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FREEDOM OF MEDIA IN INDIA

(Peer Reviewed)



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Investigating the Impact and Prevalence of Misleading Advertising

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Abstract:

Misleading advertising is a widespread issue with potential harm to consumers, businesses, and market integrity. This research proposal aims to investigate the prevalence and impact of misleading advertising, focusing on understanding the scope and consequences of this problem for both consumers and the market. Additionally, the study seeks to evaluate the efficacy of current regulatory measures in tackling deceptive marketing practices. In the present research context, researchers applied the survey data approach to confirm the hypothesis, implying that there is a connection between exposure to misleading ads and a heightened likelihood of considering a purchase and consumer trust. The findings of the study support the hypothesis. The outcome of the study provides valuable insights for marketers and advertisers. The result highlights the potential impact of misleading advertising tactics on consumer behaviour. Furthermore, the study evaluates the efficacy of current regulatory measures in tackling the deceptive marketing advertisement strategy.

Keywords: Misleading advertisement, consumer trust, consumer purchase intention, Consumer Protection Act

Background of the Study:

Misleading advertising is a pervasive issue that can have detrimental effects on consumers, businesses, and overall market integrity. According to the survey data published by (Stasitsa.com, 2020), more than fifty per cent of the Indian population don't rely on advertisements. The example of the most common misleading advertisement- the pack of instant noodles rarely cooks instantly. This research proposal aims to investigate the impact and prevalence of misleading advertising, shedding light on the extent of this problem and its implications for consumers and the broader marketplace. Additionally, this study seeks to

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assess the effectiveness of existing regulatory measures in addressing deceptive marketing practices.

Research Aim:

In the present research context, the study aims to examine how misleading advertising influences consumer behaviour, including overall trust in advertisements and products. Secondly, the study aims to assess the effectiveness of existing regulatory measures, such as warning labels, fines, and legal actions, in reducing or preventing deceptive marketing practices within the specified industry/sector. Overall, the study guides the researchers in examining the impact of misleading advertising on consumers and the effectiveness of regulatory interventions.

Research Objective:

- a. To examine the impact of misleading advertising on the purchase decision-making process of the skin care product.
- b. To evaluate how the misleading advertisement impacts the consumer trust in the skincare products.
- c. To evaluate the effectiveness of regulatory measures in mitigating misleading advertising practices

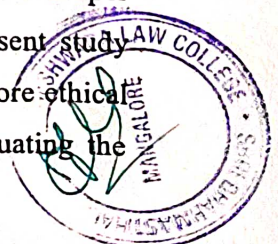
Research Questions:

How does exposure to misleading advertisements impact consumer purchase decisions for skin care products?

How do misleading advertisements for skin care products impact consumer trust?

Research Contributions:

The present study makes a significant contribution to both academia and practical implications in skincare products. The contribution includes insights into consumer behaviour, by examining how misleading advertising influences consumer behaviour, including purchasing decisions and trust in advertisements and products, the study contributes to a deeper understanding of consumer psychology and decision-making processes. The present study provides valuable insights for marketers, advertisers, and businesses in crafting more ethical and effective advertising strategies. In addition, the study also emphasizes evaluating the



influence of misleading advertising on consumer trust in advertisements and products contributes to the understanding of trust dynamics in the context of advertising. Understanding how consumer trust can be diminished by misleading practices, can guide marketers and advertisers in building more trustworthy and credible brands.

Literature Review:

Concept of Misleading Advertisement:

Misleading advertising refers to the practice of presenting false or deceptive information in advertisements with the intention of influencing consumers' perceptions, decisions, or behaviours (Newell et al.,1988). It involves the use of misleading claims, inaccurate descriptions, or manipulative tactics to create a false impression about a product, service, or brand (Pushpa,2013)³. Here are some key concepts related to misleading advertising:

1. **False Claims:** Misleading advertising often involves making claims that are not true. This could include exaggerating the benefits of a product, making false comparisons with competitors, or stating that a product can do something it cannot.
2. **Exaggeration:** Advertisers may use exaggeration or hyperbole to make their products or services appear more appealing than they actually are. While some degree of puffery is common in advertising, crossing the line into false representation is considered misleading.
3. **Omission of Information:** Sometimes, misleading advertising occurs not because of what is said but because of what is left unsaid. Advertisers may omit critical information that would affect a consumer's decision, such as potential side effects or limitations of a product.
4. **Image Manipulation:** Visual elements, including photos, videos, and graphics, can be manipulated to misrepresent a product's appearance or performance. This can give consumers unrealistic expectations.

³ PushpaGirimaji,2013," Misleading advertisement and consumer" Link retrieved from <https://consumeraffairs.nic.in/sites/default/files/file-uploads/misleading-sumer%20%281%29%20.pdf>



5. Testimonials and Reviews: Fake testimonials or fabricated reviews can be used to create a false sense of credibility or popularity for a product or service. This can mislead consumers into thinking that others have had positive experiences when they have not.
6. Bait-and-Switch: This tactic involves advertising a product at a low price to attract customers, but when they inquire or visit the store, they are told the advertised product is no longer available, and they are encouraged to buy a more expensive alternative.
7. Regulatory Oversight: Many countries have regulatory bodies responsible for monitoring and regulating advertising practices to prevent misleading advertising. These agencies often set guidelines and standards that advertisers must adhere to.
8. Consumer Protection Laws: Laws exist to protect consumers from deceptive advertising practices. These laws vary by country and region but typically prohibit false advertising, false labelling, and other forms of misleading marketing.
9. Impact on Consumers: Misleading advertising can have various negative effects on consumers. It can lead to dissatisfaction with products or services, waste of money, loss of trust in advertisements and brands, and even health and safety risks in some cases.
10. Ethical Considerations: Ethical advertisers adhere to principles of honesty, transparency, and truthfulness in their marketing efforts. Misleading advertising is generally considered unethical and can damage a company's reputation.

In summary, misleading advertising involves the presentation of false or deceptive information in advertisements, and it is a practice that is generally frowned upon due to its potential to harm consumers and undermine trust in the advertising industry.

What is Consumer Buying Behavior?

Consumer behaviour is a complex and multidisciplinary field of study that focuses on understanding how individuals and groups of people make decisions related to the acquisition, use, and disposal of products, services, ideas, and experiences (Solomon, 2004)⁴. Furthermore, consumer buying behaviour comprises a range of factors, including consumer attitudes, preferences, intentions, and decisions related to transactions in the marketplace where goods and services are exchanged (Smita, 2020).



⁴ Solomon, M.R. and Panda, T.K., 2004. *Consumer behaviour, buying, having, and being*. Pearson Education India

Concept Consumer decision-making process:

The consumer decision-making process is a series of steps or stages that individuals go through when making a purchase or selecting a product or service. This process is not always linear, and consumers may revisit or skip certain stages depending on the complexity of the decision and the product or service in question. Misleading advertisements impact the decision-making process of the customer (Romani, 2006)⁵. The consumer decision-making process comprises five stages: problem recognition, and information search. Evaluation of alternative, purchase and post-purchase decisions. In the problem recognition phase, misleading advertisements create a false sense of need or urgency by exaggerating problems. Similarly in the information search phase, misleading advertisements display the product information by providing inaccurate information, it is difficult for consumers to track reliable sources. In the post-purchase phase, the impact of misleading advertisements leads to negative word of mouth. Furthermore, consumers who experience a mislead are likely to share more negative reviews about the product, service or brand which can affect the company's brand image.

Concept of Consumer Trust:

The study conducted by Serva et al., 2005⁶ defined consumer trust "as an expectation or belief that consumer has within the company." A similar study defined consumer trust as the faith or belief of the customer in the brand to deliver promises and commitment. Consumer trust is the essential component of building customer loyalty and enhancing customer satisfaction. In the marketing context, consumer trust act as a valuable asset that leads to brand loyalty, increase repeat purchase and encourage positive word-of-mouth. So, marketers must work hard to build and retain the customer trust.

Conceptual framework and hypothesis formulation:

Misleading advertisements impact the purchase decision-making process leading to enhanced purchase intention.

⁵ Romani, S., 2006. Price misleading advertising: effects on trustworthiness toward the source of information and willingness to buy. *Journal of Product & Brand Management*, 15(2), pp.130-138

⁶ Serva, M.A., Fuller, M.A. and Mayer, R.C., 2005. The reciprocal nature of trust: A longitudinal study of interacting teams. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 26(6), pp.625-648.



Misleading ads often use eye-catching visuals and persuasive language to grab consumers' attention. This initial attraction can lead consumers to consider the product. In addition, advertisements tend to promise extraordinary benefits or results that the product cannot realistically deliver. This inflates consumers' expectations, making them more likely to purchase the product, hoping to achieve the advertised outcomes. Moreover, misleading ads enhance impulsive purchases. Consumers who are influenced by misleading advertising may make impulsive purchases without conducting thorough research or evaluating alternative products (Sun et al., 2023)⁷. They may be driven by the fear of missing out on a seemingly amazing deal or product. From the above argument, it is hypothesized that: **H1- Misleading advertisements have a significant impact on the purchase decision-making process, leading to enhanced purchase intention.**

Misleading advertisements impact consumer trust:

Misleading advertisement, often referred to as deceptive or false practices, has a significant negative impact on consumer trust. When consumers perceive that a brand or business has misled them in any way, it erodes their confidence and belief in that brand. A plethora of previous research showed that misleading practices, such as false advertising, exaggerated claims, or misrepresentation of product features, can damage a brand's credibility. When consumers discover the way a company displays product features and makes promises, which do not align with reality. This leads to eroding the brand trust among the customers in the future. Furthermore, misleading practices can lead to customer dissatisfaction and disappointment. When customers feel deceived or tricked, it can result in negative reviews, complaints, and a reluctance to make future purchases from the same brand. According to the study conducted by (Kotler et al., 2006),⁸ misleading tactics may generate short-term profits or sales, but in the long run, it leads to losses. Once consumers feel deceived, they may abandon the brand altogether, and the negative word-of-mouth generated by dissatisfied customers can harm the brand's reputation.

The business organization engaged in deceptive practices can also lead to legal consequences, including fines and lawsuits. Regulatory authorities often take action against businesses that

⁷ Sun, Y. and Li, Y., 2023. Effects of misleading online advertisements on the purchase intention of mature Chinese consumers for dietary supplements. *British Food Journal*.

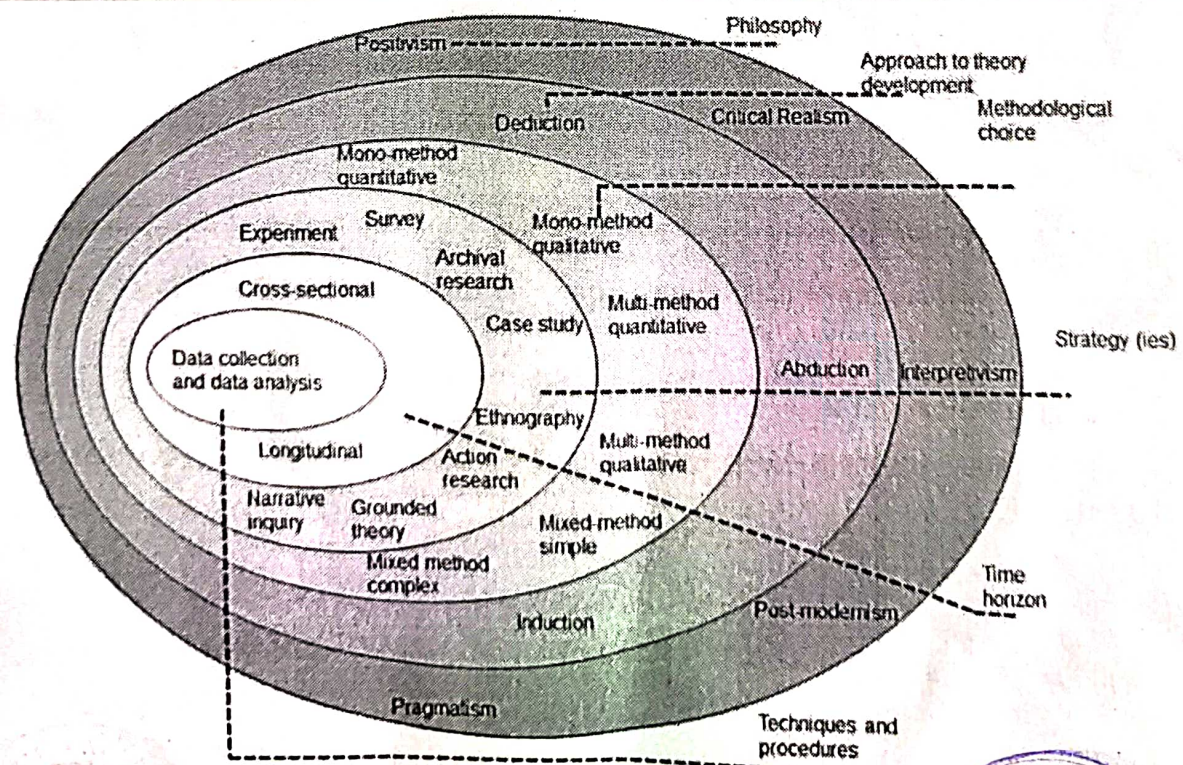
⁸ Kotler, P., Rackham, N. and Krishnaswamy, S., 2006. Ending the war between sales and marketing. *Harvard Business Review*, 84(7/8), p.68.



engage in false advertising or other forms of deception. The study also showed that when one company within an industry engages in misleading practices, it can erode trust in the entire industry. Consumers may become sceptical of all brands in the sector, making it harder for honest businesses to build trust. The negative impact of misleading practices can attract media attention and social media backlash. In the age of the internet and social media, news of deceptive practices can spread rapidly, causing significant harm to a brand's reputation. Moreover, misleading practices lead to customer churn and a loss of market share. To maintain and build consumer trust, businesses should prioritize transparency, honesty, and ethical practices in all their interactions with customers. Misleading trust not only harms the affected consumers but also has far-reaching consequences for the brand's overall reputation and success. On the other hand, companies that consistently deliver on their promises and communicate honestly with their customers are more likely to earn and maintain trust over the long term. From the above argument, it is hypothesized that **H2: Misleading advertisement has a significant impact on consumer trust.:**

Research Methodology : Research Philosophy-1st Layer

The current research study followed Saunder's⁹ research onion framework.



Source: Research Onion (Saunder et al., 2007)



Saunders et al.'s (2007) study has firmly established the noteworthy impact of the research onion framework on the contemporary research landscape, as illustrated in Figure 1.1. This framework serves as a valuable framework for researchers, offering crucial guidance throughout the journey of crafting a meticulously organized and influential research design and methodology. In the subsequent sections, researchers delve into the details of how the current methodology aligns seamlessly with Saunders' research onion framework.

Research Philosophy-1st Layer

Research philosophy is a widely accepted term and universally recognized concept referring to a researcher's fundamental convictions and presuppositions regarding the essence of knowledge, confidence, and the very nature of reality (Saunders et al., 2019).

The current research, titled " Investigating the Impact and Prevalence of Misleading Advertising is closely aligned with the positivist/positivist research philosophy. Positivism finds strong synergy with quantitative research methods, which revolve around the quantification of variables and the subsequent statistical scrutiny of gathered data. The positivist approach especially relied on scientific evidence such as statistical analysis, and experiment design to reveal the true nature of knowledge.

Research Approach-2nd Layer (Hypothesis formulation)

The present study employed deductive methodology, where the researcher takes the lead in shaping the research direction.

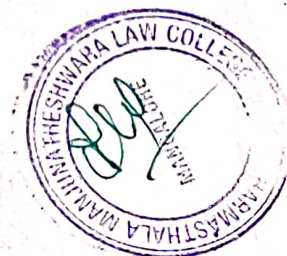
Research Strategies-3rd Layer

The research methodology employed in this existing study revolves around the utilization of a survey-based approach for data collection. This survey involves the active participation of 50 respondents who are invited to complete structured online questionnaires.

Time Horizons- 5th Layer

The present research context applied a cross-sectional research design.

⁹ Saunders, M., Lewis, P.H.I.L.I.P. and Thornhill, A.D.R.I.A.N., 2007. Research methods. *Business Students 4th edition Pearson Education Limited, England*, 6(3), pp.1-268.

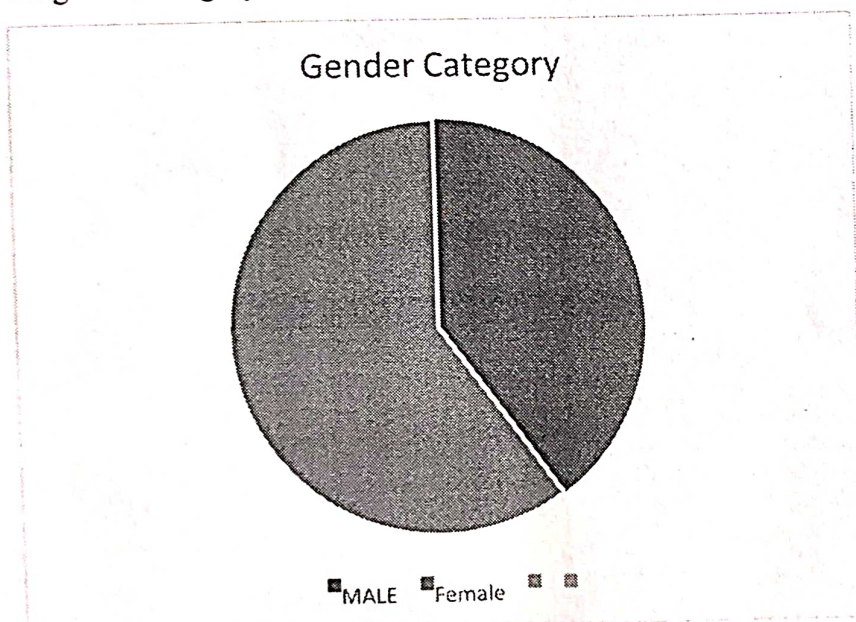


Techniques and procedure (6th Layer)

The present study will utilize a non-probability purposive sampling technique, a method advocated by Sekaran and Bougie in their 2019 study. This approach involves deliberately selecting a particular group of respondents who can offer in-depth insights relevant to the current research. The sampling group will specifically consist of millennials aged between 20 and 35, residing in Mangalore and Bangalore city.

Data Analysis:

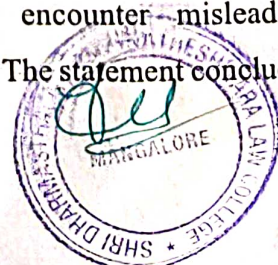
The questionnaires were circulated to 50 respondents. Among 50 respondents 30 participants are identified as female and 20 participants belong to the male category. The pie chart explains the gender category of male and female.



Pie-chart explanation:

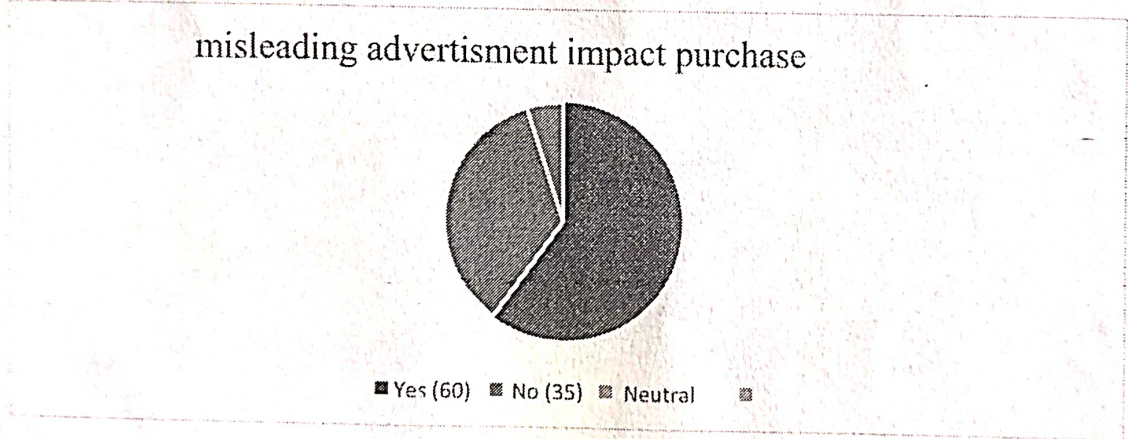
H1- Misleading advertisements have a significant impact on the purchase decision-making process, leading to enhanced purchase intention.

Misleading Advertisement Impact on Consumer Trust: The research focused on understanding whether misleading advertisements have a significant impact on purchase intention. The result of the pie-chart findings stated that 60% of the respondents revealed that misleading advertisements lead to an increase in purchase intention. This percentage represents the proportion of respondents who believe that when they encounter misleading advertisements, they are more inclined to consider making a purchase. The statement concludes that these findings support hypothesis H1.



Interpreting the Result: In practical terms, these results suggest that when consumers are exposed to misleading advertisements, they may initially be more interested in purchasing the advertised product. However, it's important to note that this initial interest might not translate into sustained trust or repeat purchases. Misleading advertising can erode trust over time if consumers feel deceived or dissatisfied with the products they purchase. The findings have implications for businesses and advertisers. While misleading advertisements may drive short-term sales, they can harm long-term consumer trust and brand reputation. Ethical advertising practices that prioritize transparency and accurate product representation are essential for building and maintaining trust with consumers.

Overall, the pie chart indicates that a significant portion of respondents believe that misleading advertisements lead to increased purchase intentions, which aligns with hypothesis H2. However, the long-term impact on consumer trust should be carefully considered when assessing the overall effectiveness and ethics of advertising strategies



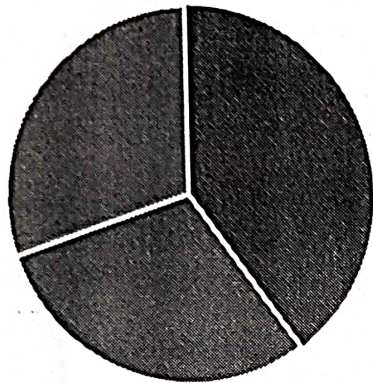
H2: Misleading advertisement has a significant negative impact on consumer trust.:

The statement suggests that misleading advertisements have a negative impact on consumer trust, with 45% of respondents acknowledging this impact. The pie chart explained that the number "45%" indicates that nearly half of the respondents in the study or survey believe that misleading advertisements have a detrimental effect on trust. This suggests that a significant portion of consumers recognize the negative consequences of encountering misleading advertising. In addition, the statement highlights that misleading advertisements can erode or weaken consumer trust. Consumer trust is a crucial factor in building and maintaining a positive relationship between consumers and brands.

In essence, the outcome of the finding underscores the importance of ethical advertising practices that prioritize transparency and honesty to preserve and strengthen consumer trust in brands and products.



Misleading advertisement impact consumer trust



■ Yes 45 ■ No 30 ■ Neutral 25

The legal system of India can evaluate the effectiveness of regulatory measures in mitigating misleading advertising practices:

In the Indian context, legal measures play an important role in mitigating misleading advertising practices. To evaluate the effectiveness of regulatory measures in addressing this issue, the Consumer Protection, 2019 Act deals with the Power of Central Authority to issue directions and penalties against false and misleading advertisements. Furthermore, the law should implement and enforce stringent advertising standards and guidelines that clearly define what constitutes misleading advertising. These standards should cover various aspects, including claims substantiation, disclosure requirements, and ethical considerations (Bhat,1996)¹⁰. Support and strengthen self-regulatory bodies within the advertising industry, such as the Advertising Standards Council of India (ASCI). These bodies can help set industry-specific guidelines and mediate disputes between consumers, advertisers, and regulators. Introduce and establish a system of mandatory pre-clearance for certain types of advertisements, especially those related to health, food, and pharmaceutical products. Advertisements would need to be approved by regulatory authorities before it can be broadcast or published. Moreover, invest in consumer education campaigns to raise awareness about misleading advertising practices and empower consumers to recognize and report them. This

¹⁰ Bhat, R., 1996, Regulating the private health care sector: the case of the Indian Consumer Protection Act. *Health Policy and Planning*, 11(3), pp.265-279.



can be done through various media channels and in collaboration with consumer protection organizations.

Evaluating the effectiveness of these legal measures should involve ongoing monitoring and assessment of the prevalence of misleading advertising, consumer complaints, legal actions taken, and changes in industry practices (Jacobs et al.,2010)¹¹. Regular reviews and adjustments to regulations based on empirical evidence will help ensure that legal solutions remain effective in addressing this issue in the Indian context.

Recommendations:

The present study explains the recommendations on the misleading advertisement. Businesses and advertisers should prioritize ethical advertising practices. Avoiding misleading claims and focusing on truthful and transparent marketing can help build long-term trust with consumers. However, the government should ensure strong compliance with advertising regulations and guidelines. Businesses should stay updated with legal requirements to prevent potential legal consequences related to deceptive advertising. Consumer education initiatives can help individuals become more discerning and critical consumers. Encourage consumers to research products and verify claims before making purchase decisions. Promote transparency in marketing efforts. Clearly communicate product features, benefits, and limitations to manage consumer expectations effectively. Business organizations continuously seek feedback from consumers about their advertising experiences. Use this feedback to refine marketing strategies and improve consumer trust.

Focus on building long-term brand equity and reputation rather than seeking short-term gains through misleading ads. A positive brand image can lead to sustained consumer loyalty. Support industry self-regulatory initiatives to maintain ethical advertising standards. Collaborate with industry associations to uphold best practices. Provide training to marketing and advertising teams on legal and ethical compliance. Ensure that employees understand the importance of adhering to regulations. Continuously monitor consumer sentiment and perceptions related to advertising practices. Use tools and analytics to gauge consumer reactions to advertisements.

¹¹ Jacobs, W., Stoop, P.N. and Van Niekerk, R.. 2010. Fundamental consumer rights under the Consumer Protection Act 68 of 2008: A critical overview and analysis. *Potchefstroom Electronic Law Journal/Potchefstroomse Elektroniese Regsblad.* 13(3)



And lastly, embrace corporate social responsibility by contributing positively to society. Consumers appreciate brands that prioritize social and environmental causes.

Limitations of the Study:

The present study is based on the quantitative approach in the future researchers can conduct mixed methodology approach to explore more about the factors behind the misleading advertisements. The present study is restricted to a small sample size, in the future researchers can include large and more diverse samples that would add to the generalizability of the results.

Future scope of the study:

In future studies, research scholars could compare the impact of misleading advertising across different industries, such as consumer goods, healthcare, and technology. Understanding sector-specific nuances can help tailor advertising strategies. In addition, in future research scholars can conduct longitudinal studies over an extended period that can help to reveal trends and changes in consumer attitudes towards advertising ethics. This can help track the evolving impact of misleading ads over time.

