



ASCI

**OBJECTIONABLE ADS IN THE BEAUTY & PERSONAL
CARE CATEGORY AND THE RISING IMPACT OF
INFLUENCER MARKETING & D2C BRANDS**

AN ASCI REPORT

FEBRUARY 2023

ABOUT THE ADVERTISING STANDARDS COUNCIL OF INDIA

Established in 1985, The Advertising Standards Council of India (ASCI) is the self-regulatory body of the Indian advertising industry. ASCI resolves issues around

- Dishonest or misleading ads
- Indecent or offensive ads
- Harmful ads
- Ads that are unfair in competition

ASCI looks at advertisements across all media types and formats such as TV, print, digital, outdoor, radio, point of sale, claims made on packaging and so on.

ASCI works closely with different stakeholders in the matter of consumer protection. ASCI's code is part of The Advertising Code enshrined within the Cable TV Networks (Regulation) Act, 1994, providing it with a legal backstop.

COMPLAINTS MANAGEMENT

ASCI's speedy, independent and low-cost complaint management approach ensures that both consumers and industry have the opportunity for a fair resolution. All stakeholders can register their complaints at no cost via WhatsApp at 77100-12345 or at www.ascionline.in

ASCI's independent jury (The Consumer Complaints Council or CCC) comprises 40 eminent professionals, both from the industry as well as from civil society, who review complaints on a weekly basis and provide their recommendations



Four retired high court judges hear appeals from complainants or advertisers who may wish to contest a CCC recommendation



Eminent technical experts from over 20 fields support the CCC and the Review Panel



TRAINING AND ADVISORY SERVICES

With a view to supporting the industry get it right, ASCI has several initiatives such as the ASCI Masterclass, as well as services like the 'ADVERTISING ADVICE' (AA). ASCI has long-established expertise in the area of advertising depictions, claims and representations, through its extensive panel of advertising and technical experts. ASCI's AA panel comprises of advertising experts, as well as technical experts who are well-qualified and experienced specialists from several disciplines such as Ayurveda, Formulations, Microbiology, Electronics, Market Research, Nutrition, Financial services and so on. Many organisations voluntarily submit their ads at a pre-production stage to ASCI to receive non-binding advice on whether the ad potentially may violate any ASCI code. Small changes at the production stage can save a lot of hassle later. The advisory services provided by ASCI are not binding on the advertiser or its independent jury - the CCC.

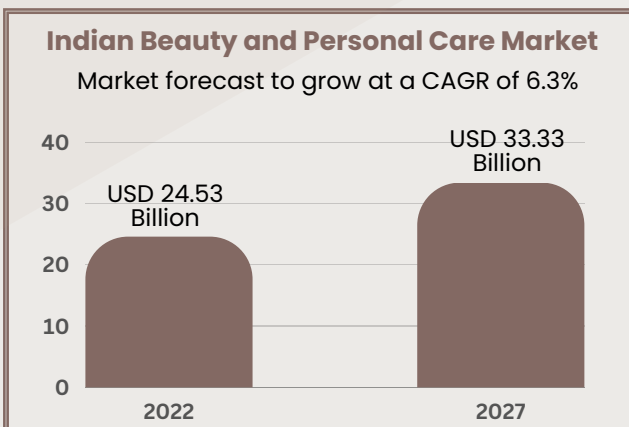
ASCI also offers an Endorser Due Diligence service to help endorsers meet their obligations to ensure that ads they feature in do not make misleading claims and potentially violate the law.



BEAUTY AND PERSONAL CARE SECTOR IN INDIA

OVERVIEW

The Beauty and Personal Care market in India is growing at a rapid rate. It is estimated to be USD 24.53 Bn in 2022 and is expected to reach USD 33.33 Bn by 2027, growing at a CAGR of 6.32% [Source: Research and Markets Report – India Beauty and Personal Care Market, 2022]



Source: Research and Markets Report – India Beauty and Personal Care Market, 2022

In the last couple of years there has been a significant rise in the number of new players that have entered this sector. Heightened awareness among consumers around beauty, personal health-hygiene and an increase in purchasing power have led to varied preferences for customized, organic, and premium product variants, which offer lucrative growth opportunities to leading market players and for new ones. The digital space particularly, has created opportunities for new brands to grow. Rapid urbanization, easy access to the internet, and the high penetration of smartphones are catalyzing the demand for these products across India. From social media to e-commerce, there has been a manifold increase in successful D2C brands.

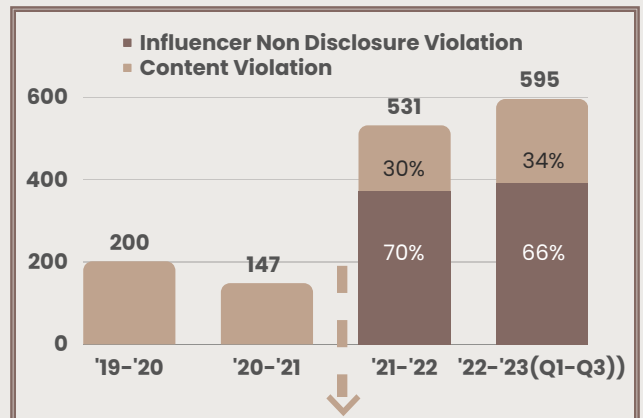
Among the several dynamic market forces that drive growth, advertising is a key force. Advertising impacts human emotions, that in turn drives purchase decisions, influences the market and creates price signals.

It is expected that the Indian advertising industry's growth will accelerate to 16.8% in 2023. This growth is led by pure-play digital advertising, which accounts for the largest share (48.8%) in 2022 and is expected to continue rising above pre-pandemic levels. [Source: Group M report]

SHARP RISE IN THE NUMBER OF ADS IN VIOLATION OF THE ASCI CODE

With respect to the Beauty and Personal Care Sector, in the last two years ASCI has seen a consistent and steep rise in the number of advertisements processed for potential violation of the ASCI code & guidelines. Overall, in the years '21-'22 to Q1-Q3 '22-'23, ASCI processed complaints against 1126 advertisements in this sector versus just 347 ads in the previous two years.

Category wise split of ads in violation of the ASCI Code



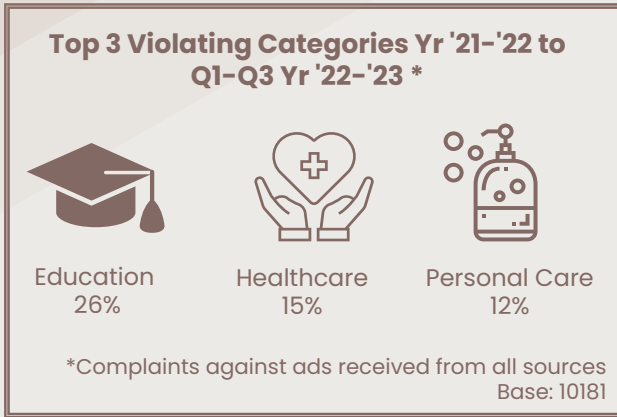
Launch of Guidelines for Influencers Advertising on Social Media

272% RISE

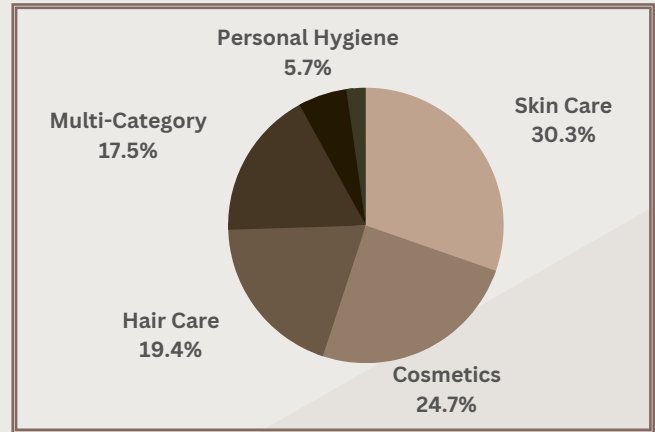
In monthly average of ads processed in 'the last two years ('21-'22 & '22-'23 [Q1-Q3]) vs. the previous two years ('19-'20 and '20-'21)



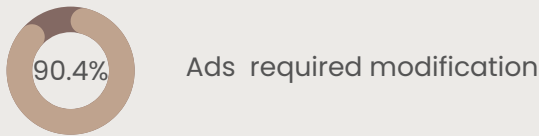
While the beauty and personal care has always featured among the top ten violating categories at ASCI, **however, in the last two years it has made its way up to the top three.** The launch of ASCI's influencer guidelines and proactive digital monitoring has revealed a large number of misleading ads.



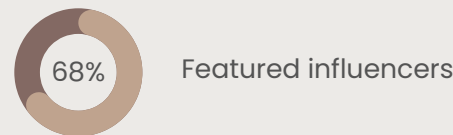
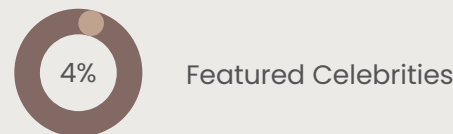
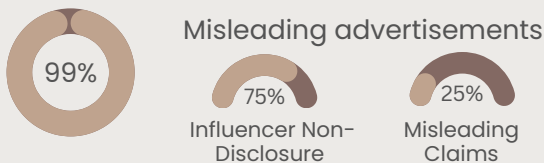
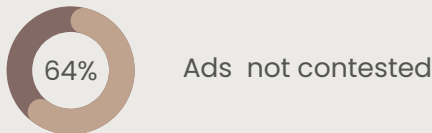
Category wise split of ads in violation of the ASCI Code



ANALYSIS OF MISLEADING ADS IN THE BEAUTY & PERSONAL CARE CATEGORY



Of these,



No. 1 complained about sector from external sources in '22-'23

24% of total complaints (across categories) received at ASCI from consumers, industry and consumer organisations between Q1-Q3 in '22-'22 are for personal care ads.

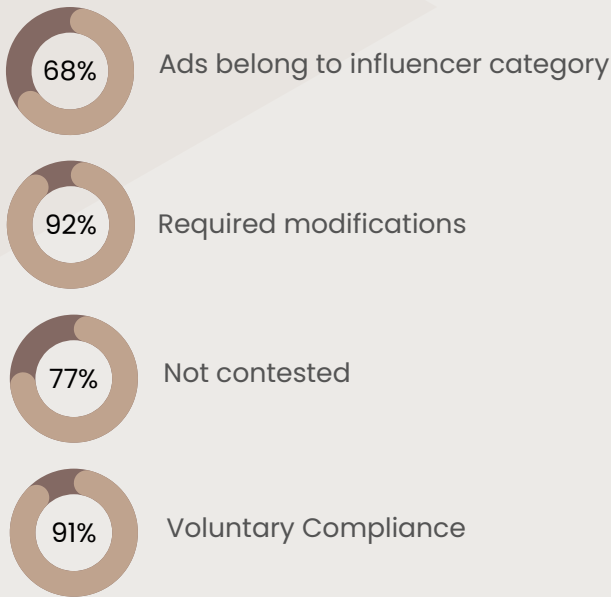


INFLUENCERS - A KEY FACTOR CONTRIBUTING TO MISLEADING ADS

The Indian influencer marketing industry, currently valued at about Rs 1,275 crore, representing a 42% increase (over Rs 900 crore) in 2021 is slated to grow at a CAGR of 25% for the next five years to become a Rs 2,800 crore industry by 2026, according to the Influencer Marketing Report 2.0 of GroupM's INCA. Personal Care is among the top three categories that rely heavily on influencer marketing.



Of the ads processed by ASCI from the personal care category, the following data pertains to the those with influencers

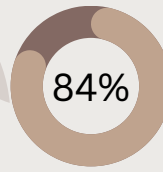


Only in 2% of cases, were influencers/brands able to provide evidence that the challenged posts did not have any material ASCI connection and thus were dismissed by ASCI.

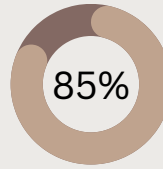
D2C BRANDS LEAD THE FRAY IN VIOLATIONS

For several categories across sectors we have seen a movement towards the digital-first approach. Beauty and Personal Care sector is thriving in this space. There has been a proliferation of D2C brands that are fast growing and providing a stiff competition to brands in the offline marketplaces. D2C beauty brands have completely transformed the way a consumer sees, selects, and shops. The global pandemic has further added to this behavioural change among consumers.

As per Statista reports, the D2C sector in India, which was valued at \$33 billion in 2020, is projected to reach \$100 billion by 2025. The D2C beauty and personal care segment alone is expected to reach \$4.4 billion in India, with a whopping CAGR of 29% by 2025, as per Avendus Capital. brand websites, social media, e-commerce.



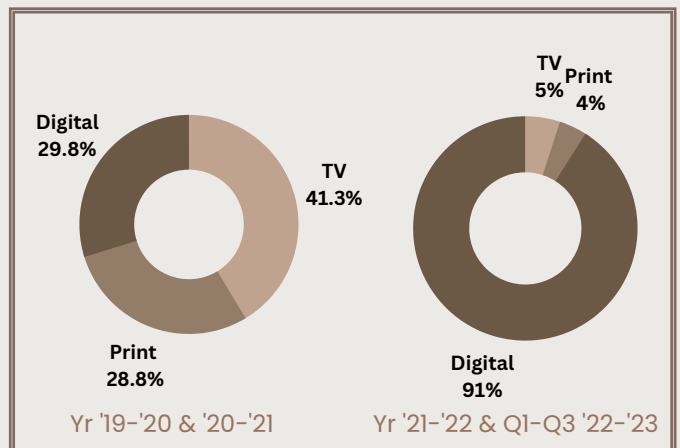
D2C advertisers as a % of advertisers whose ads were found in violation of ASCI codes in the personal care category in 2021-22 and Q1-Q3 2022-23 (Base: 408 advertisers)



Ads of D2C brands as a % of ads violating influencer guidelines in 2021-22 and Q1-Q3 2022-23 (Base= 762 advertisements)

DIGITAL IS THE DOMINANT MEDIUM FOR MISLEADING ADS OF THIS SECTOR

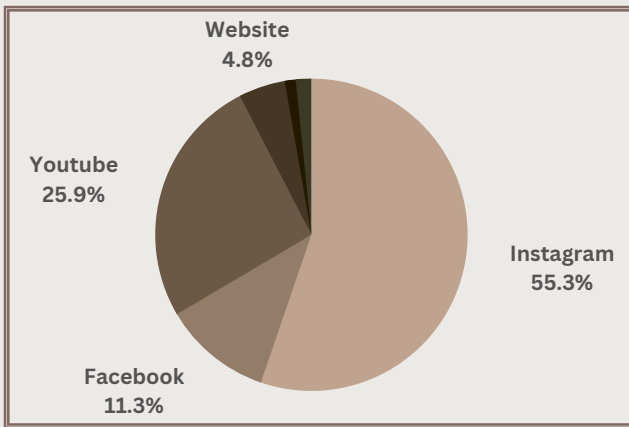
Medium split of where objectionable ads appeared: Comparative view of years before and after launch of Influencer Guidelines



Earlier, most of the violative ads in the sector used to appear on Television. Data from 2019-2021 shows that 41.3 per cent of the ads processed by ASCI appeared on TV. Digital and Print were almost at par at 31% and 30% respectively.

Since 2021, there has been a remarkable drop in the number of beauty and personal care television ads processed for potential ASCI code violation. The years '19-'20 and '20-'21 saw 150 objectionable ads on TV vs. 54 ads seen in '21-'22 and '22-23 (3 quarters). While the very high numbers on digital medium are an outcome of ASCI's own proactive monitoring of the space, it has also to do with the sheer volume of advertising of the sector in the digital space. Social media platforms, websites, e-commerce channels have all contributed to the high incidence of personal care ads on digital media.

Platform split for violative ads of personal care Digital Media: YR 2021-22 to Q1-Q3 YR 2022-23



NATURE OF CLAIMS THAT WERE FOUND TO BE VIOLATIVE

Besides missing disclosure labels by influencers, the other violations pertained to

- Product performance:** Ingredient based product efficacy claims where the product itself is not tested to deliver the benefits was a key concern.
- Germ Protection and prevention of disease:** Claims around protection and prevention from various disease causing germs that lacked appropriate tests.
- Comparative claims:** Where comparisons with other products were not fair or like to like or the basis not clear to the consumer.
- Ingredient efficacy :** Claims like 30X or Y% more for better efficacy where the basis of claim was not clear or interpretation of the data was incorrect to arrive at these claims.
- Claims related to natural & organic product:** Where products were found to have a larger composition of synthetic elements.

- Leadership claims:** Such as market share, or No. 1 without adequate data comparative data
- Consumer trustworthiness:** Based on surveys and other data without a sound basis
- Recommendation by experts:** Claims lacking evidence of expert recommendation

CONCLUSION

The personal care category has seen keen interest and engagement from D2C brands as well as influencers. Collectively they contribute significantly to the digital presence of the category.

Unfortunately, many of them appear to be in violation of the ASCI code, and also in potential violation of the Consumer Protection Act, 2019.

Brands and influencers would do well to be mindful of their responsibility towards consumers, to continue reaping the benefits of positive consumer engagement and interest in the category. Industry bodies such as the Internet and Mobile Association of India (IAMAI) and Indian Beauty and Hygiene Association (IBHA) could also take up the task of educating their members as well as the larger personal care ecosystem on the need to be compliant with advertising self-regulation and the law. Social media platforms where such violations are rampant also need to work out mechanisms where such objectionable ads are sieved out to protect consumer safety in the online world.

Important Links:

List of cases handled YR '21-'22 to Q1-Q3 '22-'23:

<https://bit.ly/Personalcarelistofcases>

List of Non-Compliant Advertisers:

<https://bit.ly/Noncompliantadv>

List of Non-Compliant Influencers:

<https://bit.ly/Noncompliantinfluencer>

COMPLAINT FAQs

Who can complain against an advertisement to ASCI?

ASCI accepts complaints from everybody. A complainant can be a member of:

- The General Public
- The Industry
- Consumer Organisations
- Government

What information do I have to provide in order to register a complaint?

In order to successfully register a complaint with ASCI, the following information is required:

- The name of the advertiser or brand
- The time, date and medium in which the ad appeared
- The name of the product or service that was being advertised
- A copy of the ad or a brief description of it
- Your specific objections including any specific claims/visual frames you have an objection to and the reasons
- Your name and contact details (we keep this information confidential if you are a member of the public, and this information is only used for ASCI's communication with you)

How long does it take for a decision on a Complaint to be taken?

The time to take a decision on a complaint varies depending on the nature of the case. The average lead time for a non-technical case is 15 working days from the date of receipt of a complaint complete in all respects. In cases that need investigation by technical experts, most cases at ASCI reach a resolution within 8-10 weeks.

What kind of complaints does ASCI handle?

You can complain to ASCI when you come across an advertisement that is

- Misleading or untruthful
- Indecent or vulgar
- Unsafe or can cause physical or societal harm
- Unfair to other products or brands

What kind of ad related complaints does ASCI NOT handle?

ASCI self-regulates the CONTENT of advertising for the advertising industry. Even though the following relate to ads, these are NOT covered by the ASCI code and hence we cannot process complaints related to the following:

- Duration/frequency/volume of advertisements
- Product or service deficiency cases
- Fraud cases
- Refund issues
- Counterfeit products
- Issues with content of programme
- Network quality issues
- Political, non-commercial government advertising
- Violation of law, for eg.
 - Emblems and Names (Prevention of Improper Use) Act, 1950
 - Prevention of Cruelty to Animals Act
 - Direct liquor/tobacco advertising
 - Violation of code of medical ethics
- Pop-up stores
- Spam emails
- Unsolicited SMS
- Sub-judice cases
- Advertisements not meant for Indian audiences (cross-border complaints)
- Pricing issues
- Public notice, news articles and press releases

Does ASCI publish details of recommendations made by the Consumer Complaints Council (CCC)?

Yes, the independent Consumer Complaints Council (CCC) recommendations are published on our website once the complaint is resolved/closed.

Get in touch with us at:
contact@ascionline.in

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Council of
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