Exploring the Risks and Solutions Related to Consumers' Willingness to Buy Counterfeit Auto Parts in Delhi NCR

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Abstract: Purpose - Understanding customer purchase intentions with regard to counterfeit car items is the aim of this article. The purpose of this study is to look into the relationship between personality factors and customers' views of counterfeit goods and their inclination to purposefully purchase high-end counterfeit brands.

Design/methodology/approach - In Delhi NCR, this primary study was carried out with the use of a structured questionnaire. Using stratified random sampling, data from 500 respondents were gathered. Questions regarding brand equity, brand value, and purchase intentions of counterfeit products were among the many topics covered. Structural equation modeling was employed in the study to comprehend the relationships between the variables.

Findings - The route analysis's findings imply that owning genuine, original products was more respectable than having fake auto components and that fake goods were of lower quality. Conversely, those who possessed more components of counterfeit brands thought well of them and did not consider them to be inferior. In general, 81% of participants expressed their opinion that the widespread availability of fake goods reduced the prestige, worth, or contentment of genuine premium brand names. The notion that the availability of counterfeits negatively affects respondents' intentions to purchase genuine auto parts was likewise denied by the majority of respondents.

Research limitations/implications – The respondents and the research are restricted to the Delhi NCR region. The study is noteworthy for its practical ramifications as well as its theoretical ones. The amount that counterfeit products depart from the genuine image of their original brands in terms of cost, quality, and distribution is shown by research on the consumption of counterfeit products. Such research that will greatly add to the corpus of knowledge, particularly in the automotive sector, are lacking.

Practical implications - It is suggested that in addition to schools, the government develop educational programs that target both domestic and foreign businesses. It is advisable for brands to distinguish their products by emphasizing attributes such as durability, dependability, longevity, and product life.

Originality/value – This paper has examined both personality factors and product attributes.

Keywords - Counterfeiting, Consumer behavior, Counterfeits Automobile Products, Customer Brand Value, Purchase intentions.

1. Introduction

Although counterfeit items are not real, they are designed to seem exactly like real ones in order to trick consumers. When something is counterfeited, it is created as a fake that has been constructed to resemble real in order to trick others. Bian and Veloutsou (2005) state that when Levi's discovered in the 1970s that a sizable quantity of counterfeit jeans were created in Southeast Asia and distributed all throughout Western Europe, counterfeiting is assumed to have escalated. Counterfeit goods have been flooding the market for the past few decades, growing at an exponential rate (Phau and Teah, 2009).

The pants were labeled with the company's trademark logo. The selling of counterfeit goods has been a major factor in the economy and loss of livelihood for the past few years. Counterfeit brakes pose a risk to consumer safety and performance. Counterfeiters exploit legitimate manufacturers' research, invention, and testing investments to harm...
original equipment makers' brands and reputations by producing braking systems and components. These manufacturers just care about their bottom line. The items can impact a certain organization in a variety of ways. Financial costs to an organization, harm to a company's reputation and brand, increased legal liability, loss of industry trust, wasted investment in innovation, and product development are just a few of the effects of counterfeit brake components. Manufacturers face a hurdle in identifying fake goods so they can remove them from the supply chain and give customers simple-to-use tools to confirm the legitimacy of the products. Product counterfeiting has a wide range of negative effects because it threatens national interests, disrupts lawful enterprise, and endangers public safety. It reduces incentives for industry innovation, which leads to a decrease in the variety of products available to the market. More significantly, it damages the sector and presents serious hazards to health and safety. Profits, market share, and lost revenue are a few clear examples. Our goal is to quantify the financial losses while also measuring the harm to a brand's reputation that results from the selling of fake car parts and how this impacts sales and customer satisfaction. As of right now, no research has been done on the effects of reputational harm this has on brands in the Indian market. The majority of the time, the customer is ignorant of the goods they are bringing and is unsure of whether the part they are purchasing is authentic or counterfeit. The majority of the time, consumers pay for authentic products without knowing if they are fake or authentic. In an attempt to save money, consumers frequently purchase fraudulent vehicle parts, which they later come to regret. The International Anti-Counterfeiting Coalition estimates that counterfeiting costs the economy $200 billion a year in lost revenue, unpaid taxes, and job losses (Furnham and Valgeirsson, 2007). These numbers are only estimates at best due to the nature of counterfeiting. Bush et al. (1989) claim that counterfeiting has a negative economic and social impact on both legitimate manufacturers and society as a whole. Counterfeiting can be either nondeceptive or deceptive in the eyes of the consumer. Deceitful counterfeiting occurs when people buy a product without realizing it is a fake. This is often the case in the consumer electronics, pharmaceutical, and automobile parts sectors, among others. Counterfeit goods are defined as non-deceptive ones because they don't try to fool consumers into believing they are real by the way they are positioned in the market, such as through the type of store where they are sold (flea markets, etc.), the low price, or the subpar quality. The study's research attempts to bridge the gap in the corpus of literature on counterfeit goods by approaching the problem from the demand side. Finding out whether personality qualities like status consumption is the main objective of this study. The following factors affect consumer attitudes about and willingness to intentionally purchase counterfeit auto parts: perceived price, convenience of availability, lack of money, materialism and integrity.

2. Relevant literature

An examination of customer purchase intentions for counterfeit products using a modified theory of planned behavior is presented in Kjeeff Cheng, S.I., Hui Fu, H., and Cam Tu, L.T. (2011). The majority of the time, this is because the consumer is unaware of the product's pricing aspects, or occasionally they do so voluntarily. According to Fujitsu (2010), counterfeit goods are either a problem or a disaster. The majority of the time, using fake vehicle components causes accidents and loss of livelihood. It is challenging for manufacturers to spot fake goods, take them out of the supply chain, and give consumers easy tools to verify the legitimacy of their purchases. Regrettably, counterfeiters are becoming increasingly skilled and can now replicate extremely complex products and packaging. The most direct effect of counterfeiting in an organization is financial. Financial losses can take many various forms, such as squandered advertising and promotional expenditures, lost sales as a result of counterfeiting, and litigation fees. Long-term harm to a company's reputation, goodwill, and brand image from counterfeits results in a decline in consumer and business partner trust as well as a lower perceived quality of the product. In addition, ignoring counterfeiting can have serious short- and long-term legal repercussions that undermine an organization's credibility. The article "Spot the differences: consumer responses towards counterfeits" by Ang, S.H., Cheng, P.S., Lim, E.A.C., and Tambah, S.K. (2001) focuses primarily on how consumers feel about the use and sale of counterfeit goods as well as its negative consequences. Putrevu, S., Gentry, J. W., and Schultz, C. J. (2006). A company's reputation may suffer as a result of counterfeit goods, since prospective clients and partners may begin to doubt the company's ability to authenticate the goods they are marketing and producing. Nobody wants to read about their firm being in the news for not doing enough to keep its market safe from fake goods. Once a specific business devotes time and resources to product development and innovation, counterfeiters replicate the most advantageous aspects of your merchandise. In the long run, it makes it difficult for the company or brand to recoup their investment and gives partners and consumers the impression that they are unable to innovate or introduce "leading" products to the market. When things are smuggled or counterfeited at prices much cheaper than those of genuine goods, legitimate businesses lose out on revenue, jobs, and economic contributions. Majeed, S., Shabbir, R., and Khan, A. S. (2017). Menzies, D., (2010), discusses the main factors that influence a person's willingness to purchase counterfeit goods from the market. D. Menzies (2010). Why Fake Automobiles Are Unsettling the reason is that counterfeiters may match paint
colors and print boxes, labels, and security codes that resemble those on authentic products, which directly results in the loss of livelihood and has a significant impact on the usage of the newest manufacturing and printing technology. An average technician or shop owner cannot identify many fakes. The goods sneak into the car parts distribution chain and cause significant issues for the final consumer. Size of the Illicit Market in the Auto Components Industry: A FICCI Cascade From being a low-key provider that only supplied parts to the local market, the Indian auto component sector has grown to become one of the key centres in Asia.

It is currently recognized as a significant player in the worldwide automotive supply chain, supplying a range of essential and expensive auto parts to manufacturers across the globe. Presently, the sector generates over 7% of India's GDP and directly and indirectly employs 19 million people. As to the estimations provided by the Automotive Components Manufacturers Association of India, it is expected to generate a turnover of $66 billion by FY15-16 and potentially reach $115 billion by FY20-21 at a compound annual growth rate of 14%. Our analysis demonstrates that the grey market in the auto components business has grown when compared to the findings of the 2012 Ficci cascade study. This industry continues to hold the title of having the highest proportion of of the grey market among the industries under Ficci review -significantly, more than one-third. An estimated 10,501 crores were lost by the business in 2014 as a result of this grey market, up from 9,198 crores in 2012. Due to the illegal markets in the auto component business, the government is expected to lose ~ 3,113 crores in income in total in 2014 compared to ~ 2,726 crores in 2012. The government's incremental expenses related to social programs, laws, and their enforcement have not been budgeted for in this study. The expansion of the black markets indicates that not enough is being done to counteract this threat to the legal market through established procedures and measures.

The union and state governments, non-governmental organizations, and manufacturers must collaborate in order to fortify the regulatory framework and raise public awareness of the detrimental effects of buying counterfeit goods, including the potential legal ramifications, given the serious consequences that counterfeit motor parts can cause, including accidents and fatalities. While there is room for innovation in the auto components business, our research of intellectual property rights and patent applications filed in India shows that no domestic innovation is occurring in the country. Since, as was previously demonstrated, this industry has a significant predisposition for counterfeiting. Over the previous five years, the number of Indian patent applications granted has decreased.

The most patents, both domestically and internationally, have been submitted by CSIR, with about 81% of their total number of patents being in the top 10 industries with active patents. The automotive component sector is not one of them. To determine the importance of R&D for these companies, the ratio of R&D expenditure to total operating expenses of Indian auto component companies was examined. Of all the industries examined, the automotive components sector has one of the lowest percentages, with an average R&D spend of 0.49% of total operating costs for a six-year period from 2008 to 2013. In this industry, the grey market is rather prevalent and has grown significantly, rising from 29.6% in 2010 to 33.7% in 2012. The analysis demonstrates how little money this industry spends on innovation. Because of counterfeiting and the expanding black markets, legitimate producers may have been afraid of receiving reduced returns on their investments, which is why there aren't many new copyrights, trademarks, or patents in this business.

Then, by extending the industry size calculated for 2011–12 based on projections of the industry's growth throughout the two-year period, i.e., 2012–13 and 2013–14, losses to the relevant industries in 2013–14 have been found. Industry publications are the source of these presumptions. The market percentage is applied to the expected market size to determine the industry's loss for 2013–14 if it stays constant over the course of these two years. Understanding the Movement of Gray Market and Counterfeit Goods Through the U.S. Automotive and Commercial Vehicle Parts Marketplace, MEMA (2009). This study was carried out in the US by the Motor & Equipment Manufacturers Association's Brand Protection Council with the sole goal of comprehending the selling of gray market items inside the automotive industry. Enigma of auto parts MSMEs' effective use of modern technologies in northern India, as reported by MSME in 2018 March of 2018. Safety Campaign by Hyundai, 09/29/2016 Hyundai is extending its effort to inform Americans about the risks associated with buying fake vehicle components.

3. Conceptual Model Research Methodology

In order to evaluate consumers' purchase intentions towards counterfeit components, the study will take into account the effects of perceived price, social influence, perceived usefulness, ease of use, and attitude. This will be done by reviewing relevant literature and conducting an exploratory factor analysis. Customers purchasing car parts from Authorized Showrooms, service centers, and local PWOs (Private Workshop Owners), as well as from illegal or non-brand suppliers, will be given a structured questionnaire to complete in order to gather data for the study. The behavioral reasoning theory, which will provide the theoretical framework for the investigation, is the method the researchers
suggest using to examine the link. The conceptual framework of the study is provided in the next section. The model will take into account both justifications for adopting and not adopting counterfeit products that will shape consumer perceptions regarding the counterfeit parts.

![Conceptual Model of the study](image)

**Fig 1:** Conceptual Model of the study

4. **Research method**

To put the theoretical model to the test, citizens of India's capital city, New Delhi and NCR, were surveyed. The convenience sample method was used, and a structured questionnaire was distributed to 450 residents of Delhi NCR. Questionnaire was distributed outside the showrooms of leading hybrid and electric car sellers and approach individual consumer who walk out from the showroom after consulting the sales representative or sales admin. The reason of choosing individual consumer who visit showroom is because the probability of an individual intent to purchase a counterfeit product is higher for those who went to showroom. Consumers who visited the showroom are not curious buyers (Capgemini, 2011). The participants' average age was 34 years. Only 29% of the respondents had graduated, while 12% had not matriculated and the remaining respondents had never attended school.

4.1 **Normality**

The univariate normality of the variables was tested using the Skewness-Kurtosis approach (Hair, et al., 2010; Byrne, 2010). The software package for social sciences, SPSS-12, was used to calculate each of these. It was found that every computed value fell inside the suggested range. The research model's hypothesis was assessed using the statistical software analysis moment structures (AMOS) and the Partial least square structural equation modeling (PLS-SEM) technique (Figure 1), and the theoretical relationships were tested using a two-stage procedure (Anderson and Gerbing, 1922; Schumacker and Lomax, 2010).
4.2 Measurement model: Confirmatory factor analysis

The model's parameters were estimated in this work using the maximum likelihood approach, and the validity and reliability of the collected data were assessed using confirmatory factor analysis (CFA). Every analysis was based on the variance-covariance matrices (Hair et al., 2010). Standardized loadings were used to evaluate the convergent and discriminant validity of the measurement model. To confirm the model's fitness, all necessary and significant fit indices were assessed (Hair et al., 2010, Kline, 2010). Path coefficient analysis revealed the significance of the model's numerous causal relationships. The results of the path analysis and the assumptions and path coefficients of the research model are shown in Table 1.

The results of the path analysis is as \( ATT \rightarrow PI (\beta = 0.342, p < 0.001) \), \( RF \rightarrow PI (\beta = 0.523, p < 0.001) \), \( RA \rightarrow PI (\beta = 0.217, p < 0.001) \), \( RF \rightarrow ATT (\beta = 0.362, p < 0.001) \), \( RA \rightarrow ATT (\beta = 0.227, p < 0.001) \), \( Con \rightarrow RF (\beta = 0.323, p < 0.001) \), \( Con \rightarrow ATT (\beta = 0.392, p < 0.001) \). Therefore, all hypothesis of the study were found to be supported. As per the second order path coefficients values, \( RF \rightarrow CS (\beta = 0.428, p < 0.001) \), \( RF \rightarrow LA (\beta = 0.427, p < 0.001) \), \( RF \rightarrow PEOU (\beta = 0.360, p < 0.001) \), \( RF \rightarrow PU (\beta = 0.639, p < 0.001) \), \( RA \rightarrow SC (\beta = 0.338, p < 0.001) \), \( RA \rightarrow EC (\beta = 0.225, p < 0.001) \), \( RA \rightarrow PR (\beta = 0.387, p < 0.001) \).

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<th>Path</th>
<th>Standardized direct Effect</th>
<th>Critical Ratio</th>
<th>Result</th>
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<td>15.64***</td>
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<td>Con → ATT</td>
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Second Order

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Notes: * \( p < 0.001 \), ** \( p < 0.001 \), *** \( p < 0.001 \)

Table 1: Path Coefficients and result of the analysis

Conclusion of the study

The objective of the research is to understand the factors that motivates customers to purchase counterfeit products in automobile sector, considering the fact that the effect can be severe. This research will provide new insights into the benefit of avoiding counterfeit auto parts. Based on the results of the study it was found out that cost saving and lack of awareness were the two most important factors that promote customers to buy counterfeit products. This input is a very clear indicator to the policy makers and OEM manufacturers that there is a severe requirement of spreading awareness among the customers regarding the disadvantages of using counterfeit automobile parts.

Through this research, the community will further realize promoting the use of original auto parts, as a preventative measure against several losses like loss of goodwill, etc. Customers and automobile companies may also consider investing in public awareness in the context of avoiding such parts. Moreover, the study will convey valuable information for future research that will explore the various benefits of avoiding counterfeit products and using the original products. The study will increase public understanding about counterfeit auto parts and understand how the adoption and use of original products will help avoid loss of livelihood. The study will also help in increasing consumer awareness of the counterfeit auto parts sold in the Indian market.
References