (OECD 2007). Indeed, awareness of the risks of purchasing fake products has to be paid a serious attention by government, and should be explained for all people. If customers have enough knowledge about the counterfeits that is an activity " supporting the terrorists, gangsters and the crime syndicates that operate illegal and black money rackets" (Matthew n. d.), impacts dangerously on people's health and safety, customers will be certainly careful in choosing products.

The original companies also have to deal with the increasing problem of Chinese counterfeiting. Efforts to combat the fake products lead laws which are made to limit illegal counterfeits. Especially, Aktary, McCallen & Fullerton (n. d.) state that some famous brands, such as: Gucci, Louis Vuitton, Prada, Chanel, and Burberry " all filed suit in China to stop the counterfeiting of their merchandise". Besides, the real companies should use hidden marks to trade the original and deliver of their products, and help them as well as customers distinguish the real things from the fakes (Aktary, McCallen & <https://assignbuster.com/whats-the-advantages-of-chinas-counterfeits-marketing-essay/>

Fullerton n. d.). Hand in hand with this “ hidden marks” plan, the Organization for Economic Co-operation and Development (OECD) also give some points to protect the original products. Companies should regularly have reports, statistics, and documents about markets and customers. In addition, there should be the detailed description, date, value, quantity (number, weight, and height), kind of intellectual property right infringement, such as: patent, trademark and copyright on product packaging.

Conclusion

From all the findings above, if making comparison between the advantages and disadvantages of the China’s counterfeits, the balance maybe tilts at the serious impacts of the fake products of China. In fact, the China’s counterfeiting brings a lot of benefits for economic growth and common customers in China as well as other countries. However, the sales of original companies, the environment, and the consumers are also affected.

Therefore, it requires all people, governments, and companies coordinate together to prevent the uncontrolled growth of China’s counterfeiting.

Hopefully, bad effects of Chinese fake products will be limited. If not, it will be a barrier for the general development of the whole world.

(Word count: 1648 words)