

Project Report on
AN EMPIRICAL STUDY ON
EFFECTIVENESS OF SURROGATE
ADVERTISING

Submitted By:

Ananya Mukherjee

2K17/MBA/011

Under the Guidance of:

Ms. Deep Shree

Asst. Professor, Delhi Technological University



Delhi School of Management

Delhi Technological University

Bawana Road Delhi 110042

February -April 2019

CERTIFICATE FROM INSTITUTE

This is to certify that the Project Report on “An Empirical Study on Effectiveness of Surrogate Advertising” is a bona fide work carried out by Ananya Mukherjee who is a student of MBA 2017-19 batch, Delhi School of Management, DTU. The project is submitted to Delhi School of Management, DTU, in partial fulfilment of the requirement for completion of the course of Masters of Business Administration.

Signature of Guide

Signature of Head (DSM)

Place:

Seal of Head

Date:

DECLARATION

I, Ananya Mukherjee, student of MBA 2017-19 of Delhi School of Management, Delhi Technological University, hereby declare that Research Project report on “**An Empirical Study on Effectiveness of Surrogate Advertising**” submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This report is not being submitted to any other University for award of any Degree, Diploma or Fellowship.

(Ananya Mukherjee)

Place:

Date:

ACKNOWLEDGEMENT

First and foremost, I would like to thank my faculty guide, Ms. Deep Shree for guiding me with various rules and regulations and clearing whatever question I had in mind.

Like a tree cannot survive without its roots, this research project would have been near impossible without the constant support and motivation I received from my family, especially my parents. I would like to extend my heartfelt thanks to them.

I would also like to thank my friends and colleagues who have been there with me through thick and thin.

Last, but not the least, I would like to thank each and every contributor to my survey. They have painstakingly taken out time in their busy life to fill the form, and have helped me conduct a very successful survey.

EXECUTIVE SUMMARY

Advertisements create a strong influence in our life because they create awareness about the market and provide updated information regarding various products. Our choices whether to purchase something or not, is often influenced by the promotional activities of their companies. Considering the widespread adverse impact that advertisements of unhealthy products liquor and tobacco can cause, the Government of India has tried, through various legal means, orders and directives, to put an end or at least reduce unrestricted advertisements of such products.

However, over the years, advertising has evolved in nature. It is not non-personal anymore. For any kind of advertising we get encountered with as a consumer, there is a direct link and connection with the brand. This has not gone unnoticed by the companies producing unhealthy products. In order to circumvent the various legal issues with directly advertising liquor and tobacco products, they have started advertising their brand name along with products and services that are not harmful. In other words, they have taken to something called “surrogate advertising”.

Indian consumers have seen surrogate advertisements like Bagpiper club soda, Kingfisher airlines, Royal Seagram CDs and audio cassettes ensuring their brand value did not diminish. ITC used a different approach of making Wills the main sponsor of the Indian cricket team. At present it uses its apparel store Wills lifestyle to communicate its most widely known cigarette brand. We even have an IPL team "Royal Challengers Bangalore" indirectly referring to the flagship liquor product of the owner company.

However, human beings have become specific regarding what they need. So even though surrogate advertisements try to make us recall the original harmful products in our minds, and may even be successful at that, the companies need to evaluate whether this is sufficient in influencing the public into buying those goods, whose direct advertisements are banned.

This study aims to find out to what extent are surrogate advertisements successful in what they were created for; influencing the general public into buying products like liquor and tobacco. For this study, a questionnaire has been designed and various tools used to analyze the data from the gathered responses. Conclusions and suggestions have been generated based on the results of such analyses.

TABLE OF CONTENTS

CERTIFICATE FROM INSTITUTE	i
DECLARATION	ii
ACKNOWLEDGEMENT	iii
EXECUTIVE SUMMARY	iv
TABLE OF CONTENTS.....	v
1. INTRODUCTION	1
1.1. Introduction to Surrogate Advertising	1
1.2. Review of Literature – Citing of Past Works.....	4
1.3. Research Problem	8
1.4. Importance of the Study	8
1.5. Objectives of the Study	8
1.6. Scope of the Study	8
1.7. Research Methodology	9
1.8. Limitations of the Study.....	10
1.9. Contribution of the Study.....	10
1.10. Scope for Further Study	10
2. SURROGATE ADVERTISING – AN ANALYSIS	11
2.1. Definition	11
2.2. Origin of Surrogate Advertising	11
2.3. Indian Scenario	12
2.4. The Corporate Standpoint	16
2.5. Companies following Surrogate Advertising.....	17
2.6. Recent Surrogate Advertisements	19
2.7. Emerging Trend	23

2.8.	Role in Consumer buying decision	25
2.9.	Pros and Cons	26
2.10.	Regulatory Measures.....	27
2.11.	Legal Cases against Surrogate Advertising.....	28
3.	DATA ANALYSIS AND INTERPRETATION	29
3.1.	Questionnaire	29
3.2.	Demographic Profile of Respondents	32
3.3.	Product Category and Frequency of Surrogate Advertisements Watched	34
3.4.	Surrogate Advertisements of brands that are watched the most	35
3.5.	Media from which Surrogate advertisements are watched the most.....	36
3.6.	How often are Surrogate Advertisements watched.....	37
3.7.	Opinion on Banning of Advertisements of liquor and tobacco.....	38
3.8.	Are Surrogate Advertisements Ethical.....	39
3.9.	Purchasing original products after watching their surrogate advertisements.....	40
3.10.	Recalling Original Products while watching Surrogate Advertisements	41
3.11.	Evaluation of Surrogate Advertisements	42
3.12.	Hypothesis Testing: Chi Square Analysis.....	43
4.	FINDINGS, CONCLUSIONS AND SUGGESTIONS	48
4.1.	Findings of the Study	48
4.2.	Conclusion	49
4.3.	Suggestions	50
5.	BIBLIOGRAPHY	51

1. INTRODUCTION

1.1. Introduction to Surrogate Advertising

Research comprises “creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humans, culture and society, and the use of this stock of knowledge to devise new applications.”

Marketing research is “the process or set of processes that links the producers, customers, and end users to the marketer through information which is used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behaviour.

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field.

Advertising is a form of marketing communication used to promote or sell something; usually a business’s product or service. Advertising is to promote the sales of a product or service and also to reach masses to inform about the product attributes. It is an effective way of communicating the value of a product or service with large exposure to target consumer. It uses different types of appeals to connect to consumers spread across the globe. Virtually any medium can be used for advertising. Commercial advertising media can include wall paintings, billboards, street furniture components, printed flyers and rack cards, radio, cinema and television adverts, web banners, mobile telephone screens, shopping carts, web popup, skywriting, bus stop benches, human billboards and forehead advertising, magazines, newspapers, town criers, sides of buses, banners attached to or sides of airplanes, in-flight advertisements on seatback tray tables or overhead storage bins, taxicab doors, roof mounts

and passenger screens, musical stage shows, subway platforms and trains, elastic bands on disposable diapers, doors of bathroom stalls, stickers on apples in supermarkets, shopping cart handles, the opening section of streaming audio and video, posters, and the back of event tickets and supermarket receipts. Any place an “identified” sponsor pays to deliver their message through a medium is advertising

1. Television – This is the most common mode of advertisement. As we have discussed earlier in the article, substitutes are used to portray the concerned product. Advertisements of beverages are significant example of these.
2. Online advertising – This has become one of the widest medium for use after the boom of technology and internet globally. Companies can find easy audiences here which fall in the potential target segments. This medium also has advantages of low costs and more target customer’s effective reach. Beverage Companies promote their products extensively through this medium be it social networking platforms or community forums.
3. Billboard Advertising – In the outdoor world far from the silver screen of moving images and sound, billboards are used for these types of advertisements. For the brand to choose this way, they need to create strong brand identification among consumers. Generally the name of the brand along with the image from the TVC or the message are used which creates the immediate recall among the consumers for the brand products if they are exposed to it earlier in one form or the other.
4. Sponsorship of live events/shows/fests – Companies partner with music concerts, live shows, college fests, etc. for sponsorship to give their brands the much needed visibility. Generally beverage is perceived as a youth oriented product with that group forming a large part of its customer base. These types of shows, concerts, etc. are much more attractive to youth and are created keeping their interests in mind. Tapping on that factor, companies sync their name with these types of programs to give them the benefit of popularity or fame of the product it associates with.

After implementation of the Cable Television Networks Regulation Act- 1999, new advertising appeal used by liquor companies circumvented the ban by what is called surrogate advertising. Literally Surrogate Advertising means 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).

There are numerous reasons for companies to resort to such advertisements. One of the most common among them is to circumvent a prohibition by law in several countries on direct advertisements of particular products which may be unhealthy.

Hence different techniques used to promote such brands might include, endorsing their products using public service announcements, advertising well established brand embedding such surrogate products or duplicating the brand image of one product widely to promote another product of the same brand or if not the case, endorsing themselves as discharging some social obligation towards the society (Example: Officers Choice – Alcohol).

Whereas the primary objective of the companies behind such prohibition is to compensate the losses occurred due to such prohibition.

1.2. Review of Literature – Citing of Past Works

The basic equation that needs to be answered is whether advertising makes any material impact in the sales of alcohol or tobacco products. Kent M. Lancaster and Alyse R. Lancaster disregard that there is any difference in sales of tobacco and alcohol related products with or without advertising. They examined most of the published evidence worldwide on the effects of overall advertising and of advertising bans on aggregate demand of cigarette and 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 the sales or aggregate demand of these products.

Dr. S. G. Khawas Patil (Yeshwant Mahavidyalaya, Nanded) and Laxmikant S. Hume (Yeshwant Mahavidyalaya, Nanded) in their study titled “Surrogate Advertising: A Successful Marketing Strategy for Liquor, Whisky products” conducted to know the effectiveness of surrogate advertisements, whether the products shown in advertisement are sold or not and customer awareness about surrogate advertisements, concluded that maximum respondents can tell the intention behind surrogate advertisements, i.e. to advertise liquor, whisky products. It means that surrogate advertisements are correctly targeting their customers. Surrogate advertisement is a successful strategy because maximum respondents are changing their purchase decisions. It is observed that customers and manufacturers are not interested in surrogate products, because they cannot see such products in a number as compared with whisky. In short, we can say that these advertisements are complying with legal aspects and advertising the correct product. This makes surrogate advertisements a successful strategy for marketing of whisky and other liquor products.

Ms. Kirti Singh Dahiya and Ms Kirti Miglani who started their research study called “Emergence of surrogate advertisement” to check whether surrogate advertisements provide high brand recall or not, to find whether the products shown in advertisements are sold or not and study whether surrogate advertisements appeal to the customer for the hidden product directly, found that surrogate advertisements are only successful in creating brand recall of the hidden product in the advertisement. People do not get much influenced by these product advertisements while making their purchase. Their purchase decisions are mainly influenced by their financial status. Another major finding was that these products make people addicted

to them; people find it difficult to resist from consuming these products. Hence in this scenario, the role of advertising whether surrogate or direct is reduced at minimum.

Pradeep S. Mehta in his article “Surrogate Advertising – Needed a spirited attack” stated that according to a market survey in 2011, it revealed that advertising has a direct influence on the consumption habits of 431 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 attention of viewers in the world’s fourth highest liquor-consuming country. The very purpose of banning liquor advertisements is defeated by surrogate advertising. The companies whose products are subjected to the prohibition are following a different way of promotion their products like ‘old wine’ in a ‘new bottle’, or with a soft-drink label somehow they are duplicating the image of the well-established brand.

Chander and Sharma in 2006, tried to study the perception of people towards surrogate advertising by using a statistical tool factor analysis. The results of their research were surprising as they found that in general, the perception that governs the attitude of people towards these advertisements is much on the negative side rather than being on the positive side. They neither liked the advertisements nor did they favour them. A large proportion of the respondents felt that surrogate advertising was anti-social as it tried to promote the product that was generally considered harmful for the society, as it promoted wrong impressions and tried to fool the customers, thereby insulting customer intelligence, lead to moral degradation and was deceptive. However a few respondents took surrogate advertisements as a way of fair practice, entertaining in its own way and associated them with modern life style. A set of respondents were completely unaware of the phenomena of surrogate advertising while a few others were confused about the same. This research led to the conclusion that whatsoever may be the positive perceptions revealed, still a lot of people perceived surrogate advertising as negative, unethical and immoral.

Rishi Raj Sharma and Subhash Chander in their research study “Consumer Psychographics and Surrogate Advertising: An Application of Multiple Discriminant Analysis” stated that when consumers look at the surrogate advertisements, they associate these with banned products. The study concludes that surrogate advertising is not perceived positively by the various sections of the society. 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 advertisers need to modify and redesign their advertising strategies in accordance with 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 advertising.

Dr. Abhijeet Agashe and Ms. Harleen Vij in their article “Ethical Issues in Surrogate Advertisement & its Impact on Brand Building” indicated that Direct marketing of surrogate products was totally unethical and hence had been prohibited by the government. But it’s the companies that are now following the newest trend called surrogate advertisements, i.e. marketing unethical products ethically. The research studied the ethical issues involved in surrogate advertisement and its effect on brand image.

The Ex-Union Health Minister Mr. Anbumani Ramadoss had challenged the name of the Bangalore Indian Premier League (IPL) cricket team, “Royal Challengers”, which was such an obvious and blatant form of surrogate advertising for liquor brand “Royal Challenge”. But, the Supreme Court of India has since pointed out that the team was not named ‘Royal Challenge’, the liquor brand, but “Royal Challengers”. ‘Only those who drink can be attracted by these things,’ the bench observed in a lighter vein, alluding to the fact that a name would not have any effect on non-drinkers. Understanding the gravity of the situation, the Indian Broadcasting Foundation (IBF) has started to take on the surrogate liquor advertisements. It ruled that that if liquor companies promote any juice, mineral water or soda, these should be shown in a proper manner and not as trimmings to liquor advertisement.

Surrogate advertising can be an issue which needs to be understood with respect to India’s legal and ethical environments of Promotions. (Kruti Shah & Alan D’Souza 2009) Surrogate advertising is commonly seen for liquor and tobacco products whose advertising is banned in many countries. (Ajit Arun Parulekar 2005) this paper examines the impact of surrogate advertising of alcohol brands on their brand equity (as defined by Keller 1993).The purpose of the study was masked through the experimental design in order to minimize manipulation effects. In the main study, subjects were sequentially exposed to television ads, one ad at a time, of the 20 brands used in the pre-test. The findings of the paper support the notion that brand equity will be least affected in consumers with prior consumption experience, ad exposure or brand knowledge of the alcohol brand. (Dr. S. G. Khawas Patil, Laxmikant S.

Hurne 2011) studied the effectiveness of surrogate advertising and found few whisky brands are powerful in market like Royal Stag / Officers Choice / McDowell's as their advertisements are more creative and powerful. According to the paper maximum respondents got intention behind surrogate advertisements, i.e., to advertise liquor, whisky products. It means surrogate advertisements are effective targeting their customers. Surrogate advertisement is a successful strategy because maximum respondents are changing their purchase decision.

1.3. Research Problem

Literature review reveals that banning of advertising of alcohol, tobacco products by central government made companies resort to advertise them using other products with same brand name leading to surrogate advertising. Ethical concerns and issues should be addressed. Challenges of surrogate advertisement for the purpose of ethical business practice include the prerequisite that one should not mislead consumers, especially young generation to lean towards drinking alcohol, cigarettes. The extent to which surrogate advertisements are considered ethical or unethical by people is to be determined.

1.4. Importance of the Study

This research study is significant as it enables to find people's perception of surrogate advertisements and their impact on customers' buying decision is analysed. It helps companies to know the customers' views and make appropriate changes in their strategies to reach out to consumers in a better way.

1.5. Objectives of the Study

1. To explain the concept of surrogate advertisements.
2. To study the consumers' awareness towards surrogate advertisements.
3. To evaluate the influence of surrogate advertisement on consumers' buying decision.
4. To understand the consumers' perception towards surrogate advertisements and its products.

1.6. Scope of the Study

This study was conducted in Kolkata and Bangalore cities for primary data collection. It is based on the responses collected from customers during the period of February to April 2019. The study is undertaken to understand the concept of surrogate advertising and its influence on consumer buying behaviour.

1.7. Research Methodology

- **Sample design**
 - Sample technique: Convenient sampling
 - Sampling unit: Individual
 - Sample size: 150 respondents
 - Sample area: Kolkata and Bangalore
- **Sources of data:**
 - Primary data: The primary data was collected using a Questionnaire.
 - Secondary data: The secondary data was collected from research papers, articles, and journals.
- **Tools and Techniques used for data analysis:**
 - Graphical pie charts
 - Simple tabulations
 - Chi square test

1.8. Limitations of the Study

This study is restricted to the geographical limits of Kolkata and Bangalore, limited period of survey and limited sample size (150). There were few responses which were vague or insufficient to get complete and accurate information required for the study

1.9. Contribution of the Study

The research study on surrogate advertisement contributes knowledge to the society by creating awareness among respondents and spreading the concept of surrogate advertising. It helps marketers to approach consumers to promote their products which are otherwise legally banned from being advertised.

1.10. Scope for Further Study

There is a wide scope for future research on surrogate advertising, the research could be carried out as a comparative study analysis in the Indian context and perception of images that the viewers have while watching the television ad's of these banned products and also how surrogate advertisements have made the viewers to persuade in consuming these.

This study opens up new ground for further study. This study concentrates on basic awareness and perception of consumer on surrogate Ads. Studies can be done with main area of focus on ethical concerns of surrogate advertising and its positive and negative effects on the society.

2. SURROGATE ADVERTISING – AN ANALYSIS

2.1. Definition

The term 'surrogate' is defined as a 'substitute' i.e. anything which takes place of other. It can be a person, human, product, etc. In case of surrogate advertising, a product is used to advertise a certain different product. Products, for which direct advertising on mass media is prohibited by the laws of the land of most countries, are especially advertised with use of substitutes like mineral water, soda, mega cricket team clubs, friend clubs or music CDs.

Advertising takes various shapes with level of surrogate advertisements varying from country to country, people to people and product to product. In certain regions of the globe, open advertisements of these products are allowed while some counterparts imposing strict restrictions on them. The basic intention of these types of advertisements is mainly to popularize the brand and create a slot of consideration in the potential consumer's minds.

2.2. Origin of Surrogate Advertising

It is said that birth of surrogate advertising happened in Britain, where housewives started protesting against liquor advertisements which provoked their husbands. The protest rose to a level where liquor advertising had to be banned and brand owners seeing no way out decided to promote fruit juices and soda under the brand name; the concept later emerged as surrogate advertisements.

As quoted by Pushpinder Singh, Senior Creative Director (O & M), "Surrogate advertising is a reflection of the hypocritical society that we live in. We consider some products good enough to be sold but not good enough to be advertised. A marketer has to sell his product, and will find means to promote it. I don't blame him."

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 towards 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. This type of advertising uses a product of a fairly close category, as: club soda, mineral water in case of alcohol, or products of a completely different category (for example, music CDs or playing cards) to hammer the

brand name into the heads of consumers. The banned product (alcohol or cigarettes) may not be projected directly to consumers but rather masked under another product under the same brand name, so that whenever there is mention of that brand, people start associating it with its main product (the alcohol or cigarette). The sponsoring of sports/cultural/leisure events and activities also falls under the purview of surrogate advertising.

2.3. Indian Scenario

The use of surrogate advertising in India can be traced back to 1995 when the Cable Television Act 1995 was enforced which stated – “No advertisement shall be permitted which promotes directly or indirectly, production, sale or consumption of cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants”. This ban on advertising of such products leads to the emergence of surrogate advertising in India in a big way. Indian market was flooded by surrogate products of established brands of the so called ‘negative products’ and their promotions.

By August 2002, the I&B Ministry had banned 12 advertisements and leading satellite TV channels including Zee, Sony, Star and AajTak were issued show cause notices to explain their rationale behind carrying surrogate liquor advertisements. Product advertising for liquor and cigarette companies is 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 promoted 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, Hayward’s 5000, Royal Challenge Whisky and Kingfisher beer on a “watch list”. A market survey in 2001 revealed that advertising has a direct influence on the consumption habits of 431 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 by AajTak 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.

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 advertisement shall be permitted which relates to or promoted 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 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, distributed 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 communication 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 of time 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 paper. In the meantime, some producers entered new segments under the liquor brand or advertised these products under liquor brand. Most of the liquor producers entered into 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 India 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 India 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. By early 2002, surrogate advertising of liquor brands had intensified like never before on satellite TV channels. These advertisements attracted criticism from various people. There were numerous other advertisements selling music cassettes, CDs, water, clothing, fashion accessories and sport goods, many of them accused of being sexually proactive and offensive.

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 which is not allowed to be advertised. However the analyst opined that the ban could turn out to be advantageous for the domestic players.

In March 2001, as per the commitment to the WTO agreement, MNCs had an unrestricted license to sell their products. After the ban, these MNCs could not have access to the quickest and most effective form of advertising. Some analyst argued that the ban would not affect the established domestic players severely. 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" product of a brand. So there are various liquor/cigarette manufacturers resorting to ingenuous ways to peddle their wares. Of course there are very few brands which start as surrogate brands, but over certain periods of time actually become full-fledged brands in themselves. The "Wills Sport" clothing line from the manufacturers of "Wills" cigarette is one of those rare cases. But on the whole, surrogate

advertising is dedicated towards using an insignificant, “harmless” product to increase or maintain awareness for their primary “harmful” brand. And that is not an easy task.

For instance, how can the essence of a whisky or vodka or a cigarette be portrayed using a bottle of packaged water or a pack of apple juice? Similarly “HUM tum or 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.

2.4. The Corporate Standpoint

The industry segment has its own standpoint in defence. The liquor lobby claims that everything is in accordance to the Government regulations. “If a brand has equity, why shouldn't it be allowed to advertise? Also, brand extension is an industry practice adopted by different product categories”, comments Alok Gupta of UB group “When we advertise our products, we follow all the guidelines”, declares president, sales & marketing, Radico Khaitan. They clarify that they have stopped showing liquor advertisements and they are free to use the brand name for any other products. Even the Confederation of Indian Alcoholic Beverages Companies (CIABC) advertising code maintains that advertisement of products (real brand extensions) by the liquor industry must be allowed.

From a layman's point of view, their claims seem to be justified. But this is a clear example of taking advantage of the loopholes. There is a point to ponder. When have they stopped showing liquor advertisements, why is the same brand name and logo used to promote products like cassettes & CDs or mineral water? They could have assigned different brand names. It seems that have a hidden agenda of highlighting the liquor or tobacco brand.

A similar tussle over the issue of surrogate advertisements in politics was raised in April 2004 on the eve of Lok Sabha elections. Complaints of slanderous and offensive advertisements were raised by two major political parties - BJP and Congress against each other. The issue became so serious that the Supreme Court had to interfere in this affair. Finally on 13th April 2004, the Court gave a verdict to curb smear advertisements on electronic media. By appointing Election Commission as referee, the court has tried to put an end to surrogate advertising in politics.

According to the Cable Act under the ministry of information and broadcasting, “no broadcaster is permitted to show an advertisement which promotes directly or indirectly, sale or consumption of cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants”.

Now a new clause has been added under the act stating that “any advertisement for a product that uses a brand name which is also used for cigarette, tobacco product, wine, alcohol, liquor or any other intoxicant will not be permitted”. Finally, in April 2005, the ministry resorted to a ban on surrogate advertisements of liquor and tobacco products on television.

2.5. Companies following Surrogate Advertising

Table 2.1: Brand and Surrogates

Source: www.mbaskool.com

Brands	Surrogates
Seagram's	Music
McDowells	Water and Soda
Bagpiper	Water, Soda, Music Cassettes and CDs
Red & White	Bravery Awards
Bacardi	Music
Kingfisher	Mineral Water
Wills Lifestyle	Apparels, Accessories
White Mischief	Holidays
Royal Challenge	Gol Tournament
Imperial Blue	Cassettes and CDs
Aristrocat	Apple Juice
Officer's Choice	Social obligation towards society
Derby Special	Soda
Rajnigandha	Kesar paan masala
Goa gutka	Paan masala

Pan parag	Paan masala
Manikchand	Filmfare awards
Chainikhaini	Paan masala
Pataka 502 Bidi	Pataka 502 Tea
Gopal Zarda	Gopal Supari
Gold Flake	Tennis Tournament

2.6. Recent Surrogate Advertisements

Officer's Choice: It is the leading and well-known brand in whisky market. Actually this brand is advertised by showing snacks, but it can be well understood what the intention of that advertisement is. It is also shown that 'OC' is the brand of officers and for dynamic people.



Table 2.2: Annual Sales of Officer's Choice

Source: Wikipedia

Year	Sales (in million)
2009	11.1
2010	11.6
2011	16.5
2012	18.1
2013	23.8
2014	28.4

Royal Challenge: Some cricketers are shown in this advertisement, at the same time music is played. At the end of the advertisement, brand name ‘Royal Challenge’ is displayed in bold letters with very small ‘Music CDs’. It was also advertised with the help of mineral water.



Table 2.3: Annual Sales of Royal Challenge

Source: Wikipedia

Year	Sales (in million)
2008	1.3
2009	1.3
2010	1.2
2011	1.4
2012	1.7

Imperial Blue: is “Men will be Men” advertisement. Imperial Blue uses Music CDs as surrogate products for their alcoholic beverages.



Table 2.4: Annual Sales of Imperial Blue

Source: Wikipedia

Year	Sales (in million)
2008	3.8
2009	4.8
2010	6.8
2011	7.2
2012	8.8

Royal Stag: It is well known as ‘RS’. Instead of advertising whisky, manufacturer shows Music CD and Mega Cricket in the advertisement with theme “Make it Large”. However, people never try to purchase these products. They always know that Royal Stag is symbolic of whisky.



Table 2.5: Annual Sales of Royal Stag

Source: Wikipedia

Year	Sales (in million)
2009	8.4
2010	10.4
2011	12.5
2012	14.0
2013	14.8
2014	16.1

2.7. Emerging Trend

Surrogate advertising is a very unique trend specific to Indian advertising, a trend which is fast catching up and has suddenly attracted a lot of innovative and creative brains around the country. The reason for this is that on one hand, the government cannot allow public advertising of liquor and tobacco companies, but ironically, liquor and cigarette sales are the biggest revenue generators in terms of taxes and duties on these items.

That is why an overt acceptance of marketing in these sectors is not legally acceptable.

This has led to one of the biggest ironies of the country – sale of these items is not banned, yet advertising on the same has been strictly prohibited!

Talking about the market size and the different segments would not be pertinent to the discussion (for the records, it is more than 100 million cases in India!). We need to understand the significance of this vis-à-vis the entry points for new players and sustainability of existing ones. Multinationals which would like to explore the Indian markets find the double-faced attitude of the government as an impediment to their ventures. Since no policy has been formalized in this regard, foreign companies continue to be skeptical about their entry. Domestically, it has led to innovative ways and methods of spending on different media for advertising from the companies, where companies do more of a brand building exercise than direct advertising. Be it promotions for brand building, or sponsoring events that can be mapped with the “showbiz” and “glamour” of the brand, advertisers do not leave many avenues to enhance their visibility. The rule says “advertisements which lead to sale, consumption and promotion of liquor should not be allowed”. So, in Surrogate Marketing, a product which is different from the main product is advertised, and has the same brand name as the main product. The product is called as a “surrogate” and advertising through this channel is called "Surrogate Advertising". It may include CDs, water, clothing, fruit juice, fashion accessories, sports goods or even events sponsoring. These gimmicks, in tum, help the consumers build a strong equity of the parent brand, and with the enhanced visibility, the equity of the brand would definitely become higher. Liquor companies were forced to look at innovative ways of building their brands. With an objective of enhancing brand recall, companies either engage into “surrogate advertising” or displaying “socially responsible messages”. Again, out of the two viable options for advertising, surrogate advertising has been surrounded by controversies and legalities for a long time. There is no clear policy from the government for obvious reasons and companies do not want to risk their investments on

advertisements which may not be screened after a while. So, a safer choice is available where companies can exercise their grey cells is advertising “socially responsible” messages.

The following are few of the other practices companies are looking at:

- a. Companies are getting involved in sponsorships of events and have launched their own awards for bravery or lifetime achievements.
- b. Internet advertising has become a lucrative area which had so far not been delved into. The medium holds a lot of potential to enhance visibility, and companies have lately realized that.
- c. Catchy jingles have become the norm of the day to ensure that their brands have a high brand recall.
- d. With restrictions in other marketing elements – in terms of pricing and distribution, companies have ventured into another important element – packaging. Innovative packaging makes their brands stand out of the clutter, and most of the multinationals are revisiting this element in their brand portfolio.

Though the industry is not healthy for the young consumers, some processes and laws need to be formalized and established in the system. Else, innovative workarounds and arm-twisting of laws will continue to be the norm of the day for the entire liquor and tobacco industry.

2.8. Role in Consumer buying decision

Generally advertisements which showcase the product in a different prospective and highlights the attributes as never been seen before, retain the customers' share of mind. But there is catch in the case of surrogate advertisements. Here the products are prohibited from being shown – their attributes or features to be portrayed are near to impossible. Their role in impacting the consumer buying decision should be subsequently limited but surprisingly, it is found that they have a higher role in impacting consumer purchase decisions as compared to general products' advertisement owing largely to viewer's interest and sense of capturing the message. This fact is also supported by numbers. It is seen that the companies investing heavily in surrogate advertisements are witnessing more sales rates as compared to those investing none or comparatively less. One will be surprised to know that the advertising budget of beverage companies stretches in the range of hundreds of millions of dollars per annum. The only reason justifying the investment of such high sums is the fact of the recovery through such increased sales in the coming future. After all it is a huge revenue generating market running in several thousands of crores of rupees. Surrogate marketing is not a bad way of marketing or illegal marketing. It is just a more creative way of marketing that shows the product even without revealing it. Opportunities are hidden everywhere just like the products in surrogate advertisements.

2.9. Pros and Cons

Advantages

1. Companies have to spend substantial amount of money for marketing their products. Surrogate advertising to a great extent saves companies from huge expenditure and thus increases the profit margins.
2. Surrogate advertising is very much beneficial for domestic players. It not only limits the entry of various MNCs but also creates a barrier for new entrants in brand building.
3. Ban on advertisement reduces competition to a great extent.

Disadvantages

1. As per ASCI, surrogate advertising is harmful; there is no logic why the brand name of the injurious product shall be used for products like mineral water. It clearly indicates misusing the loopholes.
2. The ban severely affects the sale of harmful products.
3. The ban also results in loss of revenues for television channels and other media.

2.10. Regulatory Measures

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:

1. Making transparent laws banning surrogate advertisements for different products under a single brand name, by amending the Trade Marks Act, for instance.
2. Providing teeth to the Advertising Standards Council of India to enable it take action against false and misleading advertisements, and keep a close vigil over clever evasion of the law.
3. Asking the electronic and print media to adhere to the advertisement codes and not encourage surrogate advertisements.
4. Calling on the ASCI to address complaints received from consumers against surrogate advertisements and take appropriate actions immediately.
5. Creating a consumer awareness program to help people understand the negative impact of surrogate advertisements.
6. Adopting strict laws to penalize those companies featuring surrogate advertisements without any real existence of the product.
7. 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

2.11. Legal Cases against Surrogate Advertising

- a. Monopolies and Restrictive Trade Practices Commission in Re: McDowell and Co. Ltd. vs unknown on 7th February, 1997. Bench & Chakravarthy Judgement: S Chakravarthy, Member.

The instant case enquiry with an advertisement that appeared in page 66 in The Illustrated weekly of India, dated November 23, 1986. McDowell and Co. (hereinafter referred to as “respondent”). The advertisement depicts a bottle on which is engraved “McDowell's Diplomat Cologne”. The same advertisement carries the picture of Ms. Dimple Kapadia, a film actress. Underneath the picture is the caption “what makes him my choice is his choice... Diplomat”. The commission came to prima facie view that the said advertisement though apparently refers to cologne, leaves a misleading impression on the readers that the message is in regard to the good quality and usefulness of whisky manufactured by it under the brand name “Diplomat”.

- b. United Breweries Limited vs Mumbai Grahak Panchayat on 4th September, 2006.
Equivalent citations: I (2007) CPJ 102 NC.

Mumhai Grahak Panchayat filed a complaint against appellant as well as Western Railway for having adopted unfair trade practices in prominently displaying/exhibiting false, misleading and surrogate liquor advertisements on the coaches of the Western Railway trains and to seek discontinuance of the same along with corrective advertising by United Breweries Limited to neutralize the effect of said advertising & punitive damage. The description matched with “Bagpiper Whiskey” and not “Bagpiper Soda”. There was no Bagpiper soda available in the market.

- c. Government Bills: Discussion on the motion for consideration of the Representative of People (amendment) Bill 2009 as passed by Rajya Sabha. The honourable Minister of Law and Justice Shri. M. Verappa Moily suggested prohibition of surrogate advertisement in print media as election commission recommended that in last six months of term state/central government cannot advertise. To cite an example we can take case of surrogate advertisement titled “Shining India” in the newspaper “No. 1 Haryana” during Haryana elections. Election Commission has to review the rules to utilize power effectively for not wrongfully influencing voters.

3. DATA ANALYSIS AND INTERPRETATION

3.1. Questionnaire

1. Which age group do you belong to?
 - a. 16-20
 - b. 21-40
 - c. 41-70

2. Please specify your gender.
 - a. Male
 - b. Female

3. In which of the following product categories have you watched surrogate advertisements the most?
 - a. Alcoholic Beverages
 - b. Cigarettes
 - c. Other Tobacco products

4. Which brand's surrogate advertisements have you watched the most?
 - a. Rajnigandha
 - b. Wills Lifestyle
 - c. Kingfisher
 - d. Bacardi
 - e. Royal Challenge
 - f. Imperial Blue
 - g. McDowells

5. Where do you find these advertisements the most?
 - a. Television
 - b. Print Media
 - c. Internet (Websites)
 - d. Mobile

6. How often do you come across surrogate advertisements?
 - a. Regular
 - b. Occasional
 - c. Rare
 - d. Not at all
 - e. Do not remember

7. What is your opinion on banning of liquor and tobacco advertisements?
 - a. Strongly agree
 - b. Agree
 - c. Neither agree/disagree
 - d. Disagree
 - e. Strongly disagree

8. How ethical do you consider surrogate advertisements to be?
 - a. Ethical
 - b. Unethical
 - c. Should be banned

9. How often have you purchased the product whose direct advertisement is banned, after watching its surrogate advertisement?

- a. Never
- b. Occasionally
- c. Regularly
- d. Often

10. Were you able to recall the original product after watching the advertisement?

- a. Definitely
- b. Most probably
- c. Occasionally
- d. Not at all
- e. Do not remember

11. Which one among the following do you think describes surrogate advertisements the best?

- a. Entertaining
- b. Boring
- c. Informative
- d. Misguiding
- e. Disturbing

3.2. Demographic Profile of Respondents

Age

Age Group	Strength	Strength Percentage
16-20	92	61%
21-40	43	29%
41-70	15	10%
Total	150	

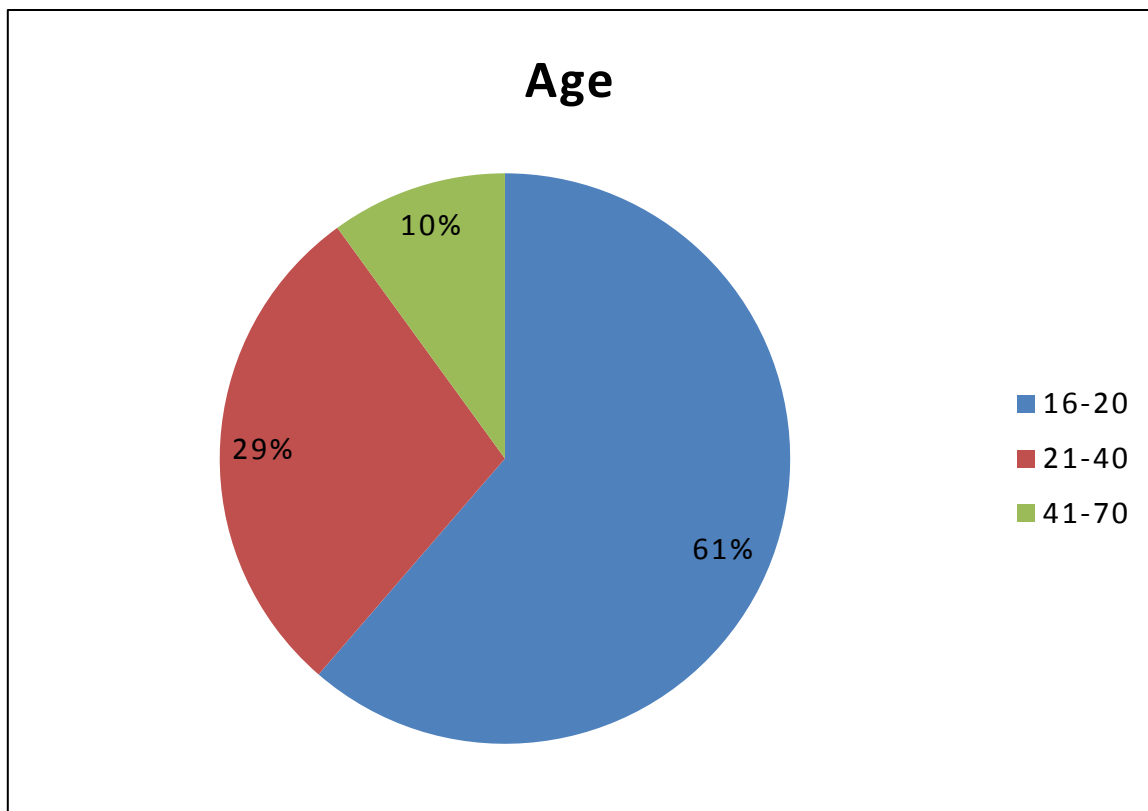


Figure 3.1: Age-wise Distribution

Gender

Gender	Strength	Strength Percentage
Male	82	55%
Female	68	45%
Total	150	

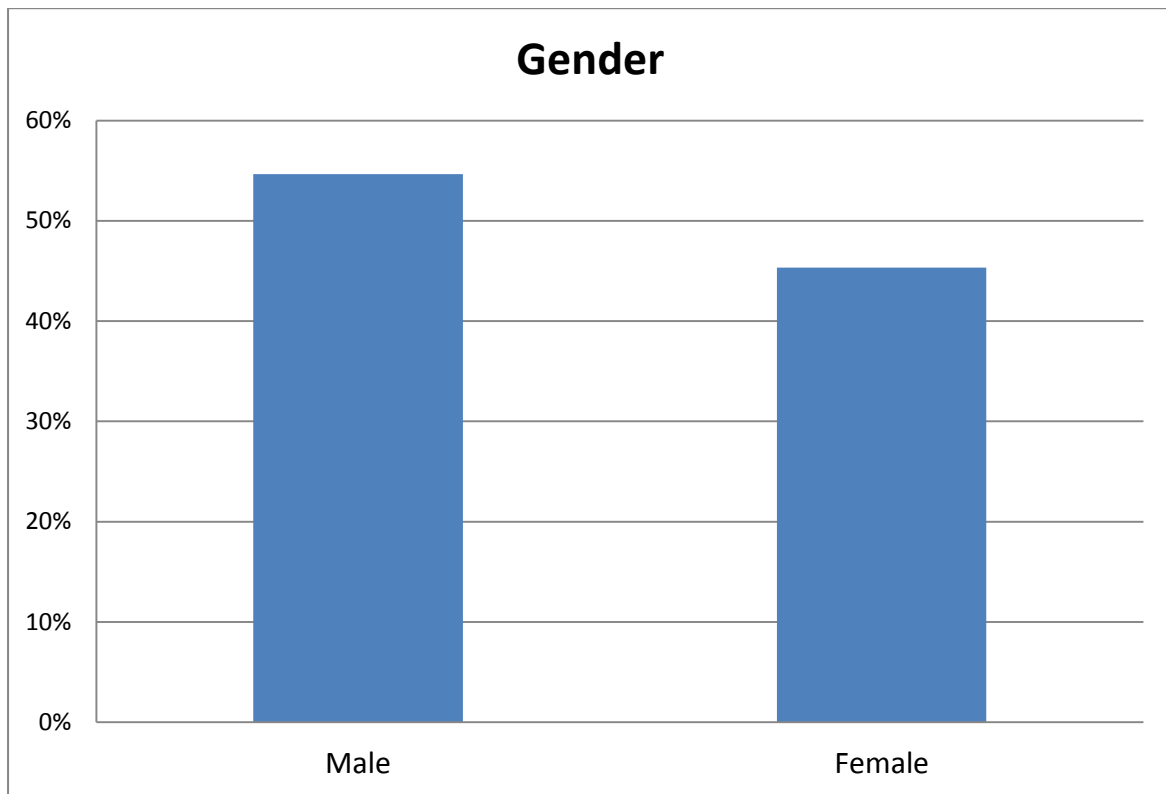


Figure 3.2: Gender-wise Distribution

3.3. Product Category and Frequency of Surrogate Advertisements Watched

Product Category	Number of Surrogate Advertisements	Frequency Percentage
Alcoholic Beverages	117	78.0%
Cigarettes	10	6.7%
Other Tobacco products	23	15.3%
Total	150	

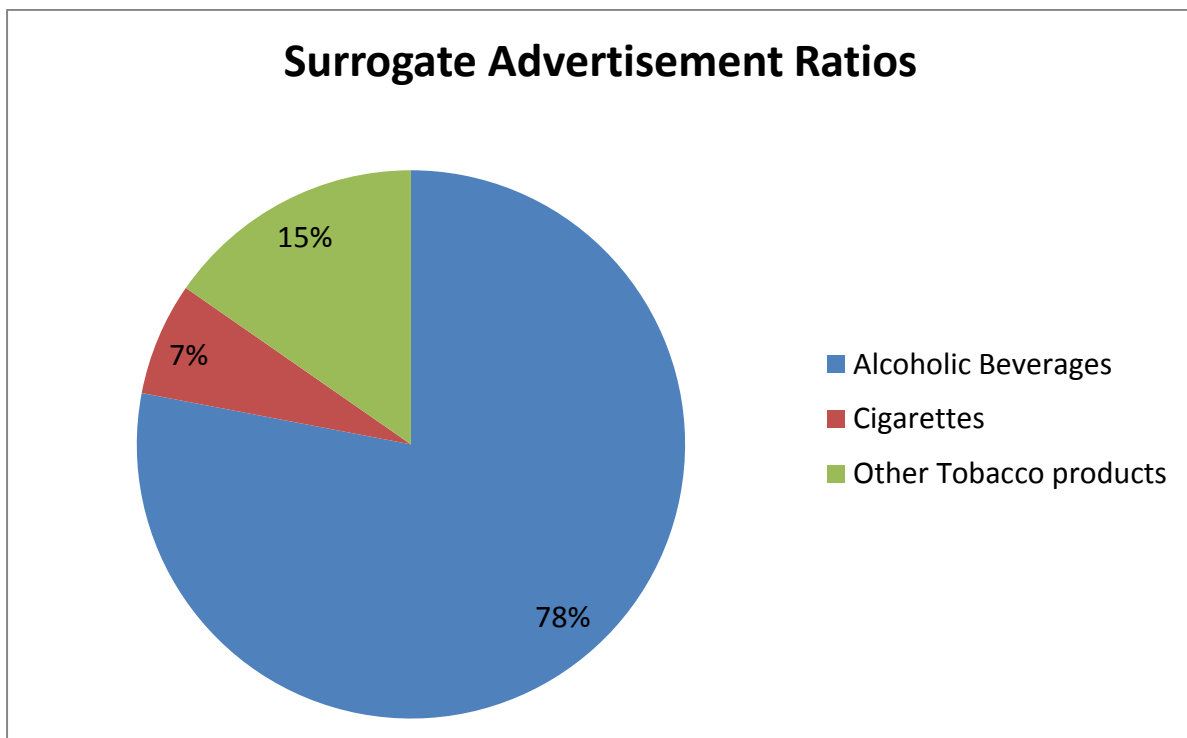


Figure 3.3: Product Category of Surrogate Advertisements

Findings: Most of the advertisements that are seen belong to alcoholic beverages watched by 78% of the respondents, 7% watch cigarette advertisements the most, rest 15% watch other tobacco advertisements the maximum.

Inference: Most of the surrogate advertisements that are watched are of alcohol products.

3.4. Surrogate Advertisements of brands that are watched the most

Brand	Number of Surrogate Advertisements	Frequency Percentage
Rajnigandha	37	24.7%
Wills Lifestyle	3	2.0%
Kingfisher	30	20.0%
Bacardi	9	6.0%
Royal Challenge	41	27.3%
Imperial Blue	17	11.3%
McDowells	13	8.7%
Total	150	

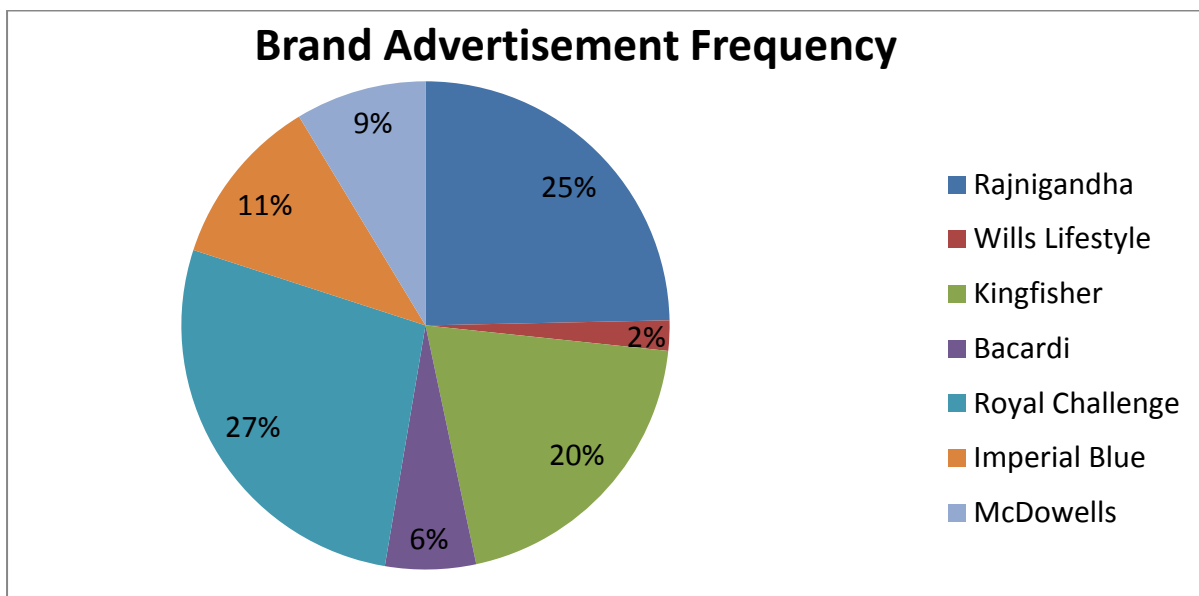


Figure 3.4: Advertisements of Brands that are watched the most

Findings: 27% people watch the Royal challenge advertisement and Rajnigandha comes next with 25%, Kingfisher 20%, Imperial Blue 11%, McDowells 9%, Wills Lifestyle 2%.

Inference: Royal challenge advertisement reached out to most of the people.

3.5. Media from which Surrogate advertisements are watched the most

Media	Number of Surrogate Advertisements	Frequency Percentage
Television	98	65.3%
Print Media	6	4.0%
Internet (Websites)	36	24.0%
Mobile	10	6.7%
Total	150	

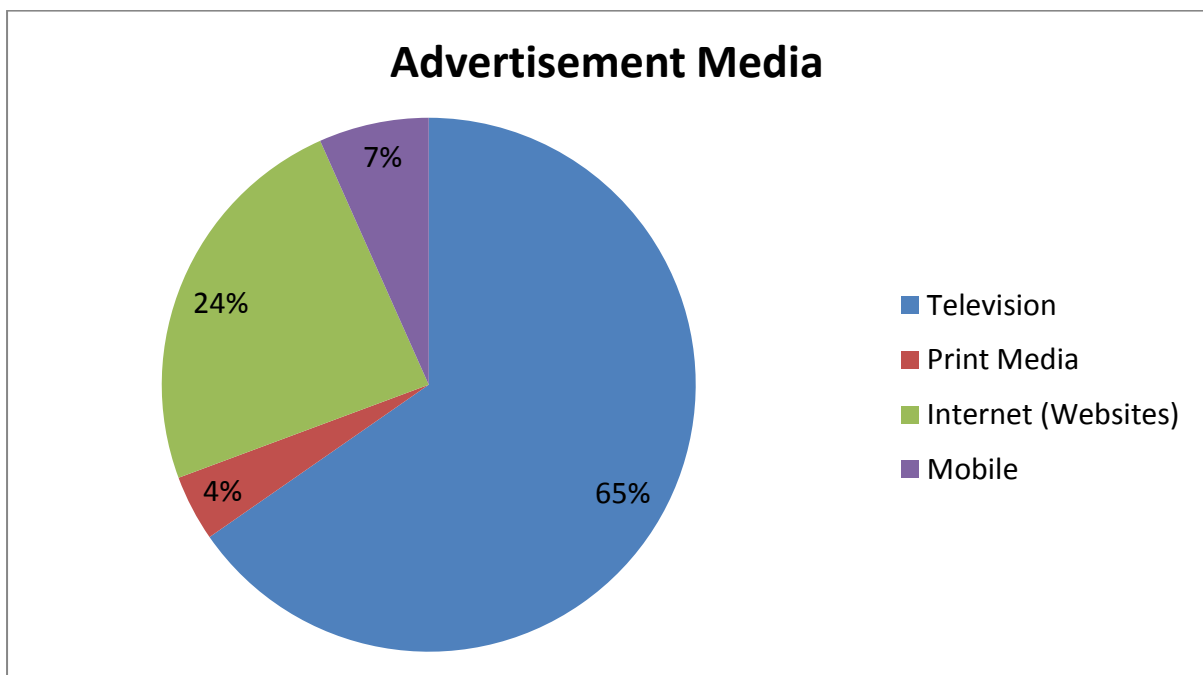


Figure 3.5: Surrogate Advertisement Media Distribution

Findings: 65% of the people watch advertisements through Television, 24% use internet, rest 7% and 4% watch by means of mobile and printed media respectively.

Inference: The aim is to find out the effective means of each medium in surrogate advertisements and it shows television advertisements are more reachable than other media.

3.6. How often are Surrogate Advertisements watched

Category	Number of Respondents	Respondent Percentage
Regular	33	22.0%
Occasional	72	48.0%
Rare	28	18.7%
Not at all	9	6.0%
Do not remember	8	5.3%
Total	150	

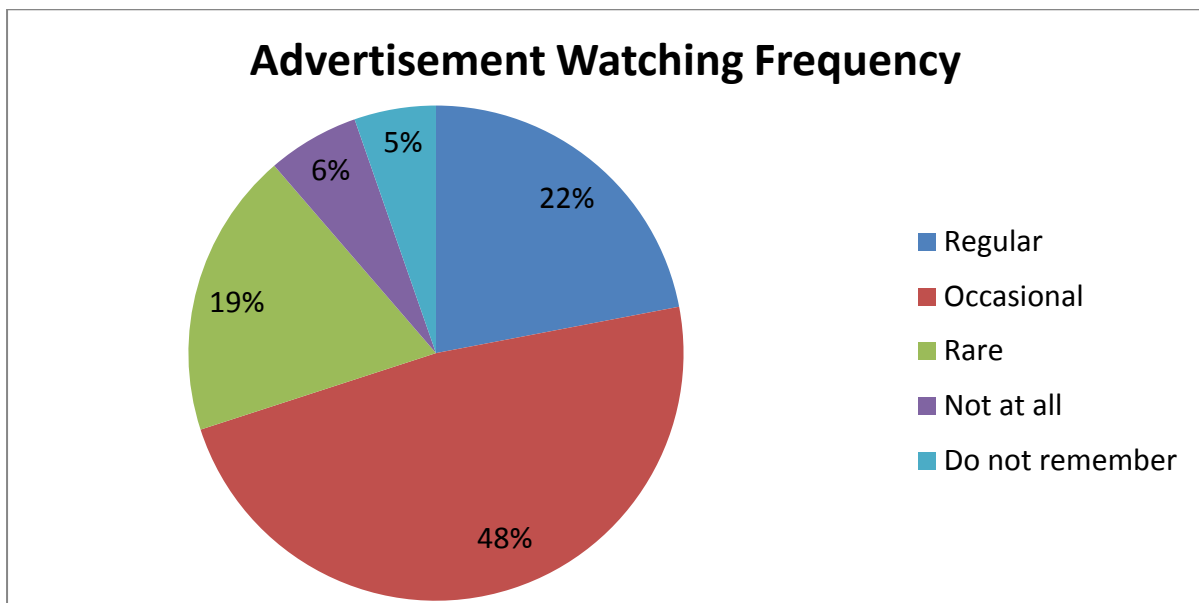


Figure 3.6: Surrogate Advertisement watching frequency distribution

Findings: Nearly half of the sample, i.e. 48% of the people watches surrogate advertisements occasionally whereas 22% of them watch regularly, and 19% rarely watch the advertisements at all. The remaining 11% are almost equally divided into categories ‘Not at all’ and ‘Do not remember’.

Inference: The study aims to find out how often customers watch advertisements. It shows that occasionally watching surrogate advertisements is effective enough.

3.7. Opinion on Banning of Advertisements of liquor and tobacco

Opinion	Number of Respondents	Respondent Percentage
Strongly agree	58	38.7%
Agree	43	28.7%
Neither agree/disagree	30	20.0%
Disagree	15	10.0%
Strongly disagree	4	2.7%
Total	150	

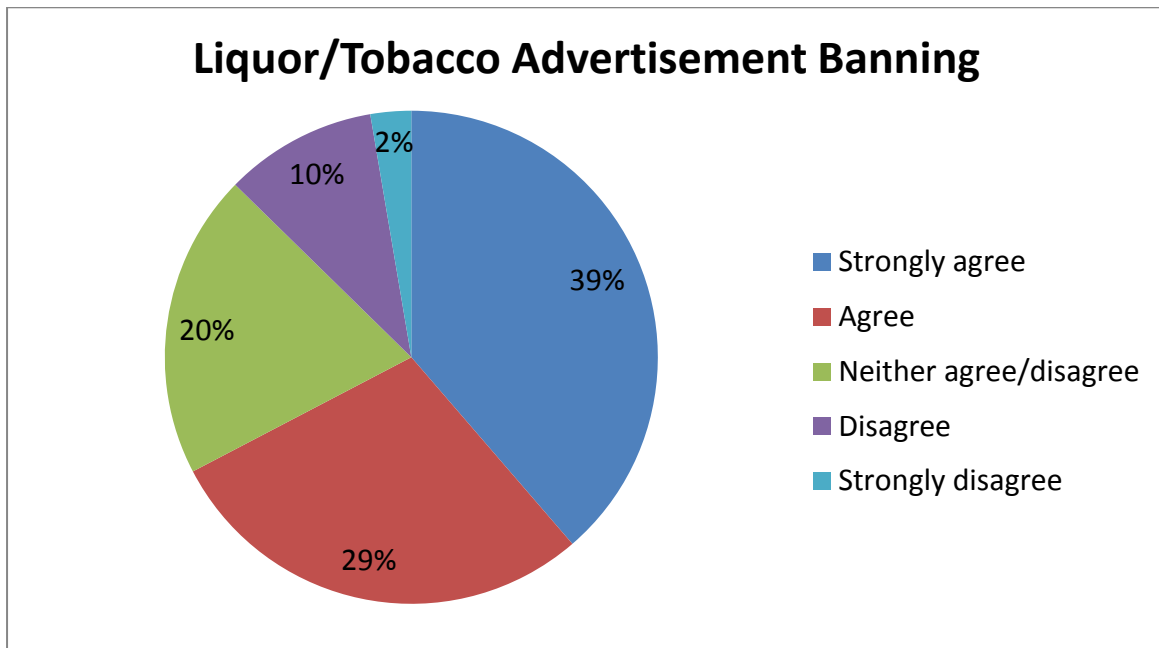


Figure 3.7: Opinion on Banning

Findings: 39% of the respondents strongly agree on banning, 29% agree, 20% are neutral, 10% disagree and merely 2% strongly disagree

Inference: As this study is adopted to know the public opinion on banning, from the data gathered, we can see that most of them support banning of advertisements of liquor and tobacco.

3.8. Are Surrogate Advertisements Ethical

Opinion	Number of Respondents	Respondent Percentage
Ethical	34	22.7%
Unethical	61	40.7%
Should be banned	55	36.7%
Total	150	

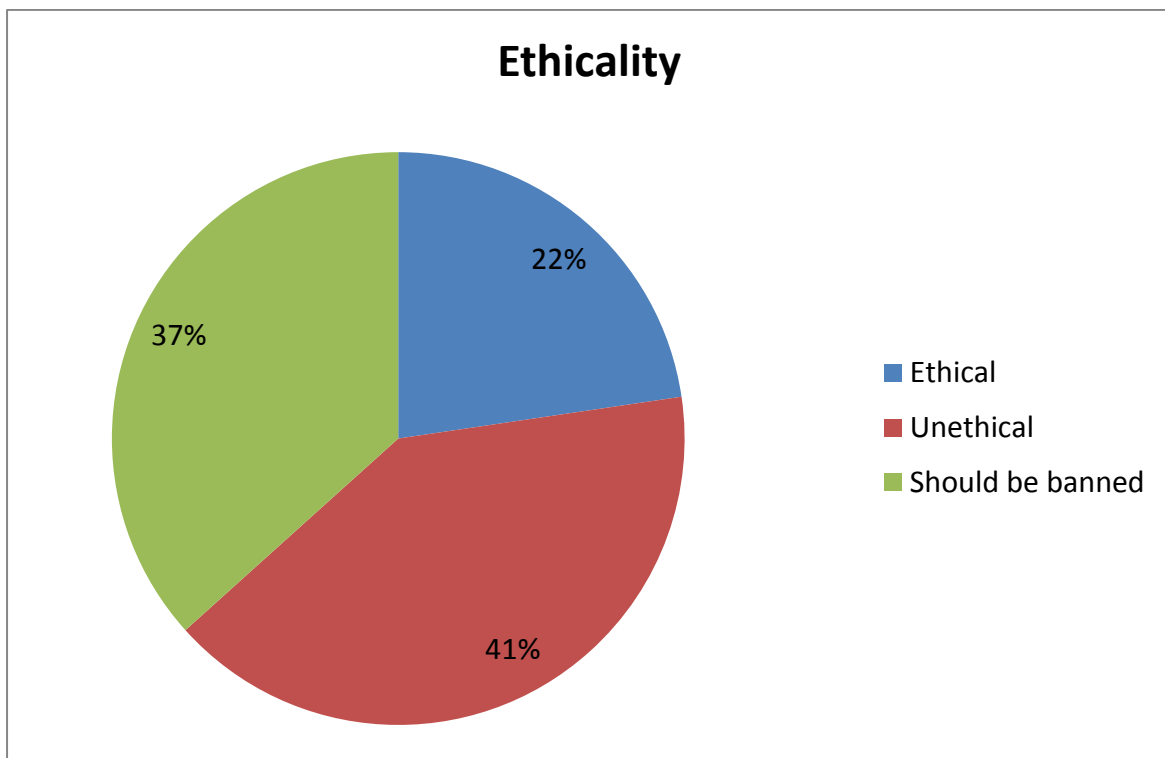


Figure 3.8: Opinion on Ethicality of Surrogate Advertisements

Findings: 41% of respondents consider these advertisements to be unethical, 37% want them to be banned while 22% believe they are ethical.

Inference: This is to find out the public opinion on surrogate advertisements with respect to ethical concerns and majority considers them to be unethical and that they should be banned.

3.9. Purchasing original products after watching their surrogate advertisements

Category	Number of Respondents	Respondent Percentage
Never	80	53.3%
Occasionally	55	36.7%
Regularly	7	4.7%
Often	8	5.3%
Total	150	

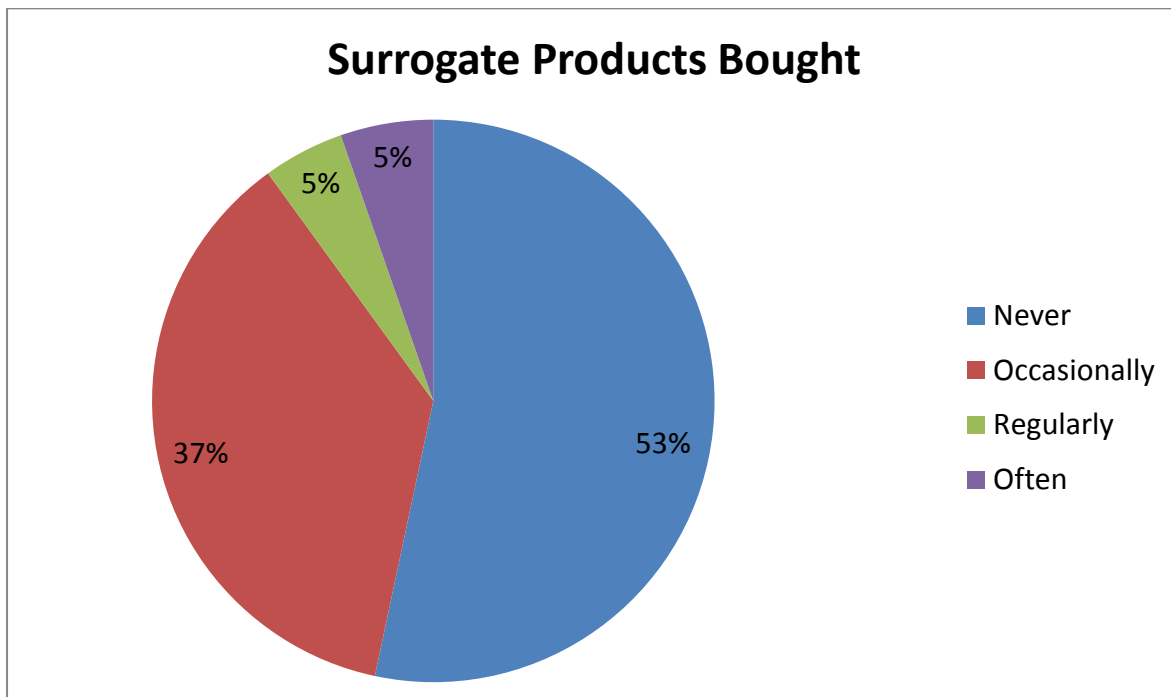


Figure 3.9: Purchase of Surrogate Products

Findings: Majority, 53% of the respondents answered that they never buy the original products, while 37% of them buy occasionally, 5% regularly and 5% often purchase.

Inference: it gives a clear idea that surrogate advertisements have no effect on the sales of products whose direct advertisements are banned.

3.10. Recalling Original Products while watching Surrogate Advertisements

Category	Number of Respondents	Respondent Percentage
Definitely	39	26.0%
Most probably	58	38.7%
Occasionally	29	19.3%
Not at all	16	10.7%
Do not remember	8	5.3%
Total	150	

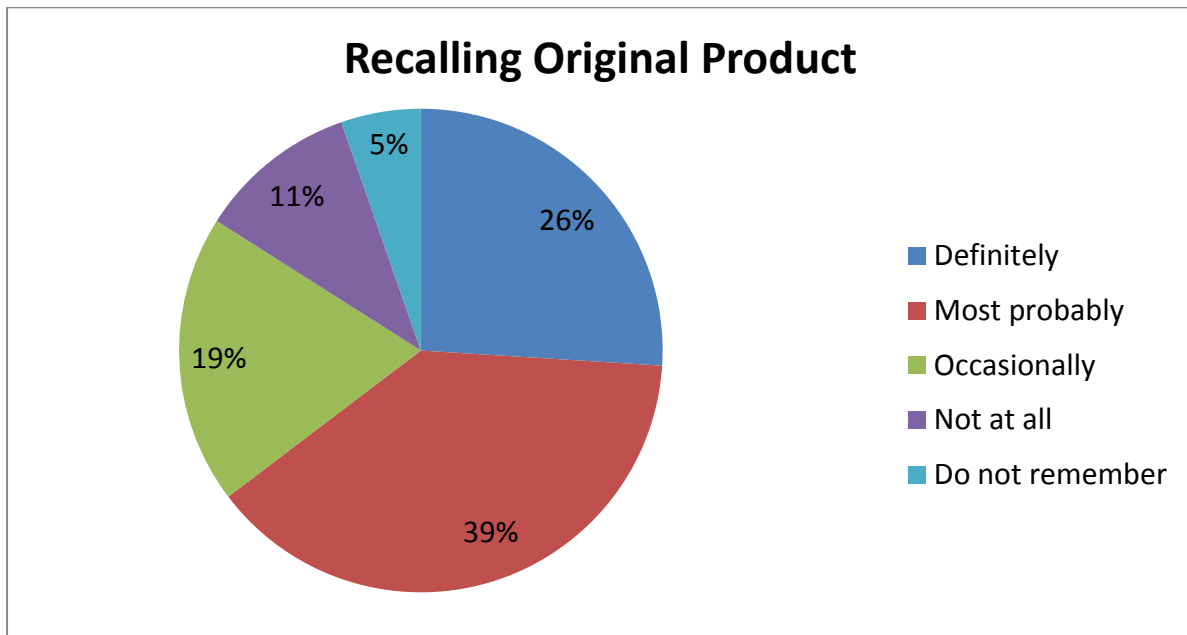


Figure 3.10: Brand Recall likelihood

Findings: From above figure we can see that 39% people will most probably recall original products, 19% occasionally whereas 26% of them will definitely recall. 11% of the people come under the category 'Not at all' and 5% under 'Do not remember'.

Inference: People remember the advertisements well and, their brand names are effectively brought in focus in customers' minds while watching these surrogate advertisements.

3.11. Evaluation of Surrogate Advertisements

Opinion	Number of Respondents	Respondent Percentage
Entertaining	21	14.0%
Boring	31	20.7%
Informative	26	17.3%
Misguiding	63	42.0%
Disturbing	9	6.0%
Total	150	

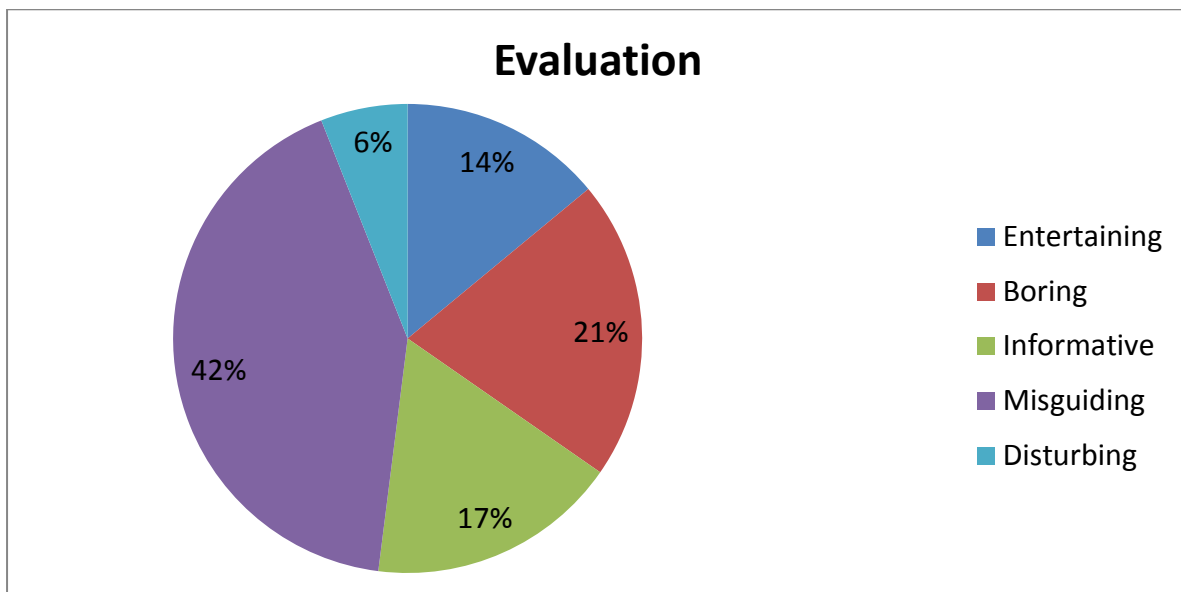


Figure 3.11: Evaluation of Surrogate Advertisements

Findings: Out of 150 respondents, 42% consider them as misguiding, 21% find them boring, 17% regard them as informative, 14 % find them entertaining and the rest 6% find them disturbing.

Inference: More areas need to be explored while making surrogate advertisements since the existing ones create negative ideas in the minds of the public as majority finds them to be misguiding and boring.

3.12. Hypothesis Testing: Chi Square Analysis

- a. Influence of age on how often advertisements of alcohol/cigarettes/tobacco are watched

H_0 : Age does not influence H_1 : Age influences

Table 3.1: Influence of Age

Observed Frequency:

Age Group	Regular	Occasional	Rare	Not at all	Do not remember	Total
16-20	21	43	21	4	3	92
21-40	11	21	5	3	3	43
41-70	1	8	2	2	2	15
Total	33	72	28	9	8	150

Expected Frequency:

Age Group	Regular	Occasional	Rare	Not at all	Do not remember	Total
16-20	20.24	44.16	17.173	5.52	4.9	92
21-40	9.46	20.64	8.026	2.58	2.29	43
41-70	3.3	7.2	2.8	0.9	0.8	15
Total	33	72	28	9	8	150

Chi Test = 0.3578 p-value > 0.05

Inference: The p value of Chi-Square is 0.357823 which is more than 0.05. Hence the null hypothesis is accepted.

Analysis: It is clear from the above inference that age does not have an influence on how often the advertisements of alcohol/cigarettes/tobacco are watched.

b. Influence of gender on how surrogate advertisements are perceived

H₀: Gender does not influence the evaluation

H₁: Gender influences the evaluation

Table 3.2: Influence of Gender

Observed Frequency:

Gender	Entertaining	Boring	Informative	Misguiding	Disturbing	Total
Male	10	14	13	40	5	82
Female	11	17	13	23	4	68
Total	21	31	26	63	9	150

Expected Frequency:

Gender	Entertaining	Boring	Informative	Misguiding	Disturbing	Total
Male	11.48	16.946	14.213	34.44	4.92	82
Female	9.52	14.053	11.786	28.56	4.08	68
Total	21	31	26	63	9	150

Chi Test = 0.4391 p-value > 0.05

Inference: The calculated p value of Chi-Square is 0.439106356 which is more than 0.05.
Hence the null hypothesis is accepted.

Analysis: It is clear from the above inference that gender does not influence the evaluation of surrogate advertisements.

c. Correlation between support for banning of advertisements of alcohol/tobacco products and their perception on surrogate advertisements

H₀: The two are not correlated.

H₁: There is a positive correlation

Table 3.3: Correlation between opinion of banning

Observed Frequency:

Category	Ethical	Unethical	Should be banned	Total
Strongly agree	10	24	24	58
Agree	7	20	16	43
Neither agree/disagree	10	13	7	30
Disagree	5	3	7	15
Strongly disagree	2	1	1	4
Total	34	61	55	150

Expected Frequency:

Category	Ethical	Unethical	Should be banned	Total
Strongly agree	13.147	23.586	21.267	58
Agree	9.747	17.486	15.767	43
Neither agree/disagree	6.8	12.2	11	30
Disagree	3.4	6.1	5.5	15
Strongly disagree	0.906	1.626	1.466	4
Total	34	61	55	150

Chi Test = 0.286041

p-value > 0.05

Inference: The p value of Chi-Square is 0.286041 which is more than 0.05. Hence the null hypothesis is accepted.

Analysis: It is clear from the above inference that there is no positive correlation between respondents' view on banning of advertisements of alcohol/tobacco products and their perception on surrogate advertisements.

- d. Influence of remembering the original product after watching their surrogate advertisement on the buying decision of viewers.

H₀: Surrogate advertisement does not induce viewers to buy the original product.

H₁: Surrogate advertisement influences viewers to buy the original product.

Table 3.4: Influence of Brand Recall on Purchase

Observed Frequency:

Category	Never	Occasionally	Regularly	Often	Total
Definitely	19	17	1	2	39
Most probably	30	26	1	1	58
Occasionally	15	9	3	2	29
Not at all	11	2	1	2	16
Do not remember	5	1	1	1	8
Total	80	55	7	8	150

Expected Frequency:

Category	Never	Occasionally	Regularly	Often	Total
Definitely	20.8	14.3	1.82	2.08	39
Most probably	30.933	21.266	2.706	3.093	58
Occasionally	15.466	10.633	1.353	1.546	29
Not at all	8.533	5.866	0.746	0.853	16
Do not remember	4.266	2.933	0.373	0.426	8
Total	80	55	7	8	150

Chi Test = 0.4391 p-value > 0.05

Inference: The calculated p value of Chi-Square is 0.212854424 which is more than 0.05.
Hence the null hypothesis is accepted.

Analysis: It is clear from the above inference that surrogate advertisements do not induce the viewers to buy the original products whose direct advertisements are banned.

4. FINDINGS, CONCLUSIONS AND SUGGESTIONS

4.1. Findings of the Study

1. To explain the concept of surrogate advertisements:

This study gives a thorough and detailed explanation of the concept of surrogate advertising with the help of the secondary data where the basic concept, its existence in Indian market, emergence and companies using surrogate advertisements, legal cases, and ethical concerns are stated with a clear description.

2. To study the consumers' awareness towards surrogate advertisements:

The study identifies that some of the respondents were not aware of the concept earlier, but the questionnaire has enabled them to understand the concept, while some of the respondents were aware the concept earlier already. From analysis of the responses to the questionnaire, it is found that even though consumers lack the level of awareness, they are familiar with the concept of surrogate advertising.

3. To evaluate the influence of surrogate advertisement on consumers' buying decision:

By analyzing the primary data it is known that surrogate advertisements are successful in creating brand recall of the hidden product in the advertisement, but from chi square test it is understood that these advertisements do not influence customers much to buy the original product which shows that the advertisements are not very effective. Surrogate advertisements need to be telecasted regularly through the medium of television to have an impact and create an impulse in the minds of consumer to buy the hidden original product.

4. To understand the consumers' perception towards surrogate advertisements and its products

The questionnaire consisted of questions where respondents were asked their opinion on surrogate advertisements (whether they were ethical/unethical/should be banned) and it is concluded that majority of the public view surrogate advertisements as unethical practices and agree that they should be banned. Viewers have negative insight towards these advertisements as they are mostly perceived to be misleading and boring.

4.2. Conclusion

Surrogate advertising is basically duplicating the brand image of a particular product and then promoting a different product of the same brand. Ban on advertising of alcohol, cigarettes and other tobacco products gave rise to the concept of surrogate advertising in India. It has become an issue of ethics and has emerged as a loophole, challenging government rules.

Though this upcoming trend is not healthy for the young consumers and others in the interest of the health of the community; surrogate advertisements have proved themselves a strapping and somewhat successful marketing strategy for the forbidden goods today.

Surrogate advertising has been a powerful medium through which a particular brand reaches out to its consumers. Although the original products have not been advertised on the television, still these brands enjoy a higher sales volume each and every year. The trend followed by such ads could prove to be a boon for big and established players as they result in higher brand recall value, thereby helping them to push their banned products further. Thus, surrogate advertising has played a vibrant role for these brands to sustain in the market even after banning the advertisements of their original products. With the government now enforcing a ban on surrogate advertisements, companies are turning to event sponsorship, event organizing, corporate films and more and more innovative integrated marketing communication strategies.

This study was conducted to know the knowledge and perception of customers about surrogate advertisements in the cities of Kolkata and Bangalore and analyze the factors for knowing whether surrogate advertisements have any impact on the consumers' buying behaviour while buying the original products. It was understood that surrogate advertisements are only successful in creating brand recall of the hidden product in the advertisement. People do not get much influenced by these products' advertisements while making their purchase, and they just remind the brand existence. During the study, a sample of 150 respondents was considered and their knowledge and preferences as customers were analyzed. The data was collected by using a questionnaire method. It was found that their knowledge and awareness levels were low, which was the main reason for not knowing about most of surrogate advertisements as they lacked significant exposure to the mechanisms of such advertisements. It was also found that the consumers were ethically concerned with respect to surrogate advertisements.

4.3. Suggestions

- Frequency of surrogate advertisements is less. So, companies should increase frequency for more effectiveness.
- The general public has negative perception towards surrogate advertisements as they are considered unethical. So, companies have to find a way to successfully change their view to positive.
- Creating consumer awareness programs to give them the required knowledge is necessary.
- There is nothing illegal in promoting of such products in the society provided that the marketer does not violate the rules and regulations of the government framed in the interest of the general public.
- The intention of marketers should be to promote their products, whose direct advertisements are banned, but not to harm the health of their consumers without proper information regarding the same.

5. BIBLIOGRAPHY

- 1 – Dorothy Cohen (1972, July 01) Surrogate Indicators and Deception in Advertising
Volume: 36 issue: 3. Retrieved from <https://doi.org/10.1177/002224297203600303>
- 2 – Jonathan A.J. Wilson & Jonathan Liu (2012, June 04). Surrogate brands – the pull to
adopt an ‘other’ nation, via sports merchandise. Retrieved from
<https://doi.org/10.1504/IJSM.2012.047131>
- 3 – Manjunath G (Sep 2015). Surrogate Advertising: The Awareness And Does It Helps To
Promote Core Product Itself In Indian Context. Volume 2, Issue 4. Retrieved from
[https://www.academia.edu/16499143/SURROGATE_ADVERTISING_THE_AWARENESS
_AND_DOES_IT_HELPS_TO_PROMOTE_CORE_PRODUCT_ITSELF_IN_INDIAN_CO
NTEXT](https://www.academia.edu/16499143/SURROGATE_ADVERTISING_THE_AWARENESS_AND_DOES_IT_HELPS_TO_PROMOTE_CORE_PRODUCT_ITSELF_IN_INDIAN_CONTEXT)
- 4 – Ankit Aggarwal (2015, Sep 04). Surrogate Advertising - Hidden Yet Visible Products
Retrieved from [https://www.mbaskool.com/business-articles/marketing/14340-surrogate-
advertising-hidden-yet-visible-products.html](https://www.mbaskool.com/business-articles/marketing/14340-surrogate-advertising-hidden-yet-visible-products.html)
- 5 – Surrogate Advertising (2012, Sep 22). Retrieved from
http://en.wikipedia.org/wiki/Surrogate_advertising
- 6 – Surrogate advertising and its impact on the mind (2016, Dec 05) Retrieved from
[https://www.ukessays.com/essays/marketing/surrogate-advertising-and-its-impact-
on-the-mind-marketing-essay.php](https://www.ukessays.com/essays/marketing/surrogate-advertising-and-its-impact-on-the-mind-marketing-essay.php)
- 7 – Pradeep S. Mehta (2003, May 23). Surrogate advertising — Needed, a spirited attack
The Hindu Business Line Retrieved from
[https://www.thehindubusinessline.com/2003/05/23/stories/2003052300090900.ht
m](https://www.thehindubusinessline.com/2003/05/23/stories/2003052300090900.htm)
- 8 – Shameer M. (2014, June 08). Impact of surrogate advertisement in surrogate
products at ogilvy & mather. Retrieved from [https://www.academia
.edu/sham88/report-on-the-impact-of-surrogate -products](https://www.academia.edu/sham88/report-on-the-impact-of-surrogate-products)

