

Effect of Surrogate Advertising in Alcohol Industry

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Abstract— Advertisements are used to get the attention of people thereby forming a distinct image in one's mind. Alcohol and cigarette advertisements were found to have severe impact on people due to increased consumption rate. So Indian government banned alcohol and cigarette advertisements in 1995 (Nathwani 2016)[6]. This gave birth to the rise of surrogate advertisements in India. Surrogate advertisement is a form of advertisement used to advertise banned products by replacing them with a surrogate product. In India we can find many surrogate advertisements like Bacardi using music CD's, McDowell's and Bagpiper using soda water as surrogate to promote its alcoholic products. The purpose of this study is to study the how surrogate advertisement has evolved, incidents leading to rise of it, effect of surrogate advertisement in India. How these advertisements can effect youth, whether they are influenced by the role models pitched in to advertise the brand.

I. INTRODUCTION

Advertisements are a mode of communication used to create a distant image of a product in one's mind aimed at increasing sales. A successful advertising campaign will spread word about the product, attract customers and increase sales. There are various modes to advertise and the most suitable advertisement for a specific product depends on customers. For example if you know customers use specific website, then going for online advertisement is a better option ("Types of advertising | Business Queensland", 2017).

Different modes of advertisement:

1) Newspaper

This mode of advertising can reach wide range of people. It can be very effective medium for middle and old age groups as they are majority of newspaper followers. In a newspaper there is a separate section for advertisements and apart from this section you can pay and get a whole page for advertising which prove very productive. Combination of advertising in state/metropolitan newspaper and local paper provided better results ("Types of advertising | Business Queensland", 2017).

2) Magazine

Advertising in special magazines can reach the target market quickly ("Types of advertising | Business Queensland", 2017). Readers generally read magazines in their free time and this gives the advertisement better opportunity to capture the attention because they are not indulged in any other activity. This mode is not effective if target market is small percentage of circulation.

3) Radio

It can be very effective medium if target audience listens to radio. It's a great way to attract people because they listen to radio mostly during traveling somewhere so they won't be involved in any other activity. But it's difficult for people to remember what they heard rather than what they see so ads are to be repeated for them to remember which increases the costs. So if one can't afford multiple advertisements then this mode might prove inefficient ("Types of advertising | Business Queensland", 2017).

4) Television

This mode is best because it has wide reaching capability. If target market is large and wide spread, this modes proves to be best and efficient. It is better than above mentioned modes because it can be seen colorfully in audio which persuades the customers to buy products. Television advertisements cost varies from time of casting and also on the basis of length of advertisement.

5) Online

It is very cost effective way to reach customers. Social media like Facebook, twitter can be used to lure customers by introducing innovative sale ads in the feed. Many customers reach multiple sites to buy online stuff, so this mode can influence ones decision to buy from.

6) Mail

This mode is sending mails directly to customers. It is a cost effective way to advertise. This method is more personal as you can select your customer and select time to suit your business. Catalogues, brochures and leaflets can also be distributed to your target customer ("Types of advertising | Business Queensland", 2017).

7) Out door and transit

This mode includes advertising the product by using means like billboards, hoardings, advertising posters on taxis, busses. Large hoarding can high impact on customers. If they pass through these hoardings daily then when they want to buy a product the first brand they are going to think of is yours. This mode can be costly especially in populated areas like malls.

Surrogate advertisements is the becoming an ethical issue in country because the alcohol and tobacco consumption have been increasing in the country. Surrogate advertisement is advertising a duplicate product using established brand to promote its banned products. The duplicate product used to advertise the core product is called "Surrogate". The duplicate product can resemble either core product or be a completely different product used by already established brand. Surrogate advertisement can include sponsoring of cultural, sport and any other awareness events.

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Table 1. Surrogate Ads in India and Surrogate Product:

S.No.	Brands	Product Category	Surrogate Advertisement
1	Tobacco	Rajnighandha	Kesar Pan Masala
2	Tobacco	Goa Gutakha	Pan Masala
3	Tobacco	Pan Parag	Pan Masala
4	Tobacco	Manikchand	Film Fare Awards
5	Cigarettes	Red and White Cigarette	Bravery Award Ceremony
6	Cigarettes	Wills Lifestyle	Indian Fashion Week, Lifestyles
7	Cigarettes	Gold Flake	Tennis Tournament
8	Alcohol	Charms	Audiocassettes and CDs
9	Alcohol	Four Square Whites	Water Rafting and Gliding
10	Alcohol	Seagram's	Music
11	Alcohol	McDowells	Water and Soda
12	Alcohol	Bagpiper	Water, Soda and Music Cassettes and CDs
13	Alcohol	Bacardi	Music
14	Alcohol	Kingfisher	Mineral Water, Calendars and Airlines
15	Alcohol	Imperial Blue	Cassettes and CDs
16	Alcohol	Smirnoff Vodka	Fruit Juices
17	Alcohol	Royal Challenge	Golf Accessories and Mineral Water
18	Alcohol	Haywards	Soda
19	Alcohol	White Mischief	Holidays
20	Alcohol	Derby Special	Soda

II. LEGAL BOUNDARIES

There is no central statutory authority in India regulating the advertising industry. Indian Advertising market is controlled by the Advertising Standard Council of India (ASCI), which is a non-statutory body. And it has imposed certain regulations on the advertisement of the banned products like Tobacco, Alcohol, cigarettes etc.

The Cable Television Networks rule[7], 1994 under the Advertising code imposed a Ban on the direct or indirect promotion of the sales, production and consumption of

cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants.

ASCI code and Cable Television Networks rule, 1994 states that

1. Visual content of the advertisement must depict only the product being advertised and not the prohibited or restricted product in any form or manner:
2. The advertisement must not make any direct or indirect reference to the prohibited or restricted products
3. The advertisement must not create any nuances or phrases promoting prohibited products
4. The advertisement must not use particular colours and layout or presentations associated with prohibited or restricted products
5. The advertisement must not use situations typical for promotion of prohibited or restricted products when advertising the other products.

2.1 Cigarette and Tobacco Regulation Act 2003

In 2003 under section 5 of COTPA the advertisement of tobacco products were banned by direct or indirect means. The practice of direct advertisement was not used in case of the tobacco products. However, the new trend appears to be that the names of tobacco products are used to promote other products which are in no way related to tobacco, and this may be termed as surrogate advertising. In order to bring it out of the purview of violation of this legislation and its rules, the brand name is withdrawn from the tobacco packets and is exclusively used in unrelated products.

2.2 Debate on the Ban

The ban was put so that the consumption of such products can be reduced in India. As it was thought that these products can lead to harmful outcome. Now that led to the debate. The alcohol industries argue that when the product is legal then why advertising it is not legal. There is no correlation between the consumption and the advertisement and the harm created by alcohol. Companies argued that banning on the advertisement will lead to the huge loss in market share of the alcohol industry and it also give unfair advantage to its non-alcoholic competitors like cold drinks.[1,6] Another argument that was proposed is that advertisements are concerned with the brand awareness not the sales. The commercials are to increase the market share of brand not promote the drinking habits.

The counter argument was that alcohol advertisement not only focuses on brand awareness focuses on the recruiting new drinkers that will increase the alcohol related harm. Alcohol advertising affects people behaviors and perception especially youngsters. The settings and environment in the ads gives a positive feeling about the drinking and attract young people towards it. The sex appeal in the advertisements are also very high. Almost every commercial shows people at beach parties having a good time and relaxing with the opposite genders. The most obvious reason sex appeal works in advertising is that it grabs attention. Both males and females are attracted to this type of advertisement because in our society, sex does sell. Such types of advertisements are bad influence on society.

III. SURROGATE ADVERTISEMENT

3.1. Origin of Surrogate Advertisements

Now this led the companies to find the loopholes in the rules to promote their brand and recovers the loss that has risen from the ban on the advertisement of alcohol. Companies started launching new legal products with same brand name so that consumers can be aware about their brand. And this led to the origin of surrogate advertisements in the name of "brand extension". There are numerous such example like 502 pataka chai is a "Brand Extension" of 502 bidli, Bacardi Music Cds is "Brand Extension" of Bacardi Whiskey.

3.2. Advantages of Surrogate Advertisement

1. These companies are some of highest revenue earners for the government due to high taxes and other regulations.
2. Create brand awareness and brand image to the people
3. These brands provide good value for money.
4. Brands organize charity and various public awareness events.
5. Gives a chance to banned products to get market exposure.

3.3. Disadvantage of Surrogate Advertisement

1. Public awareness: - there are two aspects of it, one where people understand the surrogate advertisement and hidden meaning but those people are already using that product. Other is those who don't understand such advertisement have no effect of such advertisement. Public is not so naive that they will just go and buy your brand on the basis of your brand.
2. Wastage of money: - Alcohol and tobacco companies are spending lots of money on the advertisements to create awareness of brand even though they are not allowed to use associate their brand and product.

IV. LITERATURE REVIEW

1. The attempt of the study was to find the consumer perspective on the surrogate advertisement of the alcohol industry in India.
2. [4]According to Singh (2015) surrogate advertisement literally means the method of duplicating the brand image of a particular product extensively for the promotion of another product of the same brand. It is generally done when the advertisement of one product is not allowed in a particular country. [4]Singh (2015) reported the various industries which uses the surrogate advertisement method for their ads and promotions and their surrogate product through which they promote it. It also stated the various laws and regulation which are there which forces these industry for the use of surrogate but it neither reported the consumer's perception of these advertisement methodology.
3. [5]According to Panda (2017) the essential one of the important features that surrogate does is the recall of the brand amongst the consumers rather only sales. In surrogate the advertisement could either resemble of the original product or it can be a new and different product altogether. Various other research

studies were conducted to identify the surrogate advertisement in India. Why is surrogate advertisement implemented in the country?

4. In India surrogate is generally used for the promotion of liquor and tobacco products. According to the article Advertisement Law in India (2012) it implements various laws which prohibit the direct advertisement of alcohol and tobacco in the country. According to Panda these laws were implemented because these products put adverse effects on the health and mind of an individual and lead the individual to substances which have an additive effect. It is also responsible for the discomfort to the public.
5. The tobacco and the alcohol industry have to put various efforts to promote their product amongst the consumers by various means like sponsoring sports events or cultural meets, advertisement in newspaper etc. Panda[5] (2017) tried to understand the meaning of surrogate in India. Why is surrogate needed in the country? It also tells us about the ethical issues and whether to ban these indirect way of advertising in the country. The study also suggested few ways through which the legislation may tackle the problem of the increase in surrogate advertisement.
6. According to Dodrajka (2011) in which she analyzed the liquor sales in Delhi and concluded about the increase in sales in the industry due to surrogate advertisement. In the study it was also stated that they conducted a survey to find the effect of these advertisement amongst the consumers in which she took a survey of about 100 consumers and tried to come up with an answer. She took all the industry under a single umbrella and didn't differentiated the tobacco, cigarettes and the alcohol industry separately neither she come up with the gender differences in the perception of the population. Our study aims in finding the perception of alcohol industry's surrogate advertisement on the consumer.
7. Another study by Vihari (2017) which tried to study the extent in which these industries are bending laws in order to their promotion of brand through surrogate. The study stated the various reasons why these industries are able to pull up after such laws and regulations. The study suggested that flexible laws, innovation, unknown and under regulated spaces, brand image as the prime factors responsible for these advertisements.
8. [1] In another study by Shameer (2012) which also tried to study the surrogate advertisement, how it can be effectively modified and what how these can be effectively implemented by studying the customers' perception but they took the sample of people who have the prior knowledge of surrogate advertisement so it cannot be generalize to the common sample. Our study tried to eliminate this factor by analyzing the different population who may or may not have any prior knowledge.
9. Another study by Chaudhary (2017) they tried to look at the advantage of these advertisement as well as disadvantages of these advertisements. They are responsible for one of the highest revenue earner in the television. It allows the markets to promote the

banned products in getting market exposure. Surrogate seems to be a debatable issue as the main reason of banning their advertisement is totally counterattacked by surrogate which in turn destroys the sole purpose of banning.

- According to Goyal (2009) these tobacco campaigns are responsible for the various smoking related issues and diseases in the younger population of the country. The number of population of the country drinking alcohol has significantly increased in the past 20 years.

V. GAP ANALYSIS

All the above researches were about the surrogate advertisement in the country and why they are implementing in the country. Few of the research is there in the consumers perception but they all have certain flaws:

- One of the research surveys tried to look at the consumer’s perspective but it didn’t differentiated between the alcohol, tobacco and cigarettes industry.
- Another research was conducted but it didn’t take the consumers who were not aware of the surrogate advertisement. They only took the people having knowledge of surrogate advertisement.
- Most of the research is focused on the surrogate meaning and why it was implemented? Lack of study in the consumer’s side.
- No gender based differentiation. They assumed both genders will have the same perception on a particular advertisement.

VI. RESEARCH OBJECTIVE

The main objective of the research is to study the consumer’s perception of surrogate advertisement of alcohol industry in India.

For the given objective some other objectives for the study are:

- To find the awareness of consumer about surrogate advertisement. i.e. Is the company successful in surrogate advertisements?
- To analyze what are more effective modes of effective advertisement?
- To analyze what is the impact of surrogate on consumer’s perception and what are the effective methods for surrogate?
- To find whether consumer find this type of advertisement ethical or unethical?

VII. METHODOLOGY

A qualitative primary research was conducted among 95 Indian participants. Participants were primarily recruited from the urban sector of the country. They were recruited with a view that they represent the youth population of the country. The final sample consisted of 64 men and 31 women in the age range of 18-25 years. 84 people out of 95 were staying away from their guardians, and only 11 were staying with their guardians. So only the data of those staying away from the guardians have been taken into consideration due to lack of data for the latter situation. For the people participating in the survey a questionnaire was formed and circulated, and the participants were given ample time to fill up the questionnaire

at their residence. To ensure systematic data collection, the questionnaire was divided into three segments. The first segment of the form collected the background information of the participant i.e. gender, age, current residence and how often do they drink. Here, the name and identity of the person has been kept anonymous so as to avoid biased answers. The knowledge about how well does the participant knows about surrogate advertising is covered in second part and in third part impact analysis of surrogate advertising on alcohol industry, i.e. how much impact does surrogate advertising has in alcohol industry; is it seen to be ethical, what do you find more appealing in such advertisements?, was covered. Table I summaries the key concepts on the basis of which the results were derived from the questionnaire.

All the survey answer were collected and compiled together for analysis. Each data point was systematically examined for patterns and trends to study the effect of the surrogate advertising on Indian Consumers.

Table 2. Key concepts of questionnaire

Description of Question	Scale of measurement		
Gender	Male		Female
Age Group	18-21		22-25
Current Residence	With guardians		Away from guardians
Drinking Frequency	Regular	Occasionally	Never
Awareness about surrogate advertising	Yes		No
Awareness about the reason behind surrogate advertisement			
Impact of advertisement on the purchase of specific drink			
View about surrogate Alcohol industry	Entertaining/ Informative/ consumption		Misguiding/ Harmful/ Increasing
Morality in surrogate advertisement of alcohol product	1 (unethical)		5(ethical)

VIII. INFERENCES

- Objective 1
To find the awareness of consumer about surrogate advertisement i.e. is the company successful in surrogate advertisements?

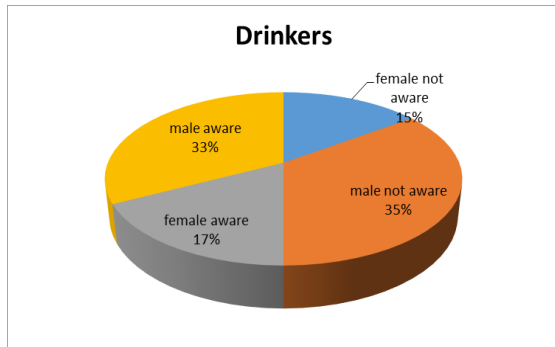


Figure 1: Pie Chart showing the awareness of surrogate advertising in drinkers among different groups

The above pie chart shows that only 50% of the people who drinks whether occasionally or regularly were aware about the surrogate advertisement. SO it can be inference that even people who are using the product are not getting the message that company wants to convey. Among the total sample size females were 32.6%. And from the above data it is clear that gender has no particular impact on the perception of advertisement.

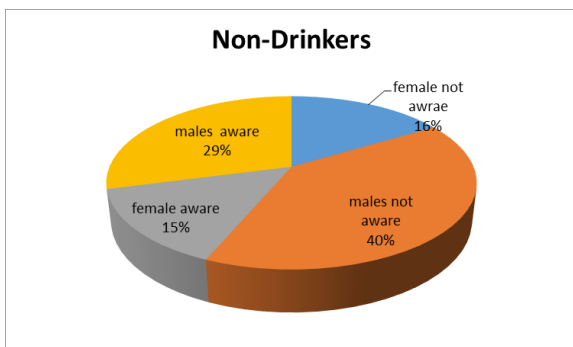


Figure 2: Pie Chart showing the awareness of surrogate advertising in non-drinkers in different groups.

Among the non-drinkers we can see some slight shift towards the non-aware side. 56% people are not aware about such advertisement only 44% are aware about the message companies want to convey.

8.2. Objective 2

To analyze what are more effective modes of effective advertisement?

Table 3. Analysis of total sample

	Mean	Sample Standard Deviation	Sample Variance	Population Standard Deviation	Population Variance
Online	2.778947	1.4156	2.0039	1.408	1.9825
Television	3.157895	1.2743	1.6238	1.268	1.6078
Newspaper	2.494737	1.0197	1.0398	1.014	1.0282
Radio	1.821053	1.0312	1.0634	1.026	1.0527
Word of Mouth	3.073684	1.4384	2.069	1.4384	2.0478

Table 4. Analysis of participants who are aware of Surrogate advertising

	Mean	Sample Standard Deviation	Sample Variance	Population Standard Deviation	Population Variance
Online	2.727273	1.3531	1.8309	1.338	1.7902
Television	3.204545	1.3568	1.8409	1.341	1.7983
Newspaper	2.409091	1.0635	1.131	1.051	1.1046
Radio	1.795455	0.9042	0.8176	0.8940	0.7992
Word of Mouth	2.681818	1.2899	1.6638	1.275	1.6256

Table 5. Analysis of participants who were unaware of Surrogate advertising

	Mean	Sample Standard Deviation	Sample Variance	Population Standard Deviation	Population Variance
Online	2.823529	1.4793	2.1883	1.465	2.1462
Television	3.117647	1.2107	1.4658	1.199	1.4376
Newspaper	2.568627	0.985	.9702	0.9750	0.9506
Radio	1.843137	1.1379	1.2948	1.127	1.2701

8.3. Objective 3

To analyze what is the impact of surrogate on consumer's perception and what are the effective methods for surrogate?

Count of What do you remember about the alcohol advertisements?

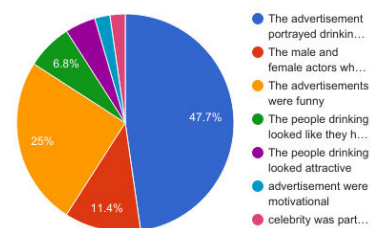


Figure 3: Pie chart showing the division of perception of sample about the advertisement

Legend: The advertisement portrayed drinking as a great way to meet people | The male and female actors who were drinking were physically attracted to each other | The advertisements were funny | The people drinking looked attractive | The people drinking looked like they had strength and muscular | The people drinking looked attractive | Advertisement were motivational | Celebrity was part of advertisement

Most of the consumers (47.7%) said that alcohol ads portrayed drinking as a great way to meet people. While ¼ th of the population i.e. (25%) found the ads to be funny.

8.4. Objective 4

To find whether consumer find this type of advertisement ethical or unethical?

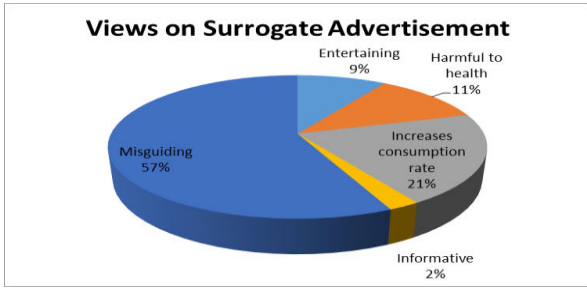


Figure 4: View of Sample about the surrogate advertisement

Now among the sample size of 95 people it was found that 51 are not aware about the surrogate advertisement. Only 44 were aware about the advertisements. Now to analyze this we can only consider the people who are aware about it among them it was found that the 57% of them find it misguiding. And 21% of them believe that it increases the consumption of alcohol.

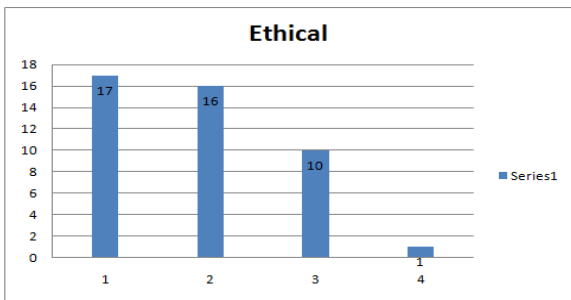


Figure 5: Bar graph showing the ethical scale of surrogate advertisement

(1-unethical and 5- ethical)

We intend to know about the consumer perception on the ethical grounds whether people believe these advertisements are ethical and on what level.

The above graph shows that ethical standpoint of all the aware people. People were asked to rate these advertisements on a scale of 1 to 5 (1 being the non- ethical and 5 being the ethical). The average of the sample size was found to be 1.88 which is shows the perception that people believe it to be a non-ethical practice.

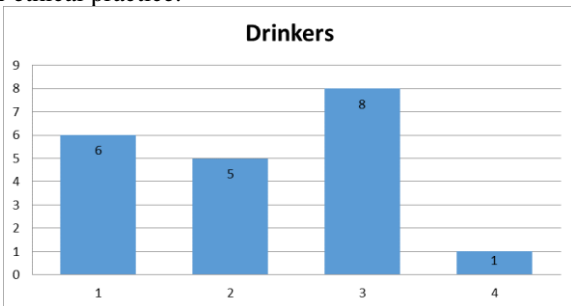


Figure 6: Bar graph showing ethical ratings of people who are drinkers

Average rating = 2.2

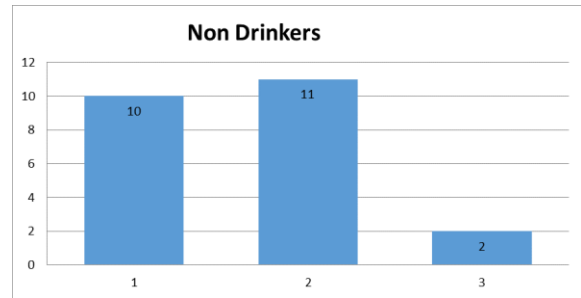


Figure 7: Bar graph showing ethical ratings of people who are non-drinkers

Average Rating = 1.66

Another analysis was done on the basis of drinking habit, what are views of people who drink v/s what are views of people who don't drink.

The above 2 graphs shows the difference between both. The average rating given by non-drinkers is 1.66 and by drinkers is 2.2 It is clear that people who drink, support the advertisement more that the non-drinkers. We can see that the number of people who voted for 3 are quite great in drinking section and number of people who don't drink have voted for 1. This clarify that the personal habit also plays important role in judgment.

8.5. Other Inferences

8.5.1. Effective factors of surrogate advertisement

Table 6. Analysis of impact of features/factors of advertisement on the sample.

S.No.	Items	Mean	Standard Deviation
1	Model	2.568182	1.469025
2	Slogan	2.909091	1.377868
3	StoryLine	2.681818	1.377101
4	Music	2.772727	1.361662
5	Location	2.318182	1.156835

8.5.2. Impact Ads have on the purchase

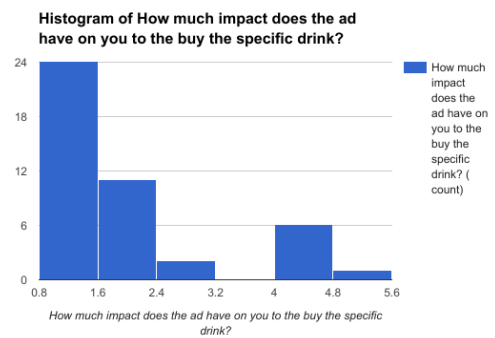


Figure 8: Bar graph showing the impact of ad on sample to buy the specific drink

(1-Minimum and 5-Maximum)

From the data the mean of the sample is 1.840909091 (on a 5 point scale where 5 being the maximum and 1 being the minimum) the impact of add on the population seems low. The standard deviation comes out to be 1.160256223.

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