

“Surrogate Advertising ban”



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Self-declaration: I don't drink and am not involved with any liquor brand.

I am writing this as a professional, I have written about this before.

The government plans to ban surrogate advertising and fine influencers. Surrogate Advertising has been around for the last 50 years. We have seen McDowell's drinking glasses, Royal Stag, some soda, playing cards, the list is long.

Point: Is this fair and what are we trying to achieve?

Liquor is a problem more at the lower end of the socio-economic strata where men drink away their salaries and also abuse women. It's lesser as you go up the income strata though less of a social problem. This logic has been used to impose prohibition in many geographies.

First up prohibition hasn't worked anywhere. All border town sales outside Gujarat funnel sales into Gujarat.

Some stark economic facts:

The liquor industry is a little less than \$70 billion accounting for 2 pc of India's GDP. It employs about 8 million people which is 1.6 pc of total employment in India. This industry accounts for 27 pc of tax collections at a state level. Example - The Karnataka govt employees salary bill is paid for virtually from the excise collection from liquor brands. This industry accounts for 7.7 pc of all taxes.

This industry accounts for more than Rs 10,000 crores of paper packaging. This industry accounts for 22 pc of all glass packaging in India. It contributes to agriculture through sourcing of grains and molasses.

I cannot fathom how this ban will work. Will anyone who posts a liquor brand picture on social media be fined? Will any movie that has a bar scene or a pub scene in it be fined? How will this ban be implemented?

What will the liquor brands do if all forms of surrogate advertising and events sponsorship is banned?

1. They could invest in retail.
2. Invest more in shop in shop format in large format retail.
3. Invest more in upgrading packaging, take a leaf out of what the cigarette brands have done. Packaging and the brand name choice has always been a strength of this industry.
4. Invest in Quick commerce. A few states like New Delhi, Karnataka, Punjab, Haryana, Tamilnadu, Goa and Kerala are considering this. This move if it happens will accelerate consumption in these states. But how will the Q Com channels advertise this on their digital menu?

ASCI has had many complaints on surrogate advertising over the years. But this ban is a challenge.

How will RCB be treated now?

Imagine if Kingfisher Airlines were around. The revenue of Kingfisher airlines would be multiple times the Kingfisher liquor brand. So, would that qualify as surrogate advertising?

The option of a brand extension is in the hands of a company. There is no law that states that you cannot make losses on a brand extension, the laws prevent predatory pricing but not losses.

Has the government thought through this move against its own golden goose?

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inshorts

Govt plans to ban surrogate ads, sponsorships by liquor makers

Centre, which already bans direct advertisement of liquor, is planning to ban even surrogate ads and sponsorships of events by tobacco and liquor firms, Consumer Affairs Secretary Nidhi Khare said. "You can't take a circuitous way to promote products," she said. "If we find ads to be surrogate...even those who're endorsing [products], including celebrities, will be held responsible," she added.

swipe left for more at Reuters / few hours ago

Firms, endorsers may be fined ₹50 lakh

Promoters risk endorsement bans for 1-3 years

