

Effects of counterfeit goods on customer preferences



**ASSIGN
BUSTER**

The purpose of this research is to observe the Customer preferences of Pakistani people towards the counterfeit products in regards of fashion accessories and their purchase behavior and how does it affect the original brands. The people of Pakistan are considered to have distinctively different views towards the international brands as all of them want to use those brands but cannot afford it. Therefore they shift towards the counterfeit product of those brands. The main purpose is to see which factors play important role in shaping the customer preference, how it effect their purchase behavior and find out which factor helps the original brand in combating against counterfeit product. This research would help to understand the collaboration among counterfeit products and their respective original brand.

Background:

People of Pakistan are becoming more and more aware of brands due to the globalization. People are exposed to many brands and that is leading towards a trend that everyone wants to use a branded product and if they cannot afford it they switch towards the counterfeit products of that brand. Fashion industry has boomed over the years which means many different brands are introduce into the market. Pakistani youth is following fashion and brands are there to guide them. Our country has a huge power distance in the economy which means that not all of us can afford to get branded products to fulfill our need to follow fashion, therefore due to this sole reason counterfeit industry is increasing day by day.

Pakistan is ranked as 44th country in total losses in net income due to counterfeit products. Total of \$358 million losses in net income is recorded due to counterfeiting which shows that counterfeit industry has grown in past few years. This indicate that the purchasing behavior of the customers has shifted towards the counterfeit products rather than the original brand, but to which extend that cannot be determined. (Havoc scope, 2012)

Pakistani fashion industry is rapidly grown industry with all of its commercial and cultural aspects. Interestingly, like other industries in Pakistan, Pakistan fashion industry has never seen the fall in its history. The popularity, success and liking of this huge enterprise are because of the urge of men and women to look stylish and up to dated. So it has been widely accepted, appreciated confessing the positive role of Pakistani fashion industry in raising awareness about the latest fashion among people of all classes. Certainly, Pakistan fashion industry is touching its height, striving to get more and more appreciation on international level, but on the other hand, it has to focus more on the marketing tactics (besides improving more and more) to occupy international market. (Fashion47pk, 2012)

The growing menace of counterfeit products has become a serious problem for buyers and producers of fast moving consumer goods, so the country's law enforcement agencies must acquire the ability to investigate this white-collar crime, says an expert. According to an international report about 65% of the goods being sold in the country are fake, which are harming the consumers, producers and the economy, said by a leading Intellectual Property Lawyer, who was appointed by World Intellectual Property

Organization (WIPO) to draft rules for intellectual property laws of Pakistan. (APP, 2012)

Basically this research is a tentative study of Pakistani customer preference towards counterfeit products, their purchasing behavior and how does it affect the original brand, thus helping us to understand the relationship between the counterfeit products and the original brand.

Chapter 1

Introduction:

The purpose of this research is to understand the consumer preference criteria of the counterfeit products of the original brand. Pakistan's fashion industry is growing and everyone is getting aware about the brands and the need is driven to accessorize in the daily life. Due to the social media and social networking the peer pressure is increasing and the youngster would do anything to fit in. Economic conditions of Pakistan are fluctuating due to which everyone cannot afford to buy branded accessories so they switch to counterfeit. Price is the major factor in the usage of counterfeit but the question rises that which factors contribute in developing the customer preference, customer purchasing behavior and how does they affect the original brand.

Our research would be the combination of different research methods. In correlational research method we would conduct a systematic investigation of the impact of counterfeit products on the preference of customer, their purchasing behavior therefore its effect the original brand and the survey tool will be used. Experimental research method would be used to conduct <https://assignbuster.com/effects-of-counterfeit-goods-on-customer-preferences/>

the quasi experiment and double blind testing as their result would provide a conclusive result of the interdependence of the variable include in the research.

In general our research would be the mixture of both qualitative and quantitative research therefore we will use the method of triangulation thus giving us a broad spectrum for finding their absolute results. In triangulation approach we will use both the technique that is the data and methodological approach because by using different methods, data sources we can counterbalance bias characteristic in a specific data source.

Now coming towards the industry in which our research would be conducted and that is Fashion industry. Fashion industry is very vast; it includes cloth, make up, shoes, accessories, furniture and body piercing. Fashion industry started booming in Pakistan and the big advantage it gained was that it had the glimpse of various civilizations in it. The remarkable change in the Fashion Industry of Pakistan started with the beginning of 21st century, when the young designers tried to give a new direction to fashion in Pakistan. Our research would focus on the accessories segment of the fashion industry. Due to globalization every country is bombarded with international brands and the level of competition has gone up. Now Pakistani designers are known in international markets and many international shows feel proud to invite them, this not only improves the content of their runway, but also projects the soft image of the country as a talented young generation. In Pakistan both the domestic and international brands of this segment has created a buzz; which in result created a wave in the youth of our country. Everyone is accessorizing to fit in and using these different

<https://assignbuster.com/effects-of-counterfeit-goods-on-customer-preferences/>

brands helps them to acquire a status which would otherwise take time without these brands.

Therefore our research would help us in determining the factor that drives the customer preference, the factors that control their purchasing behavior and would identify their roles which would be a set of guidelines for the original brands that will not only provides them information to combat with counterfeit but also how to avoid the process on the whole.

Scope:

Our research would be steered in accessories segment of fashion industry because in this segment counterfeiting is most common in our country. Our population would be the twin cities (Islamabad, Rawalpindi) because in both cities major markets the counterfeit products and original brands are coexisting. This research would be beneficial to major brands whose market share is being damaged by these counterfeit products.

Objective:

Our research revolves around the effect of counterfeit products on specific attributes and their impact on original brand so our objective would be:

General objectives:

Find out the factors that affect the perception of a brand or counterfeit products.

Find out reasons for a customer purchasing behavior towards a brand or counterfeit products.

Notice external factors that may take role in the relationship among counterfeit products and their respected brands.

Specific objectives:

Conduct a double blind test

Conduct a quasi-experiment (per and post design)

Arrange a focus group

Research model:

The model that is going to be used in this research would be a blend of elements that are affecting the major attributes. The structure of the model would start from the counterfeit products factors or aspect that are going to influence the customer. Customer main perspective that would be looked upon is their preference and their buying behavior then their effect onto the original brand. The main model would be like;

This model can further be break down into smaller model explaining the processes and proving the assumed hypothesis.

Definition of terms:

The main terminologies used in this research can be defined as:

Counterfeit Product

They are the fake replicas of the original brand; it includes any product containing an unauthorized representation of a trade mark or logo.

Counterfeit product tricks the customer in making them believe that they are purchasing a legitimate product as it has similarities with the original brand

and they are not easily differentiated. They are created to take advantage of the established worth of the original brand and grab their market share. In general it is the practice of manufacturing goods, often of inferior quality, and selling them under a brand name without the brand owner's authorization.

Customer Preference

It can be define as the likeness or the choice of selecting product over the other product. If a customer generally likes a product, it can stay around for years and sell millions of copies. However, if customer do not likes the product, it could disappear very quickly. Customer preference is no doubt dependent upon culture, education, and individual tastes and among a plethora of other factors. It permits the customer to rank products according to the levels of utility they give the consumer.

Customer Purchasing Behavior

It can be assumed as the decision process by which customer search, select, purchase, use, and dispose of goods and services, in satisfaction of their needs and wants. This behavior is driven by the cultural, social, personal and psychological factors. Since every person in the world is different, it is impossible to have simple rules that explain how purchasing decisions are made. So put it simply it comprise of how people buy, what they buy, when they buy and why they buy it.

Research Question:

This research would emphasis on these simple questions that are:

Do counterfeit products create such a habitual buying behavior that consumers don't revert back to original brands even if they are offering better features?

Determine what factors play important role in shaping customer preference with respect to counterfeit products?

Determine which factors play important roles in influencing customer purchasing behavior with respect to counterfeit products?

What are the factors shifting customer preference towards counterfeit goods?

Effects of counterfeit product on customers who are used to buy original brands?

What factors will improve the image of original brand and help in combating against counterfeit product used by different companies?

Hypothesis:

H0: Counterfeit products don't effect the customers who buys original brand

H1: Counterfeit products does effect the costumers who buys original brand

H0: Customers who are appearance conscious do not have a positive relationship with intensity to buy counterfeit product

H1: Customers who are appearance conscious do have a positive relationship with intensity to buy counterfeit product

H0: Counterfeit products appearance do not effect customers preference towards the original brand

H1: Counterfeit products appearance do effect customers preference towards the original brand

H0: The use of counterfeit product do not shift the customers preference of original brand

H1: The use of counterfeit product do shift the customers preference of original brand

H0: Materialism towards counterfeit product has positive influence on customer purchasing behavior

H1: Materialism towards counterfeit product has negative influence on customer purchasing behavior