[GB] Ofcom publishes research on viewers' attitudes to commercial references in TV programmes

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In December 2022, Ofcom, the UK's communications regulator, published research into what viewers think and how they feel about commercial references in and around TV programmes. This is the first time in over 15 years that the regulator has carried out extensive research in this area. The findings are intended to inform its current guidance to the rules on content regulation.

What is a commercial reference?

All broadcast TV content comprises programming and advertising. In addition to income from adverts in commercial breaks, broadcasters generate revenue from references to products, services and trade marks (e.g., logos) *within* programming (which is not however always paid-for, such as where a brand is featured in the background). TV adverts are distinct from commercial references in that they take place outside of programming.

So, commercial references on TV are understood as any references to a brand, product or services that happen outside of an ad break. Such commercial arrangements allow brands to feature in and around TV programmes and can take various forms, including: (a) product placement, i.e., intentionally featured and paid-for by a brand; (b) sponsorship credit, i.e., brand sponsors are referenced directly in the programme titles or at the start/ end of the programme; (c) sponsor reference mid-programme; (d) cross-promotion, i.e., broadcaster promotion of own channels or products; (e) incidental reference, i.e., a logo featured as part of a programme incidentally without payment; and (f) advertiser-funded programmes (AFPs), i.e., the programme is funded by the sponsor who is also involved in its production.

Ofcom's rules in this area (Section 9 of the Ofcom Broadcasting Code) protect audiences from excessive advertising and ensure that viewers can distinguish between advertising and programming. The remainder of this report outlines the main findings of the research on how UK viewers feel about the amount, the "obviousness" and the level of acceptability of commercial references on TV. For this project, a mixed method, phased approach was used (online community, qualitative discussions) with a broad range of participants in the UK.

Audience understanding of the commercial TV landscape

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Broadcast advertising activity was perceived by respondents to have increased with the amount of available TV content, but many of them felt that they were able to manage their own exposure to it due to access to new technologies (e.g., live pause, catch-up services) and the proliferation of subscription video-on-demand services like Netflix and Amazon Prime Video. These, however, are not available to (or used by) all.

Moreover, the expansion of the television market led some participants to believe that commercial broadcasters had more opportunities to generate revenue through increased volumes of advertising. However, the various sources of choice for viewers (free-to-air channels, subscription services etc.) as well as the increased competition for TV broadcasters and incremental marketing opportunities for advertisers across platforms have contributed to a decline in TV advertising revenues since 2016. Despite this, only a few participants appeared to be empathetic towards the funding challenges faced by TV broadcasters.

Awareness of commercial references

Findings showed that participants' knowledge of different types of commercial references (beyond product placement and sponsorship), including whether these were paid for or not, was rather limited. The rationale behind commercial references was predominantly believed to be for brands to expand their opportunities to market their products. Few participants understood them as a form of key revenue that might be necessary to produce TV content.

Broadly speaking, commercial references were not considered excessively disruptive to the viewing experience, but the idea of their increased prevalence triggered some concern about how they might affect viewing, particularly for those perceived to be less mature and savvy, like children and young people.

Acceptability of commercial references

Overall, participants' tolerance of commercial references was largely determined, first, by the extent to which they impacted their *viewing experience*; second, by whether such references were considered *unsuitable* for the programme or its audience (e.g., by exposing viewers to inappropriate content); and third, by whether paid-for commercial references were *appropriately signalled*.

Six principal *factors* were found to have specifically influenced views on the acceptability of commercial references: (1) disruption; (2) relevance; (3) undue prominence; (4) lack of transparency (i.e., surreptitious inclusion of such references without advanced warning); (5) appropriateness; and (6) the potential negative reputation of some featured brands. Transparency in programming, i.e., knowing when the material watched included (or was) a commercial reference, was considered critical by participants. The desire for transparency and disruption

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(or viewer distraction) were not seen as contradictory but achieving a good balance was deemed necessary.

Moreover, the *way* in which brands featured as commercial references affected viewer tolerance. For example, strong encouragement to purchase a product and overly positive descriptions of the referenced brand during programming appeared to undermine trust in what participants were told and shift their perceptions of a commercial reference from being (acceptable within) programming to being *advertising*.

In addition, concerns were expressed over the potential of paid-for commercial references to jeopardise *editorial independence* and unduly influence a programme's narrative. These concerns were accentuated in relation to AFPs and the lack of objectivity that may arise where a programme's sponsor is not only involved in funding it but also becomes its subject. Some reassurance was provided by the degree of transparency created by sponsorship credits at the outset, which can warn viewers of possible partiality. The programme *genre* also impacted on many participants' concerns about editorial independence. For instance, participants considered that there was considerably more risk of a documentary representing a sponsor's narrative in a way that may compromise editorial independence than a game show based on a sponsor's brand.

Views on regulation and Ofcom's role

Participants felt that some form of regulation was necessary to maintain audiences' positive viewing experiences and safeguard viewers from the potential negative impact of commercial references, especially individuals perceived as most vulnerable. Strong negative reactions were voiced over out-of-context commercial references, particularly in relation to the presence of perceived unhealthy foods in sports programmes. The fact that some regulation is already in place (e.g., prohibiting commercial references for tobacco products and restricting those for alcohol and gambling) was found reassuring and was welcomed by participants.

Ofcom will use these findings to consider whether its guidance on Section 9 of its Code needs updating. Given the economic pressures TV broadcasters currently face, the regulator will explore how to best balance broadcasters' ability to enter commercial arrangements that enable them to fund programme content against viewers' interests.

Commercial References in Television Programming

https://www.ofcom.org.uk/__data/assets/pdf_file/0028/248590/commercial-references-report.pdf

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