

ASCI Fortifies Guidelines for Qualification of Brand Extension of Restricted Categories

Mumbai December 14, 2023: The Advertising Standards Council of India (ASCI) has updated its guidelines for 'Qualification of Brand Extension-products and services' under the restricted category prohibited from advertising by law. These modifications have been detailed in Chapter III Clause 3.6 (a) of the ASCI code, and specifically target brand extensions associated with restricted categories such as liquor and tobacco.

While ASCI had in place specific guidelines for brand extension, which were modified a few months back, it was felt necessary to further strengthen these in view of mega-budget celebrity campaigns during high-profile sporting events in India. ASCI's current guidelines provide for brand extensions to cross certain thresholds of business, investment or distribution criteria for them to be considered genuine extensions. ASCI has now added specific criteria also for advertising spends in relation to turnover of the said extension.

Key Features of the New Code for Brand Extensions:

1. Advertising spends have to be in proportion to sales turnover of extension: ASCI has mandated that the advertising budget for genuine brand extensions of restricted master brands has to be commensurate with the extension's sales turnover. The proportions for the ad budgets are capped at 200 percent (ie. not more than 200 percent) of the turnover in the first two years of launch of the extension, followed by 100 percent (ie. not more than 100 percent) of revenue in the third year, 50 percent in the fourth year, and 30 percent thereafter. The advertising budget includes media expenditure across all forms of media in the previous 12 months, payments to celebrities for brand endorsements on an annualised basis, and the annual average money spent on advertising production for the brand extension in the previous three years.

This measure will ensure a balanced approach to advertising investment in alignment with the extension's sales performance over time.

2. Treatment of Variants Under Brand Extension: For clarity, any variants launched under the brand extension will not be considered as a fresh extension. The original date of the first brand extension will apply.

3. Certification by Reputed CA Firms: To ensure genuine compliance, all evidence supporting the brand extension's qualifications for advertising must be certified by a reputed and independent CA firm.
4. If a brand extension of a parent brand that is under one of the restricted categories don't meet the updated qualifications, ASCI will not consider it to be a genuine extension, but a surrogate created to advertise a restricted category. ASCI's updates will contribute to maintaining the integrity of advertising in India, upholding ethical standards, and protecting consumers from misleading practices.

Throwing more light on the amendment to the fresh changes to the Brand Extension Guidelines, **Manisha Kapoor, CEO and Secretary General, ASCI**, said, "As part of our ongoing commitment to consumer protection and ethical advertising, ASCI has introduced these new additions to the Brand Extension Guidelines. These measures are essential to prevent the misuse of brand extensions as surrogates for advertising in restricted categories. We believe that these guidelines will strengthen the integrity of advertising in the industry."

FOR THE UPDATED GUIDELINES, PLEASE VISIT THE LINK: <https://www.ascionline.in/wp-content/uploads/2023/12/Guidelines-for-Qualification-of-brand-extension-1.pdf>

About the Advertising Standards Council of India (ASCI)

The Advertising Standards Council of India (ASCI), established in 1985, is committed to the cause of self-regulation in advertising, ensuring the protection of consumer interests. ASCI seeks to ensure that advertisements conform to its Code for Self-Regulation, which requires advertisements to be legal, decent, honest, and truthful and not hazardous or harmful while observing fairness in competition. ASCI looks into complaints across ALL MEDIA such as Print, TV, Radio, hoardings, SMS, Emailers, Internet/website, product packaging, brochures, promotional material and point of sale material etc. In January 2017, the Supreme Court of India in its judgement affirmed and recognised the self-regulatory mechanism as an effective pre-emptive step to statutory provisions in the sphere of advertising content regulation for television and radio in India. ASCI's role has been acclaimed by various Government bodies including The Department of Consumer Affairs (DoCA), the Food Safety and Standards Authority of India (FSSAI), the Ministry of AYUSH as well as the Ministry of Information and Broadcasting (MIB). MIB issued an advisory for a scroller providing ASCI's WhatsApp for Business number 77100 12345, to be carried by all TV broadcasters for consumers to register their grievances against objectionable advertisements.

In August 2023, the ASCI Academy, a flagship program of ASCI was launched to build the capacity of all stakeholders in creating responsible and progressive advertising. ASCI Academy aims to raise standards of advertising content through training, education, outreach, and research on the preventive aspects of advertising self-regulation.

PRESS RELEASE



On the international front, in 2023, ASCI CEO and Secretary General, Ms Manisha Kapoor was re-elected as one of the four Vice-Presidents on the Executive Committee of the International Council on Ad Self-Regulation (ICAS). Among several awards bestowed by the European Advertising Standards Alliance (EASA), ASCI bagged a Gold Global Best Practice Award for the Mobile App “ASCI online” (2016), special recognition for its “Guidelines for Celebrities in Advertising”; at the first-ever ‘Global Awards for Effective Advertising Self-Regulation’ hosted by the ICAS (2019). In 2021, ASCI also won two ICAS awards, one for the ASCI scroll telecast across television in the ‘Best Awareness Raising Initiative’ and for its extensive digital suo-moto monitoring through the NAMS initiative, in the ‘Special Category’. It also got a special mention in the ‘Best Sectoral Initiative’ category for its efforts and regulatory recognition of its Gaming Guidelines. ASCI received the ICAS Global "Inspiration Award" in April 2023 for successfully promoting ASCI as a thought leader and developing impactful engagement with various stakeholders.

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