

DIGITAS

TO REGULATE, OR NOT TO REGULATE PRODUCT ENDORSEMENTS



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The Federal Trade Commission announced this month tighter guidelines for product endorsements within the U.S. marketplace. Still to be worked out is how this will affect current digital and traditional media practices. However, one only has to look at Europe, and specifically the U.K. for insight where similar guidelines have been followed for over a year.

In fact, over the past couple of months, the media industry appears to be going through a general regulatory adjustment. Just last month, in a move estimated to bring around £72 million into the British independent television industry, the "The Telegraph" in the U.K. reported on the potential deregulation and loosening of overall rules regarding product placement.

To better understand how digital content and TV practices in the U.K. currently compare to the U.S. and, what deregulation might mean for his business, advertisers, and of course U.K. audiences -- I spoke with Dominic Burns, FremantleMedia's vice president of licensing for the U.K. -- where they just might soon be seeing a bit more soda bottles, mobile phones, and shampoos held in the hands of their favorite talent.

Christine Beardsell: Tell me a little bit about your current strategy for extending your TV shows to the Web? Do you just do a straight repurposing, or is new content created around the shows specific to Web audiences?

Dominic Burns: We produce all of our program's Web sites in the U.K. It is vital to us that, as producers of the show, our editorial line is consistent across TV and online output. Though not every TV show justifies a significant online iteration either editorially or commercially.

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You need a program strand that runs for a decent length of time -- ideally a returning series -- and that has content that will encourage community engagement and chatter.

The larger program Web sites focus on video from the show and exclusive online only material. Galleries are also important traffic drivers. And, we also have an official YouTube channel, but this is not yet commercialized.

CB: With the current U.K. regulations, how does Freemantle work with sponsors within these shows? Are there very black and white rules around how product and content sit together? Or can you be more creative in digital with the shows?

DB: Our main sponsors always receive a significant presence on our official program Web sites. In addition to regular ad inventory and sponsorship logos, Talk Talk, our main sponsor on "The X Factor" has also "branded" the video player.

Rules around product placement are currently more relaxed online than on TV. For instance, we have a food section on this year's "The X Factor" site, sponsored by Sainsbury's where we have created online videos of the finalists cooking recipes supplied and overseen by Sainsbury's. In addition, L'Oreal sponsors our beauty section and the show's stylists give lessons on how to achieve a specific look using our finalists as models.

Although there is no overt branding in these sequences, this type of content partnership would be impossible on air currently.

CB: How is deregulation going to change all of this? What doors will open up for advertisers in U.K. (and even more broadly)?

DB: It is unclear how far the existing (or incoming) government will go. Even if complete deregulation (à la U.S.) is the way forward (which I feel is unlikely) it is probable that most of the main broadcasters and producers will step into this area with caution. Whilst it offers a very welcome new revenue stream, current estimates suggest that it will add up to only a small fraction of total TV advertising revenue.

Also, in the U.S., my understanding is that an advertiser commits to a huge spot buy, and in exchange they receive other additional benefits such as sponsorship and integration. Over here, it's likely a brand will pay for integration as a separate line on their bill.

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We have some fantastic learnings at Freemantle from our work within the U.S. on how to make these integrations work well. It will certainly give TV a much needed new dimension for advertisers. Of course, judging what U.K. viewers will find acceptable and what they find intrusive will be key.

CB: How will deregulation overall effect Freemantle's business? Do you see this as being a major new revenue stream?

DB: For us producers, it can only open up new revenue streams. And, I believe it will do the same for broadcasters too. It might be small at first, but it will grow. One challenge, but also an opportunity for U.K. broadcasters, is that current convention only sees one sponsor per program. The question, how can this enable us to increase sponsor numbers and revenues?

CB: There has been a bit of backlash from U.K. audiences that say they don't want products interrupting their shows. Do you think the U.S. models of product placement are going to be hard to adopt?

DB: I am not sure that U.K. audiences will complain any more than in any other market. They have seen product placement in U.S. shows (pixellation can almost draw attention to a Coke logo!) and in the movies.

I do think that brands and programmers will initially be more restrained in general to start off, but it's inevitable that there will be a brash and inappropriate example. It's all about finding the right balance.