



NAGINDAS KHANDWALA COLLEGE OF COMMERCE, ARTS &
MANAGEMENT STUDIES MALAD WEST, MUMBAI - 400064

PROJECT REPORT ON
"TO STUDY THE EFFECTIVENESS OF SURROGATE ADVERTISING IN
LIQUOR INDUSTRY"

PRESENTED BY:

JAY DEEPAK DESAI

ROLL NO.: 5013

TYBMS (MARKETING)

SEMESTER VI

PROJECT GUIDE

PROF. SHEETAL DESAI

SUBMITTED TO

NAGINDAS KHANDWALA COLLEGE

ACADEMIC YEAR 2020-2021



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EXECUTIVE SUMMARY

“Advertising is a non-moral force, like electricity, which not only illuminates but electrocutes. It’s worth to civilization depends upon how it is used.” – J. Walter Thompson

Advertising is widely accepted to be the most potent tool in the hand of a marketer. Whether it is to launch a new product, entrench an existing one, educate on the new salient features or create a new market, most consumer products manufacturers orient a considerable amount of time, energy and money to reaching out to existing and potential consumers through various media. Direct advertising of tobacco/alcohol and other products was rampant before the enforcement of tobacco control legislation in India. Billboard advertising of international and domestic brands of cigarettes and chewable forms of tobacco was a common sight. But now all direct advertising of tobacco products in all media has been prohibited with the enforcement of National Legislation. Cable Television Network (Regulation) Amendment Bill, 2000, which completely prohibits cigarette and alcohol advertisements, which directly and indirectly promote sale of these products (enacted from September 8, 2000). The ban has spawned a generation of surrogate marketing initiatives as corporations intent to sell without communicating to the consumer.

Since Mass Media has banned advertisements of tobacco and liquor products, these companies have used proxy advertising techniques to keep their brands alive in the minds of customers. Brand-recall is the most significant feature of a surrogate commercial. Without referencing cigarettes or liquor, but under the same name, a replacement advertising advertises other retail goods.

Objective of the research was:

- ✓ To assess the efficacy of proxy ads.
- ✓ Determine if consumers are mindful of surrogate ads.
- ✓ To learn more about the impact of proxy ads on customer buying decisions.

CERTIFICATE

This is to certify that Mr. Jay Deepak Desai has worked and duly completed his/her Project Work for the degree of Bachelor of Management Studies under the Faculty of Commerce in the subject of Marketing and his project entitled "To study the effectiveness of snrrogate advertising in Liquor Industry" under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and facts reported by her personal findings and investigations.



PRINCIPAL

JAGINDAS KHANDWALA COLLEGE OF COMMERCE
ARTS & MANAGEMENT STUDIES AND SHANTABEN
NAGINDAS KHANDWALA COLLEGE OF SCIENCE
MALAD (W), MUMBAI-400 064.



Sheetal
29/3/21
Prof. Sheetal Desai
(Project Guide)

Date of Submission: 29th March, 2021

DECLARATION

I, the undersigned Mr. Jay Deepak Desai here by, declare that the work embodied in this project title "To study the effectiveness of surrogate advertising in Liquor Industry" forms my own contribution to the research work carried out under the guidance of Prof. Sheetal Desai is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous work of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with the academic rules and ethical conduct.



Jay Desai



Certified by:

Professor Sheetal Desai

(Project Guide)

ACKNOWLEDGMENT

To list who all have helped me is difficult because they are so numerous, and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank Nagindas Khandwala College of Commerce, Arts and Management Studies for giving me a chance to do this project.

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I would also like to express my sincere gratitude towards my Project Guide **Prof. Sheetal Desai** whose guidance and care made the project successful.

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CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION OF SURROGATE MARKETING

Have you ever seen advertisements for Bacardi Music CDs but couldn't seem to find the product? Is it making you wonder why? These well-known liquor brands, cigarette or tobacco brands, are barred from participating in promotional campaigns. Surrogate marketing/advertising has thus been formulated by the brand managers of these products as a new style of promotion.

Surrogate advertisement is used to indirectly promote a brand or a product. It ultimately uses a dummy product, brand, or person to deliver the real product to the intended audience. It works as a team effort to gain exponential and swift publicity. Promoting a product and a service together to achieve profits from both is an excellent example of positive surrogate marketing.

Surrogate marketing channels include surrogate ads, new ventures, social service campaigns, and awards. To promote its whiskey brand, Imperial Blue started a series of commercials in India with the tagline "Men will be men." Despite the fact that the commercials are for music CDs, they explicitly deliver the message to the target segment for their whiskey brand. The same concept is used in advertisements for Bacardi music, Kingfisher soda, and Bagpiper club soda. Other brands, such as Four Squares, have pioneered a novel method of publicising its cigarette brand through Four Square bravery awards. It emphasises the value proposition and builds the impression in the minds of customers that the brand is for the courageous. Celebrities endorsing such brands are carefully selected to embody the ideals that the company wishes to project. Sunil Shetty and Sanjay Dutt appeared in the Haywards 5000 ad, and Akshay Kumar in the Bagpiper club soda ad, to advertise the brand in the past. Companies are now promoting themselves through channels other than advertisements. Royal Stag owns an Indian Premier League team and facilitates Coke Studio performances. Cheerleaders are used by White Mischief to advertise their product. These improve brand visibility by increasing exposure levels.

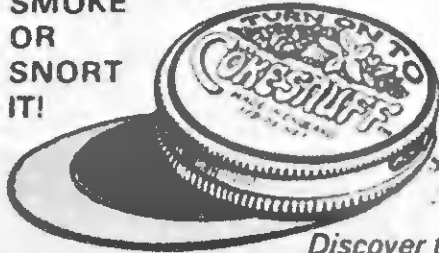
1.2 HISTORY OF SURROGATE MARKETING

Surrogate ads can be traced back to Britain, where housewives began protesting against liquor advertisements that irritated their husbands. The protest grew to the point where liquor advertising was prohibited and brand owners, seeing no other option, agreed to promote fruit juices and soda under the brand name; the idea later became known as surrogate advertising.

SNORTING?



**SPRINKLE IT IN YOUR
SMOKE
OR
SNORT
IT!**



**COKESNUFF is Tobacco,
Menthol & Fragrance**

Ask for it at Your
Headshop - 75¢ per tin

**For COKESNUFF
'Starter Kit'
(4 assorted tins)
Send \$3.00 to
Strawberry Kingdoms
5460 S W 80 Street
Miami, FL 33143**

Please state age -
Must be 18 years or older.

Discover the Cokesnuff Rush!

1.3 SURROGATE ADVERTISING IN INDIA

Since 1995, India has taken a firm stand against advertising tobacco and alcoholic beverages. The ban was imposed after thorough study by the Indian Ministry of Health revealed that cigarettes and liquor are harmful to one's health. Furthermore, the Indian government believes that these products are particularly harmful to a person's mental health, causing them to be lazy and unmotivated. The combination of these considerations resulted in a ban on advertisements for these products across all media channels.

However, the negative attitude toward selling these products can be traced back to 1975, when the Indian government enacted the Cigarette Advertising Act, which required tobacco companies to display health warnings on cigarette packaging and ads. The Indian government and health ministry continued to push for stricter restrictions on tobacco and liquor ads until it was finally outlawed in 1995. However, as the population grew, so did the selling of tobacco and alcoholic beverages. As a result, businesses were obliged to pursue alternative forms of advertisement, which resulted in the development of surrogate advertisements in India.

The Indian tobacco company 'Azad Bidi', which sponsored an international cricket match in India, provided some of the first evidence of surrogate advertising. Extensive surveys in India yielded comparable results, indicating that liquor advertisements had a direct impact on customers' buying behavior. Soon after, the Cable TV Regulation Act prohibited liquor and cigarette advertisements; as a result, India gradually adopted surrogate advertising.

Such businesses often pursue brand extension and promote the expanded products, or they advertise specific products that may not be available in the market. Because of the ban's undue pressure, businesses began to focus more on brand building, and thus liquor companies began sponsoring and hosting glamorous events, while many others began selling t-shirts, caps, key chains, and drinking glasses with the brand name displayed on these products.

Surrogate ads necessitate that the product being sold have a revenue model attached to it.



CHAPTER 2: RESEARCH METHODOLOGY

2.1 PROBLEM STATEMENT

Consumer advocates were concerned about the effect of the Advertising Standards Council of India (ASCI) withdrawing its code to regulate tobacco, liquor products, and other goods. With the Central Government's decision to prohibit these product companies from sponsoring sports and cultural events, the issue has taken a new turn. Liquor or tobacco advertising is banned in India and hence companies that sell these products have to resort to advertising their wares using less "harmful" products which carry almost the same names and looks - surrogate advertising .

2.2 OBJECTIVE OF THE STUDY

- ✓ To determine the effectiveness of surrogate advertisements.
- ✓ To ascertain whether or not customers are aware of surrogate marketing.
- ✓ To learn about the impact of surrogate advertisements on consumer purchasing decisions.
- ✓ To comprehend the customer's understanding of surrogate marketing.
- ✓ To find consumers perceptions of surrogate advertisements.

2.3 RESEARCH DESIGN

"The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively analyze the data."

Sometimes an individual wants to know something about a group of people. Maybe the individual is a would-be senator and wants to know who they're representing or a surveyor who is looking to see if there is a need for a mental health program.

Descriptive research is a study that aims to accurately portray the participants. Simply put, descriptive research is concerned with identifying the individuals who participate in the study.

There are three approaches a researcher can go about doing a descriptive research project, and they are:

- Observational, defined as a method of observing and documenting the participants.
- A case study is an in-depth examination of an individual or group of individuals.
- A survey is characterized as a short interview or conversation with a person about a particular subject.

Type of study : Descriptive

Method of data collection : Primary data & Secondary data

Research instrument : Questionnaire

2.4 SAMPLE DESIGN

Convenience sampling (also known as availability sampling) is a type of non-probability sampling approach that collects data from members of the population who are readily available to participate in the study. Facebook polls or questions are a common example of convenience sampling.

Convenience sampling is a type of sampling where the first available primary data source will be used for the research without additional requirements. In other words, this sampling method involves getting participants wherever you can find them and typically wherever is convenient. In convenience sampling no inclusion criteria identified prior to the selection of subjects.

Sample design: Convenience sampling

Sample size : 100

2.5 DATA SOURCES

Primary: Through Questionnaires

Information collected firsthand from such sources as historical documents, literary texts, artistic works, experiments, surveys, and interviews. Sources to collect primary data are:

Questionnaire: It is the most common method used in surveys. They are a list of questions either in open or close ended, for which the respondent gives an answer. A Questionnaire based Survey had been conducted to collect Primary data. The questionnaire will be filled by customers of dolphin web solution. The data collected will be then entered into SPSS for analysis of the data collected from the questionnaire.

Secondary: Through Books, journals, web etc.

Secondary data is data that has already been compiled by someone else and exists in one form or another. Before going through the time and cost of gathering primary data, one may look for secondary data that may have been gathered for other purposes but can be used in the current research. Secondary data has the benefit of saving time and lowering data collection costs. The drawbacks are that the data may not exactly fit the problem and that the accuracy of secondary data may be more difficult to check than primary data.

Sources of Secondary data collection are:

- Magazines/Newspapers: Magazines can still be successful, but they are not always dependable. Newspaper on the other hand has and is more credible, although in some cases information can only be derived from newspapers such as Times Ascent and Human Factor (volume 3)
- Websites: Their content should be reviewed for reliability before quoting from them because they do not contain very credible information.
- Weblogs: They are diaries written by difficult people. These diaries are reliable to use as personal written diaries.

2.6 HYPOTHESIS

A hypothesis is used in an experiment to define the relationship between two **variables**. The purpose of a hypothesis is to find the answer to a question. A formalized hypothesis will force us to think about what results we should look for in an experiment.

The first variable is called the **independent variable**. This is the part of the experiment that can be changed and tested. The independent variable happens first and can be considered the cause of any changes in the outcome. The outcome is called the **dependent variable**. The independent variable in our previous example is not studying for a test. The dependent variable that you are using to measure outcome is your test score.

- Is there a link between age group and purchasing behavior of surrogate products such as soda, water, and so on after seeing their advertisements in the media?
- Is there a link between the Education group and the purchasing behavior of surrogate products such as beer, water, and so on after seeing their advertisements in the media?
- Is there a link between the impact of advertising on surrogate product sales and the inducement to try the surrogate product after seeing ads?
- Is there a link between the age group and the desire to try the surrogate product after seeing advertisements?

2.7 BENEFICIARIES OF STUDY

To the Researcher

- To enhance knowledge.
- The Researcher is beneficial for getting to know the working of surrogate advertisement strategies and the need of advertising.
- To learn and gain knowledge about consumer perception.
- To know the media pattern through which the companies are able to retain their brand names through ads.

2.8 LIMITATIONS

- Small sample size
- There were customers who gave vague as well as no responses to get complete information needed for the research study.
- Sensitive information cannot be displayed in the project report.
- People did not disclose much about their preference details.
- It is for Mumbai city only.

CHAPTER 3: LITERATURE REVIEW

(Bag) Surrogate advertising in the literal sense means - duplicating the brand image of one product extensively in order to promote the same brand. It's a kind of a disguise which duplicate brand tries is to brand recall and not necessarily an exercise in increasing sales such that the surrogate advertisement tries to either resemble the original product or different product all together established under the original brand product. In India the trend has been- the various sports/culture/leisure events and activities use liquor brand name or tobacco falls under the ambit of surrogate advertising.

(Bhardwaj) Our decisions whether to buy a product or not, is often completely influenced by the promotional activities of the companies concerned. Due to the widespread adverse impact that advertisements of unhealthy products like tobacco, liquor can cause, Indian government has always endeavored to curb or at least restrict rampant advertisements of such products by appropriate legislations, orders and directives.

Origin: As a reaction to the directive of the Government to ban advertisements of products that are adverse to health, the major companies of liquor & tobacco sought other ways of endorsing their products. They have found an alternative path of advertising through which they can keep on reminding the people of their liquor/tobacco brands: they have introduced various other products with the same brand name

(Manral) From sponsoring events, to holding special page 3 parties for high end brands to going the digital route, cigarette and alcohol brands are pulling out the stops in ensuring their visibility doesn't flag.

Surrogate Ads: A Surrogate advertisement is one in which a different product is promoted using an already established brand name such ads helping in contribution to brand recall. They are finding ways by bringing out brands extensions with names similar to the Liquor/Cigarette brands. Recently, Pernod Ricard created a 90-minute film for their blended whiskey brand Seagram's Imperial Blue titled with the brand's tagline 'Men Will Be Men'. Brands which have to deal with so much restriction need to look at new and innovative ways to reach out to their audiences, and this includes creating a buzz around the brand.

(niar, 2016) The beginning Surrogate advertising came to India because of the Cable Television Networks Act 1995 read with Cable Television Networks Rules, 1994, which banned direct promotion of production, sale or consumption of cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants. With a ban on directly promoting their products, brands sought out another way to reach out to consumers and started advertising surrogate products under the same brand name as their prohibited items. This is when music CDs, bottled water and award ceremonies started making an appearance. Companies find a way out today, surrogate advertising is so much more than a soda bottle.

(Razdan, 2017) Surrogate Advertising is that form of advertising which is resorted to market such goods and services which are not permitted to be advertised directly under the law. Common examples of such products include Alcohol, Cigarettes and Tobacco. These high revenue generating products, however, have to be marketed in the garb of some secondary product so as to pummel the name of the brand in the mind of the consumers. For instance; British Liquor Giant Seagram markets its liquor brands "Royal Stag" & "Imperial Blue" through Music CD's and Music Concerts and has also sponsored events such as the Chivas Regal Polo Championships & the Chivas Regal Invitational Golf Challenge for corporates.

(AMBWANI, 2013) The self-regulating Advertising Standards Council of India already has a code on brand extension. "Surrogate advertising is not allowed as per law but we have been urging the Government to start taking legal action against liquor brands that violate these providers and are habitual offenders," said Bejon Misra, Founder, Consumer Online Foundation.

Regulation of such advertising appeared to fall under the jurisdiction of at least five Ministries - Consumer Affairs, Health and Information & Broadcasting, IT and Social Justice and Empowerment." There are ambiguous court rulings on the matter where alcohol manufacturers state that the logo is the identity of the brand and using it on products other than alcohol is a legitimate business activity. So, it's mainly down to legal interpretation and in time will need to be settled by courts to establish a stated position," a senior Government official told Business Line.

(Majithia, 2017) Advertisements are made for one simple reason: to portray: the product in question in a good light and make it appealing and irresistible for prospective customers. Whether we believe that soup powders have "The goodness of real vegetables" or that a certain telecom brand can unilaterally solve our country's problems we can only point a finger at advertisements for our mistaken beliefs. Advertisements have thus been criticized for impacting falsified information, disparaging other brands its favor of its own products, and misleading the public. In recent times, another type of advertisement has come up known as surrogate advertisement. It involves promoting other products of the same brand, or promoting the brand image in general, while subtly reminding people of the actual product intended for sale.

(Couto, 2015) With the ban on advertising of alcohol, liquor brands have long resorted to surrogate advertising - promotion of a brand name, but through the e.g. of a different, non-alcoholic product. Bacardi, a popular name in the business of alcohol, promotes its signature rum through sponsorships of various events, most notably the annual NH7Weekender music festival, and music CD. Bacardi party starter 01 While traditional surrogate advertising relied on television radio and newspapers, now it uses the digital medium liberally, taking advantage of the absence of clear guidelines. Many Indian companies are taking to Social Media to promote their brands and circumvent the law via branded content.

(Anand, 2017) Advertising expenditure by liquor companies in India has touched Rs. 162 crores in the first six months of 2016, rising 58% from a year ago, according to media buying agency Madison, "In the liquor and tobacco category, there has been heightened activity. In fact, it is one of the categories that has seen maximum growth in advertising spends," said Nandini Dias, CEO

at Lodestar UM. "Needless to say, those brands are all being advertised through creative surrogate products." India prohibits advertisements that promote, directly or indirectly, production, sale or consumption of alcohol and other intoxicants.

(Sharma, 2009) The government has come up with new rules to rein in surrogate advertising of liquor and tobacco products. The new rules prohibit companies from making references to their liquor and tobacco brands in the advertisements of non-liquor or non-tobacco products. The companies will also have to ensure enough availability of such products in the market on which there is no ad ban. Since the Cable TV Act prohibits advertising of liquor and tobacco, companies often resort to promoting them through the advertisements of their non-liquor or non-tobacco products, which often have the same brand names. Companies such as Kingfisher have several businesses - such as mineral water, airline and soda - with the same brand name.

(KOTNI, 2011) In Surrogate Advertising, using the Brand image of one product i.e. legally Allowed-to-Promote), the companies attempt to promote another product (i.e. legally Banned – to - Promote) Literally Surrogate Advertising means duplicating the brand image of one product extensively to promote another product of the same brand. Some argue that brand image is more important than physical product quality. Some argue that brand image is more important than physical product quality. In the long run, however, the product quality is perceived separately from brand image. In the long run, however, the product quality is perceived separately from brand image. Brand extension is a part of brand management to diversify and leverage the existing brand by entering into a new product category by new product development. It means promoting some other product with the same brand name because the original product is not allowed to promote in the market. In Surrogate Advertising, a product, which is different from the main product, is advertised which has the same brand name as the main product.

(Prof. Manjunath G. & Mr. Sreekanth P.K, 2015) To this accord, major public policy changes called for by medical associations and regulatory bodies can influence the nature of advertising campaigns running attractive messages and promotions for such products perceived as unhealthy and harmful especially for younger generations, and their corrective actions can even lead to the banning or curtailing of such promotion activities for the good of society Martin Jr., 1994 .On the one hand there are socially embarrassing or controversial products (e.g. undergarments, or hygiene products for women). Few surrogate advertisements are - Bagpiper Club Soda and Cassettes and CDs, imperial Blue Cassettes and CDs, Hayward's Soda, Royal Challenge Golf Accessories and Mineral Water, Kingfisher Mineral Water, White Mischief Holidays, Smirnoff Cassettes and CDs, etc. The specialty of these products is that they have the same brand name and logo which the audiences see in liquor advertisements.

(GANGOPADHYAY & DUTTA, 2015) Advertisements of tobacco and alcoholic beverages through surrogate means are a controversial issue and the government has failed to control the promotion of surrogate advertisements involving these products. Specific merchandise is now being promoted through celebrities by making them use or wear products in public appearances or through promotion of the products by them in media in interviews without making it clear to the audience that these are paid endorsements (Bajpai, 2006). Surrogate advertising has been an

issue of concern worldwide because it successfully evades i, rules which bar certain products to be advertised in television or other mass media. Brands like Pan Parag and Rajnigandha freely air their advertisements without differentiating much between their tobacco (gutka) and non-tobacco (aromatic betel nut) versions (Fernando, 2009).

(Ratna, 2011) Using econometric models which project fundamental economic dynamics within each state or union territory and city, latent demand estimates are created for Carlsberg lager beer. While company's spokesperson Christopher W.K. Tsang declined to comment on Carlsberg's marketing strategy, according to a source, the green label is losing share in China, where foreign beer brands have aggressively made inroads amid expectations that people will drink more as incomes rise. As demand from consumers in the developing world rises and best practices in brewing, marketing, and distribution spread from country to country, the international beer profit pool (as measured by earnings before interest, taxes, depreciation, and allowances) could grow from less than \$18 billion today to \$28 billion by 2010. Parker, Philip M., covers the latent demand outlook for Carlsberg lager beer across the states, union territories and cities of India. Parker, Philip M., summarizes the economic potential for major cities in more than 200 countries around the globe for Carlsberg lager beer that has been spun and finished in the same establishment for the year 2009 is presented. It provides latent demand or potential industry earnings (PIE) estimates for the product for each city, including the percent share the city is in the region and of the world.

(Idoko, Ireneus, karnnebe, & Okoye, 2013) Extrinsic cue such as price or packaging provide quality, emotional appeal and/or value signals to information-deficient consumers across brands (Kardes, Cronley, Kellaris, & Posavac, 2004). Previous studies have associated extrinsic product cues to dominate consumer consideration more than intrinsic cues in initial purchase situations when intrinsic cues are not available or when evaluation of intrinsic attributes, requires more efforts and time than the consumer perceives is worthwhile (See: Zeithaml, 1988). Plethora of studies have established that consumers employ intrinsic and extrinsic product cues when forming their overall evaluation of product quality; although consumers opinions and perceptions of quality levels are not totally objective as there appears to be traces of subjectivity.

(Ahuja, 2015) The basic question that need to be answered is whether advertising makes a material impact in the sales of alcohol or tobacco products. Based on their exhaustive research they argued that partial bans on advertising are likely to have a very little or no impact on the consumption of such products the reason being a complete ban in advertising of such products itself did not have any impact on sales or aggregate demand of these products. Mehta 2003 is of the opinion that Surrogate advertising is not only misleading, but also presents false and dishonest information in many cases. With so much widespread surrogate advertising and its ill effects it's time to tackle the problem and stringent regulatory measures should be in place to curb such practice. Chander and Sharma in 2006 tried to study the perception of people towards surrogate advertising by using a statistical tool factor analysis. A large proportion of the respondents felt that surrogate advertising is anti-social as it tries to promote the product that is generally considered as harmful for the society, it promotes wrong impressions and tries to fool the customer insulting customer intelligence, leads to moral degradation and is deceptive.

(Das, 2007) Previous research articles examine the ethicality of advertisements with persuasive appeals (Crisp , 1987; Hyman and Tansey, 1990) , exploitative appeals (LaTour and Zahra, 1989, ansey, Hayman and Brown).The seven most important topics out of this list include: 1) use of deception in ads, 2)advertising to children, 3) tobacco advertising, 4) alcoholic beverage ads, 5) negative political advertising, 6)racial stereotyping, and 7) sexual stereotyping. Others examine the ethicality of advertisements with stereotyped actors Peterson, 1992 · Green, 1993, questionable products such as cigarettes, alcoholic beverages (Pomeroy, Castellano, Becker, Johnson, and Brown 1992; Zinkhan et al. Hyman, Tansey and Clark identity 33 prime topics for those researchers who plan to focus their efforts on advertising ethics. Some other articles focus on the ethicality of targeting advertisements to children Kinsey, 1987) and to other subgroups such as the elderly (Peterson, 1992).

(DAHIYA & MIGLANI, 2013) Rutter Jeni and D'Souza Culora Tania in their work. "Tobacco advertising law puts all brands at risk" (2004) tried to understand how companies could accidentally find themselves in trouble if their trademark or brand is deemed to promote the negative products because it is identical or similar to a brand known for the negative product. With so much widespread surrogate advertising and its ill effects, it's time to tackle the problem and stringent regulatory measures should be in place to curb such practice. Chander and Sharma in 2006, tried to study the perception of people towards surrogate advertising using a statistical tool factor analysis . A large proportion of the respondents felt that surrogate advertising is anti-social as it tries to promote the product that is literally considered as harmful for the society, it promotes wrong impressions and tries to fool the customer insulting customer intelligence, leads to moral degradation and is deceptive . The Literature on surrogate advertising and its impact is very scanty as this problem has originated very recently and is confined to countries where advertising of such harmful products is banned by the government or the regulatory body.

(Chan, 2009) The problem of under representation was still prevailing in both countries but older people played a relatively more significant role (86.1 %) in Korean prime-time television advertisements than in the U.S. (36.5%). Besides, Korean prime-time television advertisements were more likely to depict older characters positively as more vital, generous, and independent, and as actively pursuing their goal and participating in social life. Umphrey and Robinson (2006) found that young people are prone to internalizing the stereotypical idea of older people as close minded, ineffective, and dull and these negative stereotypes influenced the way they perceive the elderly in daily life. The results of these studies are consistent in the sense that older people are underrepresented in terms of proportions of the actual population in the mass media and that older people are stereotypically portrayed as negative members of the society in some Western countries. A content analysis of prime-time television advertisements from the United States (859) and South Korea (1,436) was collected to examine differences in the portrayal of older people. The negative stereotypes influenced the image of older people, especially for the young people that they believe it was the way they are in real life.

(Bansal, 2014) It may include making use of the same brand on already existing good of parent brand for marketing of new product in a separate category i.e. extension of the brand which

might increase the rate of acceptance of new product and helps in development of affirmative intention in the customer to purchase the product. In case of Surrogate Advertising through the use of the brand image of one product which has legal permission to be promoted, the marketer seeks to market a different product which may be legally not allowed to be advertised. In execution of brand extension strategy, much talked about hyped product with a well-recognized brand image is perceived to be more successful than compared with the one having a low-profile brand image. In other words Surrogate Advertising means duplication of brand image of one product used extensively for the promotion of the other products. In Surrogate Advertising a product as called "Surrogate Product" which is different from the main product is advertised under the same brand name such advertising is called "Surrogate Advertising". It means advertising another product while using an identical brand as the first product is not permitted to be advertised in the market according to the laws of the land. Brand extension is an element of brand management which may be useful in order to expand and also help in elevating the extant brand by stepping into a fresh merchandise group by development of a new product.

CHAPTER 4 : FINDINGS

4.1 INDUSTRY ANALYSIS (ADVERTISING INDUSTRY)

Advertising is a non-personal form of communication designed to encourage an audience of viewers, publishers, or listeners to buy or take actions on goods, ideas, or services. It involves the name of a product or service as well as how that product or service will benefit the consumer in order to convince a target market to buy or consume that specific brand. These brands are typically supported or recognized by sponsors and seen across multiple media.

Advertising can also serve to communicate an idea to a mass amount of people in an attempt to convince them to take a certain action, such as encouraging 'environmentally friendly' behaviors, and even unhealthy behaviors through food consumption, video game and television viewing promotion and a "lazy man" routine through a loss of exercise. Modern advertising developed with the rise of mass production in the late 19th and early 20th centuries.

Mass media can be defined as any media meant to reach a mass amount of people. Several types of mass media are television, internet, radio, news programs, and published pictures and articles. Commercial advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers. Different types of media can be used to deliver these messages, including traditional media such as newspapers, magazines television, radio, outdoor or direct mail or new media such as websites and text messages. Advertising may be placed by an advertisement on behalf of a company or other organization. Non-commercial advertisers that spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may rely on free modes of persuasion such as a public service announcement. In 2019, spending on advertising was estimated at more than \$150 billion in the United States and \$385 billion worldwide.

The Advertising Industry Transition

Advertising agencies serve as the intermediary between the product and the consumer. They cannot be categorized as a single service provider. As they provide a package of services to create and grow a brand. Advertising agencies started as space selling firms. They'd buy a lot of space, then sell it and live off the commission. They gradually came to provide the client with more than one service. The media started to infiltrate the organization, and artistic personnel were gradually elevated to the status of organizational pillars. Nowadays, advertising agencies provide consumers with a 360 view of their product.

How an Advertising Agency Functions?

The client first provides the brief, which is then introduced into the business by the client servicing staff. The brief describes what the client wishes to express to his intended audience. The target audience is classified based on their wealth, consumption, buying power, and so on. Once the target audience for a specific product has been identified, the plan for communicating the product is implemented.

Strategic planners meticulously plan the plans, which are then relayed to the imaginative. The creative team is then tasked with determining the best way to relay the relevant information to the general public. The creative team then brainstorms clever headlines and eye-catching imagery. Finalized concepts are born on paper and then submitted to the client. In the conference room, there are deliberations and presentations before deciding on the final ad to be published. Sometimes rework is required, and other times mistakes are made until the ad is complete. The client is given an estimate for the necessary media releases. Massive product launches are meticulously planned. The media, too, works for days on an estimation before settling on a release strategy that will give the product and the client maximum exposure. The agency eagerly awaits input from the client after the advertisements are released. A positive response to the advertisement further strengthens the client-agency relationship and serves as a motivator for more good work.

4.2 DIFFERENT TYPES OF ADVERTISING

Television Advertising

The high price TV networks charge for commercial airtime during popular TV events reflects the fact that TV commercials are widely regarded as the most successful mass-market advertisement format. In the United States, the annual Super Bowl football game is recognized as the most influential advertisement event on television. The average cost of a single thirty-second television commercial during this game has topped \$5 million (as of 2020).

The majority of television advertisements include a song or jingle that listeners quickly associate with the product. Through computer graphics, virtual ads can be inserted into regular television programming. It is normally used to fill in blank backdrops or to replace local billboards that are irrelevant to the remote broadcast audience. More controversially, virtual billboards could be placed into the background where none currently exist. This tactic is most often seen during televised sporting events. It is now possible to use virtual product placement.

Infomercial

An infomercial is a long-form television commercial that lasts at least five minutes. The term "infomercial" is a combination of the world's "information" and "commercial." The primary goal

of an infomercial is to generate an impulse purchase, so that the customer enjoys the presentation and then purchases the product immediately via the advertised toll-free phone number or website. Infomercials explain, exhibit, and often show products and their features, and they often include consumer and industry professional testimonials.

Radio advertising

Radio advertisement is a type of advertisement that is broadcast over the radio. Radio ads are broadcasted to the air as radio waves from a transmitter to an antenna and, ultimately, to a receiving device. Airtime is leased from a station or network in exchange for the advertisements being aired. While radio has the clear restriction of being limited to sound, proponents of radio advertisements often point to this as a benefit.

Press advertising

Advertisement in a printed medium, such as a newspaper, magazine, or trade journal, is referred to as press ads. This includes everything from broad-reaching media, such as a major national newspaper or magazine, to more narrowly focused media, such as local newspapers and trade journals on highly specialized issues. Classified advertising is a type of press advertisement that encourages private individuals or businesses to buy a small, narrowly focused ad for a low fee to advertise a product or service.

Online advertising

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Examples of online advertising include contextual ads that appear on search engine results pages, banner ads, in text ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and email marketing, including email spam.



Billboard advertising

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they are located on main roads with a large amount of passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums.

Mobile billboard advertising

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks, or in some cases, large banners strewn from planes. The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements.



In-store advertising

In-store advertising is an advertisement placed in a retail store. It includes placement of a product in visible locations in a store, such as at eye level, at the ends of aisles and near checkout counters, eye-catching displays promoting a specific product and advertisement in such places as shopping carts and in-store video displays.

Covert advertising

Covert advertising, also known as guerrilla advertising, is when a product or brand is embedded in entertainment and media. For example, in a film, the main character can use an item or other of a definite brand, as in the movie *Minority Report*, where Tom Cruise's character John Anderton owns a phone with the Nokia logo clearly written in the top corner, or his watch engraved with the Bulgari Logo.

Celebrities

This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Advertisers often advertise their products, for example, when celebrities share their favorite products or wear

clothes by specific brands or designers. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products.

The use of celebrities to endorse a brand can have its downsides, however. One mistake by a celebrity can be detrimental to the public relations of a brand. For example, following his performance of eight gold medals at the 2008 Olympic Games in Beijing, China, swimmer Michael Phelps' contract with Kellogg's was terminated, as Kellogg's did not want to associate with him after he was photographed smoking marijuana.



4.3 OVERVIEW OF ADVERTISING INDUSTRY IN INDIA

Globalization and international alignments have influenced the structure of the advertising industry in Asia Pacific, resulting in a lesser number of very large agencies and the development of independent major media buying houses. Highly sophisticated software optimization and planning systems are now standard in the industry, allowing agencies to offer a distinct market positioning in order to attract new business.

American businesses are realizing the value of selling their goods in India. With a population of about one billion people and a middle class greater than the entire population of the United States, there is money to be made. Local clothes, groceries, watch, and jeweler stores have all increased their average ad spending by almost 50% in the last two years. Together with many other local players, major retailing brands spend Rs 12,000 crores per year on advertisements and promotional activities. According to industry calculations, this figure was less than Rs 400 crores around three years ago. This equates to a staggering 40 percent increase. Local businesses use all available sales techniques, including mobile, print, outdoor, and even models. Local brands spend a lot of money on advertisements and promotions during the festival season, and almost 70% of that money is spent between September and January. The advertising industry in India is expanding at a rate of 10-2% per year on average. Over 80% of the company comes from Mumbai and Delhi, with the rest coming from Bangalore and Chennai.

Online Ad Spending in India

Spending on online advertisements is holding steady and will continue to rise over the next few years. Marketers are responding to economic challenges with new tools and strategies, as well as study data to demonstrate their efficacy. Online advertising spending has surpassed \$23 billion, according to estimates. Despite this, almost three-quarters of online advertising space remains unsold, and over 99.7% of banner advertisements are not turned on.

Scope of Advertising Industry in India

The advertising industry in India has several competitive advantages:

- India has a large number of strategic planning, innovative, and media services professionals: Indeed, the Indian advertising industry has been exporting senior-level talent to a variety of nations, especially the Gulf, South-East Asia, China, the United Kingdom, and the United States. In global agency networks, Indian talent is appreciated and valued.
- No other country has as many qualified management graduates available to provide strategic inputs for brand and media planning.
- Indians are multicultural: we learn at least two languages, which gives us an advantage when it comes to interpreting cultural diversity.
- The majority of India's top 20 agencies have a foreign partner or owner, which can provide an immediate connection to global markets.

- Our TV and print production requirements have improved: thanks to a thriving animation software industry, we now have access to this area of TV production.
- India's advanced information technology capabilities can be used to create Web-based communication packages for global customers. The Indian advertising industry is a young and promising one. There is, however, fierce competition, and survival is for the fittest and best. What matters most in this business is expertise and experience of the job, the business, and how it works. The more experience you can offer, the more productive you will be.

The Client Servicing team

The Customer Servicing department serves as the intermediary between the client and the agency. It is as vital to any advertising firm as the heart is to the body. This department oversees meeting with potential customers and obtaining new business for the firm. It entails researching the client, the product, and the market; analyzing consumer behavior and marketing; understanding all available media and their cost effectiveness; and developing a strategic strategy to present to the client. Client service representatives must also communicate with customers, collect information, supervise research as needed, gauge consumer attitudes, and work with the different departments of the agency to develop the most suitable and efficient advertisement strategy within the defined budget. To be an efficient client-service representative, the candidate must have a comprehensive understanding of the client's industry as well as his weak points, so that the gap can be reduced through advertisement and communication.

An accounts executive who works in the client servicing department takes care of all the monetary dealings. He should know the most effective way to advertise a client's product or service i.e. the media and their cost effectiveness. Account executives should also have an idea about market research and target audiences.

Client service is an essential component of the advertising industry. This department's primary goal is to create new customers and business for the company while also developing existing customer relationships. This department also handles the duties of public affairs officers. Television, print newspapers, and the internet will all be used for advertising. Similarly, client servicing for clients is mostly done via the internet. A lot of ads are promoted through the internet and email. A client servicing agent may also need to create new schemes in order to entice a large number of firms to accept their offer. This department is also in charge of the pricing and design models for the offer. To be able to create campaigns, the agent should also be capable of doing appropriate online research. This job also needs the person to be creative and progressive. The person should be abreast of the industry's changing facets.

4.4 SURROGATE ADVERTISEMENTS

A Surrogate advertisement is one in which a different product is promoted using an already established brand name. Such advertisements or sponsorships help in contributing to brand recall. The different product shown in the advertisement is called the "Surrogate." It could either resemble the original product or could be a different product altogether but using the established brand of the original product. The sponsoring of sports/cultural/leisure events and activities also falls under the purview of surrogate advertising.

In India, the trend of surrogate advertisement gathered momentum with the Cable TV Network Regulation Act, which prohibits tobacco and liquor advertisements on TV channels. The liquor industry has intentionally blurred the line between products, advertising 'old wine' in a 'new bottle,' only this time with a soft-drink label.

By August 2002, the I&B Ministry had banned 12 advertisements and leading satellite TV channels including Zee, Sony, STAR and Aaj Tak were issued show cause notices to explain their rationale behind carrying surrogate liquor advertisements.

Product advertising for liquor and cigarette companies has been banned in the country since 1995 by Cable Television Network (Regulation) Act. According to Rule 7 (2) of the Act, no broadcaster is permitted to show advertisement which promotes directly or indirectly promotion, sale or consumption of cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants, infant milk substitution, feeding bottle or infant food. This ban is now likely to be extended to advertising of extended brands.

In June 2002, the Indian information and Broadcasting (I&B) Ministry served notices to leading television broadcasters to ban the telecast of two surrogate ads of liquor brands McDowell No.1 and Gilbey's Green Label. The Ministry also put some other brands Smirnoff Vodka, Haywards 5000, Royal Challenge Whiskey and kingfisher beer on a "watch list". The surrogates used by these advertisements ranged from audiocassettes, CDs, perfumes to golf accessories and mineral water.

A market survey in 2001 revealed that advertising has a direct influence on the consumption habits of 43 I million people in India and an indirect impact on 275 million 'aspirants' from the lower income group. Considering this and realizing that nearly 50 per cent of the television owners have access to cable channels, there is no doubt that the hidden call for alcohol consumption behind the surrogate advertisements is not escaping the eyes of viewers in the world's fourth highest liquor consuming country. The very purpose of banning liquor advertisements is defeated by surrogate advertising. Answering to the notices, Zee and STAR stopped telecasting the advertisements, followed soon by Aaj Tak and Sony. In addition, the I&B Ministry hired a private monitoring agency to keep a watch on all the advertisements for violation of the Act.

These developments led to heated debates over the issue of surrogate advertising by liquor companies being allowed on national media. Though the companies involved came out strongly

against the I&B Ministry's decision, they seemed to have no other choice, given the highly regulated nature of the liquor business.

Analysts remarked that there was a lot of hypocrisy underlying the government policy. They said "on the one hand they allow these 'socially bad' products to be manufactured and sold and then they deny the manufacturers the right to propagate knowledge of their products in order to drive sales. If something is bad and cannot be advertised, why allow it to be sold at all?"

Liquor producers spent heavily on advertising on the electronic media, particularly TV. Though the broadcasters were bound by the 30 years old advertising code, which stated that "No advertisements shall be permitted which relates to or promotes cigarettes and tobacco products, Liquor, wines and other intoxicants," the telecast of such product continued blatantly over the years. Moreover, the satellite channels garnered about 50% of their revenue from liquor and cigarettes advertisements. In the peak season it gets almost doubled.

Due to the ban, liquor companies focused more on promotions for brand building. They started sponsoring events that projected the "glamour" of the brands, like track racing, car rallies etc. for instance Shaw Wallace Co. one of the leading liquor companies in India, conducted the Royal Challenge Invitation Golf tournament, which became an annual event. Some companies also promoted their product through corporate advertising, distributing free gifts like Caps and T-shirts with the brand name and using glow-signs outside the retail outlets.

The ban on advertising of alcohol beverage products has severely handicapped communication with consumers. The industry is naturally compelled to make the best use of the channels and media of communications still open to it. Companies with liquor brands are not advertising liquor products; instead they have extended the equity of their brands into other fields. Over a period, these products have become independent businesses for companies. However, as the TV was the most effective medium of advertising, surrogate advertising on TV became popular. The liquor producers seemed to have ensured that the ban was only on the paper.

In the meantime, some producers entered new segments under the liquor brand or advertised these products under the liquor brand. Most of the liquor producers entered the packaged water segment, such as Kingfisher Mineral water. McDowell used surrogate advertising by using its mineral water and soda brands, which generated additional revenues for the company. In the early 2001 SWC started marketing its range of golf accessories under the liquor brand Royal Challenge. It also announced that India's flagship Golfing Event – the Indian open would be sponsored by the company till 2006.

The surrogate advertisements from liquor companies intensified further through sponsorships of movies, music shows and other programs and attracting youth. For instance, Seagram's Royal Stag was promoted by sponsoring movie related activities and Indian pop music using the banner Royal stag Mega Movies and Royal stag Mega Music. In late 2001, the broadcasters began airing socially responsible advertisements sponsored by liquor companies.

The Advertising Standards Council of India (ASCI) has clarified that as per its code, the mere use of a brand name or company name that may also be applied to a product whose advertising is

restricted or prohibited is not reason to find the advertisement objectionable provided the advertisement is not objectionable and the product is produced and distributed in reasonable quantities and the objectionable advertisement does not contain direct or indirect cues for the product that which is not allowed to be advertised.

However, the analyst opined that the ban could turn out to be an advantage for the domestic players. In March 2001, as per the commitment to the WTO agreement, MNCs would have an unrestricted license to sell their products. After the ban, these MNCs would not have access to the quickest and most effective form of advertising on TV.

Some analysts argued that the ban would not affect the established domestic players. It would only affect the new launches and new brand building of these companies. The ban was also expected to improve the margins for these players. The latest television ad for "AC Black Apple Juice" epitomizes so many things that are wrong with surrogate advertising in India.

Most of the surrogate advertising is done pretty blatantly with the "harmless" product being nothing more than a front for advertising the "harmful" brand. So, you have various liquor/cigarette manufacturers resorting to ingenious ways to peddle their wares. Of course, there are a very few brands which start off as a surrogate brand, but over a period they actually become full-fledged brands in themselves. The "Wills Sport" clothing line from the manufacturers of "Wills" cigarettes are one of those rare cases. But overall, surrogate advertising is dedicated towards using an insignificant, "harmless" product to increase/maintain awareness for their primary "harmful" brand. And that's not an easy task. For instance, how do you portray the essence of a whiskey or vodka or a cigarette using a bottle of bottled water or a pack of apple juice?

Similarly, "HUM tum aur mera Bagpiper". This Bagpiper club soda advertisement, featuring cine celebrities, is similar to the earlier one for Bagpiper whisky. The advertisement comes with the same music and punch line as the one for the popular liquor brand telecast before the ban on liquor advertisements. Not easy. And guess who/what suffers when faced with this quandary?

1. Consumers - because we have to put up with the lame, stupid advertising that's designed to sell booze/ciggies but pretends to be all about water or apple juice! It's like everyone knows what's going on - the manufacturers know what the real reason for the ad is, the consumers know what's really been advertised, and the government knows that too. So why not either (i) do away with this wholesale scam and just let them advertise all their stuff, or (ii) ban such surrogate advertising?

2. Advertising - because ad agencies have to come up with silly ads based on briefs from clients who are not interested in the surrogate brand, but the primary brand. I agree some might consider it a worthy challenge to do something like this, but from what I've seen of surrogate advertising in India the output is pretty lame.

Surrogate advertisements are not only misleading, but also false and dishonest in many cases. With surrogate advertising so widespread, this is the moment to tackle the problem head-on. There should be stringent regulatory measures to curb the practice, such as:

- i. Making transparent laws banning surrogate advertisements for different products under a single brand name, by amending the Trademarks Act, for instance.
- ii. Providing teeth to the Advertising Standards Council of India to enable it to take action against false and misleading advertisements and keep a close vigil over clever evasion of the law.
- iii. Asking the electronic and print media to adhere to the advertisement codes and not encourage surrogate advertisements.
- iv. Calling on the ASCI to address complaints received from consumers against surrogate advertisements and take appropriate actions immediately.
- v. Creating a consumer awareness programme to help people understand the negative impact of surrogate advertisements.
- vi. Adopting strict laws to penalize those companies featuring surrogate advertisements without any real existence of the product.
- vii. Requiring advertising agencies to have full knowledge of the products under the same brand for which they are promoting advertisements and taking legal actions against those agencies which design surrogate advertisements.

If one believes that honesty is the best policy and truth ultimately gains, the best policy would be to stand up strongly to the dishonest practices of surrogate advertising. Senior sources at IBF also said that the industry body had sent out show-cause notices to a couple of channels regarding ads of certain alcohol and tobacco products. Most channels have reportedly complied with the Government panel's directive to the extent that the ads of a liquor company - that purportedly makes apple juice after drinking which anything can happen('kuch bhi ho sakta hain') - have been taken off air.

Consumer Psychographics and Surrogate Advertising

'Surrogate advertising' is one of the emerging ethical issues in advertising in India. This is used as a strategy to advertise products like liquor or tobacco - the advertisement of which otherwise, is banned in our country. It relates to advertising by duplicating the brand image of one product extensively to promote another product of the same brand. When consumers look at these advertisements, they associate these with banned products. Hence, such products are indirectly advertised, and therefore, influence their behavior. There is no doubt that the hidden call for alcohol consumption behind the surrogate advertisements is not escaping the eyes of viewers of the world's fourth highest liquor consuming country. Hence, surrogate advertising defeats the very purpose of banning liquor advertisements. The Central issue of the ethical discussion in the present study is regarding the attitude of targeted consumers towards the practice of surrogate advertising vis-a-vis their psychographic profile towards advertising in general. The psychographics of the target audience are important to be discussed since they are the final evaluators of advertising. The study concludes that surrogate advertising is not received positively by the various sections of the society. Though there were some positive perceptions found for this practice, overall, the attitude of most of the targeted consumers, i.e. the respondents were more dominating towards the negative side for the surrogate advertising and they consider it to be an unethical practice. The ethical perception of the targeted consumers

affects the acceptability of surrogate advertisements and hence, the attitude of the consumers towards it with majority of these consumers considering it as immoral and unethical. The implications thus, are left for the advertisers to modify and redesign their advertising strategies in accordance to the consumer psychographics, so that they can find a way out which is more ethical and positive for the society or their target market rather than resorting to surrogate.



4.5 Impact of Surrogate Advertisements on Children

Each day 55,000 children in India start using tobacco, Gutkha the chewable tobacco is aimed at the younger generation of the country. But you may wonder how these companies manage to reach the minds of these children when they are not allowed to advertise these products. After the ban the companies opened their doors to surrogate advertisements, an advertisement has the logo or brand of another company advertised within it.

One of the biggest surrogate advertisement markets is the film Industry Hollywood, in 2018 and 2019, 89% of all the released movies had smoking scenes in them. Below is a small documentary on smoking in movies, with interesting statistics on the current scenario in India with regards to smoking.

Result to the directive of the Government to ban advertisements of products that are adverse to health, the major companies of liquor & tobacco sought other ways of endorsing their products. They have found an alternative path of advertising through which they can keep on reminding the people of their liquor/tobacco brands. They have introduced various other products with the same brand name.

The problem occurs when heavy advertising is done so that the customers do not forget their liquor & tobacco brands, for which advertisements are banned. The advertisements for such new products are placed under the category of "Surrogate Advertisements". Surrogate advertising (duplicating the brand image of one product extensively to promote another product of the same brand), has become commonplace. Their only objective is to compensate for the losses arising out of the ban on advertisements of one particular product (i.e. liquor). The companies can always claim that the order is being implemented and advertisements of liquor are banned, but the objective of the Government behind imposing the ban is not fulfilled. A new weapon of Fill-in or replacement war. Surrogate advertisement by Companies

Players in the tobacco industry - Wills lifestyle, Four Square white water rafting, etc. Players in liquor industry - Kingfisher beer, airlines and mineral water, Royal Challenge golf accessories and mineral water, Bagpiper soda and cassettes & CDs, Haywards soda, White Mischief holidays, Smirnoff cassettes & CDs, Teacher's achievement awards, Imperial Blue cassettes & CDs etc



That calls for **Carlsberg** Club Glasses

Visit [f /CarlsbergIndia](https://www.facebook.com/CarlsbergIndia)

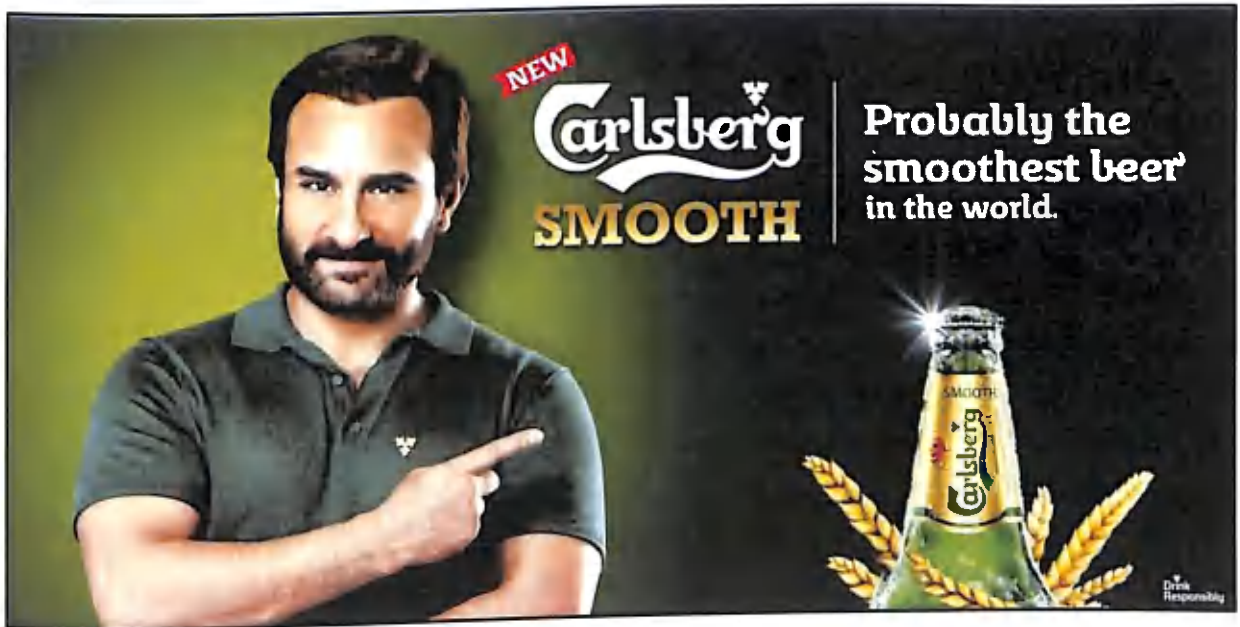
BOTTLED 1774

The advertisement features a tall, clear glass with the Carlsberg logo embossed on it. The background is a gradient of green and black. The Carlsberg logo, a crown above a swastika-like symbol, is prominently displayed in the center. The text 'That calls for Carlsberg Club Glasses' is written in white on the black background. At the bottom, there is a call to action to visit the Facebook page. In the top right corner, the text 'BOTTLED 1774' is visible.



Some advertisement on liquor products:

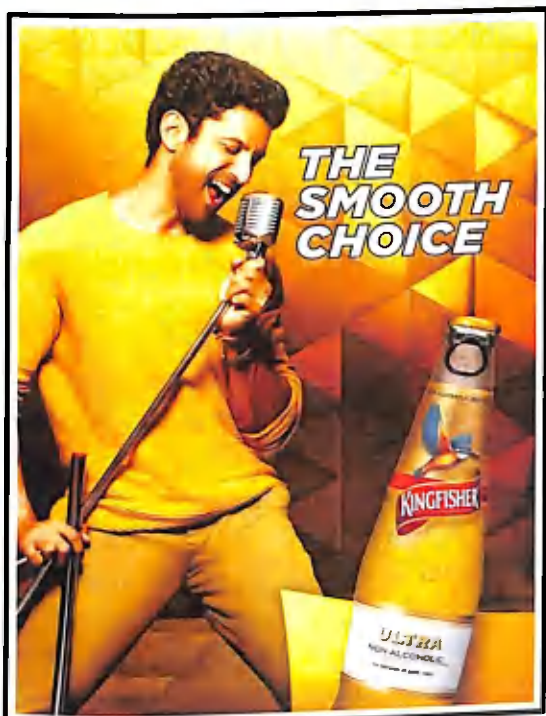
BRANDS	COMPANY	SURROGATE ADVERTISING	BRAND AMBASSADOR
Tuborg	Carlsberg Group	Tuborg zero – non- alcoholic drink	
Carlsberg	Carlsberg Group	Carlsberg premium glasses	Saif Ali Khan
Star walker blended whiskey	Oasis Group	Club Soda – “Man of all Seasons”	Sanjay Dutt
Kingfisher	United Breweries	Ultra- Non- alcoholic drink	Farhan Aktar
Royal Stag	Pernod Richards	Royal Stag mega music, Drinking water	Ranveer Singh
Royal Challenge	United Spirits	Sports Drink	Royal challengers bangalore (IPL team), Shah Rukh Khan
McDowell’s No. 1	Diageo	Soda	M.S. Dhoni
Signature	Diageo	Natural Drinking Water	Akshay Kumar



Saif Ali Khan starred in the Carlsberg advertisement.



Ranveer Singh and other personalities starring in Royal Stag advertisement



Farhan Akhtar in Kingfisher advertisement.



Sanjay Dutt in All Seasons advertisement.



Virat Kohli and Indian women's team players starring in Royal Challenge advertisement.

4.6 REGULATION & LEGISLATION WITH RELATED TO LIQUOR INDUSTRY

LICENSING LAWS

‘World Health Organization’ recommends that member governments should begin to reduce per capita consumption by reducing the availability of alcoholic beverages. Prohibition is incorporated in the Constitution of India among the directive principles of state policy. Article 47 says: “The state shall regard the raising of the level of nutrition and standard of living of its people as among its primary duties and in particular, the state shall endeavor to bring about prohibition of the use except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health.” Alcohol policy is under the legislative power of individual states. Prohibition, enshrined as an aspiration in the Constitution, was introduced and then withdrawn in Haryana and Andhra Pradesh in the mid-1990s, although it continues in Gujarat, with partial restrictions in other states – Delhi, for example, has dry days. There was an earlier failure of prohibition in Tamil Nadu. The Excise department regulates and controls the sale of liquor in the NCT of Delhi. Retail supply of alcohol is regulated by Delhi Liquor License Rules, 1976. It prohibits consumption and service of liquor at public places. This also prohibits employment to any person (male under the age of 25 years or any female) at any licensed premises either with or without remuneration in part of such premises in which liquor or intoxicating drug is consumed by the public. Similarly, no individual should possess liquor at one time more than the prescribed limit without special permit. As per excise rules in Rajasthan, a person can possess a maximum 3 liters of Country Liquor, 6 Liter of IMFL and 12 Bottles of Beer. The Bombay Prohibition Act, 1949, prohibits the production, manufacture, possession, exportation, importation, transportation, purchase, sale, consumption and use of all intoxicants. The Cable Television Network (Regulation) Amendment Bill, in force September 8, 2000, completely prohibits cigarette and alcohol advertisements. The government-controlled channel, Doordarshan, does not broadcast such advertisements but satellite channels are replete with them.

Drunkennes

Drunkennes is defined as the condition produced in a person who has taken alcohol in a quantity sufficient to cause him to lose control of his faculties to such an extent that he is unable to execute the occupation on which he is engaged at the material time. Section 84 of the Bombay Prohibition Act 1949 provides that any person, who is found drunk or drinking in a common drinking house or is found there present for the purpose of drinking, shall on conviction, be punished with fine which may extend to five hundred rupees. Section 85 provides that any person found drunk and incapable of controlling himself or behaves in a disorderly manner under

the influence of drink in any street or thoroughfare or public place or in any place to which public have or permitted to have access, shall on conviction, be punished with imprisonment for a term which may extend to one to three months and with fine which may extend to two hundred to five hundred rupees.

Drunken Driving

Across the world, governments have defined different acceptable blood alcohol levels. However, there is no minimum threshold below which alcohol can be consumed without risk. With rise in blood alcohol concentration, there is progressive loss of driving ability due to increased reaction time, overconfidence, impaired concentration, degraded muscle coordination and decreased visual and auditory acuity. Though the laws to check drunken driving do exist in India but there is a need to effectively impose the same on the alcohol impaired drivers. The blood alcohol content (BAC) limits are fixed at 0.03%. Any person whose BAC values are detected more than this limit is booked under the first offense. He/she may be fined about 2000 and/or he or she may face a maximum of 6 months imprisonment. If he/she person commits a second offense within 3 years of the first, then he/she may be fined about 3000 and/or he or she may face a maximum of 2 years imprisonment. On March 20 12, the Union Cabinet approved proposed changes to the Motor Vehicle Act. As per the new provisions, drunk driving would be dealt with higher penalty and jail terms - fines ranging from 2,000 to 10,000 and imprisonment from 6 months to 4 years. Drink driving will be graded according to alcohol levels in the blood.

In cases where alcohol level is less than 30 mg per 100 ml of blood, it doesn't amount to as an offence. For levels between 30-60 mg per 100 ml of blood, the proposed penalty would be 6 months of imprisonment and/or 2,000 as fine. For alcohol level between 60-150 mg per 100 ml of blood, the penalty would be one-year imprisonment and/or 4,000. If the offence is repeated within three years, the penalty can go up to 3 years imprisonment and/or 8,000. For those who are found heavily drunk with alcohol levels of over 150 mg or 100 ml of blood, the penalty will be 2 years imprisonment and or 5,000. Repeat offence within a three-year period would warrant a jail penalty and fine of 10,000 besides cancellation of license.

Alcohol Advertisements

Advertising alcoholic beverages has been banned in India as per the Cable Television Network (Regulation) Amendment Bill which came into effect on 8 September 2000. Private channels often permit alcohol companies to advertise using surrogate means like selling the brand name for soda or water or music.

4.7 PESTIE ANALYSIS OF INDIAN BEER INDUSTRY

- Provide a framework for understanding the macro environment in which the drinks industry operates.
- Provide a means of identifying key external trends to feed into decision making.
- Identify key areas of relevance to policy making.
- Provide a distillation of key themes and considerations.

Political

India is the biggest democracy in the World. The government type is the federal republic.

- Concern about binge drinking and antisocial behavior.
- Governments use increased demand for alcohol as a way of boosting indirect tax revenues.
- No harmonization across the EU which means cross border shopping is common.
- Duty Free trading was abolished in the EU in 1999 with little effect on the drinks industry.
- International consolidation has led the EU to pay attention to cross-border mergers as they influence domestic markets.
- Tight social policies on alcohol consumption.

Economic

The economic factors in India are improving continuously. The GDP (Purchasing Power Parity) is estimated at 2.965 trillion. There is a continuous growth in per capita income; India's per capita income is expected to reach 1000 dollars by the end of 2010-11 this will lead to higher buying power in the hands of the Indian consumers. Rising consumption has been linked to an increase in the relative affordability of alcohol, and in particular increases in consumer's disposable incomes. Price fluctuation can be dictated by global commodity markets which gives multi-nationals an advantage increasing price differential between on and off trade Asian financial crises.

Socio-Cultural

There has also been a continuous increase in the consumption of beer in India. With an increase in the purchasing power the Indian consumer who preferred local hard liquor which is far cheaper is now able to get a taste of the relatively expensive beer market. The social trend toward beer consumption is changing and India has seen an increase of 90% beer consumption from the year 2002- 2007. This increase is far greater than the increase in the BRIC nations of Brazil (20 percent), Russia (50 per cent) and China (almost 60 per cent). Thus, this shows a positive trend for beer industries in India.

Drinking is built into the social fabric

CHAPTER 5 : FINDINGS OF RESEARCH

From the Observation

- After observing the surrogate advertisement scenario, I have found how surrogate advertisement of such banned products is needed.
- People only continuously see surrogate advertisements; it means more areas of advertisements to be explored.
- It can be said that it is the easiest way to attract and maintain customers to the product.

From the Analysis

- Out of different media for advertising, it is found that television advertising is more effective and reachable to the customers like it is 37% among all media of advertisement.
- The advertisements of KingFisher and Mcdowell's are mostly seen more like 41.5% and 21.5%, since repeated ads are able to create brand image on such products.
- The television ad for "Bacardi" creates strong misleads with respect to surrogate advertisements in India like there are 23% respondents who strongly agreed and 33.5% respondents among total who agree with the fact that Bacardi ad is misleading.
- It's the effective use of celebrities and logos of the brand, the surrogate products make their product successful. The majority of the respondents who remember the brand by their logo like 38.5% of the advertisement.
- Surrogate advertisements induce the customer to try the product and it is like 28% of the total respondents which means it hits the mind of the customer directly. Half of the respondents like 50% of the total don't try the original product after watching surrogate ads.

The Majority of respondents opine that these advertisements are needed, and liquor advertisements are accepted and ethical when compared to other products in India and it is like 10 % of the total respondents which is very less while rest of them found it's not ethical.

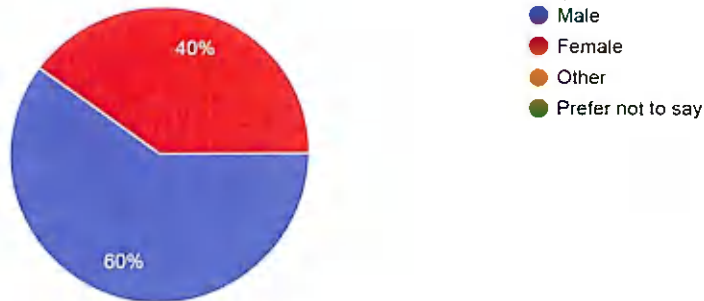
CHAPTER 6 : RECOMMENDATION

- Surrogate products create some negative impacts ethically; if companies are able to convert that negative impacts to positive, they can take the mileage of surrogate advertisements.
- Companies need to introduce various advertising strategies depending on different geographical areas.
- Companies are generally doing advertising in soda, mineral water, music cd's etc. They can go for more diversified advertisements like sponsoring Indian Premier League, Shows, and Events etc.
- As the people see surrogate advertisements, through different Mediums, but they seek more innovative ways of such advertisements.
- Companies have to give prior importance to customer's preference while doing liquor surrogate advertisements.

CHAPTER 7 : DATA INTERPRETATION AND ANALYSIS

1.

Gender
100 responses

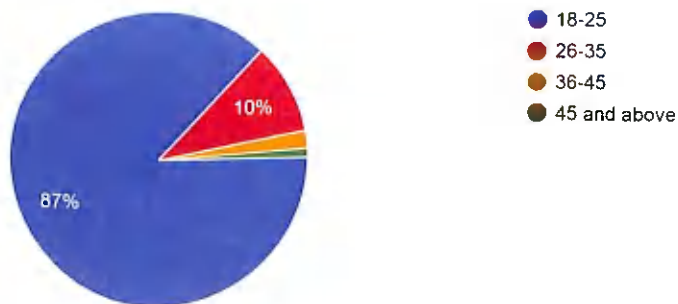


Interpretation

As per the survey, we can see that there were almost 60% male responses whereas 40% responses came from female

2.

Age
100 responses

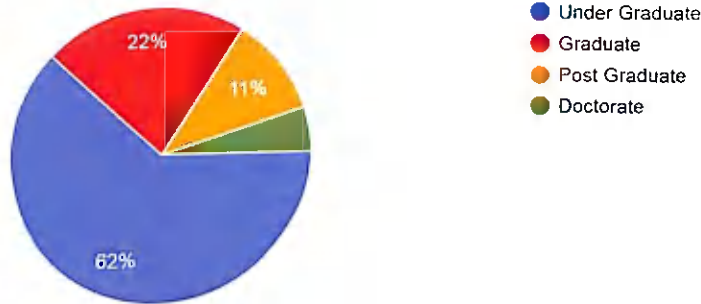


Interpretation

Majority of respondents were from the age group of 18-25 which is 87% followed by age group 26-35 forming 10%, while 36-45 and 45 and above formed 3% of total respondents. So, it means the majority of respondents are teenagers.

3.

Education
100 responses

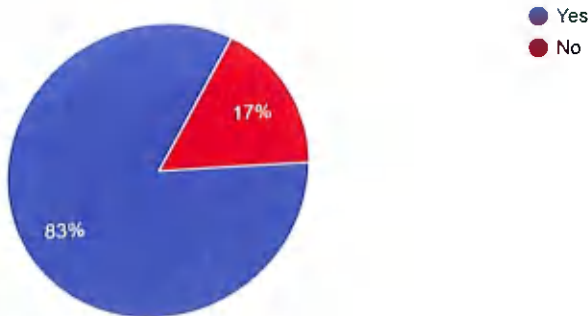


Interpretation

62% of the respondents were undergraduates while Graduate and Postgraduate formed 22% and 11% respectively and 5% were Doctorate

4.

Have you come across any Surrogate Advertising?
100 responses



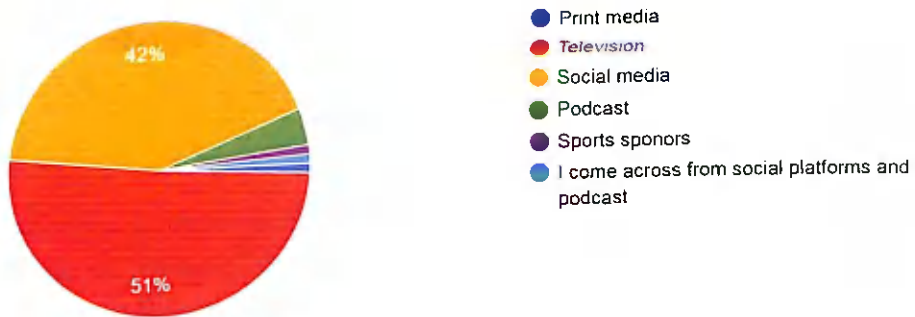
Interpretation

Majority of respondents have come across any form of Surrogate ads while only 17% have not come across any form of Surrogate ads.

5.

From which media you used to watch the most in advertisements?

100 responses



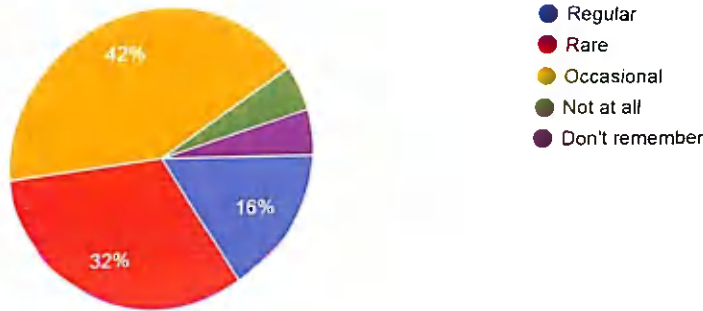
Interpretation

According to the survey, 51 percent of people used to see advertisements on television. Social media was trailed by television with 42 percent, as most teenagers spend their time on social media. Podcasts, which have gained popularity in recent years, had a 4% share as well. Due to strict government policies and regulations, sporting events and print media had the lowest share with just 3% combined.

6.

Do you see Advertisements of alcohol?

100 responses



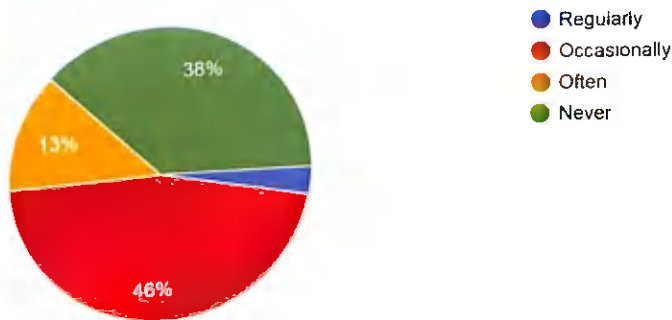
Interpretation

According to the survey, 42 percent of people see ads sometimes, 32 percent see them sometimes, and 16 percent see them on a regular basis. While the remaining 10% have not seen it or do not recall it.

7.

Do you buy the surrogate products like soda, water, etc. after seeing their Ads on media?

100 responses

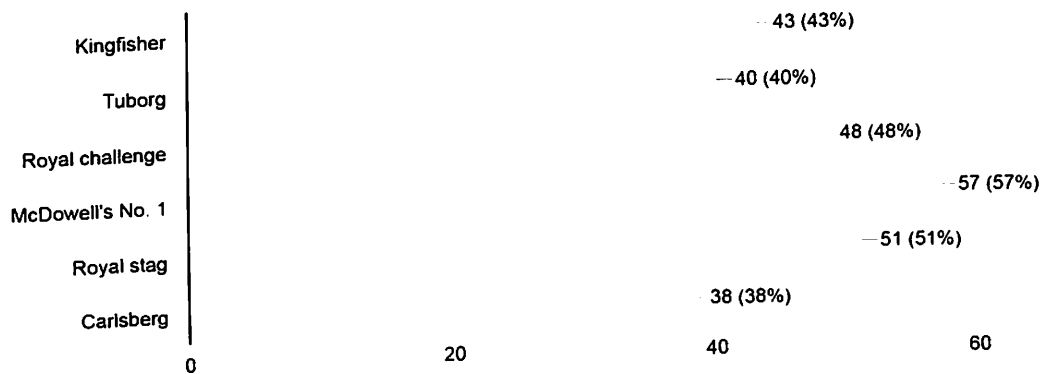


Interpretation

Approximately 46% of individuals have purchased surrogate products on occasion. While 13% and 3% purchased surrogate products on a regular and frequent basis, respectively. While 38% never bought any products.

8.

From the following alcoholic brand's surrogate advertisement, you see the most? (tick any two)
100 responses



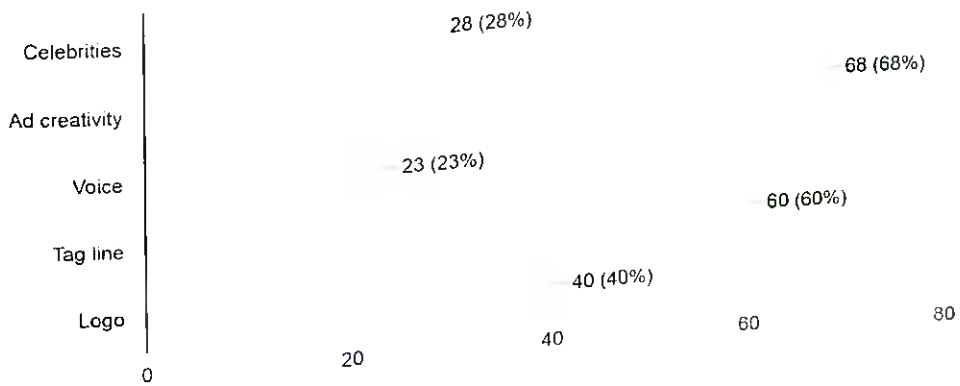
Interpretation

According to the survey responses, McDowell's No.1 was the leading brand with the most ad presence, which was seen by 57 percent of respondents. Following McDowell's, Royal Stag had the second highest rate of 51 percent, with the Royal Challenge ad being seen by 48 percent of respondents. Kingfisher, on the other hand, was seen by nearly 43 percent of those who responded. Tuborg and Carlsberg were seen by 40% and 38% of people, respectively, the lowest of any brand.

9.

What made you remember that product? (tick any two)

100 responses



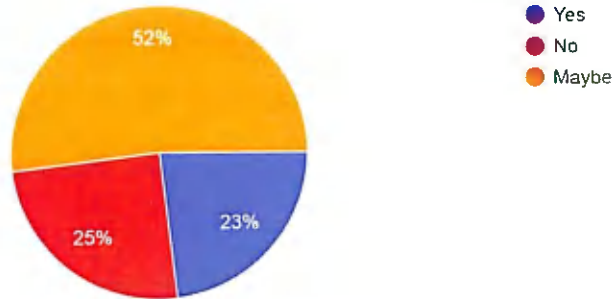
Interpretation

According to survey results, the inventiveness of the commercials assisted people in remembering the product; nearly 68 percent of respondents remembered the ads because of the ad's inventiveness. The tag line was also useful in remembering the product, as more than 60% of respondents remembered it. Around 40% of those polled said the brand logo helped them recall the product. Fewest people picked celebrity endorsement and voice (28 percent and 23 percent, respectively).

10.

Do you think advertisement of such product is required?

100 responses



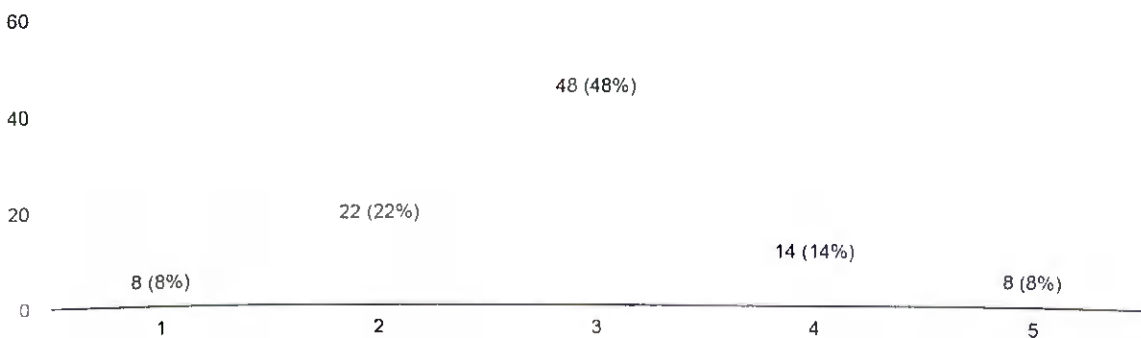
Interpretation

52 percent believe such a product advertisement is maybe necessary, while 25 percent disagree, and 26 percent agree.

11.

I find surrogate advertisement of banned products justifiable (Rate from 1 to 5)

100 responses



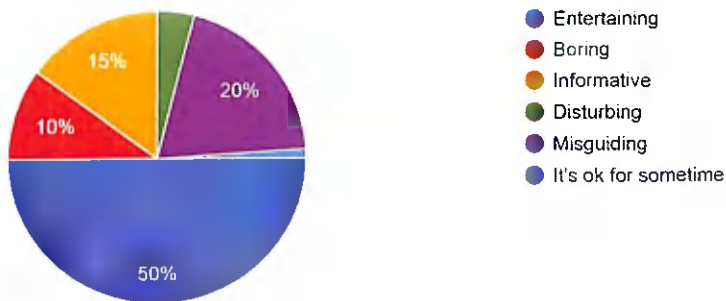
Interpretation

As seen, 48% of respondents had neutral opinion on surrogate ads while 28% strongly agreed or agreed on ads, whereas 30% strongly disagree or disagreed on surrogate ads.

12.

How will you evaluate such advertisements?

100 responses



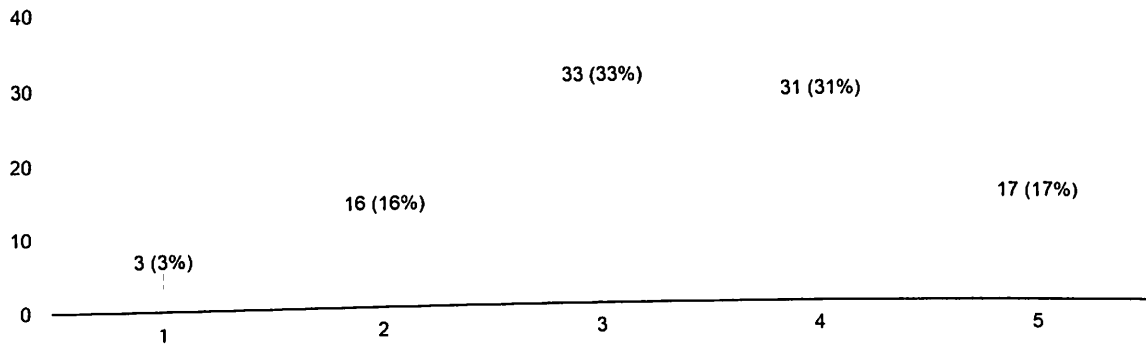
Interpretation

According to the survey results, half of the respondents find surrogate advertising amusing. Twenty percent of all respondents thought the surrogate ads were misleading, while 15% thought they were insightful. It was also discovered that 10% of those who saw any surrogate advertisement were bored and 4% found it unsettling. 1% of those respondents thought it was acceptable at times but not all of the time.

13.

I agree that advertisements does have impact on the sales of surrogate products

100 responses



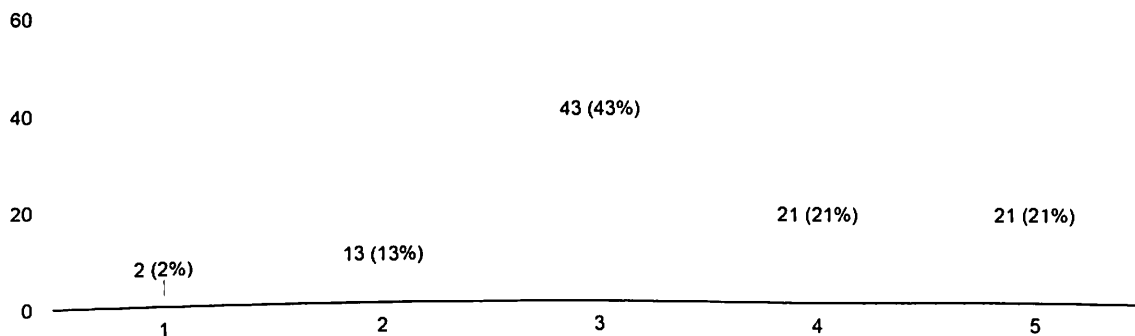
Interpretation

According to the survey, the majority of respondents strongly agreed and agreed, accounting for 31% and 17%, respectively. Surrogate advertising, on the other hand, elicited a neutral response from 33% of respondents. Surrogate commercials have an effect on sales, according to a lower percentage of respondents who disapprove or strongly disagree.

14.

I can recall the original product while looking at the surrogate ads

100 responses



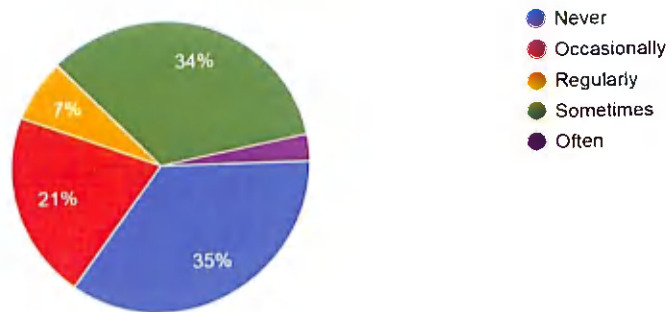
Interpretation

According to the findings, 43 percent of respondents were able to or were unable to recall the original products through surrogate advertising. 21 percent strongly believed that they were able to remember the advertisement, and 21 percent agreed that advertisements were very capable of reminding them of original products. Only 13% accepted that they were unable to remember the original products after viewing surrogate advertisements. Only 2% of those polled strongly disagreed.

15.

Does the ad induce you to try the original product?

100 responses



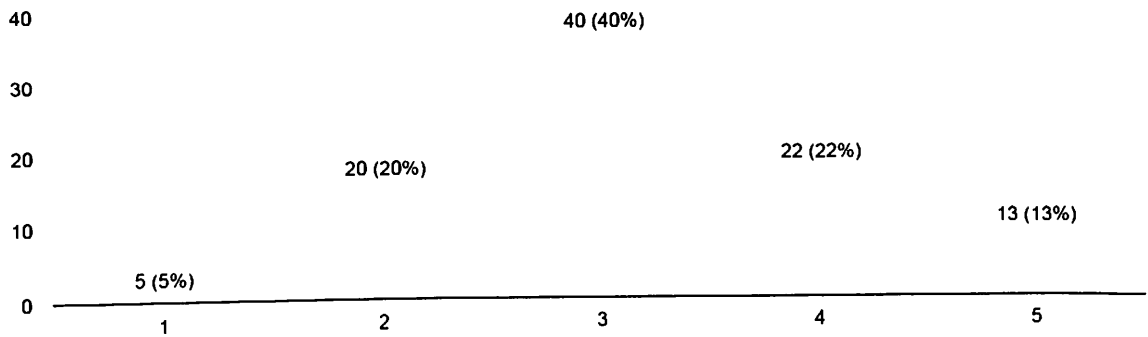
Interpretation

As seen in the survey, 34% said that the ad induced them to buy original products sometimes. While 21% said they occasionally felt like trying the original product and 7% regularly tried the original product after getting influenced by ads. Majority of respondents which formed 35% never bought or tried the product are watching the ads. Only 3% were often buyers after getting induced by surrogate ads.

16.

I think liquor advertising and its marketing should be ethical in India

100 responses



Interpretation

Majority of respondents had neutral opinions on liquor advertising and its marketing should be ethical in India. 22% agreed that the ads and marketing of such products should be ethical and 13% strongly agreed on it. 20% disagreed on ethical advertising and marketing in India whereas 5% strongly disagreed on it.

CHAPTER 8 : CONCLUSION

This study was conducted to assess the knowledge and perception of respondents about surrogate advertisements in the Mumbai city and analyses the factors for knowing the surrogate advertisement have effectiveness of the ads in buying behavior to buy the surrogate Products. It was understood that the brand is able to make the customers purchase the product. During the study a sample of 100 respondents were analyzed that the customer's purchasing style has any relation with the surrogate advertisements shown through Medias and to know what interest elements the customer found in order to use surrogate products. The knowledge of customers, their preference and knowledge are analyzed. The data were filled by a questionnaire method.

It's mainly through the brand name of established brands that these products are made to meet the company requirements, i.e. to make maximum mileage from the existing brands. Moreover, the knowledge and awareness level about surrogate advertisements were also low. The main reasons given by the respondents for not knowing about most surrogate advertisements are they are not exposed to see that many times, So with this research it was concluded with an underline that effective surrogate advertisements induce the customer to purchase surrogate products.

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CHAPTER 9 : ANNEXURE

Name: _____

Gender:

- Male
- Female
- Others
- Prefer not to say

Age:

- 18-25
- 26-35
- 36-45
- 45 and above

Education:

- Undergraduate
- Graduate
- Postgraduate
- Doctorate

Surrogate advertising is a form of advertising which is used to promote banned products like alcohol and cigarettes in the disguise of other products.

Have you come across any Surrogate Advertising?

- Yes
- No

From which media you used to watch the most in advertisements?

- Print Media
- Television
- Social media
- Podcast
- Other: _____

Do you see Advertisements of alcohol?

- Regular
- Rare
- Occasional

- Not at all
- Don't remember

Do you buy the surrogate products like soda, water, etc. after seeing their Ads on media?

Regularly

Occasionally

Often

Never

From the following alcoholic brand's surrogate advertisement, you see the most? (tick any two)

- Kingfisher
- Tuborg
- Royal Challenge
- McDowell's No. 1
- Royal Stag
- Carlsberg
- Other: _____

What made you remember that product? (tick any two)

- Celebrities
- Ad Creativity
- Voice
- Tag Line
- Logo
- Other: _____

Do you think advertisements of such products are required?

- Yes
- No
- Maybe

How will you evaluate such advertisements?

- Entertaining
- Boring
- Informative
- Disturbing
- Misguiding
- Other: _____

I find surrogate advertisement of banned products justifiable (Rate from 1 to 5)

Strongly Disagree 1 2 3 4 5 Strongly Agree

I agree that advertisements does have impact on the sales of surrogate products

Strongly Disagree 1 2 3 4 5 Strongly Agree

I can recall the original product while looking at the surrogate ads

Strongly Disagree 1 2 3 4 5 Strongly Agree

Does the ad induce you to try the original product?

- Never
- Occasionally
- Regularly
- Sometimes
- Often

I think liquor advertising and its marketing should be ethical in India

Strongly Disagree 1 2 3 4 5 Strongly Agree