

# **UNVEILING THE ART OF ILLUSION: AN ANALYSIS ON THE DECEPTIVE PRACTICES IN THE ADVERTISING INDUSTRY**

Dissertation submitted to St. Teresa's College (Autonomous) Ernakulam,  
Affiliated to Mahatma Gandhi University in partial completion of

**PGDM – BUSINESS ANALYTICS**

Submitted by

**NEENA VARGHESE**

**Reg no: SM22PGDM007**

Under the Supervision and Guidance of

**Ms. PARVATHY P S**



**ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM**

**COLLEGE WITH POTENTIAL FOR EXCELLENCE**

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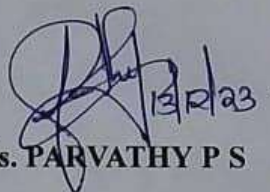
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**CERTIFICATE**

This is to certify that the dissertation entitled " **UNVEILING THE ART OF ILLUSION: AN ANALYSIS ON THE DECEPTIVE PRACTICES IN THE ADVERTISING INDUSTRY** " is a bonafide record of the project work carried out by **NEENA VARGHESE** (Reg: SM22PGDM007) final year student of PGDM - Business Analytics under my supervision and guidance during the academic year 2022-2024. The project report represents the work of the candidate and is hereby approved for submission.

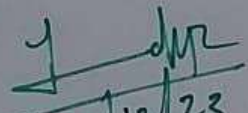
  
**Ms. PARVATHY P S**

**Assistant Professor**

**Department of Management Studies**

Countersigned

Principal

  
13/12/23  
**Dr. Grshad. M. R.**



## DECLARATION

I hereby declare that the project entitled "UNVEILING THE ART OF ILLUSION: AN ANALYSIS ON THE DECEPTIVE PRACTICES IN THE ADVERTISING INDUSTRY" submitted to St. Teresa's College (Autonomous), Ernakulam, is a record of an original work done by me under the guidance of **Ms. Parvathy P S, St. Teresa's College, Ernakulam**, and this project work is submitted in the partial fulfillment of the requirement of the award of the Degree of **PGDM-Business Analytics**. The result embodied in this project report has not been submitted to any other University or Institute for the award of any Degree or Diploma.



NEENA VARGHESE

**Place:** Ernakulam

**Date:** 13-12-2023

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## **ABSTRACT**

There is no denying that the advertising sector has a significant impact on consumer behavior and purchasing choices. Advertisements have influenced the public's decisions, sparked desires, and shaped their tastes for many years. But throughout time, this industry has experienced a tremendous shift. There is a darker aspect to this evolution, even while it has clearly embraced innovation and creativity to draw in its target audience. The use of deceptive advertising techniques, in which dishonest marketers deceive and control the public, has grown in popularity.

The study helps to understand the factors related to influencing the public and areas in which deceiving advertisements are reaped or exaggerated to an extreme. This research aims to investigate and understand the extent to which the advertising industry utilizes deceptive techniques, exploring the impact on consumers and ethical implications.

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## **CHAPTER- I**

### **INTRODUCTION**

## 1.1 OVERVIEW

Advertising is a type of communication that aims to influence a target audience to perform a certain action, usually in relation to a product or service that is being offered for sale. In the modern era, advertising leverages a multitude of channels to convey its message, spanning television, printed media, such as newspapers, magazines, and journals. Radio, online platforms, direct sales, billboards, promotional mailers, contests, sponsorships, posters, apparel, events, colors, sounds, imagery, and even celebrity endorsements have also helped to improve advertising products and services to increase its sale to the general public.

When a company seeks to promote its brand or products, it engages the services of an advertising agency. The company provides the agency with a detailed briefing, encompassing the brand's identity, core values, target audience, and more. The agency transforms these concepts into visual elements, text, designs, and themes to effectively engage with the audience. Once the client approves the advertisements, they are scheduled to be aired or published based on media bookings managed by the agency's media buying division.

If a business intentionally distributes an advertisement that makes false, misleading, or deceptive claims in order to promote their product, they may be held accountable for any harm caused by deceptive advertising.<sup>1</sup> The Federal Trade Commission (“FTC”) is the government agency that is responsible for enforcing regulations associated with unfair trade practices. Before state’s started enacting laws pertaining to deceptive advertising and consumer protection, customers could only file complaints with the Federal Trade Commission (FTC), which would thereafter warn or fine the company directly.

In recent years, a growing number of consumers have become increasingly frustrated with the business practices employed by many merchants and advertisers in promoting their products. According to Professor Colston E. Warne, trust between buyers and sellers is a fundamental requirement for a smooth exchange of goods and services.

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<sup>1</sup> The FTC enforces federal consumer protection laws that prevent fraud, deception and unfair business practices. The Commission also enforces federal antitrust laws that prohibit anticompetitive mergers and other business practices that could lead to higher prices, fewer choices, or less innovation.

## 1.2 STATEMENT OF THE PROBLEM

Advertisements have always been a part of the business industry, be it in any type of business enterprise, including small, medium or large scale, it always appears in multiple forms. However due to the ultimate greed and aim to gain maximum profit it is come to the understanding that enterprises are using deceptive practices or false advertisements to increase sales. This study is to investigate deceptive methods in the advertising industry as well as to comprehend the extent to which such strategies are used and its impact on the consumers. It helps in the understanding of the most prevalent deceptive forms and practices in advertising, as well as the influence and impact of various advertising boards, while also assessing their efficacy in protecting consumers.

## 1.3 LITERATURE REVIEW

Regulatory bodies and consumer protection agencies work to combat deceptive advertising and enforce laws and guidelines to ensure that advertising is accurate and fair. Numerous empirical studies about the deceptive practices involved in the advertisement industry have been identified. In order to fulfill the objectives of the study, it is pertinent to review the available literature concerning the area of the proposed study's attributes. The primary purpose of the review is to make an attempt to refer to the available literature and stock the available information and data. Studies conducted earlier on the deceptive practices in the advertising industry have been given below.

**Richard (2016)**, in his book “Deceptive Advertising: Behavioral Study of A Legal Concept” explains about the fact that consumer researchers have done little to know about the deceptive practices in the advertising industry and what they have done is either predicated on an erroneous understanding of the law or provides less psychological insights on how consumers are deceived. The book tries to identify the complete understanding of the deceptions and its regulations, provide information regarding the theory of deceptiveness that meets the needs of both Federal Trade Commission and the researchers as well as gain a sensitive and more appropriate method to measure deceptiveness.

**Loca and Ceku (2010)** in the paper “Deceptive Advertising and Marketing Practices: A Theoretical and Practical Review ” mentions that there are several ways for the media and marketers to sway public opinion through misleading advertising and marketing strategies. In the current global consumer environment, individuals set aside substantial sums of money for a wide range of goods and services, from luxury holidays to toothpaste. Deceptive marketing strategies are now widely used and may be seen in almost every industry, including travel, bank loans, telecommunications, beauty products, and more. They further state that fraud or deceptive practices are an intrinsic part of the market transaction between marketers and customers, with a history dating back to Ancient Rome and persisting in the modern world that would flourish even more so in the era of the World Wide Web.

**Piccolo, Tedeschi and Ursino (2017)** in their paper “Deceptive Advertising with Rational Buyers" focuses on how sellers can lead potential buyers into making poor purchasing decisions by using deceptive advertising that draws misleading product comparisons. The paper defines a set of scenarios where sellers of lower-quality products can deceive a buyer who relies on <sup>2</sup>Bayesian reasoning to make their purchase choices based on the information at hand. The paper gives out situations where companies might find it acceptable to let their low-quality competitors use some deceptive advertising tactics. Surprisingly, in these cases, even though some buyers end up purchasing low-quality products, they can still have a better overall experience and satisfaction compared to situations where they always buy high-quality products. This suggests that there could be reasons to support less strict regulations against deceptive advertising.

**Boush, Friestad and Wright (2015)** in the book “Deception In The Marketplace: The Psychology of Deceptive Persuasion and Consumer Self-Protection”, extensively covers the realms of psychology behind deceptive persuasion in the marketplace and how consumers can shield themselves. Deceptive marketing negatively impacts consumers in various ways, from their well-being to their finances, privacy, and

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<sup>2</sup> Bayesian inference or reasoning is a method of statistical inference in which Bayes' theorem is used to update the probability for a hypothesis as more evidence or information becomes available.

self-esteem, ultimately eroding trust in society. To counteract this, individuals must equip themselves with skills to guard against misleading marketing, moving beyond just relying on legal regulations. Therefore, delving into the psychology of deceptive persuasion and empowering consumers with self-protection skills should be a key focus for future research on consumer behavior.

The book's emphasis is placed on understanding how consumers can effectively identify, process, and counter various forms of deception, such as strategic tactics involving distraction and information overload. It also covers digital manipulations of images and videos, skillful omissions, concealing, and obfuscation of information, exaggerations, and promotional claims, among numerous other deceptive techniques.

## **1.4 SIGNIFICANCE OF THE STUDY**

Deception would always be a part of advertising in one way or another therefore it is essential for protecting customers against potentially dangerous or deceptive goods and services. Through the illumination of misleading strategies employed in advertising, this study provides people with the information and abilities to make better informed judgements about what to buy. Deceptive advertising techniques have the ability to stifle competition and give an advantage to companies using deceptive advertising over those adhering to moral marketing standards. The study promotes a more equitable market environment, which stimulates healthy competition and innovation, by recognising and resolving such practices.

## **1.5 SCOPE OF THE STUDY**

The study is conducted to understand the psychological aspects of how consumers interpret and respond to misleading material, as well as the influence of media and technology on the development of inaccurate advertising strategies. It also evaluates the effectiveness of current regulations, investigates consumer protection laws, and looks at the ethical dilemmas that companies face. Throughout, it analyzes the wider societal effects of misleading advertising, including trust, public health, financial ramifications, and cultural differences.

## **1.6 OBJECTIVES OF THE STUDY**

- To identify and categorize the deceptive techniques commonly used in the advertising industry, in various forms like print ads, television commercials, radio advertisements, online advertisements and influencer marketing.
- To examine how deceptive advertising practices influence consumers' perceptions and making decisions.
- To evaluate the effectiveness of existing regulatory measures in addressing deceptive practices in advertising.

## **1.7 RESEARCH METHODOLOGY**

In this study, data collection primarily relied on online surveys distributed through social media platforms, where respondents were provided with questionnaires to complete. Secondary data was obtained from sources such as academic journals, articles, research papers, and various online resources, including websites of both online and offline educational institutions. The research involved a sample size of two hundred and five participants, selected for convenience and their relevance to the study's objectives, where convenience sampling technique is used to select the sample data. Data analysis was conducted using chi-square tests to assess the relationships in the formulated hypotheses, factor analysis to achieve the research objectives, and descriptive statistics. The data was processed and analyzed using research tools like SPSS and Excel.

## **1.8 STATISTICAL PACKAGES**

### **SPSS SOFTWARE**

SPSS (Statistical Package of Social Service) is a widely used program for statistical analysis in social science. It is also used by market researchers, health researchers, survey companies, government, education researchers, marketing organizations, data miners, and others. In addition to statistical analysis, data management (case selection, file reshaping, creating derived data) and data documentation (a metadata dictionary is stored in the datafile) are features of the base software.

SPSS datasets have a two-dimensional table structure, where the rows typically represent cases (such as individuals or households) and the columns represent

measurements (such as age, sex, or household income). The graphical user interface has two views which can be toggled by clicking on one of the two tabs in the bottom left of the SPSS Statistics window. The 'Data View' shows a spreadsheet view of the cases (rows) and variables (columns). The 'Variable View' displays the metadata dictionary where each row represents a variable and shows the variable name, variable label, value label(s), print width, measurement type, and a variety of other characteristics. Cells in both views can be manually edited, defining the file structure and allowing data entry without using command syntax. This may be sufficient for small datasets. Larger datasets such as statistical surveys are more often created in data entry software, or entered during computer-assisted personal interviewing, by scanning and using optical character recognition and optical mark recognition software, or by direct capture from online questionnaires. These datasets are then read into SPSS.

## **M S EXCEL**

In Excel, charts are used to make a graphical representation of any set of data. A chart is a visual representation of the data, in which the data is represented by symbols such as bars in a bar chart or lines in a line chart. Excel provides you with many chart types and you can choose one that suits your data or you can use the excel recommended charts option to view charts customized to your data and select one of those. However, if your data analysis results can be visualized as charts that highlight the notable points in the data, the audience can quickly grasp. It also leaves a good impact on your presentation style.

## **1.9 LIMITATIONS OF THE STUDY**

This study possesses several limitations that should be acknowledged. The primary data collected from the respondents may be susceptible to personal biases, as the findings rely on the assumption that respondents provided accurate information. Additionally, the small sample size of 205 respondents might limit the generalizability of the results. The research was constrained by a limited timeframe for data collection and analysis, which may impact the study's depth and comprehensiveness. These limitations should be considered when interpreting the results and conclusions of the project.

## **CHAPTER- II**

### **DECEPTIVE METHODOLOGIES IN THE REALM OF ADVERTISING**



In order to successfully reach and interact with its target audiences, the advertising business uses a wide range of forms and platforms. Conventional media for advertising, like radio and television, have long been major participants in the market. television advertising still has a wide audience that allows businesses to reach a diverse and substantial audience with their messaging.

For many firms, print advertising, which includes brochures, newspapers, and magazines remains essential. It provides a concrete means of establishing a connection with customers and can be quite successful in focusing on certain geographic areas or niche demographic data. A new era of advertising has emerged with the rise of the digital age, with online advertising taking center stage. The prevalence of online advertising has grown as more people rely on the internet for research and shopping.

Newer and more creative forms have emerged as the advertising landscape is constantly developing. Influencer marketing uses social media influencers' renown and authority to offer genuine recommendations to target audiences. Unconventional strategies are used in <sup>3</sup>guerilla marketing to generate buzz and draw attention. With the development of mobile technology, mobile advertising has expanded to encompass a wide range of formats designed for people on their smartphones, such as location-based marketing and in-app adverts.

## **2.1 MISLEADING TACTICS IN ADVERTISING**

### **2.1.1 FALSE CLAIMS AND OMISSION OF CRITICAL INFORMATION**

Advertising that makes false promises can have serious repercussions for the businesses involved as well as for consumers. Exaggerated or false claims are intentionally used in marketing campaigns to build a strong story around a good or service. For example, a skincare product commercial may make the appeal of eternal youth seem real by promising to make wrinkles disappear overnight. These exaggerated claims play on people's innate need for simple, fast fixes, but they rarely produce the desired effects in practice.

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<sup>3</sup> Guerrilla marketing is an advertising strategy that uses unconventional tactics to delight and attract customers. It focuses on disrupting public spaces and events with unusual, memorable images or activities that may lead to brand association or purchase.

False advertising is in violation of the law as well as unethical in many nations. Advertising standards are actively monitored and enforced by regulatory bodies and consumer protection agencies. Companies that are determined to have engaged in deceptive advertising may be subject to fines and damage to their reputation.

A sophisticated and sly form of misleading advertising is the removal of crucial information, which is the deliberate withholding of details that would otherwise give an incomplete and unduly positive impression of a good or service. For instance, a car manufacturer might neatly omit information concerning a new model's relatively high price, maintenance costs, or potential safety risks while highlighting the model's amazing fuel efficiency, cutting-edge technology, and elegant look. Customers may be misled by this biased representation into making decisions about what to buy without fully considering the ramifications of the goods.

#### 2.1.2 MANIPULATED VISUALS

Advertisers that use substantially modified photos or deceptive graphics to create an idealized and frequently inaccurate view of their products or services are engaging in deceptive advertising practices known as manipulated visuals. The purpose of these visual tricks is to entice and captivate prospective customers into buying something because of the visually appealing display.

For example, a TV commercial for a fast-food restaurant may show an enormous, immaculate, and deliciously prepared burger, but the actual product that the consumer receives may be smaller, less appetizing, and significantly different from what was originally shown.

This strategy is popular in sectors where consumers' decisions are heavily influenced by image, such as food, beauty, and fashion. With the use of sophisticated photo editing software, advertisers can enhance the image of food items by enhancing their attractiveness with non-edible materials, removing imperfections, or retouching models' bodies or faces. These deceptions have the potential to cause customers to form unreachable beauty standards or to have irrational expectations for items, which will ultimately leave them disappointed when the real world is far from the staged images that are shown in commercials.

### 2.1.3 FABRICATED TESTIMONIALS AND REVIEWS

In the world of advertising, testimonials and evaluations are powerful instruments because they lend legitimacy and affirmation to goods and services. To create a false sense of trust and dependability, deceptive advertising practices, fabricate or exaggerate endorsements from celebrities, experts, or purportedly satisfied consumers. For instance, a skincare product commercial might prominently feature a celebrity's glowing endorsement, claiming the product changed their skin, even when the celebrity has never used the product. The purpose of these fictitious endorsements is to deliberately influence consumers by taking advantage of their faith in the celebrity's legitimacy and authority.

Consumer confidence in advertising and the endorsement system as large is damaged by this practice. In addition, it deceived buyers into making judgements based on inaccurate information, which could leave them unsatisfied if the product doesn't produce the desired outcomes.

### 2.1.4 BAIT-AND-SWITCH TACTICS

<sup>4</sup>Bait-and-switch methods are a dishonest advertising tactic in which companies lure customers in with alluring discounts or offers, then turn the tables and convince them to buy different, frequently more costly, goods or services. This approach usually starts with an eye-catching commercial that seems to provide a lot to attract the consumer's attention.

On the other hand, the bait-and-switch strategy entails diverting consumers' attention from the product that was first promoted. The business may assert that the advertised item is no longer available, is of lower quality, or is not appropriate for the customer's demands after consumers have invested their time or attention. Rather, they advertise a different or more costly product, frequently with larger profit margins. Customers may become disappointed as a result of this sudden change in direction since they feel misled and pressured to consider a product that may not have been within their budget or first choice.

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<sup>4</sup> A fraudulent or deceptive sales practice in which a purchaser is attracted by advertisement of a low-priced item but then is encouraged to purchase a higher-priced one.

**CHAPTER III**

**DATA ANALYSIS AND  
INTERPRETATION**

One pervasive aspect of modern life is advertising, which functions as a dynamic medium for communication intended to entice and convince target audiences. One pervasive aspect of modern life is advertising, which functions as a dynamic medium for communication intended to entice and convince target audiences. Advertisers use a variety of creative techniques, such as eye-catching imagery, gripping stories, and appropriate placement, to try to communicate messages that speak to the customer needs. Advertising attempts to achieve a fine balance between persuasion and integrity in the pursuit of commercial success, which not only shapes consumer preferences but also sparks discussions on ethical issues like transparency and sincerity.

The research seeks to analyze fraudulent strategies in the advertising sector, as well as to understand the extent to which these tactics are applied and how they affect customers. This aids in comprehending the most common deceptive forms and practices in advertising, as well as the impact and influence of different advertising boards, all while evaluating how effective they are at safeguarding customers.

For the purpose of this study both primary data and secondary data is used. Information was collected through questionnaires from citizens both through convenience sampling techniques. Graphical representations are used including tables, graphs and charts to interpret and analyze the data. The chapter is divided into subheadings in order to clarify the questions asked and answers received by the 205 respondents.

## DESCRIPTIVE STATISTICS

### 3.1 GENDER OF THE RESPONDENTS

Table 3.1 Gender of the respondents

Gender	Number of respondents	Percentage
Male	78	38%
Female	126	61.5%
Other	-	-
Prefer not to say	1	0.5%

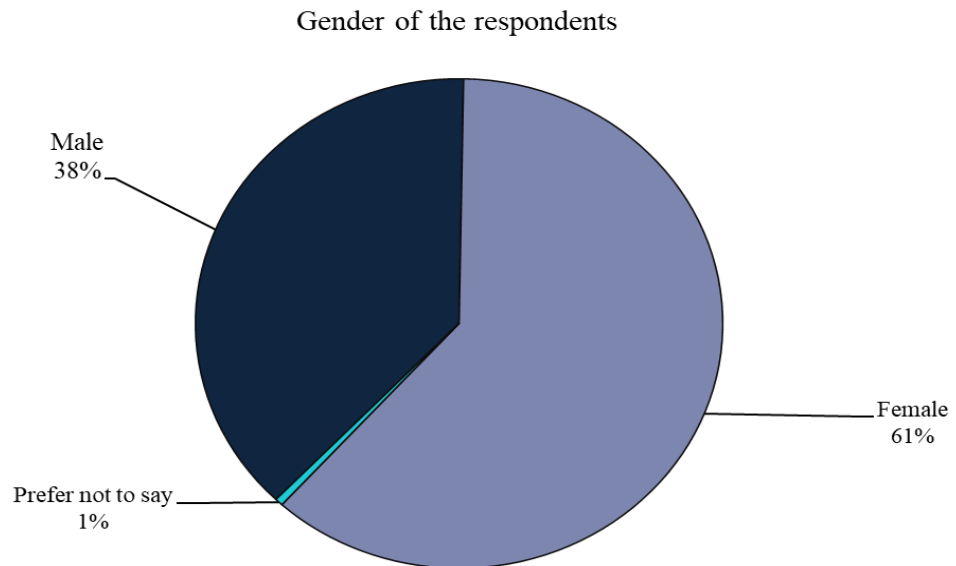


Figure 3.1 Gender of the respondents

### INTERPRETATION

From the above pie chart, the research reveals that 38% of the respondents are males, 61% are females and 1% respondents preferred not to mention their gender identity.

### 3.2 AGE CATEGORY OF THE RESPONDENTS

Table 3.2 Age category of the respondents

Age category	Number of respondents	Percentage
Below 20 years	32	15.6%
21- 40 years	110	53.7%
Above 41 years	63	30.7%

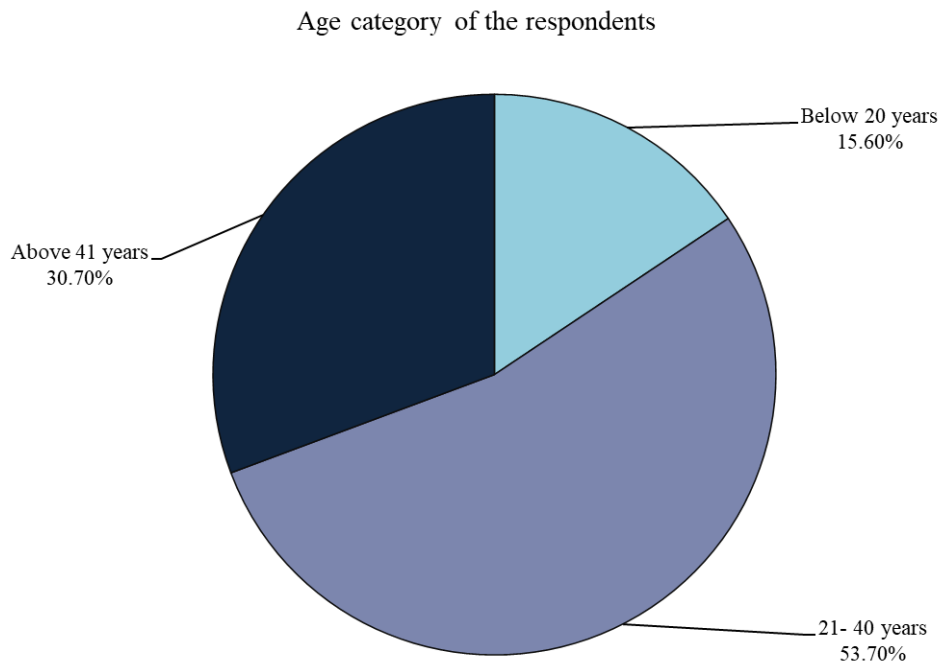


Figure 3.2 Age category of the respondents

#### INTERPRETATION

From the above graph it could e be recognised that 15.6% of the respondents belongs to the age category of below 20 years, 53.7% belongs to the 21 to 40 age group while the remaining 30.7% of the respondents belong to the 41 and above age group.

### 3.3 PREFERENCE ON FORM OF ADVERTISEMENTS

Table 3.3 Advertisement format preference

Form of advertisement	Number of respondents	Percentage
Print advertisements	21	10.2%
Television Commercials	106	51.7%
Radio Advertising	15	7.3%
Online Advertisements	47	22.9%
Influencer Marketing	16	7.8%

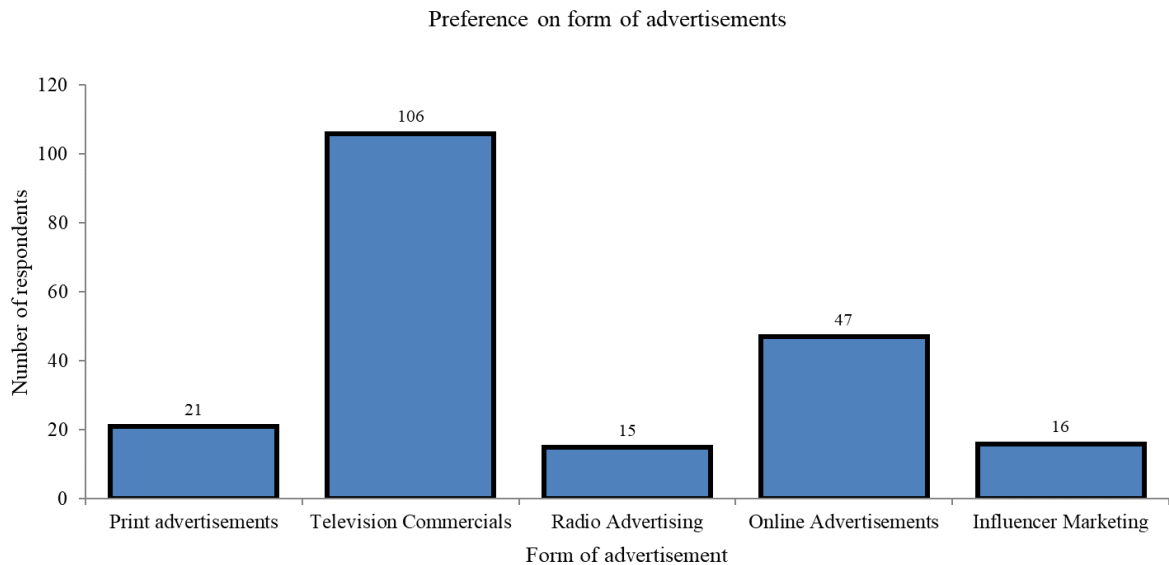


Figure 3.3 Advertisement format preference

#### INTERPRETATION

From the above figure it could be noticed that 10.2% of the respondents prefer print advertisements, 51.7% opted for television commercials, 7.3% selected radio advertising, 22.9% of the respondents chose online advertisements and the other 7.8% of the respondents preferred influencer marketing as a form advertisement.



### 3.4 OPINION ON THE POSSIBILITY OF SELLING WITHOUT FALSE ADVERTISING

Table 3.4 Opinion on honest sales

Opinion	Number of respondents	Percentage
Yes	35	17.1%
No	50	24.4%
Maybe	94	45.9%
Not Sure	26	12.7%

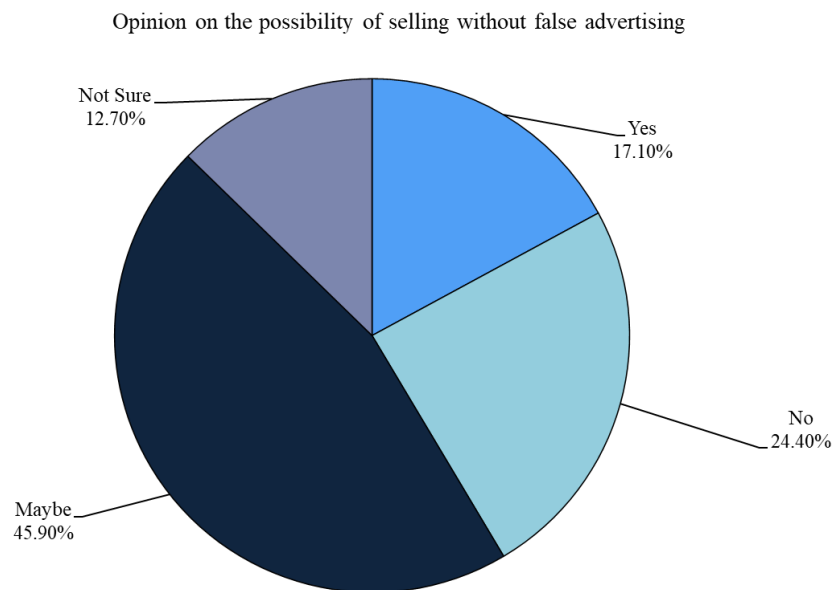


Figure 4.4 Opinion on honest sales

#### INTERPRETATION

From the above graph it is noticed that 17.1% of the respondents selected yes as their opinion, 24.4% chose no, 45.9% selected maybe and 12.7% of the respondents selected not sure as their opinion on whether they think that product and services can be sold without false advertisements.

### 3.5 RANKING THE DIFFERENT FORMS OF ADVERTISEMENTS IN RELATION TO THE DECEPTIVE PRACTISES

Table 3.5 Ranking advertisement types by deception

Ranks (1 most deceptive and 5 least deceptive)	Print advertisements	Television commercial	Radio advertising	Online advertisements	Influencer Marketing
1	6	44	7	21	16
2	31	103	29	72	35
3	66	41	53	65	72
4	77	12	80	31	36
5	25	4	36	16	46

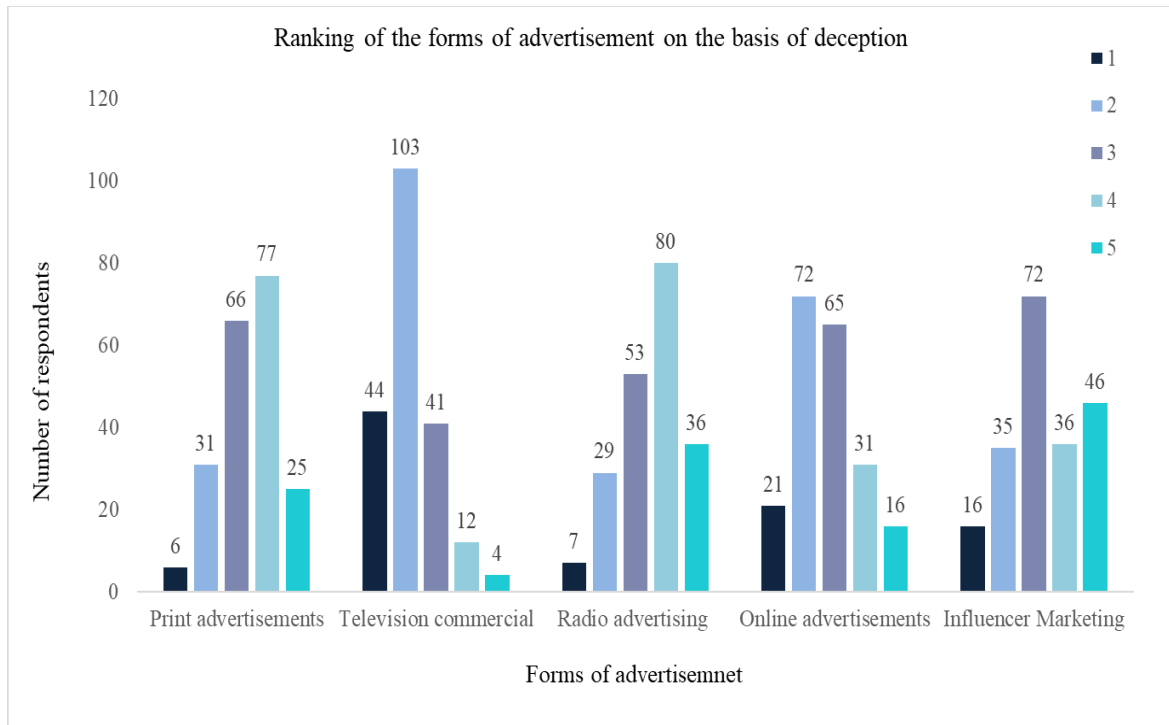


Figure 3.5 Ranking advertisement types by deception

#### INTERPRETATION

From the above combination chart it is recognised that under print form of advertisements a majority of 77 respondents chose the 4th rank and a minority of 6 chose 1st rank as the order to the deceptive practices used by these forms where one is the most deceptive and five is the least deceptive. A majority of 103 of the respondents selected 2nd rank and the minority of 4 respondents selected television commercials as their ranking order. A majority of 80 respondents chose radio advertising in the 4th rank and a majority of 72 respondents opted for online advertisements with a rank of 2. A minority of 16 respondents chose 1st rank for influencer marketing and a majority of 72 respondents chose the 3rd rank.

### 3.6 PRODUCT WITH THE MOST MISLEADING ADVERTISEMENT

Table 3.6 Most deceptive product advertising

Product	Number of respondents	Percentage
Self-care/ beauty products	87	42.4%
Food and Beverage	44	21.5%
Clothing and Accessories	24	11.7%
Educational or medical industry products	43	21%
Buildings and vehicles associated products	7	3.4%

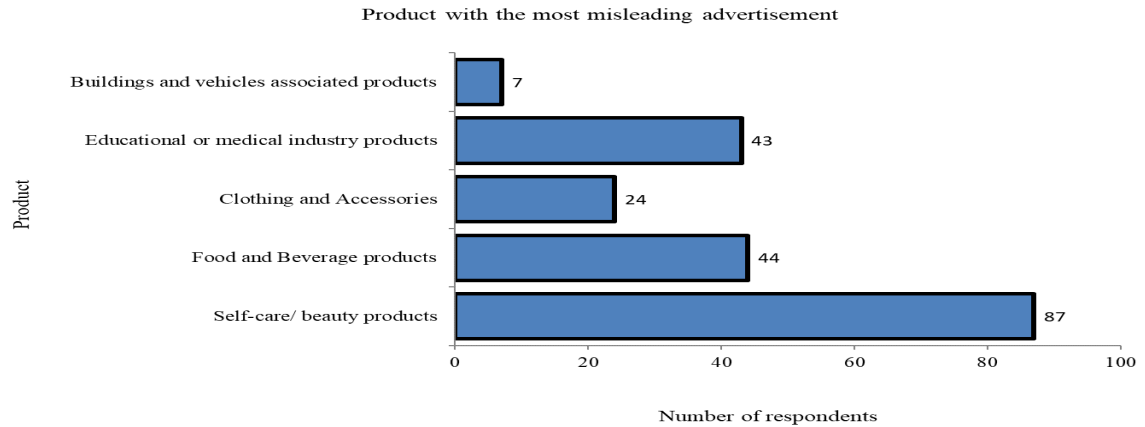


Figure 3.6 Most deceptive product advertising

#### INTERPRETATION

From the above figure it is understood that 42.4% of the respondents have the opinion that self-care or beauty products are the products or items that show the most misleading advertisements and 3.4% respondents considered buildings and vehicles associated products.

### 3.7 DEGREE OF AGREEMENT THAT MILD DECEPTIONS ARE HARMLESS

Table 3.7 Agreement on harmlessness of mild deceptions

Degree	Number of respondents	Percentage
Strongly disagree	19	9.3%
Disagree	90	43.9%
Neutral	73	35.6%
Agree	24	10.2%
Strongly agree	2	1%

Degree of agreement that mild deceptions in advertisements are harmless

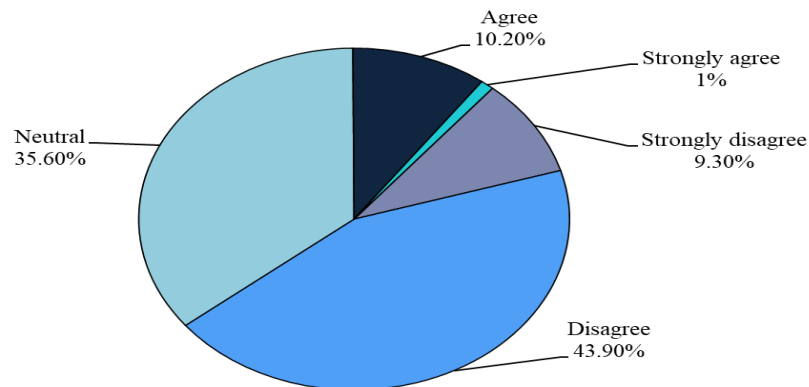


Figure 3.7 Agreement on harmlessness of mild deceptions

#### INTERPRETATION

From the pie chart shown above it is clarified that 9.3% of the respondents strongly agree to the statements that mild deceptions in advertisements are harmless. 43.9% of the respondents disagree, 35.6% remain neutral, 10.2% agree while only 1% of the respondents strangely agree to the statement.

### 3.8 LEVEL OF AWARENESS ON THE INSTITUTE FOR ADVERTISING ETHICS

Table 3.8 Awareness of Advertising Ethics Institute

Level	Number of respondents	Percentage
Not at all aware	45	22%
Slightly aware	89	43.4%
Moderately aware	56	27.3%
Very aware	15	7.3%
Extremely aware	-	-

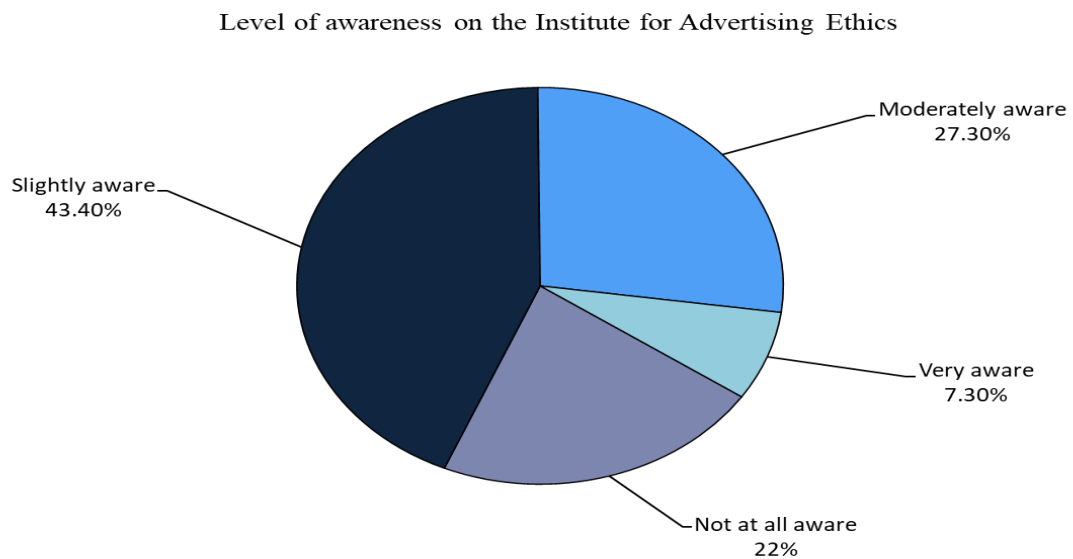


Figure 3.8 Awareness of Advertising Ethics Institute

#### INTERPRETATION

From the graph shown above, it reveals that 22% of the respondents are not at all aware of the Institute for Advertising Ethics (IAE), 43.4% are slightly aware, 27.3% are moderately aware, 7.3% are very aware while there are no respondents that are extremely aware of IAE.

### 3.9 ADVERTISEMENTS ROLE ON THE DECISION TO PURCHASE AN ITEM

Table 3.9 Ad's impact on purchase decisions

Points	Number of respondents	Percentage
1	36	17.6%
2	66	32.2%
3	41	20%
4	55	26.8%
5	7	3.4%

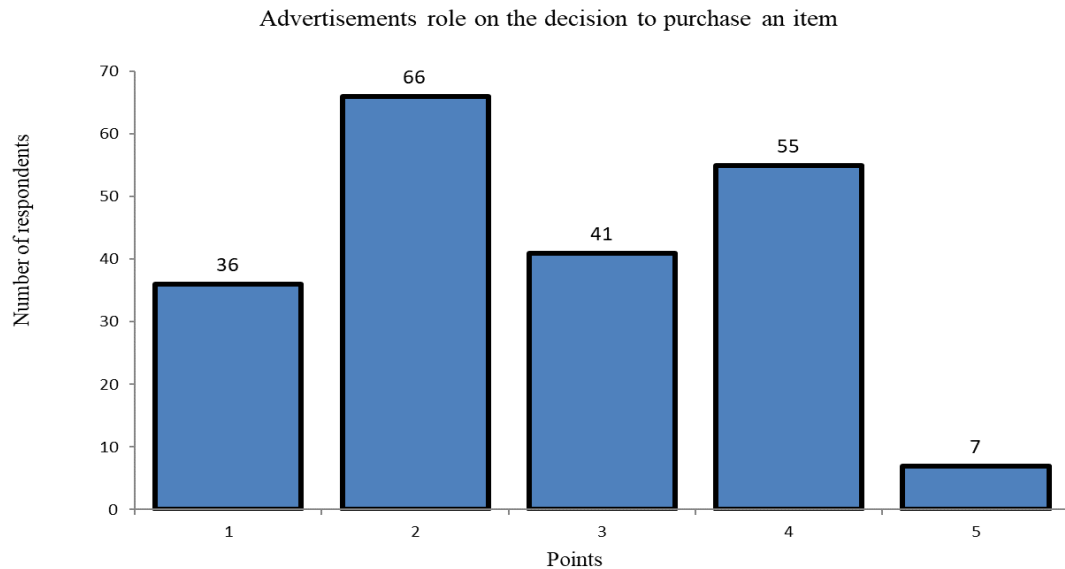


Figure 3.9 Ad's impact on purchase decisions

#### INTERPRETATION

The graph presented above shows that 17.6% of the respondents selected 1 as a point on the scale where you think that ads play a major role in your decision on purchasing a product or service, 32.2% opted 2 on the scale, 20% selected 3, 26.8% chose 4 and 3.4% selected 5 as their point on the scale.

### 3.10 LEVEL OF AWARENESS OF THE ADVERTISING STANDARDS COUNCIL OF INDIA

Table 3.10 Awareness of ASCI

Level	Number of respondents	Percentage
Not at all aware	42	20.5%
Slightly aware	116	56.6%
Moderately aware	39	19%
Very aware	8	3.9%
Extremely aware	-	-

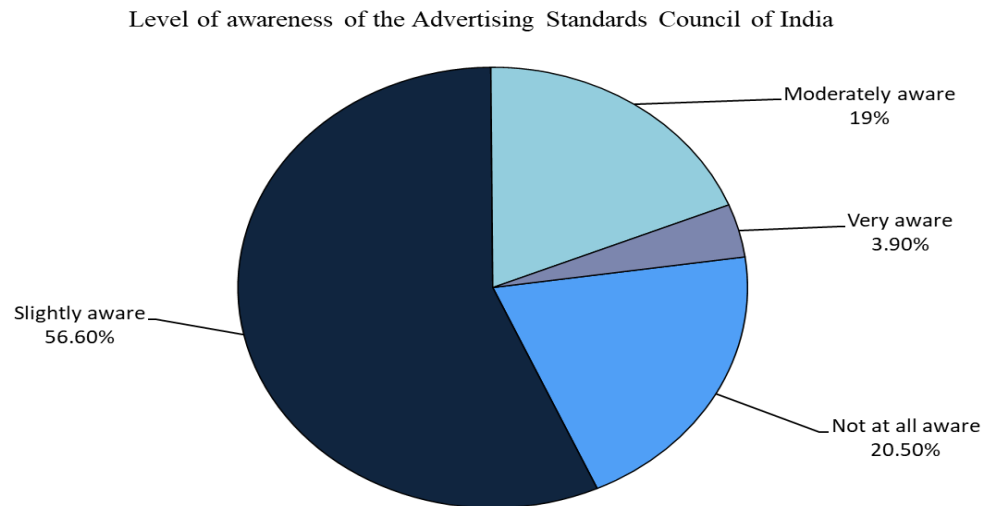


Figure 3.10 Awareness of ASCI

#### INTERPRETATION

It could be observed from the above pie chart that 20.5% of the respondents are not at all aware of the Advertising Standards Council of India (ASCI) 1985 and your rights as a consumer it upholds, 56.6% are slightly aware, 19% are moderately aware, 3.9% are very aware.



### 3.11 OPINION ON WHETHER THE ADVERTISEMENT BOARDS MUST BE MORE EFFECTIVE

Table 3.11 Opinion on advertisement boards' effectiveness

Opinion	Number of respondents	Percentage
Yes	40	19.5%
No	48	23.4%
Neutral	102	49.8%
Not Sure	15	7.3%

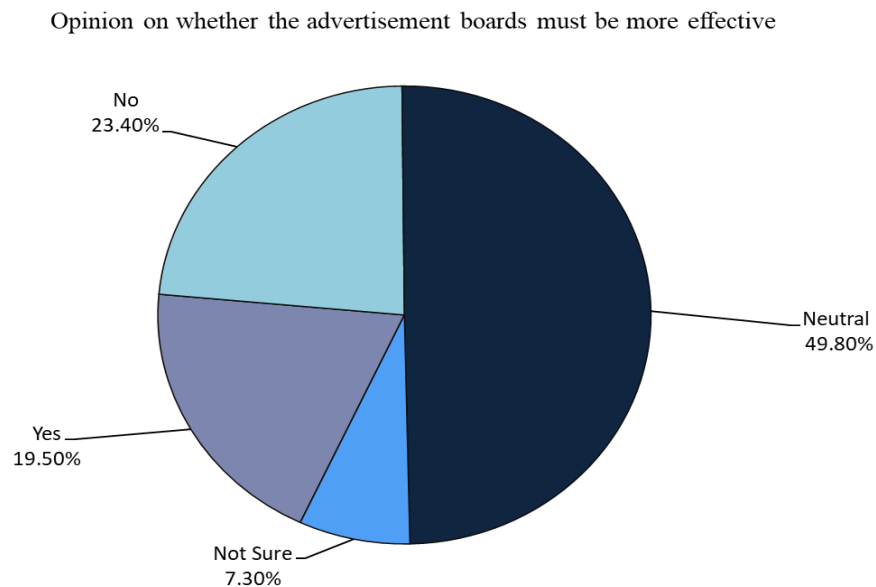


Figure 3.11 Opinion on advertisement boards' effectiveness

#### INTERPRETATION

From the pie chart presented above it is noticed that 19.5% of the respondents chose yes on whether they think that the Advertising Standards Council of India or any other board that protects consumer rights must put more effort and screen the advertisements that are published, 23.4% chose no, majority, that is 49.8% remained neutral on the opinion and 7.3% of the respondents are not sure.

### 3.12 CHANCE OF REPORTING A DECEPTIVE ADVERTISEMENTS

Table 3.12 Reporting a deceptive advertisements

Chance	Number of respondents	Percentage
Yes	34	16.6%
No	62	30.2%
Maybe	109	53.2%

Chance of reporting a deceptive advertisements

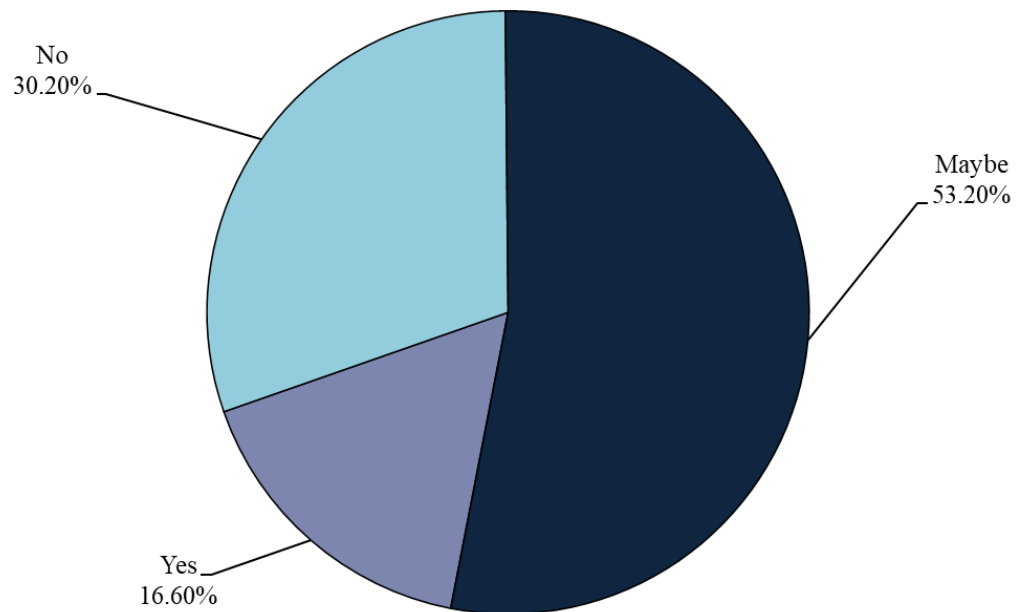


Figure 3.12 Reporting a deceptive advertisements

#### INTERPRETATION

From the pie chart shown above it is noted that 16.6% of the respondents selected yes that they would register a complaint to a consumer protection or advertising board against a deceptive advertisement, 30.2% of the respondents selected and a majority of 53.2% selected maybe.

### 3.13 ATTRACTING FACTORS OF AN ADVERTISEMENT

Table 3.13 Attracting factors of advertisement

Factor	Number of respondents	Percentage
Creativity and originality	125	61%
Celebrity endorsements	123	60%
Simplicity and straightforwardness	59	28.8%
Surprise or shock value	45	22%
Emotional appeal or cultural relevance	79	38.5%
Solving a problem	90	43.9%
Testimonials and reviews	36	17.6%

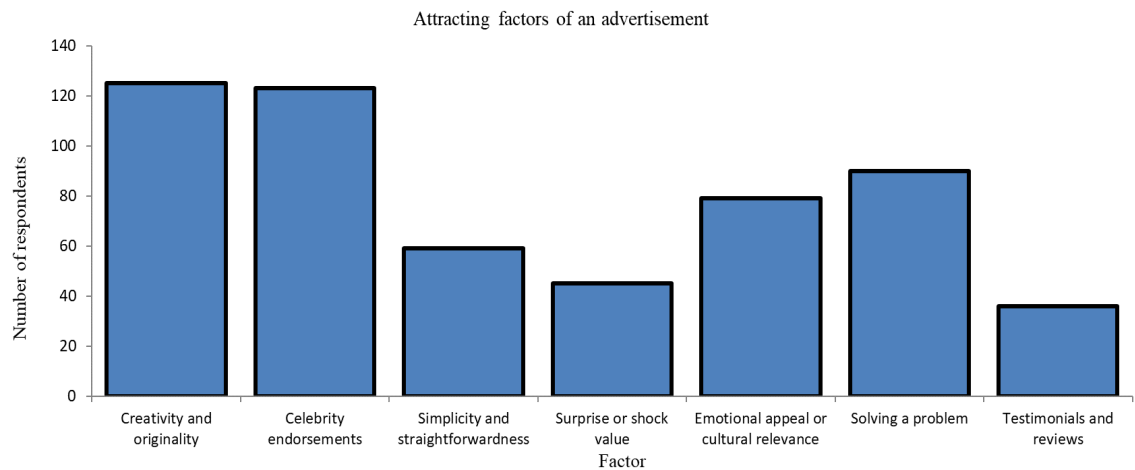


Figure 3.13 Attracting factors of advertisement

#### INTERPRETATION

The graph presented above shows that a majority of 61% of the respondents selected creativity and originality. A minority of 17.6% of respondents chose testimonials and reviews as a factor that attracts them more while reading, listening or viewing an advertisement.

### 3.14 CHOICE ON PURCHASING AN ITEM THAT ENGAGES WITH DECEPTIVE ADVERTISING PRACTISE

Table 3.14 Buying items with deceptive ads

Opinion	Number of respondents	Percentage
Yes	24	11.7%
No	67	32.7%
Maybe	114	55.6%

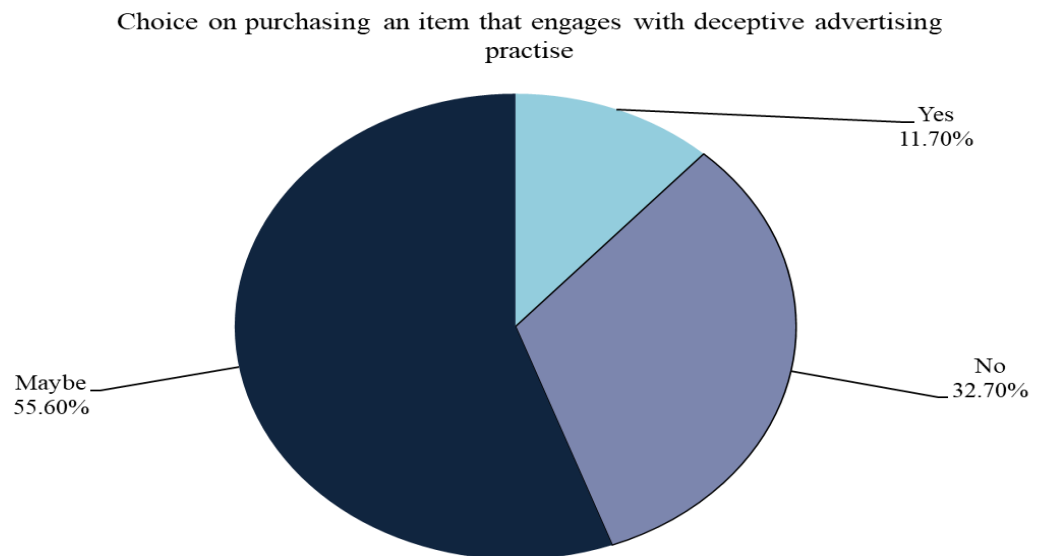


Figure 3.14 Buying items with deceptive ads

#### INTERPRETATION

From the pie chart shown above it is noted that 11.7% of the respondents selected yes on whether they still purchase a product or service from a brand or company if they engaged in deceptive advertising practices, 32.7% of the respondents chose no and a majority of 55.6% selected maybe.

### 3.15 COMMON DECEPTIVE PRACTICES IN THE ADVERTISEMENT INDUSTRY

Table 3.15 Common deceptive practices

Practices	Number of respondents	Percentage
Exaggeration of products	50	24.4%
Creating fake news or testimonials	82	40%
False or misleading claims	48	23.4%
Concealing negative aspect	25	12.2%

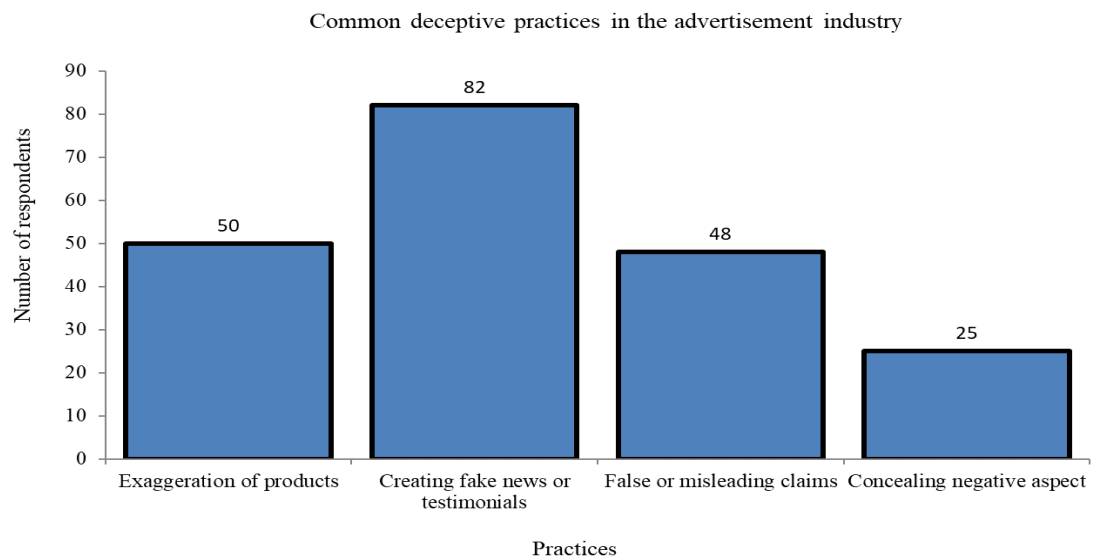


Figure 3.15 Common deceptive practices

#### INTERPRETATION

From the above figure, it is clarified that 40% of the respondents considers that creating fake news or testimonials is the deceptive practice that they think is most commonly used in the advertisement industry. A minority of 12.2% considers concealing negative aspects as a common deceptive practice.

### 3.16 EFFECT ON CONSUMERS OVER DECEPTIVE ADVERTISEMENTS

Table 3.16 Effect on consumers

Effect	Number of respondents	Percentage
Misinformed purchase of product or service	116	56.6%
Emotional manipulation	94	45.9%
Waste of time and money	78	38%
Health and safety risk	84	41%
Negative impact on competition	33	16.1%
Weakening customer trust	97	47.3%
Social and environmental consequence	43	21%

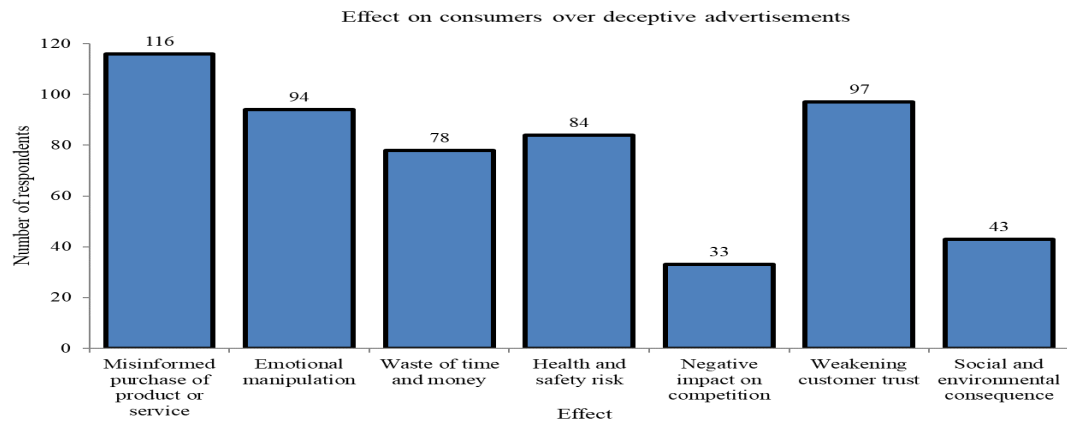


Figure 3.16 Effect on consumers

#### INTERPRETATION

From the graph shown above, it reveals that a majority 56.6% of the respondents considers misinformed purchase of product or service as an effect that the respondents believe deceptive advertising methods have on consumers. A minority of 16.1% selected a negative impact on competition as an effect.

### 3.17 DEGREE OF AGREEMENT THAT ALL ADVERTISEMENTS ARE NOT COMPLETELY TRUE

Table 3.17 Agreement on ads not being entirely true

Degree	Number of respondents	Percentage
Strongly disagree	2	1%
Disagree	9	4.4%
Neutral	38	18.5%
Agree	87	42.4%
Strongly agree	69	33.7%

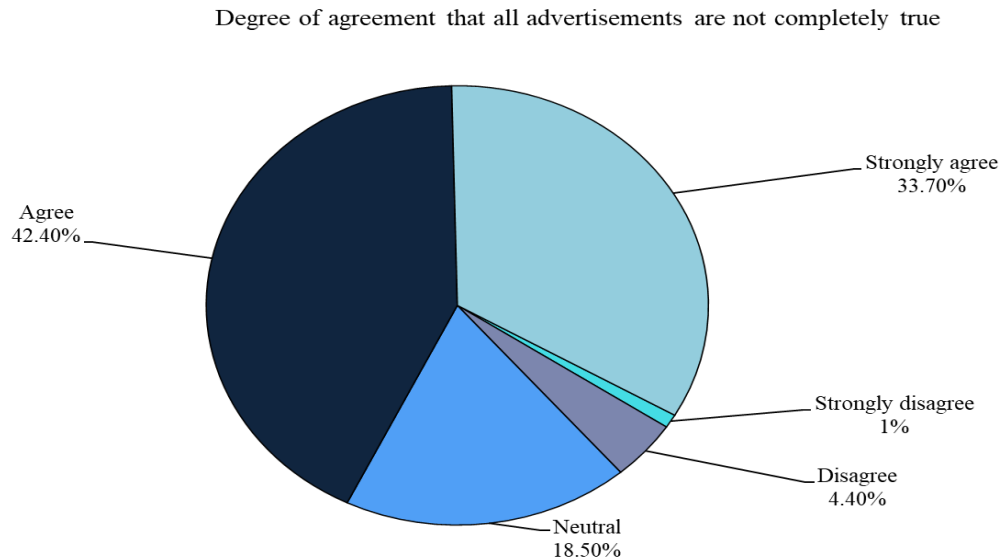


Figure 3.21 Agreement on ads not being entirely true

#### INTERPRETATION

From the pie chart shown above it is clarified that 33.7% of the respondents strongly agree with the statement that all advertisements are not completely true. 42.4% of the respondents agree, 18.5% remain neutral, 4.4% disagree while only 1% of the respondents strongly disagree with the statement.

## 3.2 HYPOTHESIS TESTING

### 3.2.1 CHI-SQUARE TEST

Chi- Square test: Age category and advertisement preference

A chi-square test is a nonparametric statistical test used to compare observed results with expected results. The Chi-Square Test of Independence determines whether there is an association between categorical variables, that is whether the variables are independent or related. The purpose of this test is to determine if a difference between observed data and expected data is due to chance, or if it is due to a relationship between the variables you are studying.

Chi- Square test: Age category and preferred form of advertisement

H0: There is no association between the age category and the form of advertisement preferred among the respondents.

H1: There is an association between the age category and the form of advertisement preferred among the respondents.

In the sample dataset, 205 respondents were asked their age category, which included categories of below 20 years, 21 to 40 years and above 41 years. The respondents were asked to choose their preferred form of advertisements, where five answer choices were given, including print advertisements, television commercials, radio advertising, online advertisements and influencer marketing (we will use  $\alpha = 0.05$ ).

Table 3.2.1.1 Chi square table

Age category * Which form of advertisement do you most prefer? Crosstabulation								
			Which form of advertisement do you most prefer?					Total
			Influencer Marketing	Online Advertisements	Print advertisements	Radio Advertising	Television Commercials	
Age category	21- 40 years	Count	9	30	3	3	43	88
		Expected Count	7.8	22.3	8.3	5.2	44.5	88.0
	Above 41 years	Count	0	3	13	7	31	54
		Expected Count	4.8	13.7	5.1	3.2	27.3	54.0
	Below 20 years	Count	6	10	0	0	12	28
		Expected Count	2.5	7.1	2.6	1.6	14.2	28.0
	Total	Count	15	43	16	10	86	170
		Expected Count	15.0	43.0	16.0	10.0	86.0	170.0



## Chi- Square Test

Table 3.2.1.2 Chi- Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	48.598 <sup>a</sup>	8	.000
Likelihood Ratio	56.009	8	.000
N of Valid Cases	170		

- a. 5 cells (33.3%) have expected count less than 5. The minimum expected count is 1.65.
- b. The key result in the Chi-Square Tests table is the Pearson Chi-Square:
  - The value of the test statistic is 48.598a
  - The footnote for this statistic pertains to the expected cell count assumption (i.e., expected cell counts are all greater than 5): no cells had an expected count less than 5, so this assumption was met.
  - The corresponding p-value of the test statistic is  $p = 0.001 (0.001 < \alpha = 0.05)$

## INTERPRETATION

Since the p-value 0.001 is lesser than our chosen significance level  $\alpha = 0.05$ , we reject the null hypothesis and accept the alternative hypothesis. Therefore, we can conclude that there is an association between the age category and the form of advertisement preferred among the respondents.

### 3.2.2 FACTOR ANALYSIS

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. A common rationale behind factor analytic methods is that the information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Here five variables are selected for factor analysis. These five variables are in the form of likert scale questions.

#### Analyzing Factors of deceptive practices in advertisements

Factor Analysis was done using the given five variables. And as a result, we got two factors that have the least deceptive form of advertisement.

Table 3.2.2.1 Total variance

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.546	30.929	30.929	1.546	30.929	30.929
2	1.097	21.942	52.870	1.097	21.942	52.870
3	.867	17.344	70.214			
4	.826	16.524	86.737			
5	.663	13.263	100.000			

Extraction Method: Principal Component Analysis.

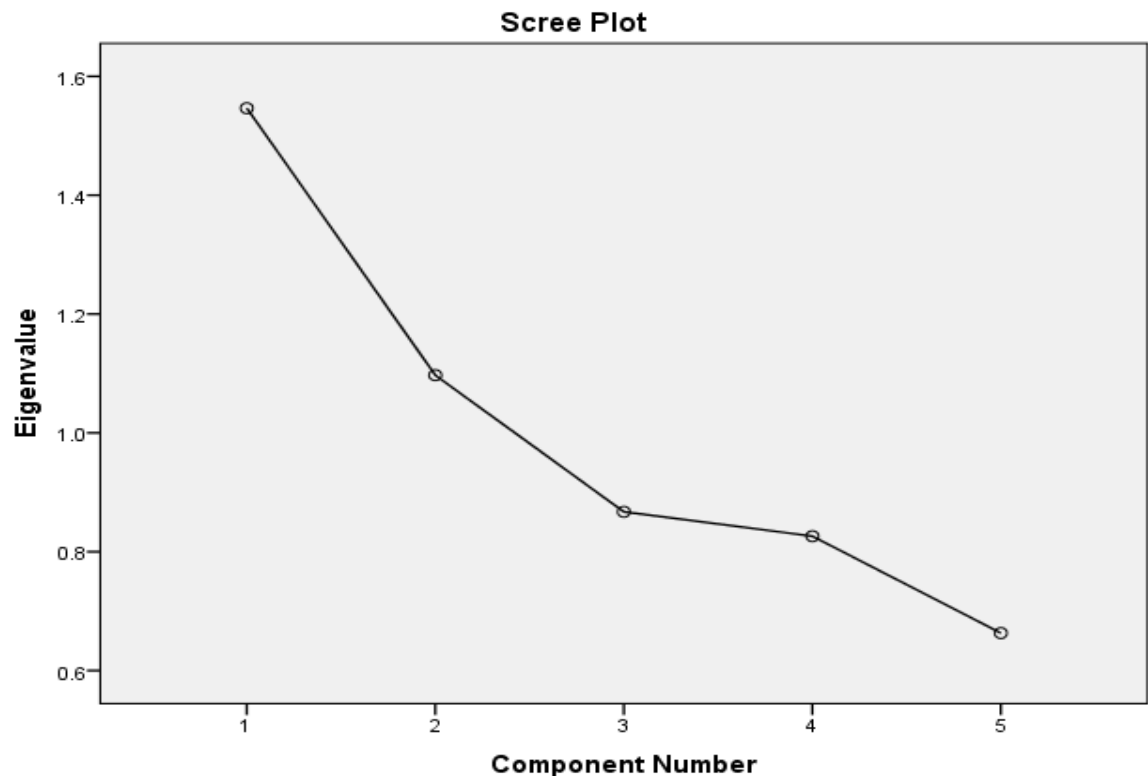
Source: Data analysis

Initial Eigenvalues: All the factors included in the data set are listed in the first two columns. There are a total of five factors in this scenario since factor analysis always extracts the same number of factors as there are variables. You may find out how much of the variance in the dataset each factor can account for by looking at the percent of variance column.

Extraction Sums of Squared Loadings: Because we instructed SPSS to apply an extraction criterion of eigenvalues greater than 1, this section only shows the elements that satisfy it. The Total column displays the eigenvalue for each factor (before to rotation). The factor analysis in this case led to the extraction of four factors by SPSS.

Rotation Sums of Squared Loadings: The last set of columns displays the extracted factors' eigenvalues following rotation. Rotation increases the weight each of our variables carries on one component while reducing the weight it carries on the others. By optimizing the factor loadings, the eigenvalues are likewise brought closer together.

Figure 3.2.2.1 Scree Plot



A scree plot is a line plot showing the eigenvalues of factors or principal components in an investigation in multivariate statistics. The number of factors to keep in exploratory factor analysis is decided using the scree plot. The five eigenvalues for our factors are shown on the above graph, which make it easier to see which elements to preserve. These plots frequently depict an area on the curve (or “elbow”) where the eigenvalues level out and begin to decline. The eigenvalues above this point might still be significant enough to be kept, while the others might not. At two components, the graph here seems to flatten out. We can therefore support the existence of two components in this situation using this extraction strategy.

Table 3.2.2.2 Component Score Coefficient Matrix

	Component	
	1	2
Print advertisements	.432	-.010
Radio Advertising	.466	.281
Television Commercials	-.183	.656
Online Advertisements	-.305	.482
Influencer Marketing	.341	.412

Extraction Method: Principal Component Analysis

#### INTERPRETATION

As in the above table it is identified that print advertisements and radio advertising are considered as preferred forms of advertisements over online advertisement and influencer marketing measures only one component, thus, they can be considered for further analysis. Hence, further processing that is impact analysis or any other statistical analysis includes all the above variables. From the studies conducted previously and through secondary sources of information it was identified that print and radio advertisements are the most trusted form of advertisement in the industry.

## **CHAPTER- IV**

### **FINDINGS AND CONCLUSION**

An online survey was conducted to draw a conclusion to the objectives of the research. From the survey conducted it is understood that most of the respondents prefer watching television commercials compared to other forms of advertisement. This brings out an advantage as brands can utilize both visual and auditory elements to create memorable and engaging marketing messages, which can leave a lasting impact and reach out to a wide and diverse audience.

Despite the fact the public is aware of the misleading and false advertisement present in the industry, the majority of the respondents are still would still consider the situation if they would purchase a product or service from a brand or company if they engaged in deceptive advertising practices. Majority of the respondents are still reluctant to point out a fixed response to whether they would register a complaint to a consumer protection or advertising board against a deceptive advertisement

Majority of the respondents are unaware of the rules, laws and their rights they have as a consumer toward the products or services that are advertised in any form if they are considered deceptive, including situations where they exaggerate the product, omission of information, false testimonials or claim and more. They are given the rights to approach the boards including ASCI and CCC with required evidence.

From the study conducted it is identified that there is an association between the age category and the form of advertisement preferred among the respondents. It is also understood that print advertisements and radio advertising are considered as preferred forms of advertisements.

## **4.1 FINDINGS**

The major findings from the study are enumerated below

### **4.1.1 DEMOGRAPHIC FACTORS**

- 38% of the respondents were males, a majority of 61.5% were females and 0.5% preferred not to mention their gender.
- 53.7% of the surveyees belong to the 21 to 40 age group.

### **4.1.2 MISLEADING ADVERTISEMENTS IN THE INDUSTRY**

- 45.9% of the respondents think maybe the product and services can be sold without false advertisements.

- The most deceptive form of advertisement is television commercials and least deceptive is influencer marketing.
- Self care and beauty products shows the most misleading advertisements according to 42.4% of the respondents
- A majority of 35.6% remain neutral on whether mild deceptions in advertisements are harmless.
- Creation of fake news and testimonials is the most common deceptive practice used in the advertisement industry according to 40% of the respondents.

#### 4.1.3 IMPACT OF ADVERTISEMENT ON CONSUMERS

- Misinformed purchase of products and services has the most effects on consumers.
- Advertisements play two points on the rating scale in their decision on purchasing a product or service according to 32.2% of the respondents.
- 55.6% selected maybe on if they would still purchase a product or service from a brand or company if they engaged in deceptive advertising practices.
- 53.2% selected maybe on whether they would register a complaint to a consumer protection or advertising board against a deceptive advertisement.

#### 4.1.4 ADVERTISING BOARDS AND CONSUMER RIGHTS

- A majority of 43.4% are only slightly aware of the Institute for Advertising Ethics (IAE)?
- 56.6% if the respondents are slightly aware of the Advertising Standards Council of India (ASCI) 1985 and your rights as a consumer it upholds.
- A majority of 49.8% of the respondents remain neutral towards whether the Advertising Standards Council of India or any other board that protects consumer rights must put more effort and screen the ads that are published.

#### 4.1.5 OTHER SIGNIFICANT FINDINGS

- Television Commercials are the most preferred form of advertisements
- 5% -10% of the revenue is spent on advertisements of all forms by companies according to 52.2% of the respondents.
- Creativity and originality is the factor that attracts the respondents while reading, listening or viewing an advertisement.

- A majority of 42.4% remain neutral on the statement that all advertisements are not completely true.

## 4.2 SUGGESTIONS

- Advertising boards must put more effort into screening the advertisements that are broadcasted through mass communication channels and penalize the company or advertising agency if they are considered misleading, harmful or deceptive.
- The general public must be made aware of their rights against the misleading advertisements and where they must approach to file a case on the matter.
- Proper evidence and proofs must be submitted by the companies that make significant and scientific claims on their products.

## 4.3 CONCLUSION

Deceptive advertising harms consumers by leading to risky decisions and undermines public trust in the entire advertising sector. Regulatory bodies and consumer groups work together to uncover and address misleading advertising for ethical business practices. Through the false claims made by companies has made the public question the authenticity of the brand and its product.

The fact that it is believed that any publicity is good publicity, however when the public becomes aware that a company is engaged in creating an advertisement that would misinform the public would cause a rift, where they would have to face a lawsuit, pay a hefty fine and at the same time lose their brand image causing them to spend more into building their image back in the public. There are many companies that had to face challenges because of deceptive ads including McDonald, Volkswagen, L'oreal, Walmart, PepsiCo and more. Despite these companies being very famous for their brands they still had to spend millions to manage the damage control that they have done.

In addition to undermining customer confidence, deceptive advertisements can have negative effects on both people and society at large. To foster a trustworthy advertising ecosystem, consumers should stay informed, report deceptive ads, and advocate for transparency to enable informed decisions and support fair business practices.



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## Appendix

### Survey Questionnaire

Name of the researcher: Neena Varghese

Purpose of the study: The study aims to investigate deceptive methods in the advertising industry as well as to comprehend the extent to which such strategies are used and its impact on the consumers.

1. Name:

2. Gender:            ☐ Male                      ☐ Female                      ☐ Prefer not to say

3. Age category:    ☐ Below 20 years        ☐ 21- 40 years        ☐ Above 41 years

4. Which form of advertisement do you most prefer?

☐ Print advertisements        ☐ Television Commercials        ☐ Radio Advertising  
☐ Online Advertisements        ☐ Influencer Marketing

5. Do you think that product and services can be sold without false advertisements?

☐ Yes                      ☐ No                      ☐ Maybe                      ☐ Not sure

6. Rank following forms of advertisement, where 1 is the most deceptive form and 5 is the least deceptive form of advertisement.

	1	2	3	4	5
Print advertisements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Television Commercials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Radio Advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Advertisements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Influencer Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Which kinds of product do you think that shows the most misleading advertisements?
- ☐ Self-care/ beauty products
  - ☐ Food and Beverage products
  - ☐ Clothing and Accessories
  - ☐ Educational or medical industry products
  - ☐ Buildings and vehicles associated products
  - ☐ Other
8. Mild deceptions in advertisements are harmless. Do you agree?
- ☐ Strongly disagree   ☐ Disagree   ☐ Neutral   ☐ Agree   ☐ Strongly agree
9. How much do you think that any company would most likely spend on advertisements of all forms?
- ☐ Below 5% of the revenue                      ☐ 5% -10% of the revenue
- ☐ 11% -20% of the revenue                      ☐ Above 20% of the revenue
10. Advertisements are a waste of time for the consumers. Do you agree to this statement?
- ☐ Strongly disagree   ☐ Disagree   ☐ Neutral   ☐ Agree   ☐ Strongly agree
11. Are you aware of the Institute for Advertising Ethics (IAE)?
- ☐ Not at all aware                      ☐ Slightly aware                      ☐ Moderately aware
- ☐ Very aware                      ☐ Extremely aware
12. Are you aware of the Consumer Protection Act in relation to the rights against false and misleading advertisements?
- ☐ Not at all aware                      ☐ Slightly aware                      ☐ Moderately aware
- ☐ Very aware                      ☐ Extremely aware

13. Select a point on the scale where you think that ads play a major role in your decision on purchasing a product or service.

	1	2	3	4	5	
Very important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very unimportant

14. Are you aware of the Advertising Standards Council of India (ASCI) 1985 and your rights as a consumer it upholds?

<input type="radio"/> Not at all aware	<input type="radio"/> Slightly aware	<input type="radio"/> Moderately aware
<input type="radio"/> Very aware	<input type="radio"/> Extremely aware	

15. Do you think that the Advertising Standards Council of India or any other board that protects consumer rights must put more effort and screen the ads that are published?

<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Neutral	<input type="radio"/> Not sure
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16. Are you familiar with the Consumer Complaints Council (CCC)?

<input type="radio"/> Not at all aware	<input type="radio"/> Slightly aware	<input type="radio"/> Moderately aware
<input type="radio"/> Very aware	<input type="radio"/> Extremely aware	

17. Would you register a complaint to a consumer protection or advertising board against a deceptive advertisement?

<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Maybe
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18. Select the factor attracts you more while reading, listening or viewing an advertisement?
- ☐ Creativity and originality
  - ☐ Celebrity endorsements
  - ☐ Simplicity and straightforwardness
  - ☐ Surprise or shock value
  - ☐ Emotional appeal or cultural relevance
  - ☐ Solving a problem
  - ☐ Testimonials and reviews
  - ☐ Others
19. How satisfied are you with the advertisements that you notice within the past 1 year?
- ☐ Slightly satisfied
  - ☐ Moderately satisfied
  - ☐ Very satisfied
  - ☐ Extremely satisfied
20. Would you still purchase a product or service from a brand or company if they engaged in deceptive advertising practices?
- ☐ Yes
  - ☐ No
  - ☐ Maybe
21. Which is the deceptive practice do you think is most commonly used in the advertisement industry?
- ☐ Exaggeration of products
  - ☐ Creating fake news or testimonials
  - ☐ False or misleading claims
  - ☐ Concealing negative aspect
  - ☐ Other

22. Select the effects that you believe deceptive advertising methods have on consumers?

- ☐ Misinformed purchase of product or service
- ☐ Emotional manipulation
- ☐ Waste of time and money
- ☐ Health and safety risk
- ☐ Negative impact on competition
- ☐ Weakening customer trust
- ☐ Social and environmental consequence
- ☐ Other

23. All advertisements are not completely true. Do you approve this statement?

- |   |  |                               |
|---|--|-------------------------------|
| <input type="radio"/> Strongly disapprove | <input type="radio"/> Disapprove       | <input type="radio"/> Neutral |
| <input type="radio"/> Approve             | <input type="radio"/> Strongly approve |                               |