

Deceptive Advertising and Its Impact

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Abstract— Advertising initiates as soon as the common masses tend to become aware of the existence of products and services. Advertising as it very nature demands develop the influence of the customer interest as the potential customers have the propensity to know more about the products. Advertisers are in a continuous scuffle to create a demand for the product. Advertising can also create a brand identity for a series of products as it seeks out to generate a reputation also known as an image contiguous to a product or products and also helps in increasing sales.

Keywords— Advertising, Impact of advertising, Societal impact, Social impact, Deceptive advertising, Misleading ads

1 INTRODUCTION

The basic idea of advertising is to make people aware of the existence of products as it persuades potential customers towards buying the product. Advertising initiates as soon as the common masses tend to become aware of the existence of products and services. Advertising as it very nature demands develop the influence of the customer interest as the potential customers have the propensity to know more about the products. Advertisers are in a continuous scuffle to create a demand for the product. Advertising can also create a brand identity for a series of products as it seeks out to generate a reputation also known as an image contiguous to a product or products and also helps in increasing sales.

Advertisements are now an important part of our living as it is one of the major information source regarding the usage and benefits of any new product or products in the market. Apart from this, advertising also kindles production and tend to reduce the cost per unit. Advertisements have now occupied each and every niche of the world and our day to day buying habits relies on the advertisements of the various products and services we tend to obtain. Advertisements are now the most powerful mode of promotion and selling and the sturdy growth of advertising industries all over the world are providing more and more aspects to advertisers in term of influencing the customers. The very nature of advertising involves influencing people towards a particular product or a number of products and advertisers make sure that the message that has to be conveyed to the customers is rendered pertinently. Nowadays it has been observed that pioneers of advertisement have a propensity to switch to different techniques and strategies of advertising to promote their products and most of the times the profit earning motive of the marketers become so high that they tend to promote their products at the cost of anything and use every possible practice for promotion which gives rise to misleading advertisements. There are numerous examples of advertisements all over the world where the customers are being manipulated in such a manner that they tend to shape their buying decisions accordingly.

Advertisements gravitate to claim lot of things but most of the times such claims turn out to be false and are created to make

way for the advertisers to earn their required acquisitions. Misleading advertisements do impact people in particular and the society as a whole as it manoeuvres the mind set of people and this is so because we believe what we see and advertisers use this tactic to shape our perception. Some of the advertisement claims seem to be so real that people fall prey to the misleading ones and blindly follow it and make their purchases accordingly and the results turn out to be erroneous on the part of the consumers. It is indeed true that it is quite crucial for customers to judge the difference between right and wrong claims in advertisements because over the decades, advertisements has dominated the society so much that people are now unable to differentiate the narrow line of contrast among needs and desires.

Advertising is also an essential part of marketing tactics that comes with a debit because it increases the sales of products and services offered. Advertisers use a number of tactics to create a centre of attention for their products which can be performed through the use of mediums such as radio, television, billboards, sandwich boards, web banners, flyers, newspapers, magazines, and advertorials. Adverts are helpful for customers to remain updated about the launch of new products, variations in the products, modifications in the product. Advertising is also beneficial as it produces customer loyalty that facilitates in bringing a long-term competitive advantage and this particular strategy is momentous in times of slow economic growth also known as downturn. Brand loyalty can only be earned when during periods of recession products are continuously advertised rather than just cutting-off the price. Advertising is beneficial for both the business and the consumers as with each profit derivation the business can meet the expense to delight the consumer with added cost effective products.

<http://business-finance.blurtit.com/1324847/why-do-we-need-advertising>

There is a high need of advertisement today because it has become an important part of the marketing mix. The following reasons can justify the statement:

Advertising targets ideal customers – When a particular message is able to reach the particular set of target audiences, a better connection with the audiences are to be formed and the brand value tends to increase.

Advertising ads credibility – This is one of the common discernments that advertising is often enough to put on the market and resell customers and prospects equally and makes it uncomplicated to derive the required amount of attention for the complete message.

Advertising creates awareness – Be it a social issue or a promotional strategy, advertising now is one of the foremost and impactful tactics used to create awareness among consumers in particular and the nation in general. Also not to mention that the force that compels the amount of adaptation and trust building is educational content which include blog posts, seminars, ebooks. Advertising is an effective tool in creating awareness which people have a tendency to follow.

Advertising is the means one can manage – When a company wants to launch a product or event, advertising is supposed to be the only tool which can be controlled absolutely.

<http://www.ducttapemarketing.com/blog/5-reasons-why-you-must-advertise/>

2 BENEFITS OF ADVERTISING

As mentioned earlier, advertising is termed as the best tool for trading and it assists to achieve a vision in terms of endorsing a product.

Advertising motivates interest: Advertising offers visual support to augment the excellence of sales appearance. This is so because visuals or hand-on learners tend to grasp the attention of the target audience hence demonstrating the value and potential of the product. It is believed that the facility to see, feel and sometimes smell a product usually appears to be more interesting and engaging to buyers rather than listening to the various sales pitch.

Communicates ownership: A proper advertising is also very helpful as it rightfully doles out the purpose of instilling a sense of ownership for the product to be advertised. Free trials have the propensity to possess a parallel objective of letting the buyers experience temporary ownership of a product without the risk of paying for it.

Provides proof: Proof devices basically refer to the samples, brochures, videos, pictures and such other tools. Proof devices are considered to be very significant in advertising because they provide concrete evidence to support the claims made by the advertisers. Buyers seem to have a sense of distrust for the sales

person because of the claims they make. So, in this case offering necessary proof to the customers can help in gaining their trust and they have the leverage to experience the pros and cons of the product for themselves.

Concern for struggles: Advertisement also helps to overcome product related concerns presented by a buyer. Prospects often come with misconceptions and wrong notions based on things they come across in the marketplace. When a customer questions the key claims and doubts the product and its presentation, a proper advertisement makes it easy for the customers to clear all their doubts and queries. The primary concern is to take the customer's problem into consideration and provides more and more information to the customers.

<http://smallbusiness.chron.com/purpose-benefits-product-demonstration-55113.html>

3 HISTORY OF ADVERTISING

Advertising is a form of marketing communication used in promotional and selling strategy and has been prevailing since ancient civilization. Advertising as we all know it today commenced around 200 years ago. But in ancient Rome and Greece, criers' signs and drummers were used to transport information for advertising goods and services quite before the development of Printing.

The perception of advertising goes back to early civilization and is directly related to man's need to communicate his message to the masses and grab their attention through the message conveyed. In 3000 BC Babylonia, ads were found on doors. A 3000 year old ad from Thebes in Greece calls for the recovery of a slave: "For his return to the shop of Hapu the weaver where the best cloth is woven to your desires, a whole gold coin is offered." In Rome signs were pasted depicting announcement of circuses and gladiator matches. One of the first known methods of advertising was outdoor signs pointed on the walls.

The first newspaper ad in the world was in England in 1650 to offer a reward for stolen horses. In 1666, the London Gazette announced that it was going to print advertising and by 1682, there were huge number of ads. By 1700, England was accumulated with pasted notices and posters. Charles II had to say: "No signs shall be hanged across the streets shutting out the air and the light of the heavens." During the mid17th century i.e., 1650, newspaper advertisement grew fast in Europe.

During the early years the centre of advertising was England. Advertisement began to develop in America in the 18th century. The newspapers in England announced publication of books, news beverages, and matrimonial offers. But all early advertisements were fundamentally only pronouncements. In England some of the establishing ads were Coffee (1652), Chocolates (1657) and Tea (1658).

In India the earliest advertisements conceded by English newspapers were published in the 18th century and were about the appearance of ships and merchandise from abroad. The first Indian

newspaper started by James Augustus Hickey on January 29, 1780 was called the Bengal Gazette or Calcutta General Advertiser.

The 1700s saw the growth and evolution of newspapers. The first daily newspaper of France was Journal De Paris (1777) and the first US Daily was the Pennsylvania Packet (1784). Thomas J Barratt worked for Pears Soap Company and is known as the father of modern advertisement. He created an effective advertising campaign for the Pears soap. One of his slogans "Good morning, have you used Pears soap" became very popular. By the 1880s industries ranging from soap to canned food to cigarettes introduced new production techniques and began persuading buyers. The invention of the printing press by Johannes Guttenberg in Germany was a turning point for print advertisement in 1440/1450. The first ad agency of India was set up in 1905 in Mumbai by the name B. Dutta Ram and Company. Then came Olivia and Hindustan Thomson associates. In the 1950s various advertising associations were formed in India to safeguard the interest of advertisers. In 1967, the first advertisement was aired on Vivid Bharti. In 1978, the first TV commercial was seen in India.

The field of advertising was revolutionised in India with the advent of Radio and TV. While the press could cover only the literate and non-literate audience, TV and Radio remained in the most popular media in urban and rural areas. During the 1990s the arrival of satellite TV and internet resulted in significant changes in advertising.

The establishment of the ad server has opened many new and advanced avenues for advertising through the internet and it has also contributed to the opening up of many new frontiers for advertisers in terms of the 'dot-com' boom of the 1990s. A change in the online search engine Google, has been noticed at the turn of the 21st century. The change was the emphasis laid on the framework of relevant ads based on an individual's browsing interests.

The advertising business model is also said to have been modified since the 1990s. In media, advertising is not sold but is offered to start-up companies in recurrence for equity and in these cases, when the company enhances and is sold the media companies attain cash for their shares.

Since the 1950s the government or the advertising industry to be precise has inflicted some sort of restrictions on advertising certain sort of products specifically liquor and cigarettes and tobacco. Around 2.3 billion people all over the world are included in the list of the countries where consumption of tobacco is strictly restricted. These restrictions have created interruptions in terms of competition in the breakfast cereal market when compared to the rest of Canada.

https://en.wikipedia.org/wiki/History_of_advertising

4 REVIEW OF LITERATURE

The purpose of this chapter is to review the literature that has scrutinized the series of factors that tend to engage customers in misleading advertisements. The chapter would then analyze the side effects of misleading advertisements effecting the social and economic factors. Furthermore, the

chapter would discuss the concept of consumer confusion, its causes and the reactions derived from it.

Shelley Frost analyzed the impact of financial loss incurred as a result of misleading advertisements. She furthermore included the fact stating that at times quite a huge amount of fine is charged on the company for deceptive advertising.

False advertising is said to be deceptive with claims that are not validated by evidence. The Federal Trade Commission sets standards for advertising to diminish experience to deceptive or unfair advertisements. An advertiser who knowingly makes deceptive claims or otherwise forge advertising faces financial and lawful repercussions in addition to trailing loyalty from the preceding customers.

Shelley Frost furthermore added on the investigation in order to analyze deceptive advertising. According to her, if a marketing campaign is supposed of promoting false claims through advertising, the FTC may investigate further to settle on if the company infringes any of the prescribed set of laws. The FTC reviews the content of the ad from the perspective of a consumer to assure if the actual or implicit claims contain some amount of falsification. The FTC also scrutinizes information that is left out, such as failing to report the side effects of a new medication.

Shelley Frost also added that in most of the cases of deceptive advertising, the company may receive a cease-and-desist order to stop the fallacious advertisement from cheating the consumers. The advertisements must be brought up to the standards of FTC before they are allowed to dominate the market again. This may include correcting any false information and adding in the information excluded from the advertisements. In addition, the company may tend to comprise additional provisions in future advertisements or let anyone who acquired the item that the company used deceptive practices.

Deceptive advertising leads to numerous losses which are incurred by the consumers. They are:

Financial Loss

Deceptive advertising ends up costing the company a noteworthy amount of money if caught. If the advertisements are pulled, the company has the propensity to lose out on the money the company spent on developing those ads. The company is also sometimes charged a certain amount of fine for both present false advertising and any future occurrences of deceptive advertising. If the company is sued in the meantime, additional expenditures come in the form of lawful fees and money that must be paid to consumers who filed the suit.

Broken Trust

A company that tend to engage in false and deceptive advertising gives the intuition that it is not a trustworthy business. Both existing and new consumers may feel deceived and are more likely to go somewhere else for the same products or services. The misplaced faithfulness from existing consumers cuts into business. The company may

also get a terrible reputation as a deceptive organization which basically means reduced business in future.

Mr. Carolyn Smith talked about the factors that have a propensity to involve customers in misleading advertisements. According to Mr. Carolyn Smith these factors turn out to be pricing strategies where consumers end up purchasing the products they require at the highest price and the lowest quality.

Mr. Carolyn Smith terminated that there are a series of incentives that may cause individuals to engage in misleading advertising. Some may do it for financial gains. These are usually attached to pricing strategies or they may also be attached to mistaken information about the product content. As a result, consumers finish up purchasing items at a higher price or at a lesser quality than they had proposed. In certain state of affairs, deceptive advertising may occur in order to increase an individual's status as is the case with political advertising. Lastly, deceptive advertising can take place in order to increase membership for occurrence through sporting clubs or church donations.

Vincent-Wayne Mitchell and Vassilios Papavassiliou, (Msc student, Manchester School of Management, UMIST, Manchester, UK) analyzed the basic concept of consumer confusion, its causes and consumers' reaction and how marketers influence it. Here, the discussion is focused on the marketing determinants of confusion and an inventory of confusion reduction strategies.

Vincent-Wayne Mitchell and Vassilios Papavassiliou discovers the concept of consumer confusion; what causes it, how consumers react to it and how marketers can manipulate it. The focus planned fluctuates from preceding work by integrating the notions of stimulus overload and stimulus similarity as well as acknowledging conscious and unconscious confusion. The marketing determinants of confusion are confidential and an inventory of confusion lessening strategies is talked about.

The concept of consumer confusion also scrutinizes the marketing and policy allegations of confusion, presents a checklist for brand managers to use when carrying out a confusion inspection and emphasizes areas for future research, especially into measurement of the concept.

Gerard J. Tellis (2004) discussed on the difficulty to assess the impact of advertising because of its main feature which is complexity. The author further analyzes the problems to be taken in to account to measure the impact of advertising to the consumer.

According to Gerard J. Tellis and Claes Fornell, the relationship between advertising and product quality is apparently a controversial issue because of the existence of conflicting empirical evidence and different theories about the effects of advertising. They presented an incorporated the-

ory based on the response of consumers to advertising and the costs of producing quality products. The theory furthermore hypothesizes that the relationship between advertising and quality is stronger when quality is produced at a lower cost and consumers are less responsive to advertising.

Manoj Hastak, Professor of Marketing, Kogod School of Business, American University and Michael B. Mazis, Professor Emeritus, Kogod School of Business, American University studied the typology of truthful but misleading advertising and labelling claims. Even though numerous typologies of false and deceptive advertising appear in the literature, the respective author's typology focus more specifically on the lawful cases as well as the miscellaneous set of psychological theories to provide a better off and more inclusive understanding of the reason behind the influence of advertisers on consumers toward certain types of ads which are misleading and deceptive in nature. The goal is basically to produce a better gratitude of how consumers process the diversity of potentially deceptive information and to explore suggestions for further research.

Keisuke Hattori, Faculty of Economics, Osaka university of Economics and Keisaku Higashida, School of Economics, Kwansai Gakuin University studied about the factors that result in the benefit that advertisers derive from misleading advertising. In order to understand the factors, the authors developed a hotelling model of vertically and horizontally differentiated brands with deceptive advertising competition. They investigated on the question of who benefits or loses from the misinformation created by advertising contest and related regulatory policies.

Their study further shows that the quality gaps between two brands are decisive for determining the effect of misinformation on the firms' profits, combined or individual consumer excess, and national welfare. Even though the propaganda lures consumers into buying products that they would not have purchased or else it might improve welfare even if the advertising does not develop the overall demand for the brands.

Their study also shows that although endogenous advertising competition might result in a prisoners' predicament for firms making some consumers more affluent. The authors here discussed about the effects of self-regulatory policies such as advertising taxes, ad valorem and unit taxes on production, inclusive and biased prohibitions of deceptive advertising, and government provisions of quality documentation or contradict-information and the education of consumers.

J. Edward Russo, Barbara L. Metcalf, Debra Stephens (Identifying Misleading Advertising)

It is certainly very complicated as well as controversial to

establish if a particular advertisement or some advertisements are misleading. And most of the times, it has been observed that advertisers and consumer advocates seldom have the same opinion regarding misleading advertisements. Many research papers have also been carried out to somewhat understand the characterization of misleadingness or to understand the practice of identifying the phenomena.

When we talk of misleading advertisements a set of suppositions come to our minds and the most commonly perceived and believed notion of misleading advertisements is the visible incongruity that persists between the claims made by the advertisers and how much these claims match up to the expectation. Also at times consumers are unable to judge the difference between claims and facts because some claims require verification to be considered to falsify and in such cases either it becomes an expensive affair on the part of the consumers to verify the claims or it becomes technically complex matter.

According to the study of J. Edward Russo, Barbara L. Metcalf and Debra Stephens, in some cases of misleading advertising the market tends to be self-correcting in nature. This happens when a particular false claim made by an advertiser is corrected by a competitor's advertising. Also economic self-interest results in the modification of any such false remarks of one's own products that reduce sales. There have also been a number of instances where usual market mechanisms turned out to be insufficient. Therefore, claim fact inconsistencies do take place in market stability and at times misleading advertisements help in increasing sales.

5 APPROACHES TO IRRATIONAL ADVERTISING

There can be end number of reasons to quote with regards to the approaches used to promote unreasonable or irrational advertising. According to the respective authors of the journal, there are three basic components that constitute to the approaches to irrational advertising. They are the following:

Fraud: The term Fraud which is also attributed as Con spotlights the advertiser and presupposes a premeditated intention to shape forged beliefs about the product or products. As per the authors, conning is neither a legitimate nor a practical approach and it is also not suitable because the advertiser's purpose may perhaps be inappropriate with regards to the harm caused to the customers. It is also not applicable because the sufficient amount of proof against the advertiser's deliberate intention is difficult to stumble on. Likewise, it is equally complicated to take legal action against the ad and bring to a halt to the damage and inconvenience of the customers.

The National Advertising Division (NAD) of the Better Business Bureau as well as the Federal Trade Commission do not require proof to stumble on the fact if a particular ad or number of ads are supposed to be withdrawn. The Federal Trade Commission has been following this scheme for over 30 years now. But, there are still quite a lot of countries in the league of finding appropriate proof to consider an ad irrational and withdraw it. A popular example among this is the U.S. Postal Service's regulation of advertising in the course of mails.

Falsity: This term is very often used in advertising and it broadly refers to the continuation of incongruity in the claims made by the advertisers. In order to verify and display the amount of falsity in a particular advertisement or in some advertisements for that matter, one must check for the presence of inconsistency. In this case the most common and easy approach would be the use of evidence from people who have been the prey to false advertisements. The approach to derive statement from experts regarding false advertisements can also be adopted but experts do not always have the propensity to agree to one another because more the experts, higher are the chances of disagreements and opinion clash. The best illustration to arrive at falsity in advertisements is the price and benefits assured by the advertiser on the use of the product, if the price is higher than the advertised price and the benefits are less in number then one can definitely term the ad as false as it fails to meet the criteria shown in the ads.

Inadequacy of Falsity: It is not always necessary or enough to prove if an ad is misleading regardless of the value of evidence in terms of falsity of ads. The belief of consumers is the most significant and it is undeniably true that a false claim does not tend to harm consumers until and unless they have faith in the product and simultaneously a true and genuine claim can cause immense harm to the consumers if the ad has the propensity to produce false beliefs among the consumers. It has also been observed that not all false claims prove to be harmful or cause damage to the consumers and the finest example of that would be the whimsical yet beautiful cartoon characters. We all are aware that these characters are created and bear no relevance but they can rightfully augment the value of a false claim in spite of the ad being factually false. Therefore, the authors are of the opinion that falsity is the mistaken standard and there is a narrow line of differentiation between the ad claimed and the ad believed and the fact is that claims do not tend to harm consumers rather it is the belief of consumers that cause damage.

Misleading ness of ads: This term has been associated quite a lot of times with advertising and it exclusively centres on consumer beliefs. A display of misleading advertising requires the scrutiny of false consumer beliefs in juxtaposition with disclosure to the ad. To be very technical, the very visible difference between falsity and misleadingness is that falsity refers to the claim fact disagreement whereas

misleadingness refers to belief fact disagreement. Over the last two decades, the Federal Trade Commission changed its approach to misleading advertising and the focal point eventually shifted to the resulting beliefs of consumers from the message. With this alteration the use of behavioural confirmation in cases recorded by the Federal Trade Commission of advertising has gradually increased from 4% preceding to 1954 to 54% in the early 1970s.

Untruthfully False versus Corrigibly False beliefs: The authors have pointed out a very noticeable difference between untruthfully false and corrigibly false genres of advertising.

Hypothesis: Considering the claims made in an advertisement endorsing banana. The ad claims that banana consists of only 85 calories although the claim is false because a regular banana contains 101 calories and it is simply not possible that a banana would contain only 85 calories. So here comes two types of incorrect beliefs:

A regular banana consists of fewer than 100 calories because 100 is regarded as a curve indoctrinating 101 calories or it may also consist of more than 101 calories. Even though both the factual errors are possibly detrimental to the consumers. However, the previous error serves the advertiser's aim of selling more of the product. The belief that calories go beyond 101 can be assumed to be correctable by natural market mechanisms. Here, the incentive of the advertiser results in increased sales to correct the notion that there are considerably more than 101 calories in banana, such beliefs are termed as corrigibly false.

On the other hand, when consumers have the propensity to believe that calories are less than 100, the advertiser derives benefits at the cost of the consumers. The untruthfully false notions require additional marketplace regulation. Henceforth, the planned procedure in order to become aware of misleading advertising centres only on the belief of the consumers as per the experiment.

Misleading Advertising: In Search of a Measurement Methodology (Klaus G. Grunert, Konrad Dedler)

Concept of Misleading advertising: The components of an advertising message that have the propensity to mislead consumers are not known and if people were aware of these components, policy makers could act promptly and wisely whenever such cases tend to occur. Furthermore, the advertisers would avoid the use of such components with their own accord because the policies would be clear and precise for all.

According to Milton Handler, "the people are annually robbed of millions of dollars by false and misleading advertisements that appear in the periodical of the country." This statement is enormously accurate with regards to the handful of money people lose on every occasion by accidentally falling prey to the ill effects of misleading adver-

tising. He further added that a toll of millions is taken annually from the ignorant, the unfortunate and the sick and also from those people who have the propensity to endeavour to something new and exciting as a despondent hope.

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6 MISLEADING ADS AND THEIR CLASSIFICATION

The misleading advertising and labelling or classification provisions implemented by the Competition Bureau forbid making any deceptive representations for the purpose of promoting a product or a business interest, and support the provision of sufficient information to allow consumers to make informed choices. The false or misleading representations and deceptive marketing practices provisions of the Competition Act contain a general exclusion against materially false or deceptive representations. The act also forbid making performance representations which are not based on adequate and proper tests, misleading warranties and guarantees, false or misleading ordinary selling price illustrations, fallacious, deceptive or unauthorized use of tests and testimonials, bait and switch selling, double ticketing and the sale of a product above its advertised price. Further, the promotional contest provisions prohibit contests that do not disclose required information.

The *Consumer Packaging and Labelling Act*, *Textile Labelling Act* and *Precious Metals Marking Act* all contain prohibitions regarding false or misleading representations. They also have the need of certain labelling or marking information aimed at supporting consumers in making well-versed procuring decisions.

False or deceptive representations:

The Competition Act makes available criminal and civil administrations to address false or deceptive representations. Under both administrations, the Act rules out the making, or the authorization of the making, of a demonstration to the public, in any form whatever, that is false or deceptive in a material respect.

The Act forbids false or deceptive representations to the public as to the run of the mill selling price of a product, in any form whatsoever. Ordinary selling price is authenticated in one of the two ways i.e., whichever an extensive volume of the manufactured goods were sold at that price or higher, within a rational quantity of time or the manufactured goods were presented for sale, in good faith, for a considerable period of time at that cost or an advanced price.

False or deceptive average buying price representations:

The false or deceptive average buying price terms of the Competition Act are intended to make certain that when manufactured goods are endorsed at sale prices, customers

are not misinformed by indication to exaggerated usual prices.

Performance symbols not based on sufficient and appropriate experiments:

Businesses should not make any performance declaration unless they can back them up. The *Competition Act* forbids any representation in the form of a statement, warranty or guarantee of the performance, effectiveness or length of life of any given manufactured goods, not based on sufficient and appropriate testing. The responsibility is on advertisers to prove that the representation is based on a sufficient and appropriate experiment. The experiment must have been over and done with before the representation is made and the data must be willingly accessible upon request by the Bureau.

Sale above publicized price:

The *Competition Act* forbids the auction or payment of manufactured goods at a price higher than its publicized price. The term does not apply if the publicized price was an error and the error was immediately rectified.

Scanner Price Accurateness Code:

There is no centralized legislation leading price-scanning accuracy. However, some types of price demonstrations that result in over prices to consumers may be scrutinized under the *Competition Act*. The government department or the bureaucracy also gives backing to the Scanner Price Accuracy Voluntary Code, which offers participating merchants of four major associations with a system to provide suitable remedy to consumers when there is a scanner error. When the scanned price of an item without a price tag is higher than the shelf price, or any other displayed price, the customer is entitled to receive the item free when it is worth less than \$10, or take delivery of a \$10 decrease for more expensive items.

Attraction and switch exchange:

The *Competition Act* excludes "attraction -and-switch" exchange which takes place when a product is endorsed at a negotiable price, but is not obtainable for sale in rational extents. The stipulation does not apply if the advertiser can set up that the non-availability of the product was due to conditions beyond its control, the amount of the product acquired was rational, or the customer was recommended a rain check when supplies were tired out.

Double ticketing:

The *Competition Act* further excludes the supply of a product at a price that surpasses the lowest of two or more prices clearly articulated in esteem of the product.

Promotional competitions:

The *Competition Act* also forbids any promotional competition that does not unveil the number and approximate value of prizes, the areas to which they recount and any im-

portant information relating to the chances of winning, such as the odds of winning.

Deceptive warranties and guarantees:

The *Competition Act* prohibits any demonstration that claims to be a warranty or guarantee of a product, or a promise to substitute, maintain or restore an article, or any part of an article, where it is substantially deceptive or where there is no realistic outlook that the warranty, guarantee or promise will be carried out.

False, deceptive or illegal use of examinations and testimonials:

The *Competition Act* excludes the unauthorized use of examinations and testimonials, or the misrepresentation of authorized examinations and testimonials. The stipulation also forbids a person from permitting such demonstrations to be made to the public.

Labelling:

The *Consumer Packaging and Labelling Act*, *Precious Metals Marking Act* and *Textile Labelling Act* are authoritarian laws. They exclude false or deceptive demonstrations in definite sectors, namely pre-packaged consumer products, articles made of precious metals, and textiles and apparel. These laws set out requirements for basic, standardized labelling information, such as bilingual product explanations, metric dimension announcements and merchant identity, all of which help end users to make informed choices.

7 CONSUMER PACKAGING AND LABELLING ACT

The *Consumer Packaging and Labelling Act* also excludes false or deceptive demonstrations on pre-packaged consumer manufactured goods and necessitates that these products bear precise and significant labelling information to help consumers make informed purchasing decisions. The Act also sets out requirements for obligatory label information such as the product's name, net quantity and dealer identity.

Textile Labelling Act:

This Act prohibits false and misleading representations on consumer textile articles and necessitates that these articles put up with truthful and significant classification information to help consumers make informed purchasing decisions. The Act also sets out requirements for obligatory tag information such as the generic name of each fibre present and the dealer's full name and postal address or a CA identification number.

Valuable Metals Marking Act:

The Act excludes false or deceptive demonstrations related to valuable metal articles (articles made with gold, silver, platinum or palladium) and offers for the uniform description and quality marking of these articles to help consumers make informed purchasing decisions. It also entails that dealers who choose to mark their articles with representations related to the valuable metal

quality, do so as prescribed by the Act and the Regulations.

<http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/02776.html>

8 DIRECTIVE ON DECEPTIVE ADVERTISING

The purpose of the **Directive on Deceptive Advertising** is to **protect merchants against deceptive advertising** and its consequences. It also aims to lay down the **conditions** under which **comparative advertising** is legalized.

The Directive also provides for a minimum level of protection throughout Europe as apprehensions deceptive advertising, and it fully correspond the rules of the EU countries on comparative advertising.

Since the implementation of the law provides the scope of application of the deceptive and Comparative Advertising Directive has been restricted to business-to-business (B2B) relations concerning deceptive advertising. Its stipulations on comparative advertising also apply in the context of advertising directed at consumers.

On 27 November 2012 Vice President Reding presented the Commission's **strategy** to perk up the protection of businesses against deceptive marketing practices.

According to the Directive, deceptive advertising is any advertising which, in any way, including in its presentation, is capable of:

- Misleading the persons to whom it is addressed;
- Deforming their economic behaviour; or
- As an outcome, harming the interests of competitors.

When determining if advertising is deceptive, several factors shall be taken into account. These are:

- The characteristics of the goods or services concerned;
- The price
- The conditions of delivery of the goods or provision of the services involved;
- The nature attributes and rights of the advertiser.

Creating a false and deceptive impression:

Businesses are not permitted to make declarations that are erroneous or likely to create a false impression. This rule applies to their advertising, their product packaging, and any information offered to the consumers by their staff or online shopping services. It also applies to any declarations made by businesses in the media or online, such as testimonials on their websites or social media pages.

For example, businesses cannot make false claims about:

- The excellence, style, model or history of a product or service
- Ensures if the goods are new

- The funding, performance features, accessories, advantages or use of products and services
- The user-friendliness of repairing facilities or spare parts
- The requirement for the goods or services
- Any elimination on the goods and services.

It makes no disparity whether the business intended to mislead the consumers or not. If the overall notion left by a business's advertisement, endorsement, citation, statement or other demonstration produces a misleading impression on the consumer's mind : such as the price, value or the excellence of any goods and services—then the behaviour is likely to violate the law.

There is one exemption to this rule. Sometimes businesses may use uncontrollably inflated or indistinct claims about a product or service that no one could possibly treat seriously or find misleading. For example, a restaurant claims they have the 'best steaks on earth'. These types of claims are known as 'puffery' and are not considered deceptive.

9 EXAMPLES OF FALSE OR DECEPTIVE CLAIMS

- A mobile phone supplier signs the consumer up to a contract without letting the consumer know about the coverage issue in one's region
- A real estate agent misleads consumer about the features of a property by advertising 'beachfront lots' that are not on the beach
- A jewellery store promote that a watch 'was' \$200 and is 'now' \$100, while the store never sold the watch for \$200
- A commerce predicts the health benefits of a therapeutic device or health product but has no confirmation that such benefits can be acquired
- A transport company uses a picture of aeroplanes to give such an impression to the consumer that it takes cargo by air, when it actually sends it by road
- A company pretends the possible profits of a work-at-home scheme, or other business opportunity.

False or deceptive advertising

These are some of the most common types of false or deceptive advertising reported to the ACCC.

Fine print and qualifications:

It is common practice for advertisements to include some information in fine print. This information must not disagree with the overall message of the advertisement. For example, if an advertisement states that a product is 'free' but the fine print indicates some payment must be made, the advert is likely to be deceptive.

Implicit advertising:

Some advertisements or sales material may compare products or services to others on the market. These comparisons may relate to factors such as price, quality, range or volume. Comparative advertising can be ambiguous if the comparison is imprecise or does not appropriately compare products.

Enticement advertising:

Enticement advertising takes place when an advertisement endorses certain products that are not available or available only in very limited quantities. It is not considered to be deceptive if the business is forthright in a highly visible, clear and precise manner about the meticulous product 'on sale' being in short supply or on sale for a limited time.

Environmental declarations:

Environmental declarations may appear on small household products such as nappies, toilet paper, cleaners and detergents through to major white goods and appliances. They may comprise of statements about environmental sustainability, recycling, energy and water efficiency or impact on animals and the natural environment, for example 'green', 'environmentally safe' or 'fully recycled'. Businesses making these declarations must be able to validate them.

<https://www.accc.gov.au/consumers/misleading-claims-advertising/false-or-misleading-claims>

As part of its goal to make sure that consumers have competitive prices and product choice, the *Competition Act* forbids a number of marketing practices.

Deceptive advertising occurs when a claim about a product or service is materially false or misleading, in an attempt to persuade the consumer to buy it.

Double ticketing takes place when a seller puts two or more prices on a product or service, and the consumer is not charged the lowest price.

Pyramid selling is a multilevel marketing plan that uses certain specific deceptive means to obtain money.

Lure and switch occurs when a seller attracts customers by endorsing a certain product or service at a give-away price and then persuades the customer to purchase a more expensive item, since the seller does not have reasonable quantities of the advertised item in stock.

Consumers may complain to the Government of Canada about any of these practices even when they have no intention of buying the product. Consumers may contact the [Competition Bureau](#) to file a complaint or obtain additional information. When the matter relates to labelling or advertising of food, contact the [Canadian Food Inspection Agency](#). You may also contact your provincial or territorial consumer affairs office.

The consumer may also complain to [Advertising Standards Canada](#) about misleading or deceptive advertising. This non-governmental body is made up of advertisers, representatives from advertising agencies and the media, and consumers. It dis-

courages false or misleading advertising by its members through codes of conduct.

A big part of the role also includes certifying that ads don't tend to deceive. In fact, in close proximity to 80% of the work engages responding to and undertaking concerns about deceptive ads.

The kind of complaints that are received about deceptive ads often concern pricing and issues such as hidden costs like booking fees and credit card charges. There are also complaints about exaggerated savings claims, significant terms and conditions not being made clear, promotions that aren't run fairly and health claims that discourage possibly susceptible people from seeking professional medical advice or treatment. In most cases the investigation to find an advertiser who is claimed to have broken the rules leads to their agreement to withdraw or amend their respective ads. But there are, of course, occasions where an advertiser is reluctant to cooperate.

Dejectedly, there are also bogus operators who act deceitfully in order to rip off people out of their money. We regulate the advertising of legitimate businesses. Where a company or individual is acting illegally certain actions are taken to highlight the problem by raising awareness amongst consumers to help them avoid falling victim to a scam. Holding these kinds of operators to account is, however, often difficult and law enforcement bodies such as the police are better placed to take action.

Making sure ads are truthful is, ultimately, about getting a fair deal for consumers. No-one should be hoodwinked and left out of pocket by a misleading ad. But being truthful is also good for business.

Advertisers have no interest in disobeyingly deceiving potential consumers because it doesn't make good business sense, most businesses want to build a good reputation and a base of happy and so returning customers. Actions are taken against advertisers who deceive so that those who treat consumers fairly benefit from the goodwill that truthful advertising creates.

https://www.asa.org.uk/News-resources/Hot-Topics/Misleading-Advertising.aspx#.Vwi8P_197IU

State and Federal laws ensure that they protect consumers from false and deceptive advertising; such laws make deceptive claims unlawful. As per the laws, no business may make false and deceptive claims about a product regarding its: Quality, Price and Purpose.

Consumers who fall prey to the claims of deceptive advertising are advised to contact an experienced lawyer to find out about his or her rights so that legal actions against the advertiser can be taken.

The False and deceptive advertising by a company or some group of companies of any product may result in the consumer enduring a financial loss or any form of damage to the consumer.

All forms of damage or financial losses incurred by the consumers as a result of false and deceptive advertising may not be sig-

nificant. However, this is not a cost to be endured by consumers. Consumers who fall prey to financial losses or other damages may take part in a class action lawsuit to recover compensation for any losses incurred.

10 ATTEMPTS TO STOP MISLEADING ADS

Recently and also apparently for the very first time, Centre is putting in place a sequence of lawful provisions in order to stop deceptive advertisements. Whilst the Real Estate Act, currently passed by Parliament, has stipulations for returning the entire amount including interest to the consumer in case a builder fails to deliver a property as promised in the advertisement or brochure, Bureau of Indian Standards (BSI) Act offers for rigorous punishment involving imprisonment and immense fine for those caught mishandling the Indian Standard (IS) mark or not obeying the rules or standards in certain cases.

Similarly, the Consumer Protection Bill, which will come up for discussion and passage in the second half of Budget session, provisions for serious penalty involving a jail term of up to five years for deceptive advertisement adjacent to the provisions for product accountability. It covers the producer, promoter and even the endorsers.

Consumer activist Bejon Mishra made a very relevant point with regards to the problem of deceptive advertising and its impact on the consumers. He said :

“All means of misleading consumers and alluring them to buy an item or service must be stopped by the government. Consumers must be informed about the right information so that they take an informed decision. It's for the government to put mechanisms in place to shield customers from such menace.”

As per the Real Estate Act, the builder has to return the payment including interest to buyers who are affected by "incorrect, false statements enclosed in the notice, commercial or prospectus or the model apartment, plot or building as the case may be.

“The real regulatory authority is empowered to order "compensation" to consumers in case of deceptive advertisements. Some members of the select committee in the Rajya Sabha had specified that there was pressure on them not to come out with rigorous provisions against evading developers/ builders.”

The BIS Act:

The BIS Act forbids anyone to make a public claim, through commercials, sales promotion leaflets or that his goods, article, process, system or service matches to an Indian standard or make such an announcement on the goods or article, without having a suitable certificate of conventionality or authorization from thbureau or any other authority.

It also stipulates broadcasting the consequences of its verdicts if the bureau perceives that the articles, processes or services with the IS mark do not obey the rules to the standard. Furthermore, the bureau can express to stop the supply and sale of non-conforming goods or articles and recollect such articles that have already been supplied.

<http://timesofindia.indiatimes.com/india/Centre-moves-to-shield-consumers-from-misleading-advertisements/articleshow/51848114.cms>

In an offer to make celebrity endorsers answerable for deceptive advertisements and endorsements, a parliamentary board has suggested a maximum punishment for five years' jail and a hefty fine of Rs.50 Lakh.

In case the proposed suggestions are implemented in the consumer protection bill, brand ambassadors will have to be more cautious and careful when signing a contract with private advertisers.

According to a recent report by the Times of India:

The proposed suggestions will be suggested to the Parliament. The panel went away from the view of ministry that the penalty shall be hooked at three years and added another two years to the jail term and a sharp financial penalty. Whilst the proposal is not obligatory but it does imitate the meeting agreement that celebrity endorsers should be answerable for what they advertise for a certain amount of fee.

A government official stated:

“Since they promote the sale of a product making false claims, there was a strong view that such persons must be made to pay along with the manufacturer or promoter.” A parliamentary committee headed by Telugu Desam Party MP J C Divakar Reddy has required to link penalty for deceptive and ambiguous advertisements to the sale volumes of the products or services. Celebrity endorsers will have to pay the penalty. Several celebrities are under fire for their association with brands whose promises have either fallen short or those which tend to deceive the consumer.

According to some of the sources, as per the recommendation, for a first-time offence, the penalty would be Rs 10 lakh fine or imprisonment up to two years or both. Another offence would demand Rs 50 lakh fine and imprisonment of five years. There is also a suggestion to augment the penalty for succeeding offences, which can be linked to the sale volumes of such merchandises and services. The suggestions has been proposed keeping in mind that the consumers blindly deem endorsements by celebrities which include some national awardees.

According to the sources, the committee has also suggested rigorous penalties for food defilement or for any "extraneous" element found in food items. Since consuming such items pose threat to life and health of public, the team has recommended precise imprisonment of two years with Rs 10 lakh fine and deferral of authorization for two years in case of first offence.

<http://timesofindia.indiatimes.com/business/india-business/Endorsers-face-jail-for-misleading-ads/articleshow/51803297.cms>

Celebrities should be fined, jailed if part of misleading ads:

According to a report published by Indian Express on the 27th of April, 2016, Celebrities, even those honoured with country's highest awards, should be fined and even jailed if they are engaged in deceptive advertisements of products, a parliamentary panel has recommended.

In its report on the Consumer Protection Bill 2015, the Parliamentary Standing Committee has suggested fines up to Rs 50 lakh, or even more, and jail terms of five years or more for repeat offenders making fake claims about products in advertisements. "Several eminent public personalities or celebrities who are honoured with national awards such as Padma Shri, Padma Bhushan and Bharat Ratna etc for excelling in various walks of life are often engaged as brand ambassadors for promoting various products. Such personalities are deployed to make advertisements which are often misleading by making unrealistic claims. The consumers tend to believe such advertisements promoted by eminent personalities or celebrities blindly. However, when the unfair trade practices are exposed, the celebrities are quick to dissociate themselves with the products/companies they were hitherto representing," the committee said in its report, closely describing a recent incident in which India's cricket captain M S Dhoni had to detach himself from a real estate company following criticisms by flat buyers about declarations made by the company. The committee suggests that in such incidents celebrities must not be allowed to flee without any penalties in future.

The report also mentioned: "The committee strongly feels that misrepresentation of a product, especially a food product, should be taken very seriously, considering the influence of celebrities and high net-worth individuals or companies. The existing laws are not deterrent enough to discourage manufacturers or publishers from using such personalities for misleading advertisements. The committee, therefore, recommends that stringent provisions may be made in the Bill to tackle misleading advertisements, as well as to fix liability on endorsers/celebrities."

It went on to suggest that for a first time offence, the celebrity may be penalised with either a fine of Rs 10 lakh and imprisonment of up to two years, or both. The penalty should be increased to Rs 50 lakh fine and up to five years of imprisonment for the second offence. "...for subsequent offences, the penalties may be increased proportionately based on the value of sales, or volumes of such products or services."

The committee asked the Consumer Affairs Ministry, which is guiding the Bill, to adjoin new stipulations to reinforce the Bill. In particular, it called for legal teeth to the Advertising Standards Council of India so that it can break down on deceptive advertisements, vigour the advertiser to concern a corrective advertisement or take penalizing action against the evading companies. <http://indianexpress.com/article/india/india-news-india/celebrities-should-be-fined-jailed-if-part-of-misleading-ads-house-panel-2772000/>

Walgreens to pay \$500K fine for deceptive advertising:

Based on the report published on 21st April 2016, Attorney General Eric Schneiderman proclaimed the drug store will have to pay \$500,000 for its deceptive advertising.

A recent investigation found the company charged customers more at the record than advertised. It also found the company advertised products as being on sale when they were in fact regular price.

Schneiderman says the store kept last chance and clearance items on store shelves for up to 10 months.

The state's top prosecutor says the chain "failed to provide consumers with clear and consistent information."

"Businesses are required to have ads that are truthful and not misleading," says Schneiderman. "The settlement, announced that Walgreens and Duane Reade are supposed to pay a punishment to the state and to change its advertising practices."

Stores that fall short two consecutive follow-up reviews will have to pay an additional \$2,500 punishment.

<http://wivb.com/2016/04/21/walgreens-to-pay-500k-fine-for-misleading-advertising/>

11 IMPACT OF DECEPTIVE ADVERTISING

Deceptive advertising leads consumers to make uninformed decisions. If consumers are not being told the whole truth or are being shown images that contradict or overshadow the actual traits of a product or service. But deceptive advertising often does significant, even fatal, harm to companies that use it. As a result this also encourages unhealthy competition among companies, making false claims and digitising the models also discourages the consumers and makes them uncomfortable about themselves. Fidgety customers are never good for a business, neither are making claims that impactful and illogical. Nowadays most ads rely joining the product marketing with sexually exciting content making the whole attention of the ad sway away from the product to the over accentuated models.

As authors Sangeeta Sharma and Raghuvir Singh explained in their book **“Planning and Implementation in Advertising”**:

Advertising has become a ubiquitous world surrounding us, virtually all the time and everywhere. If you count the number of advertisements you encounter each day, the number might reach an astonishing figure. Many a times, ads create the need of the products, which customers actually don't need. “Advertising is a non-moral force, like electricity, which not only illuminates but electrocutes. It's worth to civilization depends upon how it is used,” said **William Bernbach**.

Many of the products hawked at us are trivial, self-indulgent and sometimes, even harmful. Even if advertising doesn't literally create wants, it seems undisputable that ads often exploit and manipulate our existing psychological needs and desires like security, conformity, sex, power, etc. So by manipulating our needs and desires advertisers are controlling our autonomy.

CONCLUSION

Fulfilling social responsibility by conveying social messages, to the society through different media is an easy job, but to measure its performance and its effective reach and effective frequency, is not easy as individuals perception vary. After conducting this method the data collected proved to be quite resourceful for the study. The information grasped from the questionnaire method pointed out that majority of people considers misleading ads as a curse to the society and also do have negative impact on society. The respondents' are of the opinion that multimedia techniques are helpful to aware people about the existence of misleading ads as well as their identification. Although knowing the fact that human beings are heterogeneous and are different from each other thus the answers obtained was quite different as each respondent had different thinking.

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