

International Journal of Research in Marketing Management and Sales



E-ISSN: 2663-3337
P-ISSN: 2663-3329
www.marketingjournal.net
IJRMMS 2024; 6(1): 131-136
Received: 20-01-2024
Accepted: 23-02-2024

Dr. Hind Khuder AL-qaisi
Lecturer, Department of
Marketing Management,
Administration & Economics
College, University of Mosul,
Mosul, Iraq

The impact of gray marketing on the consumer purchasing decision-making process / an exploratory study of the opinions of a sample of customers of perfume shops in the city of Mosul

Dr. Hind Khuder AL-qaisi

DOI: <https://doi.org/10.33545/26633329.2024.v6.i1b.162>

Abstract

The current research aims to study the analysis of gray marketing and the impact of its activities on the consumer's purchasing decision. The consumer is always looking for his favorite products, at appropriate prices, as business organizations seek to protect their products from the process of price manipulation by unlicensed intermediaries. Here came the idea of researching gray marketing, which is done During which the original products were sold at lower prices or worked on imitating them, which is reflected in the purchasing decisions of consumers. The research was conducted on a selected group of perfume shops in the city of Mosul. 80 questionnaires were distributed with a response rate of 81%. The research reached a number of conclusions, the most important of which were: There are there is a significant correlation between gray marketing and the consumer's purchasing decision. In light of the conclusions, a number of proposals were presented, including: Organizations should not deal with counterfeit products and stay away from them.

Keywords: Gray marketing, intermediaries, unlicensed intermediaries, consumer purchasing decision, prices

Introduction

The consumer's purchasing decision is affected by a number of factors, the most important of which is prices. The consumer always tends to products with reduced prices, even if in some cases it is at the expense of quality. On the other hand, it is noted that the policies and strategies followed by some intermediaries not licensed by business organizations directly affect On the consumer's tendency towards purchasing products, and therefore this will influence the products of those organizations and their acceptance by consumers, and this is the concept of gray marketing, and accordingly the current research was divided into four basic axes: the first represented the research methodology, the second was concerned with the theoretical aspect, and the third was concerned with The field and analytical aspect, while the fourth presented a number of conclusions and proposals.

Research methodology: The scientific methodology of research

The research problem

The research problem can be determined through the following main question: Is there an effect of gray marketing on the consumer's purchasing decision process? From which emerged a set of the following sub-questions.

1. Is there a discrepancy between the opinions of the surveyed individuals regarding the concepts of gray marketing and the purchasing decision in the surveyed organizations?
2. Is there a significant correlation between gray marketing and the consumer's purchasing decision in the researched organizations?
3. Is there a significant effect of gray marketing on the consumer's purchasing decision?

Research objectives

The research objectives can be summarized in the following points.

1. Identify the reality of gray marketing in the researched organizations.
2. Explaining the relationship between gray marketing and the consumer's purchasing

Corresponding Author:
Dr. Hind Khuder AL-qaisi
Lecturer, Department of
Marketing Management,
Administration & Economics
College, University of Mosul,
Mosul, Iraq

decision.

3. Determine the impact of gray marketing on the consumer's purchasing decision.

The importance of research

The importance of the research is to shed light on the concepts of gray marketing and the consumer's purchasing decision, though.

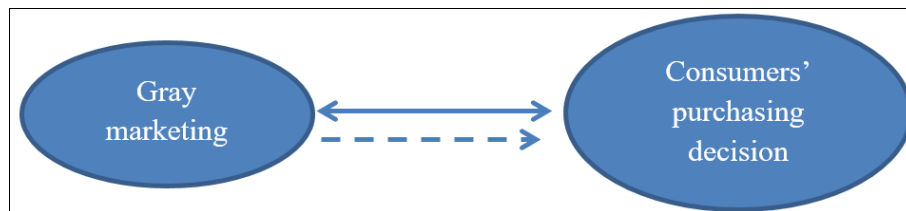
1. Enriching the theoretical aspect that includes gray marketing, and that there is a lack of research on gray marketing according to the limits of the researcher's knowledge.
2. Introducing perfume consumers in the researched stores

to the concept of gray marketing.

3. The possibility of using these concepts to raise consumers' awareness of the two research variables in the stores investigated.

The hypothetical plan for the research

In light of the above presentation of the problem and the importance and objectives of the research, a hypothetical research scheme was formulated to express the relationship between the two research variables, see Figure (1), which is represented by the independent variable (Gray marketing) and the dependent variable (Consumers' purchasing decision).



Source: Prepared by the researcher

Fig 1: Hypothetical diagram

Research hypotheses

The research was based on three main hypotheses.

1. **The first main hypothesis:** The respondents' opinions differ regarding the two research variables.
2. **The second main hypothesis:** There is a significant correlation between gray marketing and the consumer's purchasing decision.
3. **The third main hypothesis:** There is a significant impact of gray marketing on the purchase decision.

Research methodology and tools

For the purpose of achieving the research objectives set, the descriptive approach was used because it is compatible with social phenomena and measuring the relationships and influence between the two variables, and in a way that enhances the conclusions and proposals that will be reached. With regard to the analytical aspect, the questionnaire form was used as a main tool for collecting data from the research sample, which is represented by a sample. Of perfume consumers in perfume shops in the city of Mosul, the questionnaire was designed according to a five-point Likert scale, with 80 questionnaires, and 65 completed questionnaires were retrieved for the purposes of statistical analysis.

Description of the research sample

The research sample consisted of a group of consumers in perfume shops in the city of Mosul. (80) Questionnaires were distributed. After tabulating the data, it became clear that there were a number of questionnaires that were not suitable for analysis. Therefore, the questionnaires included in the analysis amounted to (65) questionnaires for the purpose of measuring the level of Availability of research variables.

The theoretical framework

The gray marketing

The concept of gray marketing

Gray marketing is one of the most important challenges facing industrial organizations, especially well-known ones.

Because it has a well-known product and good reputation. This reputation or well-known product is exploited by some unlicensed distributors of these organizations to distribute their products. Taking advantage of the currency exchange rate difference. To achieve profits, they imitate the same product, but not of the same quality. (Adeleke *et al.*, 2017:45-46) ^[2], and (Khorshid & Rajab, 2019: 348) ^[3] believe that gray marketing causes intentional harm to the original organization and its reputation, while (Bejleri & Berberi, 2017: 467) ^[6] indicated that gray marketing would reduce the market share of the original organization. Chen (2009:23) ^[8] indicated that organizations must take all measures in order to control or limit gray marketing. (Autrey *et al.*, 2014:849) ^[5] believes that the most important of these measures is the legal prosecution of these distributors and working gradually to control them and limit the damage resulting from their selling of the organization's products without a license from them. The most important negative repercussions of gray marketing can also be diagnosed as follows: (Chen, 2002:196) ^[7], (Sraiheen & Dalgin, 2018, 56) ^[21].

- a) Working to create major crises between the original organization and the gray marketers.
- b) The gray marketer does not have legitimacy in dealing with the organization's products.
- c) When a customer feels that he has been deceived, he will refrain from purchasing the organization's current and future products.

(Zhao *et al.*, 2016:251) ^[26] pointed out that the negatives of gray marketing for both the organization and the consumer can be summarized through the following.

The organization

Gray marketing causes great harm to the organization and its reputation, because when the gray marketer imitates the original product with lower quality, this will reflect on its reputation and trust in it by the consumer, which will also affect the organization's position among its competitors, thus reducing its market share and reluctance of consumers

to buy its products (Wijesinghe & Nazreen, 2020, 18) [24].

At the consumer level

This is done through influencing (Pustylnick, 2010:10) [15].

- **Reducing consumer loyalty:** When the consumer feels that he has been deceived, deceiving the consumer leads to placing barriers between him and the organization, which leads to weak consumer loyalty towards the organization.
- **Consumer commitment:** The consumer moves to other organized products that meet his demands and preferences.
- **Consumer confidence:** It leads to distrust of the organization's products and failure to deal with them.
- **Consumer conviction:** It affects the consumer's purchasing decision by not generating the consumer's conviction about making a purchasing decision to purchase and own these offered products.

The consumer purchasing decision

The concept the consumer purchasing decision

A complex environment greatly influences consumer reactions by influencing a consumer's purchase decision. Marketers must understand how different purchasing decisions are made by consumers in order to build plans, strategies and methods that contribute to meeting the tastes and preferences of consumers (Salih, 2015:188) [17]. (Alessa & Altmeemi, 2019:84) [3] (Amron, 2018:90; Wijaya, 2019:1) [4, 23] stated that the purchasing decision refers to the processes associated with an individual or group selecting, purchasing, using, and disposing of a product or service for the purpose of satisfying their needs and desires. (Hammadi, 2017:384) [9] stated that purchasing decisions vary according to the type and nature of the decisions taken by the final consumer to satisfy his needs and desires.

The consumer's purchasing decision represents the process of comparison between a group of available alternatives to choose the best alternative, which represents the basic means for achieving the organization's goals regarding the services provided (Macawalang & Pangemanan, 2019:2) [14]. Amron (2018:1) [4] believes that the purchase decision is a decision made by individuals due to stimuli from both external (Shah, 2020:22) [19] and internal matters present in individuals. (Harahap *et al.*, 2017:30) [10] also concluded that the purchase decision is the process of making a decision regarding the purchase of products, and (Pustylinick, 2020:1) [15] believes that the purchase decision is the buyer's decision regarding a specific commodity that should be purchased.

Therefore, it can be said that the consumer's purchase decision represents choosing the best decision from a group of alternatives for choosing the product that meets most of the consumer's needs and desires.

The importance of the consumer's purchasing decision

The importance of the consumer's purchasing decision is based on a group of important preferences, which are.

- a) Linking to the organization's marketing mix (Sari *et al.*, 2017:1) [18].
- b) Expressing consumer trends and attitudes towards the products provided (Iram & Chacharkar, 2017:45) [11].
- c) Explaining consumers' preferences, needs, desires, and behaviors (Zarwin & Hartono, 2020:180) [25].
- d) The consumer's purchase decision reflects the extent of

his satisfaction with the products provided.

- e) The purchase decision expresses the consumer's mental image of the products offered.
- f) Consumer interest in the organization's products through comparison between several products and different organizations (Adel & Fatlawi, 2014:228) [1].

Factors affecting the consumer's purchase decision

There are a number of factors that influence consumers' purchasing decisions and hinder the expression of their preferences. These factors are reflected in the following: (Jassim *et al.*, 2020:369) [12] & Fatlawi, 2009:284 [27] Adel Al-

Psychological factors: These are the factors related to the consumer himself and his desires to prefer one product over other products. These factors are related to:

Needs and desires: They are the starting point in making the purchasing decision. Without needs and desires, the purchasing process cannot be achieved, because the need is linked to deprivation and a decrease in the standard of living.

Motivation: It is represented by the internal and external factors that contribute to motivating the consumer to order a particular commodity and not another.

Environmental factors: This refers to the environmental factors that prevent the purchase of a particular product. They are.

- **Reference groups:** These are reflected in the individuals whom the consumer takes as a reference in making his decisions and who is influenced by them.
- **Culture:** It represents the prevailing customs, values, and traditions in society, and the consumer acts in light of these customs, as they directly affect the purchase decision.
- **Income:** It refers to the quantity and type of goods that the consumer can purchase and obtain.

Types of consumer purchasing decisions

The types of consumer purchasing decisions can be explained in several types, which are reflected in the following: (Bejleri & Berberi, 2017, 12) [6].

- a) **The purchasing decision to seek diversification and change:** It refers to the technological developments that occur in the company's products through modifications or the introduction of new products.
- b) **The purchase decision regarding advanced technology:** It refers to the new information that the organization introduces into its internal operations, as well as the effort to collect all new information in order to obtain the best response from the consumer.
- c) **Repeat purchase:** It means the consumer repeats the process of purchasing the product in periodic stages and more than once, which indicates the consumer's excessive desire to obtain the greatest benefit from the products provided by the organization.
- d) **Inter-purchasing decision:** This type of purchasing is represented by the consumer's intervention in the quality of the products and the circumstances of the purchase he practices. It is reflected in the interest in the organization's products and the importance and

benefits they add to the consumer (Salih, 2015: 188-189) [17].

The practical aspect

Description and diagnosis of the research variables (Gray marketing) It is clear to us from Table (1), which shows a description of the gray marketing variables, that there is variation in the response of the sample members towards these variables.

The highest percentage of agreement is (70) with an arithmetic mean of (4.155), while the standard deviation was (0.393). What increased the positivity of this variable is the question (x1), which states (The perfumes available through gray marketing do not come with a guarantee from the company It has a mean (4.367) and a standard deviation of (0.765). This indicates that there is a discrepancy in the answers of the individuals surveyed and that they are aware of gray marketing and the negatives resulting from it.

Table 1: Arithmetic means, standard deviations, and frequencies for the gray marketing variable

Gray marketing	Standard deviation	MEAN	Strongly disagree		Don't agree		Neutral		Agree		Strongly agree	
			%	Repetition	%	Repetition	%	Repetition	%	Repetition	%	Repetition
X1	0.765	4.367	-	-	-	-	-	-	42%	30	57%	40
X2	0.655	4.45	7%	5	21%	15	14%	10	28%	20	28%	20
X3	.8760	3.99	15%	10	7%	5	7%	5	32%	23	38%	27
X4	.0890	3.22	14%	10	14%	10	2%	2	28%	20	40%	28
X5	1.823	4.94	-	-	14%	10	21%	15	28%	20	35%	25
X6	0.845	4.65	7%	5	14%	10	7%	5	35%	25	35%	25
X7	.9800	4.78	14%	10	7%	5	7%	5	28%	25	35%	25
Overall index	0.393	4.155	19%				10%		70%			

Source: Prepared by the researcher based on the results of statistical analysis (SPSS)

Description and diagnosis of the research variables (Consumer purchasing decision)

It is noted from Table (2), which describes the variables of the purchasing decision, that there is a discrepancy in the response of the sample members towards these variables, so that the highest percentage of agreement was (75%), while the lack of neutral answers was (8.4%), and the lack of

agreement was (14.14), and all This had an arithmetic mean of (3.808) and a standard deviation of (1.213). What increased the positivity of this variable was the question (x10), which states (My purchasing decision is often affected by the price of perfume), which indicates the significant influence of price on the consumer's purchasing decision.

Table 2: Arithmetic means, standard deviations, and frequencies for the purchase decision variable

Purchase decision	Standard deviation	Mean	Strongly disagree		Don't agree		Neutral		Agree		Strongly agree	
			%	Repetition	%	Repetition	%	Repetition	%	Repetition	%	Repetition
X8	1.745	4.217	7%	5	7%	5	7%	5	35%	25	42%	30
X9	1.434	4.045	-	-	14%	10	14%	10	42%	30	28%	20
X10	0.878	4.132	14%	10	-	-	-	-	35%	25	50%	35
X11	1.180	4.076	11%	8	17%	12	9%	7	42%	30	25%	18
X12	0.813	3.756	-	-	-	-	17%	12	45%	32	37%	26
X13	1.944	3.001	12%	9	12%	9	12%	9	41%	29	20%	14
X14	0.600	3.435	-	-	5%	4	-	-	42%	30	45%	32
Overall index	1.213	3.808	14.14%				8.4%		75%			

Source: Prepared by the researcher based on the results of statistical analysis (SPSS)

Testing the research hypotheses

The first main hypothesis, which states that there is a discrepancy in the opinions of the respondents about the two research variables, was proven by describing and diagnosing the opinions of the respondents about the two research variables, which showed that there is a discrepancy in their opinions about these two variables.

The second main hypothesis: There is a significant correlation between gray marketing and the purchase decision

In Table (3), we find that there is a strong positive correlation between the two variables and at the overall level, which amounted to (73.20). Thus, the second main hypothesis is accepted, which is that there is a significant correlation between gray marketing and the purchase decision.

Table 3: Correlation between the two research variables

Gray marketing	Independent Variable dependent Variable
73.20	purchase decision

Source: Prepared by the researcher based on the results of statistical analysis (SPSS)

The third main hypothesis: There is a relationship of significant influence of gray marketing on the purchase decision

Table (4) shows the results of the regression analysis through which the third main hypothesis of the research was examined, and through it the value of the coefficient of determination (R²) becomes clear, which amounted to (0.572), which means that the independent variable (gray marketing) explains (48%) of the changes that occurred. changes to the dependent variable (purchase decision), while the remainder of the percentage results from other

variables that were not included in the study. When looking at the regression coefficients (coefficients in the table above, it is noted that the value of (B) reached (0.776), which is statistically significant at ($\alpha \leq 0.05$), which confirms this significance is the calculated (t) value, which reached (11.08), which is also statistically significant at ($\alpha \leq 0.05$), which means that (purchase decision) will increase by (0.776) if the (gray marketing) variable increases by one unit. One in the investigated stores, and this was confirmed by the tabulated (F) value, which amounted to (105.442), which is statistically significant at ($\alpha \leq 0.05$), which therefore leads to accepting the third main hypothesis, which states that there is a significant effect of gray marketing on the purchase decision.

Table 4: Results of regression analysis

Coefficient			ANOVA		Model Summary	
Sig.	T	B	Sig.	f	R ²	R
0.000	11.08	0.776	0.000	107.332	0.752	0.676

a. Predictors: (Constant) gray marketing

b. dependent Variable: purchase decision

Conclusion and suggestions

Conclusion

1. Gray marketing plays a major role in stimulating consumers' purchasing decisions.
2. There appeared to be a discrepancy in the answers of the respondents regarding each main variable (gray marketing and the purchasing decision).
3. The results of the description and diagnosis of the gray marketing variable showed that it is among the most important strategies adopted by the researched organizations to increase profits, regardless of whether it is a legitimate strategy or not.
4. Through statistical analysis to describe and diagnose the purchasing decision, we find that there is a large agreement among the individuals surveyed that they are affected in their purchasing decision by the price level.

Proposals: Through the conclusions reached by the research, we present some suggestions as follows.

1. The researched organizations must avoid dealing with gray marketing in order to ensure the interest of both the organization and the consumer.
2. The products of the researched organizations must be original.
3. The researched organizations are required to inform customers that these products are counterfeit products and not original, in order to avoid deceiving them.
4. If the researched organizations want to maintain their position in the market, they should be more credible in their dealings with the customer.

References

1. Adel Hussein AH, Fatlawi A. The most important factors affecting consumers' purchasing decision-making of imported foodstuffs - (A survey of the opinions of a sample of households in Karbala Governorate). *Iraqi Journal of Management Sciences*. 2014;6(25):275-310.
2. Adeleke BS, Ekoja GO, Agbaeze EK, Eneh NC. The Effects of Gray Markets in the International Product Distribution Systems. *European Journal of Business and Management*, 2017, 9(2).
3. Alessa MRK, Alttimeemi MU. The role of radio advertising in promoting purchasing decisions of Iraqi citizens. *AL-Bahith AL-A'alami*. 2019;11(43):77-98.
4. Amron A. Buying Decision in the Consumers of Automatic Motorcycle in Yogyakarta, Indonesia. *Journal of Marketing Management*. 2018;6(1):90-96.
5. Autrey RL, Bova F, Soberman DA. Organizational structure and gray markets. *Marketing Science*. 2014;33(6):849-870.
6. Bejleri E, Berberi A. Gray Markets. *Academic Journal of Interdisciplinary Studies*. 2017;5(3 S1):467.
7. Chen HL. Gray marketing and unfair competition. *Atlantic Economic Journal*. 2002;30(2):196-204.
8. Chen HL. Gray marketing: does it hurt the manufacturers? *Atlantic Economic Journal*. 2009;37(1):23-35.
9. Hammadi ZK. Some special personal characteristics and their impact on making a purchase. *Al-Fath Magazine*. 2017;13(70):273-293.
10. Harahap DA, Hurriyati R, Gaffar V, Amanah D. The Effect of Location and Products Completeness to Consumer Buying Decision of Small and Medium Enterprise Market. In: *Proceedings of the 2nd Global Conference on Business, Management and Entrepreneurship 2017*; c2017. p. 30-33.
11. Iram M, Chacharkar DY. Model of impulse buying behavior. *BVIMSR's Journal of Management Research*. 2017;9(1):45.
12. Jassim B, Abboud F, Mutaieb H. The role of accounting disclosure of social costs on consumer purchasing decisions: Applied research in a sample of Iraqi industrial companies. *Magazine of College Administration & Economics for Economic & Administration & Financial Studies*. 2020;12(1):363-379.
13. Khorshid SS, Rajab SI. The Gray Marketing Impact in Pricing Strategy: An Exploratory Study of the Opinions of a Sample of Cosmetic Products Sellers in Ghazi Mall in Kirkuk. *Journal of Arts, Literature, Humanities and Social Sciences*; c2019.
14. Macawalang AH, Pangemanan SS. Analytical hierarchy process approach on consumer purchase decision in choosing Chinese restaurant in Manado (case study: Afui, New Mie Jakarta, and Samrat Abadi). *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 2019, 7(3).
15. Pustynnick I. Gray Marketing as Indication of Price Strategy Deficiency: Based on the Real Life Case from Canadian Knitting Craft Industry. *Swiss Management Center University Working Paper Series*; c2020.
16. Saleh LDBT, Saleh MM, Ddin Abdullah INA. The role of the green marketing dimensions in customer service: An exploratory study of the opinions for a sample of employees at the General Cement Company/Nineveh. *Tikrit Journal of Administration and Economics Sciences*, 2020, 16(50 Part 2).
17. Salih HH. The Impact of Product Development on Purchasing Decision a practical study of the opinions of a sample of consumers of Pepsi products in Diwaniyah. *Al-Qadisiyah Journal of Administrative and Economic Sciences*. 2015;17(1):182-200.
18. Sari M, Saidah D, Wahyuni RE, Mafrudhoh L. Customers' perception on promotion and price related to buying decision (a case study at PT Garuda

Indonesia). In: Global Research on Sustainable Transport (GROST 2017). Atlantis press; c2017 Nov.

19. Shah B. Consumer's Buying Behavior of Motorcycles in Janakpurdham. Journal of Management. 2020;3(1):22-34.

20. Simarmata J, Rs M, Keke Y, Panjaitan F. The airline customer's buying decision through online travel agent: A case study of the passengers of scheduled domestic airlines in Indonesia. International Journal of Economics, Commerce and Management United Kingdom. 2016;3(3):335-349.

21. Sraiheen A, Dalgin MH. Product color importance, color choice, and meaning of color among Canadian consumers. JBET. 2018;1:15.

22. Vincent OR, Makinde AS, Akinwale AT. A cognitive buying decision-making process in B2B e-commerce using Analytic-MLP. Electronic Commerce Research and Applications. 2017;25:59-69.

23. Wijaya AS. The influence of customer service quality and promotions against customer buying decision of Burgerology burgers [doctoral dissertation]. Universities Capture; c2019.

24. Wijesinghe AGK, Nazreen AHP. Consumer Willingness to Pay for Organic Rice: With reference to Kurunegala District in Sri Lanka. Kelaniya Journal of Management, 2020, 9(1).

25. Zarwin Z, Hartono S. Analysis of brand equity on buying decision of sacheted Adem Sari on PT. Emesis Indonesia in Palembang. Dinasti International Journal of Digital Business Management. 2020;1(2):180-190.

26. Zhao K, Zhao X, Deng J. An empirical investigation of online gray markets. Journal of Retailing. 2016;92(4):397-410.

27. AL-Fatlawi MH, Hussein M. Study the epidemiology of ticks infected Camelus dromedaries in Al-Qadysia city. Al-Anbar J Vet. Sci. 2009;2:13-19.

Appendices
Questionnaire form gray marketing (Khorshid & Rajab, 2019)

S. No.	Variables	Strongly disagree	Don't agree	Neutral	Agree	Strongly agree
1.	Perfumes available through gray marketing do not come with a warranty from the company that produces them.					
2.	You cannot trust perfumes sold through gray marketing.					
3.	I have the ability to distinguish the original perfume from the imitation.					
4.	Counterfeit perfumes negatively affect the reputation of companies producing original perfumes.					
5.	Counterfeiting perfumes causes financial losses to the original companies.					
6.	Gray shopping users should be punished.					

Purchase Decision (Salih, 2015)

S. No.	Variables	Strongly disagree	Don't agree	Neutral	Agree	Strongly agree
1.	I only own one perfume and am not ready to buy another.					
2.	Recommending others to deal with perfume shops stems from my belief in perfume.					
3.	My purchasing decision is often influenced by the price of the perfume.					
4.	The shape of the perfume bottle may affect my purchasing decision.					
5.	I am greatly influenced by my friends' opinions when making a purchase.					
6.	I don't care much about its source when I buy a perfume.					
7.	I prefer imitation perfumes because they are cheaper than the original ones.					