

Countering Fake BSY Noni Black Hair Magic in Malaysia

Liaw Saw Keong¹ & Nor Azila Mohd Nor²

^{1&2}Universiti Utara Malaysia

¹liawsk33@gmail.com, ²azila@uum.edu.my

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Abstract

Choong Li Li is the sole owner of LLC Health Care Global company in Malaysia. Choong Li Li started the company in 2012 using her personal savings of RM30 000. She is assisted by four staff. In 2014, BSY Group China appointed LLC Healthcare Global as the sole distributor for BSY Noni Black Hair Magic in Malaysia. BSY which stands for Beautiful, Salubrious and Young has quite a big market share in the hair dye market in Malaysia. Unfortunately, the product was quickly copied by competitors using the same brand name BSY Noni Black Hair Magic as well as same BSY green colour packaging. The counterfeit product was priced much lower than the genuine BSY Noni Black Hair Magic product. Consumers found it difficult to differentiate the genuine from the fake product.

Because of the rampant and countrywide sale of counterfeit BSY Noni Black Hair Magic product as well competition from other brands, LLC Healthcare Global found it very challenging to maintain the BSY Noni Black Hair Magic market share in Malaysia. On top of that, LLC Healthcare Global has to meet its annual sales target of RM 1 million. Meeting the sales target was very important for her to maintain her BSY Noni Black Hair Magic sole distribution right in Malaysia. Choong Li Li has to find ways to meet her sales quota for the year as well as figure out long term strategies to overcome the ever present fake BSY Noni Black Hair Magic that flooded the hair dye market.

Keywords:

Fake products, LLC Health Care Global, genuine, Noni Black Hair Magic, Counterfeit, hair dye.

Objectives

This research case study provides an opportunity for students to examine the how counterfeit hair dye products affecting a small and medium enterprise in Malaysia.

After studying this case, students will be able to:

- a. Understand the history of BSY Noni Black Hair Magic in Malaysia and the root causes of counterfeit BSY Noni Black Hair Magic products.
- b. Identify the effects of counterfeit BSY Noni Black Hair Magic products on LLC Health Care Global sales performance and achieving its annual sales target.
- c. Carry out SWOT analysis, competitor analysis as well as customer analysis to comprehend the counterfeit products menace.
- d. Develop short term and long term strategies to overcome the problem of rampant sales of fake BSY products in Malaysia.

Introduction

The sky was gloomy for the past weeks due to Monsoon season. Choong Li Li looked outside her office with an email hardcopy in her hand. The email made her uneasy and anxious. The email was from BSY Group based in China. In the email, BSY Group managing director, Mr. Guo reminded Choong Li Li about the short fall in sales of RM300 000 for BSY Noni Black Hair Magic this year. Mr. Guo also reminded her about the annual sales target RM1 000 000 that she must meet in order to maintain the sole distributorship right for BSY Noni Black Hair Magic in Malaysia. She was worry as she has three more months for her to meet her BSY Noni Black Hair Magic sales figure in December this year. This sales target was set by BSY Group in China. Choong Li Li was deep in thought on how she could achieve her sales objectives given the tough competition from fake BSY Noni Black Hair Magic products as well as other competitors' hair dye products sold in Malaysia. Choong Li Li must meet the annual sales of RM 1 000 000 by December if she wished to keep her BSY Noni Black Hair Magic sole distribution right in Malaysia. With the distributorship privilege, she could obtain her stock from BSY Group in China and she could continue to enjoy bulk price discounts and other benefits if she could meet her yearly sales target.

In 2014, LLC Health Care Global was appointed the sole distributor for BSY healthcare products in Malaysia. The appointment was granted by BSY Group China based in Guangzhou, People Republic of China. BSY Group China has given LLC Health Care Global the responsibility of capturing a substantial hair dye market in Malaysia. Unfortunately, LLC Health Care Global faced a daunting task of selling genuine BSY Noni Black Hair Magic products to Malaysian consumers due to rampant distribution of counterfeit BSY Noni Black Hair Magic products in Malaysia. The sale of these fake products has affected her sales performance in Malaysia and she found it challenging to meet her annual sales target for this year.

Choong Li Li has to quickly think of short term strategies to boost her sales for the next three months to achieve her annual sales target. Besides, she has to brainstorm with her manager to come up with long term strategies to overcome the problem of counterfeit Noni Black Hair Magic in Malaysia.

Protagonist of the case

LLC Health Care Global was a company set up by Choong Li Li. The firm was established in 2012 and registered under the name of Choong Li Li. Choong Li Li was the sole proprietor of LLC Health Care Global. LLC Health Care Global was the authorised distributor selling BSY Noni Black Hair Magic hair dye in Malaysia. She was assisted by one manager and three supporting staff. Her office was located in Wisma Mutiara Genting, Setapak 53200, Kuala Lumpur.

Company Background of LLC Health Care Global

LLC Health Care Global also dealt with a wide range of personal health care products such as skincare products, haircare products, vitamins and minerals, tonics and many more. But her major income earner was from BSY Noni Black Hair Magic. She utilized on line marketing as well as appointing selected trusted distributors to market her BSY Noni Black Hair Magic hair dye products in Malaysia.

Choong Li Li through LLC Health Care Global obtained the sole distributorship right to sell BSY full range of hair care products in Malaysia. The bestselling product was BSY Noni Black Hair Magic hair dye. BSY Group China in Guangzhou required all its sole distributors to achieve annual sales target of one million ringgit.

The BSY Noni Black Hair Magic was manufactured in China by the BSY Group China based in Guangdong province.

Choong Li Li faced a major hurdle to achieve the annual sales target. The hurdle was the wide spread sales of counterfeit BSY Noni Black Magic hair dye in Malaysia.

In March 2017, Choong Li Li and her manager travelled to Guangzhou, China to meet with the founder of BSY China, Mr. Guo Shangyuan. They discussed ways to counter the sales of fake BSY Noni Black Hair Magic and stemmed the flow of counterfeit BSY Noni Black Hair Magic from China to Malaysia. While in Guangzhou, Choong Li Li has helped to identify some of the fake products distributors found in Guangzhou city. Choong Li Li went undercover and acted as a customer interested to buy counterfeit products from these fake distributors. Unfortunately, these distributors were very shrewd and they did not disclose much information to Choong Li Li about the manufacturers' location, name etc. The undercover operation was considered not very successful as not much information was extracted from the operation. Choong Li Li and Mr. Guo planned to send more undercover detectives to catch and prosecute these fake product manufacturers in the near future. With this action plan, it was hoped that the problem of fake BSY Noni Black Hair Magic could be reduced substantially.

History of BSY Group China

Guangzhou Water Bio-Tech Chain Company was the predecessor of BSY Group China. Guangzhou Water Bio-Tech Chain Company was registered in November 2006. The company founder was Mr. Guo Shangyuan. BSY group was formally established in 2008. BSY group emphasized on eco-health products covering cosmetic, health drinks and wine and health care products.

BSY is the abbreviation of Beautiful Salubrious Young. The company was committed to the cause of beauty and health so that the old and new generations have beautiful face, healthy body and look forever young.

In 2010, BSY group established its main Research and Development facility in Ghuangzhou bio technology park, Ghuangzhou, Ghuangdong province. The company has invested heavily in large GMP purification plant, one of the largest and most advance plants in South China. BSY has also passed the QS quality department certification, obtained licensing from GDFDA as well ISO9001, HACCP and GMP certifications.

At the early stage, BSY China set up branch business in Malaysia, Thailand, Indonesia, India, Taiwan and Singapore. The mode of distribution of BSY health care product was through Multi-Level Marketing (MLM).

BSY Group China was based in Guangzhou, Guangdong province, China. BSY Malaysia Sdn. Bhd. was set up in 2008 and it has a branch office in Old Klang Road, Kuala Lumpur. When BSY (M) Sdn. Bhd. started its business operation in Malaysia, it utilized Multi-Level Marketing (MLM), a form direct marketing approach to market its BSY health care products in Malaysia. Within a span of a few years, BSY Malaysia Sdn. Bhd. has established a strong foothold in Malaysia Consumer Market. BSY healthcare products especially the hot selling items like BSY Noni Black hair magic and BSY Noni fruit juice gained popularity among Malaysian health conscious consumers. BSY Noni Black hair magic was very popular for ladies who wished to dye their hair using organic dye. Noni Black hair magic used organic ingredients such as Noni fruit extract to formulate its products. Customers were happy using the hair dye because there were no harmful chemicals used. BSY Noni Black hair magic was one of the major revenue earners for BSY Sdn. Bhd.

This major product was selling well and many of the agents involved in direct marketing of these major products were doing very well financially.

In 2012, due to conflicts of interest and disagreement between direct marketing agency force and BSY Sdn. Bhd. The parent company in China terminated the direct marketing and selling programme in Malaysia.

Due to the strong demand for BSY Noni Black Hair Magic products, BSY China management has decided to appoint Choong Li of LLC healthcare global Malaysia to be the sole distributor for BSY Noni Black Hair Magic products in Malaysia.

Business Issues and Challenges

LLC Healthcare Global major challenge was to sell its genuine BSY Black Hair Magic product to Malaysia consumers in direct competition with the counterfeit BSY Noni Black Hair Magic. With this backdrop, LLC Healthcare Global needed to meet its sales target of RM 1 000 000 for this year in order for LLC Healthcare Global to maintain its sole distributorship right in Malaysia. LLC Healthcare Global has three more months to achieve the sales target of RM 1 000 000 for this year.

The fake BSY Noni Black Hair Magic product was priced much lower than the original BSY products. Most customers would opt for the lower priced fake BSY Black Hair Magic product but LLC Healthcare Global got the blame for selling inferior product. Some customers even complained of going nearly bald after using the counterfeit BSY Black Hair Magic products. So it was a case where customers bought fake BSY Black Hair Magic products and LLC Healthcare Global took all the blame when the counterfeit products when wrong or did not perform up to their expectations.

There were a few fake BSY Noni Black Hair Magic manufacturers in China that supply all the fake Black Hair Magic products in Malaysia. The counterfeit products producers were very shrewd and clever to avoid Chinese legal enforcement officers in China. The agents and sellers in China promoting the fake products were very careful when selling the fake products in Malaysia.

Most of the counterfeit BSY products were sold online to consumers in Malaysia. It was difficult to stop them from selling especially if the website owners supported these fake product distributors. In fact, some sellers turnaround and claimed that LLC healthcare Global was selling non genuine Noni Black Hair Magic products.

Although BSY products sold in Malaysia has Kementerian Kesihatan Malaysia (KKM) approval, these fake products sellers also claimed their fake products have KKM endorsement. The BSY trade mark was also registered with the relevant government body. Again these bogus sellers were not afraid to infringe on the copyright law.

Choong Li Li has alerted Kementerian Pengguna Dalam Negeri about these fake healthcare products, but KPN officers complained that they could not do much to catch these culprits as they have limited enforcement officers to take legal action against all the fake sellers and producers in Malaysia. Even major multinational brand name such as L'Oreal, Gucci, LV and so on also faced the same problem of counterfeit products in Malaysia.

The fake BSY product has the similar packaging as the genuine BSY products. The only difference was the pricing. A genuine BSY Black Hair Magic was selling at RM 160 per box whereas the counterfeit product was selling only at RM 60 per box. It was rather difficult for the average Malaysian consumers to differentiate the fake product from the genuine one. Some of the unscrupulous businessmen even sold the fake product at normal price of RM 160. A lot of consumers complained of hair dropping after using the fake Noni Black Hair Magic hair

dye. Some consumers who bought the fake product threatened to sue LLC Healthcare Global thinking that LLC Healthcare Global was the main distributor for this fake product.

The fake product was mostly sold in website such as Lazada, 11 street or Alibaba website. A lot of consumers were attracted to the lower priced fake BSY Noni Black Hair Magic product.

Choong Li Li has written many complaints to Lazada, 11 street and Alibaba about fake BSY Black Hair Magic product that was sold in their website. This website did not bother about these fake products and its ethical implications. Some of these sellers turned around to say that the genuine BSY Black Hair Magic was fake.

Case Analysis

Counterfeiting is the production of copies that are identically packaged, including trademarks and labelling, copied so as to seem to a consumer that it is genuine.

According to some estimates, international trade in counterfeit products accounts for three to six percent of overall world trade. The trends indicated that the counterfeit product market was booming (Delener 2000, Irene Vida 2007). The consequences of counterfeiting practices were not only economically devastating to manufacturers of genuine products and brands, it also affected hundreds of thousands of jobs, increase the cost of marketing genuine and legitimate products and reduce brand equity and trade owner reputation. Besides that, counterfeit products might threaten consumer health and safety such as in the case of fake tranquilizers and bogus birth control pills (Chakraborty, Allred and Bristol 1996, Irene Vida 2007).

The illegal practices of counterfeit merchandise could be reduced by cutting into either the supply side of counterfeits or the demand side of the counterfeits. The supply side of the counterfeiting has received considerable attention in academic study, the study on the demand side was scarce (Irene Vida 2007).

Choong Li Li has identified the strengths, weaknesses, opportunities and threats of LLC Health Care Global that sold the BSY Noni Black Hair Magic.

*Firm's Strengths, Weaknesses, Opportunities and Threats (SWOT)***Strengths**

- a. Noni Black Hair Magic was an organic product that used pure noni fruit juice to make Noni Black Hair Magic hair dye. BSY Noni Black Hair Magic brand was no stranger in Malaysian consumer market.
- b. BSY Noni Black Hair Magic Product has obtained approval from Kementerian Kesihatan Malaysia. KKM has certified that BSY black hair magic met the stringent requirements set by KKM.
- c. Proven efficacy of Noni Fruit juice. There were many case histories where consumers saw improved hair growth and hair colour turning black after only few months of using Noni Black Hair Magic hair dye.
- d. BSY China manufacturer has obtained HACCP, ISO9001 certification and many other governmental approvals.
- e. It has more than five years of history in Malaysia and established market share plus large customer base.
- f. Strong brand name in hair dye since multi-level marketing (MLM) days.

Weaknesses

- a. Lack of government enforcement to curb the sale of fake goods in Malaysia. As with other government enforcement units, KPDN also faced the problem of shortage of manpower to carry out enforcement duties.
- b. It was difficult to track down manufacturers who produced the fake product.
- c. Product packaging easily copied by competitors.
- d. Ingredients and product formulation easily copied by competitors.
- e. Lack of stiffer penalty by government agencies to take action against counterfeiters.

- f. Counterfeit product producers were based in China, it was difficult for local law enforcement officers to track them down. Even the local Chinese law enforcement unit found it difficult to locate the factories that manufactured counterfeit Noni Black Hair Magic products.

Opportunities

- a. Noni Black Hair Magic Product has the opportunities to penetrate other untapped market in Cambodia, Laos, Nyammar and Vietnam. LLC Healthcare Global can make inroad to these untapped markets. For a start, LLC Healthcare Global should make a trip to these countries to open up the market and appoint local distributors to start the ball rolling. To achieve that objective, appointing a local distributor who understood English would be an added advantage.
- b. Opportunities to sell to European Union, African countries, Australia, New Zealand etc. LLC could also expand to mature market like European Union, Australia and New Zealand. The population at these countries have the spending power to purchase BSY products.
- c. Selling Noni Black Hair Magic to aging population in Japan. It was a well-known fact that Japan has a large population of aging retirees. LLC Healthcare Global could target this aging population to sell its Noni Black Hair Magic hair dye products.
- d. LLC healthcare Global can introduce other healthcare products such as the famous Noni Fruit juice which has the potential to become a popular health drink. Noni could be made into health drink with emphasis on prevention is better than cure. LLC Healthcare Global can propose this idea to manufacturer in China.
- e. Noni fruit juice can become alternative cure for the growing population of diabetic patients. The Noni fruit juice has been used in Pacific Island for many years to cure various ailments beside diabetes.

Threats

- a. Greatest threat from counterfeit BSY product that was manufactured in China. The Chinese enforcement authority was not able to track down these fake producers because they did not have fix factory location where they manufactured the products. These

manufacturers in China would produce the fake products only when they received orders from overseas. When there were no orders, the factory would not be in operation. Therefore, it was very difficult to catch them to obtain proof. These proofs were necessary to prosecute them in the court of law.

- b. Other more established brands also try to capture the hair dye market such as L'Oréal etc. Major hair dye manufacturers from overseas were also targeting the world hair dye market. These manufacturers were more established and financially well off. These were able to capture the hair dye market much easier compared to BSY Group.
- c. There could be possible product liability lawsuits from consumers who purchased the counterfeit BSY products. Counterfeit sellers did not have proper company names and location. If the consumers suffered injury or losses as a result of using fake BSY products, LLC Healthcare Global would be likely target for product liability lawsuit as the company was registered with SSM and it has a registered office in Kuala Lumpur.
- d. LLC Healthcare Global might lose its sole distributorship right in Malaysia if LLC Healthcare Global was not able to meet the annual sales target of RM 1 million. With the stiff competition from fake sellers selling BSY product at a much lower price, it would be an uphill task for LLC Health Global to hit its annual sales target.

SWOT ANALYSIS

STRENGTHS	<ul style="list-style-type: none"> • Organic product • KKM approval • Efficacy of Noni fruits • HACCP, ISO9001 certification • Established market share • Strong brand name
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WEAKNESSES	<ul style="list-style-type: none"> • Lack of enforcement • Cannot track fake manufacturers • Packaging easily copied • Formulation easily imitated • Lenient penalty
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OPPORTUNITIES	<ul style="list-style-type: none"> • Chance to tap ASEAN market • Sell to EU, Africa and Australia • Sell to aging group in Japan
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THREATS	<ul style="list-style-type: none"> • Counterfeit from China • Competition from international brand • Liability lawsuit • Loss of distributorship
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Competitors analysis

BSY Noni black hair Magic's greatest competitor was local fake product distributors as well as other multinational brand such as L'Oréal, Garner, and Estee Lauder etc.

These multinational brand distributors sold their products in beauty chain stores such as Watson, Guardian and Caring. They sold black and multi colour hair dye products for women of various ages in Malaysia. Most of these were mass market products. They were priced slightly more expensive than BSY black hair magic.

Based on feedback received, Choong Li Li concluded that 80% of the consumers who bought fake BSY Noni Black Hair Magic could not tell the fake products from the genuine ones. The agents or sellers selling the fake products claimed that their products were genuine. Moreover the price was 60% cheaper compared to the genuine BSY Noni Black Hair Magic. These factors motivated them to buy the products unintentionally. The rest of the consumers bought the fake BSY Noni Black Hair Magic due to cheaper price promotion or misrepresentation by fake sellers.

The counterfeit BSY Noni Black Hair Magic targeted the same customers' market segment as the genuine one. These customers were mostly women in the 25 -60 age group. The same was true for multinational brand such as L'Oréal.

The integrated marketing communications of the fake BSY Noni Black Hair Magic sellers were mostly through sales promotion, internet marketing and advertising. The sales promotion was mostly price discount and internet marketing through Lazada, 11 street, Taobo and Rakuten.

Its advertising was mostly through women magazine, Facebook etc. Their strategy was to target the mass market with their low pricing. On the other hand, the international brand such as L'Oréal used the niche market approach to market its products. The integrated marketing communications of L'Oreal would mostly be direct marketing and personal selling as its products were considered high end products. L'Oréal has trained beauty advisors in beauty chain stores to promote its hair dye products.

The counterfeit BSY Noni Black Hair Magic sellers used low price strategy to penetrate the market with the hope to gain substantial market share. The multinational sellers used higher pricing to capture high end product users. The counterfeit BSY Noni Black Hair Magic has low efficacy compared to the genuine products. The fake product distributors also targeted other ASEAN markets such as Singapore, Thailand and Indonesia to market their products. These sellers' greatest threat was selling against genuine products.

Competitors analysis

Company profile		Fake product competitor	Other major foreign competitors
Key competitor	Company highlight	Genuine BSY Noni Black Hair Magic	Major foreign brand
Advantages		Brand loyalty among fake goods buyers	Strong R &D, funding and resources
Target market	Market information	25-60 years old women	Older women in the mid-high income earner
Market share		30%	20%
Marketing strategy		Mass market	Target niche market
Product & services	Product information		
Pricing		low	Mid-high
Distribution channel		Internet via e commerce	Beauty chain stores such as guardian
Strength	SWOT	Low price	high-price with strong advertising
Weaknesses		Less Efficacy	High price

Opportunity		To capture ASEAN mkt	capture ASEAN mkt
Threat		Threat from genuine products	From other premium foreign brand
Trend		Hair dye as fashion	Hair dye as fashion

Customers analysis

Black hair magic main customers were women in the age range from 25-80 years old. 70% of these women were from various races such as Chinese, Malay, Indian and Indigenous people. 25% were women from the younger age group who were hair style and image conscious.

Strategic Marketing Mix

The strategic marketing mix for genuine BSY Noni Black Hair Magic.

Promotion	80% electronic media e.g. internet, 20% print media
Product	BSY Noni Black Hair Magic
Pricing	Higher price than fake product
Place	Internet, flyers, beauty chain stores

Solutions and Recommendations

Choong Li Li's immediate concern was to meet her annual sales target so as to maintain her authorized sole distributorship for BSY Noni Black Hair Magic in Malaysia. Choong Li Li should carry out the short term strategies immediately to achieve her sales target. Subsequently, she has to think of strategies to overcome the problem of fake BSY Noni Black Hair Magic in the long run. It was a challenging task to beat the counterfeit sellers. But Choong Li Li has to bite the bullet in order for her to grow her BSY Noni Black Hair Magic business in the future.

Strategies to meet short term sales target for the year

As a short term measure, Choong Li Li needed to meet its annual sales target of RM1 000 000 for this year. Choong Li Li has to carry out the following short term strategies to increase its sales for the next three months.

Sales promotional strategy

For the next three months, Choong Li Li could boost sales by having price discounts for BSY Noni Black Hair Magic. The selling price could be 20%-30% lower to attract buyers to purchase the products. For BSY regular customers, Choong Li Li can initiate a buy one free one promotion to boost up sales for the next three months. She can promote her Black Hair Magic product by giving purchase with purchase promotion especially for new or first time buyers.

Besides, Choong Li Li should aggressively market her products through existing distributors. An attractive bulk discount of 10% should be given to these distributors to encourage bulk purchase which can increase sales substantially.

Advertising strategy

She could advertise her genuine products in print media such as local newspaper, beauty magazine and women magazine to promote the sales of Black Hair Magic products. Besides, Choong Li Li should explore other avenues such as Facebook advertising, google advertising, press, flyers, brochure and electronic media such as television and radio. Choong Li Li could look into television and radio advertising. She could negotiate with BSY- China to co-sponsor the advertising fees as TV and radio advertising incur a higher cost. These all out advertising effort would definitely help to boost her sales for the next three months.

Distribution strategy

Increasing distributorship through more beauty chain stores nationwide such as Guardian, Caring and Watson. She should explore East Malaysia market such as Sabah and Sarawak as these two states have less competitors' presence and relatively big untapped market compare to Peninsula Malaysia. For a start, she can appoint a few trusted distributors to penetrate the market. Persuade and convinced fake BSY Noni Black Hair Magic distributors to switch to selling genuine and original BSY Noni Black Hair Magic. Provide attractive incentives to these fake sellers to switch and distribute genuine BSY Noni Black Hair Magic products.

Strategies to overcome fake BSY Noni Black Hair Magic

It would be advisable for Choong Li Li to use a two prong long term strategies to overcome the proliferation of fake BSY Noni Black Hair Magic hair dye product in Malaysia. The

strategies were to cut down the supply side as well as the demand side of these fake products. In a nutshell, to reduce the supply of fake BSY Noni Black Hair Magic, actions should be taken against the manufacturers that produced the counterfeit goods. And the demand side would be to educate consumers on the importance of buying genuine BSY Noni Black Hair Magic products for health and safety reasons.

1. Tackle the supply side of counterfeit BSY Noni Black Hair Magic products.

i. KPDN enforcement

Kementerian Perdagangan Dalam Negeri (KPDN) should take legal actions against distributors selling fake BSY Noni Black Hair Magic hair dye product. The legal action by KPDN has the effect of warning other future fake product distributors. A heavy fine or jail terms will do the trick. In order for KPDN to nab the fake sellers, KPDN officers can go undercover and pretend to be a buyer. It was hoped that fake sellers and the fake manufacturers could be identified and prosecuted in Malaysia. KPDN has the responsibility of educating the Malaysian consumers on the consequences of using counterfeit BSY Noni Black Hair Magic hair dye product.

ii. Improved packaging to differentiate from counterfeit products

With labelling and modern tag, genuine BSY Noni Black Hair Magic product could be differentiated from counterfeit products. Setting up customer hotlines to answer any enquiries customers might have concerning BSY Noni Black Hair Magic product. The new packaging should include distinctive logo, pictures and security features to combat the fake BSY product.

iii. Overwhelm market with genuine products

One of the ways to beat the fake product was to overwhelm the market with genuine BSY Noni Black Hair Magic product. This can be done by gaining market share through effective major pharmaceutical shops distributorship. Major pharmaceutical distributors such as Guardian and Watson shop can help to distribute genuine BSY product in all their nationwide outlets.

iv. BSY China takes legal action against counterfeit manufacturers in China

Most of counterfeit BSY products were manufactured in China. BSY has to tackle the problem at its root source. Greater and stricter enforcement from Chinese government would help to

reduce and eventually eliminate the fake BSY products in Malaysia. This could be done by cutting into the supply side of BSY Noni Black Hair Magic or reduce the demand side of the fake products. Local legal enforcement officers should stem the flow of fake goods into Malaysia. With the help of Chinese legal enforcement officers, legal actions can be taken against those producers that manufactured counterfeit products in China. It was hoped that fake hair dye products will be a thing of the past in a few years' time. LLC Health Care Global can educate Malaysian consumers to buy only genuine BSY Noni Black Hair Magic hair dye products for their personal safety and wellbeing.

v. *Promotion in popular website*

LLC Healthcare Global should sell in Alibaba, Lazada, 11 street to penetrate new users market. Alibaba, Lazada and 11 street can help to screen for fake products and encourage distributors to sell only genuine BSY genuine products. Strengthened and increased advertising budget in multimedia to promote genuine BSY Noni Black Hair Magic.

vi. *Distribution through beauty chain stores*

BSY Noni Black Hair Magic should market its products through beauty chain stores distribution channel throughout East and West Malaysia. LLC healthcare Global can utilize these beauty chain stores such as Watson, Guardian, Caring and others to distribute its genuine BSY Noni Black Hair Magic hair products more aggressively. Choong Li Li should negotiate with these chain stores operators to allow her Noni Black Hair Magic product to have higher visibility display in their stores. Watson and Guardian have thousands of chain stores nationwide and they could be one of the fastest and effective ways for BSY Noni Black Hair Magic to flood the market and gain back its loss market shares and beat the fake products.

vii. *Standalone hair salons*

Another distribution channel for BSY Noni Black Hair Magic was through standalone hair and beauty salon. With the proper and attractive incentive scheme, these hair and beauty salon can help to market genuine BSY Noni Black Hair Magic products and she can provide briefing to these salon operators to help market the products.

viii. *Product innovation of BSY Noni Black Hair Magic*

BSY Noni Black Hair Magic could innovate through one of the innovation strategies, i.e. transformational innovation, incremental innovation and substantial innovation to overcome

counterfeit BSY Noni Black Hair Magic in Malaysia. With better product differentiation, it would be more difficult for fake sellers to catch up with the genuine ones.

- a. Transformational innovation – BSY Group China has to introduce radical and new hair dye products to capture more share and fight the counterfeit products.
- b. Substantial innovation- BSY Group China can make improvement on its existing hair dye products so that new products can be introduced that will create important values for its existing customers and to counter the fake products.
- c. Incremental innovation- BSY Group China could create new hair dye products that will provide improved performance for its hair dye. This can help beat other competitors both fake sellers and multinational brand.

2. Tackle the demand side of fake BSY Noni Black Hair Magic products.

i. Customers legal action

Customers who felt cheated or suffered side effects from using fake products could take legal action against these distributors that sold the counterfeit products in Malaysia. LLC Healthcare Global could provide legal aid and information to these victims on proper and effective ways to sue the fake sellers.

ii. Advertising to create awareness

Academic studies has differentiated between two types of transaction of fake products, i.e. deceptive and non-deceptive counterfeiting (Grossman and Shapiro 1988; Chakraborty et al. 1996). Deceptive counterfeiting referred to the situations in which consumers believed they have purchased genuine product when in fact it was fake. On the other hand, the non-deceptive counterfeits referred to situations when consumers were fully aware that they were buying a fake product at the time of purchase. (Irena Vida 2007).

The transaction of fake products in Malaysia was more toward deceptive counterfeiting. Therefore,

advertising BSY products nationwide can help stem the spread of fake BSY products in Malaysia. LLC Health Care Global should inform consumers the correct and proper way to

differentiate fake and genuine products. The advertising should be done in multimedia such as Facebook, twitters, google, Instagram and print media such as newspaper, magazine etc. LLC Health Care Global should add traditional advertising channels such as newspaper, flyers and mail drops as its promotional tools.

iii. Educating consumers

LLC should have more roadshow and advertising campaign to educate consumers on the importance of purchasing genuine BSY products. Fake products could be cheaper but it may do harm to the body in the long run. This education for consumers should be a long term effort rather than a one off initiative. Educating the consumers should include teaching consumers to differentiate the genuine from the fake products. LLC should emphasized special features to help consumers to identify the fake product.

iv. Engage marketing expert to overcome the menace

LLC could seek help from marketing expert to overcome the problem on a long term basis. These marketing or product expert could give valuable advice and strategy to tackle this counterfeit problem. Reading up case study of other companies which have successfully overcome this problem.

v. New product development

The company should explore other hair dye colour such as brown, hazel and other popular hair dye colours to cater for the demand of Gen Y users. With the changing trend of using hair dye as a fashion, LLC Healthcare Global should explore other hair dye manufacturers to source for organic and quality hair dye both locally and internationally. This could be one of the diversification strategies for Choong Li Li to strength her existing and future business in Malaysia.

Recommendations

Strategies	Short term strategy to achieve sales target
	Long term strategy to fight the counterfeit products

Short term strategy

ST strategy	Price and bulk discount
	Advertising
	Distributors
	Persuasion

Long term strategy

LT strategy	Tackle supply side of counterfeit product
	Tackle demand side of counterfeit product

Supply side of counterfeit product

Supply side	KPDN
	Packaging
	Legal
	Website
	Distribution
	Innovation

Demand side of counterfeit product

Demand side	Consumers legal
	Awareness
	Education
	Expert

Conclusion

Choong Li Li should carry out immediate short term strategies to meet her annual sales target of RM1 000 000 for this year. It was urgent as she needed the sales number to maintain her sole distributorship in Malaysia.

Choong Li Li has to adopt a two prong approaches to tackle the problem of fake BSY Noni Black Hair Magic hair dye product. She needed to solve the problem from the supply side and demand side of BSY Noni Black Hair Magic. The supply side would involve taking legal action against the fake goods producers and sellers in Malaysia and China plus other measures mentioned earlier. The demand side would be focusing on educating buyers or customers of fake BSY Noni Black Hair Magic.

Besides, Choong Li Li should also consider product innovation as well as new products development for BSY Noni Black Hair Magic to solve the counterfeit product problem in the long run.

With the adoption of the above strategies, the problem of counterfeit BSY Noni Black Hair Magic could be reduced significantly if not completely eradicated from the consumer hair dye market in Malaysia.

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