

STUDY ON AWARENESS, INFLUENCE AND SOLUTION OF ONLINE COUNTERFEIT MARKET AMONG YOUNGSTERS

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ABSTRACT

The advancement and penetration of technology and the internet have boosted companies to sell their products online for the convenience of the customers at competitive prices. The companies seek funds from various sources like venture capitalists or angel investors and make lucrative products to stay competitive in the market. Though the growth of the e-commerce market is impressive over the past few years, the transaction of counterfeit (duplicate) products amongst the customers is a major issue for many producers, companies & the government. This paper will try to understand the factors and reasons that influence the digital medium counterfeit (duplicate) trade to grow & the policies to handle this threatful market. The study will also try to inform online consumers about the counterfeit (duplicate) market and the solutions to handle them.

1. INTRODUCTION

E-commerce has seen outstanding growth in the past few years. The idea and execution of the firm has been mostly undertaken by the youngsters of 25-35 age. They are generally from reputed institutions like IITs, IIMs, XLRI, SIBM etc. and manage to get funds from different sources like venture capitalists. The value of

their business was valued at more than a billion USD But despite such promising growth and good prospects, the market is still skewed.

The unique and useful products have high sales in the market. The lucrative revenue has attracted people and indulged them in making many counterfeit products. It started with similar domain names or by a little alteration in the spelling of the name and of similar familiar products and brands. It can be seen that with the expansion of technology, the cloning of e-commerce sites also expanded. It used SEO to make the site popular. It has made space in the online market. It is difficult to find the point where counterfeiting happens. It affects the consumers as well as companies, suppliers and retailers which ultimately affects the overall economy.

The excessive and large use of smartphones is boosting the growth and share of the industry. However, the increased use of portals and apps with the help of technology and the internet has also fueled the online counterfeit market. It is important to understand the strategies to tackle it and measure the effectiveness of the strategies to check its outcome as lack of attention to this can be a high risk to society.

The study will try to understand whether youngsters (of 20-30 years of age) who purchases goods online know about the counterfeit (duplicate) market & solutions to handle them. An effort was taken to suggest effective strategies to handle such a type of market. The paper will suggest strategies to deal with the counterfeit problem by reviewing the previous literature and using statistical tools and techniques for data analysis and interpretation.

2. LITERATURE REVIEW

- The paper "**Strategic Approach Using Governance, Risk and Compliance Model to Deal with Online Counterfeit Market**" (Raman & Pramod, 2017) analyses the various factors responsible for online counterfeiting, presents policies and strategies available to tackle this threat and the level of awareness that exists among youngsters concerning counterfeiting. This study aims to adopt a Governance model, Risk model, and Compliance model (GRC) to overcome the problems or challenges faced by the online counterfeit market. This paper discussed the roles of regulatory bodies in helping businesses adopt

a strategic framework to effectively lower the counterfeiting of products in the online space

- The chapter "**Counterfeit Products Online**" by (Kennedy, 2020), published in "**The Palgrave Handbook of International Cybercrime and Cyberdeviance**," deals with the challenges and complexities faced while combating online counterfeiting, the deceptive nature of counterfeited products and its effect on the growth of E-Commerce sector. The chapter analyses the role of technology in reducing counterfeit products, and the strategies used by brands to combat counterfeiting. It also provides a comprehensive overview of the economic impact of counterfeiting.
- The paper "**A Study on Counterfeit Brands, Consumer Attitude, and Initiatives to Stop Counterfeiting in India**" (Patel, 2018) aims to analyse the previously available works of literature on counterfeit brands, consumer attitudes towards it, and legal cases filed by customers against fake brands. The study discusses the consumer education campaigns and the legal measures to combat counterfeiting in India. The findings of this research can assist genuine brand manufacturers and retailers in developing effective marketing strategies to combat counterfeiting.
- The paper "**Impact of Deviant Social Media Influencers and Consumer Characteristics on Purchasing Counterfeit Goods**" by (Shepherd et al., 2023) sheds light on the peddling of counterfeit products via YouTube, and Instagram through social media influencers. The key findings highlight that SMI plays a major role in the promotion of counterfeit products, consumers do not physically inspect the goods and rely on the recommendations made by third parties.
- The research paper "**Determinants of Counterfeit Purchase: A Study on Young Consumers of India**" by (Prakash & Pathak, 2017) analyses factors influencing young consumers in India to make counterfeit purchases. It studies determinants like socioeconomic, psychological, and cultural determinants impacting the decisions of young Indian consumers about counterfeit purchases.

3. RESEARCH METHODOLOGY:

HYPOTHESIS-

- **H1:** Young individuals very well know of the counterfeit product problems.
- **H2:** Young individuals have knowledge of the resolutions that exist in the present time to handle the online products counterfeit problems.

- **H3:** There is no significant difference in the level of knowledge/awareness of the online counterfeit issues with respect to the solutions that exist in the present time to handle..

The questionnaire was prepared to collect primary data. Literature review was considered while preparing the questionnaire and conducting the pilot study. Data has been collected from youngsters of 20-30 years who are doing post-graduation. It was taken care that the data has been collected only from youngsters who shop online. The group of youngsters belong to Lucknow and Kanpur and especially those who purchase products online. Total 1170 responses were received and the sample questionnaire is attached below.

QUESTIONNAIRE:

1. Name:
 - Gender: M/F
2. Age (in years):
3. Do you purchase things online?
 - Yes
 - No
4. How many times have you purchased things online in last 0-1 yr.:
 - Less than One to Three times in a year
 - More than three times in a yr.
5. If you have purchased more than 3 times in a year, then are you well aware about the counterfeit market methods which are used online:
 - Not at all aware
 - Very less awareness
 - Aware of some of them
 - Aware of many of them
 - Very much aware
6. Rate your level of awareness of the below given points:

Multilateral & legal structure to handle counterfeiting (duplicity) of products.	Not much	Little	Somewh at	Mostly	Very Much
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Contract of trade & intellectual property right enforcement to look after counterfeiting of goods.	Not much	Little	Somewhat	Mostly	Very Much
Promotion of awareness of counterfeit (duplicate) products globally.	Not much	Little	Somewhat	Mostly	Very Much
Promoting Environment to fight counterfeiting of products to bring in economy of foreign country & foreign technology.	Not much	Little	Somewhat	Mostly	Very Much
Improvement of Judicial law system in India to have a look after the duplicity or fake products.	Not much	Little	Somewhat	Mostly	Very Much
Better Intellectual Property Right enforcement method to look after the duplicity of goods.	Not much	Little	Somewhat	Mostly	Very Much

4. DATA ANALYSIS AND INTERPRETATION:

Tool of IBM-SPSS has been used to analyse the data. It includes the tests such as cross-tabulation analysis, multivariate regression analysis, analysis of variance and chi-square test. In H1, one proportion test was used:

TABLE 1 AWARENESS OF ONLINE COUNTERFEITING ISSUES

X	N	P Value
544	1170	0.009

X= Total no. of respondents who are aware of the online counterfeit of product issues

N= Total no. of respondents

Here we can see that the value of P is 0.009 which is < 0.05 . It indicates to rejection of the null hypothesis. It shows that the majority of young people are unaware of online counterfeiting.

For the H2 hypothesis, multiple regression analysis has been used:

The hypothesis deals with the awareness of strategies which is used to handle the online counterfeiting (duplicate or fake) of goods. Multiple regression analysis has been applied to analyse the impact of the independent variables on the dependent variable.

TABLE 2 VARIANCE OF ANTI-COUNTERFEITING SOLUTION AWARENESS

R	R ²	Adjusted R Square	Std error of the estimate
0.909	0.826	0.825	1.023

Here the value of R is 0.909 and adjusted R square is 0.881. There is 82% of the weighted combination of variables of variance for awareness of counterfeit (duplicate) products solution.

The questionnaire of the survey had other dependent variables such as awareness on trade agreements, multilateral and legal framework, environment to bring foreign investment & technology, judicial system etc.

They were rated on the scale of 1-5, where 1 is not at all aware and 5 is very much aware. The outcome showed that mostly the youngsters were not aware of the resolutions that exist for controlling the issues of the online duplicate or fake product market.

To analyse H3, tests like ANOVA and Chi Square were applied.

F test clearly shows that the variable which is independent predicts the dependent variable, which is awareness of the counterfeit/fake products.

TABLE 3 ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5755.50	6	959.250	917.437	.000
Residual	1216.00	1163	1.046		
Total	6971.50	1169			

The table above shows $F= 917.437$ and $p= 0.000$ which interprets that the model of regression is a good fit.

TABLE 4 REGRESSION MODEL - COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

(Constant) b ₀	-712	.135		-5.288	.000
Easiness of getting License & betterment in the Opportunities of Investment	.639	.032	.356	19.665	.000
Legal Reg. Framework	-.310	.342	-.132	-.908	.364
Training and Awareness	.660	.042	.328	15.877	.000
Authentication technologies	.407	.032	.223	12.665	.000
Improve Supply Chain Management	.326	.342	.138	.954	.341
Personal Morale/Ethics	.306	.030	.169	10.235	.000

The table given below indicates the level of awareness among both the genders:

TABLE 5 GENDER CROSS TABULATION

		Gender		Total
		0	1	
Aware	0	179	450	629

1	145	396	541
Total	324	846	1170

The table shows that 46% of youngsters were aware about the steps or solutions of the counterfeit market issues.

	Value	Df	Asymp, Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi- Square	.398	1	.528		
Continuity Correlatio n	.320	1	.572	.566	.286
Likelihood Ratio	.399	1	.528		
Fisher's Exact Test	.398	1	.528		
Linear-by- Linear Associatio n	1170				
N of Valid Cases					

The table above shows the value of chi square as 0.398 and 0.528 here which tells that in this data, there is no significant connection among the gender (Male & Female) & the awareness of counterfeiting solutions because the value of chi square is low & the value of significance measure is high.

5. STRATEGIES TO HANDLE THE ISSUES OF ONLINE COUNTERFEIT OF PRODUCTS

There is no specific law to manage online counterfeiting. Here we will discuss the strategies and methods to handle the online duplicity of products market.

- **Current Strategies to Handle Counterfeit**

One of the ways to handle online counterfeiting can be with the help of the Copyright Act, Trademark Act, Patent Act, Design Act, Drugs & Cosmetics Act 1940, Consumer Protection Act, IT Act, etc. Person who has faced any counterfeit issue can combine any of the provisions of the trademark act to resolve the problem. As per the study of Darin Kelmchuk, registering the product and educating the consumers can be helpful in preventing the counterfeiting of the products. As per the study of Staake and Fleish, when the researcher tried to find out how do manufacturers deal with the issues of counterfeit and how they benchmark their process then the study revealed four areas: awareness of the counterfeiting (fake) issues, prevention/protection measures, reaction & monitoring and observation by the company. According to the report of EU in 2015, China is one of the places which produce legal and counterfeit products. Supply chain helps in distributing the products and also enables counterfeiting. It is important to secure the supply chain and increase customer awareness and training to control this. With the help of monitoring and control on payment process will help to minimise the availability of money for the counterfeiter of the products. Referred on the study of Kiyofumi, OECD (2007) suggested some strategies categorised as worldwide strategies, strategy at country level, intervention by the government and strategies at organisational level. The worldwide level strategies can be implemented with the help of the legal system of the country, trade agreements and IPR implementation through WHO, WTO etc. Online surveillance by a 3rd party can also make sure of the service agreements. In the strategies of the country level, judicial systems & policy enforcement have been suggested to improve the situation. The organisational level Strategies suggest awareness amongst the consumers, monitoring of supply chain and authentication of strategies.

- **Suggested Strategies**

There is no legislation to deal with the problem of the counterfeiting market in India, still some help can be taken from civil and criminal law to deal with this issue.

- **Strict Policies**

Policies like Copyright Act, Trademark Act, Patent Act, Design Act, Drugs & Cosmetics Act, Consumer Prot. Act 1986, IT Act, etc. should be considered to get the remedy of online counterfeiting issues. The finding of the study of survey clearly shows that there is a lack of awareness of these laws and acts among the people. These Acts should be promoted more on mass level with the help of social and other media to minimise its negative impact.

- **Strict Timeline**

The Indian Judicial System should ask the probing agencies to follow the strict timeline so that the cases can be resolved in a timeframe. As per the online data of National Judicial Data Grid, around 2 crore cases are pending in the court out of which approx 41% of the cases are still pending from over the period of two years and approximately 10% cases are still pending from over the period of ten years. This discourages the people from seeking legal help. It can be understood from the responses of the responders of the survey, it can be observed that 46% of the total respondents were only aware and familiar of the remedies to handle counterfeit issues and from those, 54% felt that there is the need to improve the timeline of the judicial system to deal in the effective manner. The pending cases need to be cleared as early as possible which can be done by setting up the special courts or councils.

- **Mechanism of Effective Enforcement**

In the Indian Judicial System, it takes a lot of time to resolve the complaints which discourage the people from taking help from the legal system. They get attention only if they are an influential person or backed by political support. It destroys the patience of a common man and makes it a bitter experience for them. Therefore there should be a mechanism of effective enforcement to handle online counterfeit issues.

- **Changes in IPR Enforcement Rules**

The recording of IPR issues comes under Indian Customs Authority. It is applicable for imported goods only. The results of the survey show that the respondents were not aware of the rules of IPR and its enforcement. There should be modification in the rules and export of goods should be included to bring down the counterfeit market which is operating with exported goods outside India.

- **Providing Education**

Education is an effective method to control the online counterfeit market. It should be provided compulsorily to the students from high school. It will also promote the digital literacy programme of the government. It will help to make the majority of the people aware and familiar about the online counterfeit/fake product issues & the solutions available to handle them.

- **Use of Social Media**

As per the Indian Judicial Law, the customers should be aware of laws and regulations and should not blame others for their lack of knowledge or awareness. The study of survey indicates from the unaware respondents of 46%, 86% of them are of the opinion that training and awareness with the use of technology can be a good option to deal with the online counterfeiting of goods. Government and Corporate Houses should use the mechanism of social media to educate and inform the customers about the genuinity of the product. They can also be encouraged to post their complaints online about the counterfeit products to raise awareness amongst the others.

- **Other Strategies**

Digitalisation of the supply chain can help to track the products easily. It will control the unethical practices of counterfeit products in the supply chain which will be helpful in saving the customer from the counterfeit products. The dealers associated with the online platforms must also be verified and approved by the company as per the ethical standards. Also the companies can educate the customers by giving them points of difference between the original and the fake or duplicate product or service.

6. CONCLUSION

The study has indicated that youngsters are not aware of the online counterfeit products even when they are purchasing things online. They also have a lack of awareness about the current solutions on how to deal with them. Online counterfeiting has become a challenge around the globe. We need to take this issue seriously and monitor things carefully and closely to eliminate counterfeit products.

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