Guide to Product Placement (UK)

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Background

’Product placement’ or ‘Brand Integration’ is now a reality in the UK broadcast market. It occurs when a company pays a TV channel or a programme-maker to include its products or brands in a programme. So, for example, a fashion company might pay for a presenter to wear its clothes during a programme, or a car manufacturer might pay for a character to mention one of its cars in a scene in a drama.

The USA have had a mature product placement market for some years and are quite used to seeing Simon Cowell sipping Coke as he passes judgment on American Idol; or the host of a network news show nursing a Starbucks Frappuccino.

Product placement in films and international programmes (such as US drama series) has been allowed on UK television for many years. But it’s also been on our TV screens in various forms within acquired programming and as legitimate prop provision that is integral to the storyline of the programme.

You may have noticed Sue Sylvester wearing nothing but Adidas in Glee, or perhaps picked up on the fact that Cisco IP Phones were part of a pivotal scene between NCIS operatives.

Since 28th February 2011, certain categories of programmes made for UK audiences have also been able to contain product placement as long as they comply with Ofcom’s rules (see below).

So how will Product Placement be approached and developed in this country? Well, the UK regulatory environment is unique, thus making it difficult to draw direct comparisons with other markets. However, we can trust that our broadcasters, programme makers and advertisers would be culturally sensitive and not allow it to alienate British viewers. The difference to the viewing experience is likely to be negligible and the programmes will arguably become more authentic. Editorial independence is absolutely central to this and will no doubt be jealously guarded: something the broadcasters have successfully managed over here with their approach to the development of Advertiser Funded Programming.

Product placement is a small but interesting new TV opportunity that works differently from spot advertising for brands and we look forward to understanding more about it and researching its effectiveness. It will probably have the biggest effect in promoting advertiser-funded programmes, within which a brand could have an appropriate presence, or in generating incremental benefits for advertisers when used in conjunction with sponsorship or spot placement. Essentially, it adds another useful tool to the set available to UK advertisers, and some new revenue for broadcasters to invest in even better content, which should impact positively on effectiveness by creating an even better advertising environment.

What are the rules for product placement?

TV programmes made for UK audiences can contain product placement as long as they comply with Ofcom's rules which set out what type of products can be placed in programmes, where product placement is allowed, and how placed products can be featured. Here's the top line on what they say.

- The product placement rules apply to all programmes broadcast on channels licensed by Ofcom
- Product placement is allowed in films (including dramas and documentaries), TV series (including soaps), entertainment shows and sports programmes.
- Products cannot be placed in news or children's programmes. They also cannot be placed in religious, current affairs and consumer advice programmes made for UK audiences
- Cigarettes and other tobacco products, along with medicines that are available only on prescription, can't be product placed in any programmes. Alcoholic drinks, gambling products, all other types of medicines, baby milk, food and drink that is high in fat, salt, or sugar can't be product placed in UK programmes.

- Products that can’t be advertised (such as guns and other weapons) can’t be product placed in UK programmes either.
- There must be ’editorial justification’ for a product to be placed in a programme. That means the product must have a natural fit wth the storyline. The content of programmes shouldn’t seem to be created or distorted, just to feature the placed products.
- Programmes also can’t promote placed products or give them too much prominence. So there shouldn’t be any claims made about how good a placed product is, or so many references to a product that it feels like it is being promoted.

Product Placement Logo

If a UK programme contains product placement, the TV channel has to show a special logo. This will let viewers know that the TV channel or the programme-maker has been paid to include products in that programme. The logo is pictured below - there are two versions so that it can be used on a light or dark background.

This has to be shown for three seconds at the beginning of the programme, and repeated after any advertising break during the programme. It also has to be shown again for three seconds at the end of the programme.

TV channels don’t have to show the logo on programmes that were originally broadcast outside the UK (for example, a US drama series that is then shown in the UK). Any programme that is made to be shown on an Ofcom licensed channel, including those that broadcast outside of the UK, must include the product placement logo where necessary

An ad campaign was run across a range of ITV, Channel 4, Sky and UKTV channels that formed the core of an audience awareness campaign introducing viewers to the new product placement logo. You can see the ad in the player above.

Why should brands get involved?

The benefits of bringing entertainment and brands closer together appropriately are well established through our experiences with TV sponsorship, and more recently with branded content. Consumers' positive feelings for entertainment content - their interest in a favourite show or character - can rub off on a product featured within this content. This in turn can build key brand metrics. Product placement will work more like sponsorship and could be used to complement it to incrementally influence brand affinity. Also, like sponsorship, the brand follows the content as the programme is viewed across channels and platforms after its first run (+1 channels, VoD etc).

Product placement will certainly improve TV's effectiveness for advertisers not currently using TV - for example certain luxury brands that may choose to move some PR budget into product placement. But it can't - and shouldn't - replace spot advertising, which is the major force behind content investment; it must be new money.

We think that it will probably have the biggest effect in promoting advertiser-funded programmes within which a brand could have an appropriate presence or in amplifying the effectiveness of spots or sponsorships. Nielsen found that spot ads paired with product placement generated double the recall and double the purchase intent. So advertisers would be wise to deploy product placement as an addition to their existing TV activities.

A key benefit of product placement is that it can help to normalise a brand and help it to be seen and used and understood in a natural context.

What do consumers make of product placement?

Nielsen IAG has been monitoring the US market since 2005. In that short time alone, they have witnessed a consistent growth in the US market for product placement; in the 3 years between 2006 and 2009 the US saw a 31% increase in the number of shows in which products were placed and the increase within the higher end scripted programming opportunities was even greater.

Their main findings - which is based on over 10 million day after recall surveys looking at over 10,000 brands on almost 1,500 programmes - is that the growth in exposure is not leading to negative consumer opinions about placement.

In fact, negative response to either the placed brand or the programme within which it has been placed started off negligible and has remained so. Meanwhile, the two positive measures, brand recall and improved opinion, have seen consistent increases as exposure rises; contrary to the idea that product placement causes viewers to turn off as they are ‘over-exposed’ to brand presence and communications.

All this is promising for the development of product placement in the UK.

Nielsen has also looked at the effect of product placement on UK viewers exposed to the many US programmes which already feature paid-for product placements. They identified 357 examples of product placement - across a total of 129 brands - in just 6 weeks early in 2010, all featuring on acquired programming aired on Channel 4, five and Sky 1.

The first finding was that viewers were relatively well aware of product placement. The average recall of products featured in US imports was 25% of the viewing audience;

that is not much below the US figure of 34%, despite the fact that many of the brands featured would be unfamiliar to a UK audience.

It is amongst those recalling the placed products, though, that we can see some really interesting parallels emerge. Their reported response, in terms of how the placement affected their brand opinion, was almost identical on both sides of the Atlantic.

Across all instances of correctly recalled product placements, a grand total of 2% of the overall audience claimed it reduced their opinion of the advertised brand in both the UK and the US. Those who claimed their opinion of the brand had improved as a result of seeing the product featured in the programme was much greater: 28% of UK viewers (compared to 26% in the US). Nielsen also found similar levels of difference between those who thought the placement was ‘forced and awkward’ (4% in both UK and US) compared to those who thought it was ‘natural and seamless’ (63% in the UK, 66% in the US).

YouGov, the research firm has found that, in the period from February to August 2011, consumers in the UK are growing more knowledgeable about product placement, with 72% stating that they knew what product placement and many saying that this marketing activity can enhance the content they watch on TV. 46% of participants believed having actual goods and services in TV programmes could heighten the degree of realism.

Overall, then, on an explicit level, we are seeing that exposure to product placement makes the viewing audience even more positive about the experience and the participating brands than they were before, and certainly counter to many of the scare stories suggesting either that product placement wouldn’t ’work’ or that it would be a turn-off for the viewer.

What else do we know?

Channel 4 commissioned Work Research to summarize the current knowledge on product placement, and they identified five reasons why Product Placement works, and how it differs from other advertising.

1. We have para-social relationships with characters on TV. In the same way brands can inform opinions of people in reality, they can shape our perceptions of people on TV. If we see characters using brands that don't fit, it feels weird. These parasocial relationships can reinforce opinions of brands, or for new brands, can build brand associations.
2. What we know about one thing informs our view of another. So a known character using a brand will inform our knowledge of that brand and this effect is increased when the association is repeated over time.
3. Product Placement helps normalise brands. One of the most influential ways product placement works is to normalise brands. TV often reflects the real world, so seeing brands exist in a 'real life' context helps them look like a normal part of life, particularly if we often and consistently see it in a programme.
4. Product placement provides an implicit route to learning. Non-verbal cues can be stronger in shaping opinion because, put simply, they are 'felt' rather than 'thought'. Once a brand has built up a set of associations, simply seeing the brand again can trigger and reinforce these associations.
5. Product placement doesn't prime consumers in the way that traditional ads do. By placing brands in a natural context, product placement equalises the consumer/ brand relationship.

So, we know that product placement can work, but we also know that we need to do a lot more research into how it works, both explicitly and implicitly, and also how it can best work. The UK TV companies will be looking at this over the coming year to inform its development.

Subtle product placement has been shown to boost positive viewer sentiment about a brand. Moreover, a 2009 JAR paper suggests that successful product placement often involves 'implicit processing', where information about a brand is acquired "passively and automatically" by the viewer.

In other words, on most occasions, it's likely to be a case of "the more subtle the product placement, the better". And much like sponsorship, product placements will be most effective when the fit with content narrative is appropriate or even seamless.

How to place your product on TV?

Broadcasters, independent producers, talent, advertisers, media agencies and specialist content agencies all have their roles to play in the success of product placement. However, the existence of so many interested parties is also indicative of its complexity as seen from a standing start.

Add potential international distribution issues to this, and some long time-lines and there are plenty of questions to be asked. For example:

- How do I find out about placement opportunities?
- Who will set the price and do the deals?
- How will a placement be valued?
- What sort of process and management will be involved from first meeting to broadcast?
- Should I be looking for frequency or prominence?
- How will my brand sit alongside other brands?
- How can I use placement to turbo-charge my sponsorship or AFP, or to amplify my spot ads?

These questions will all work themselves out as the market matures, but in the meantime, a conversation with the broadcasters or your agency/specialist is good idea if you want to explore the idea further or get a placement on the road. They are best placed to work with media agencies and producers to bring the opportunity to life for clients.

If you are considering Product Placement on TV, the broadcaster really does have to be involved right at inception: they are the ones regulated by Ofcom and responsible for compliance.

It is expected that budgets will be found, not from the traditional spot airtime pot but from incremental content, engagement, experiential allocations and perhaps PR.

Physical or virtual placement?

Products can of course be physically placed, interacted with or mentioned during the production process. And once this has happened, content and brand are pretty much bound together wherever the programme is subsequently broadcast or streamed. This is the process of most placements to date.

An alternative approach to this is virtual placement as pioneered by companies such as MirriAd, which partners with broadcasters and brand owners to place products digitally into existing media content. This enables one item of content to be associated with different brands across territories and at different times. It also allows placement to happen after production.

Both approaches have their advantages.

SOME PRODUCT PLACEMENTS ON UK TELEVISION TO DATE

- Nestle Dolce Gusto and This Morning
- X-Box Kinect and A league of Their Own
- Karcher Pressure Washers & Tommy's Fix it Yourself
- Pedigree Dentastix and A Different Breed
- TREsemme´ and Next Top Model
- New Look and Style the Nation
- Lidl and The Hour

Summary

TV is already proven as the most effective advertising medium by a wealth of impartial sources and is getting more so over time. For advertisers, product placement will have a positive effect; as a catalyst to ad-funded content and sponsorship; as an amplifier of spot campaigns, but also in terms of programme licensing opportunities.

Product placement can provide a valuable addition to the communications mix because it works differently to other forms of paid-for communication and opens up other ways in which consumers can learn about brands

Product Placement will contribute a modest amount of revenue compared to spot advertising, but nonetheless it is welcomed by broadcasters, who can invest the revenue into content and so create an even better environment for advertisers.

In the meantime, we will need to be prepared to sensitively and accurately evaluate product placement within the mix.

Annex 1

Revised Section Nine of the Broadcasting Code (2011)

(Relevant legislation includes, in particular, sections 319(2)(fa), (i) and (j) and 319(4) (a), (c), (e) and (f), section 321(1) and (4) and section 324(3) of the Communications Act 2003; section 202 of the Broadcasting Act 1990 (paragraph 3 in Part 1 of Schedule 2), Articles 9, 10, 11, and Chapter VII (Articles 19 to 26) of the Audiovisual Media Services Directive; regulation 3(4)(d) of the Consumer Protection From Unfair Trading Regulations 2008; section 21(1) of the Financial Services and Markets Act 2000; paragraph 3 of the Investment Recommendation (Media) Regulations Act 2005; and Article 10 of the European Convention on Human Rights).

This section of the Code covers all commercial references that feature **within television programming.** Section Ten of the Code concerns radio only.

Commercial references on the two media are subject to varying legislative requirements. Therefore where similar terminology is used in Sections Nine and Ten of the Code, it does not necessarily have the same meaning. Broadcasters should refer to the specific meanings provided in each section.

Note:
This section of the Code contains **a set of principles and general, overarching rules** that apply to all commercial references in television programming. It also contains **specific rules** for different types of commercial references (e.g. product placement, programme-related material, sponsorship).

The rules ensure that the principles of editorial independence; distinction between advertising and editorial content; transparency of commercial arrangements; and consumer protection are maintained.

This section does not apply to BBC services funded by the licence fee, with the exception of the relevant product placement rules (see the additional note on the BBC that accompanies the product placement rules).

Meaning of "programming":
All broadcast content except spot advertising and teleshopping. Programmes, trailers, cross-promotions and sponsorship credits are all forms of programming.

Meaning of "commercial reference":
Any visual or audio reference within programming to a product, service or trade mark (whether related to a commercial or non-commercial organisation).

Meaning of "trade mark":
In relation to a business, includes any image (such as a logo) or sound commonly associated with that business or its products or services.