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A policy response from **nef**, the new economics foundation, to the Department of Culture, Media and Sport's *Consultation on Product Placement on Television*.

nef is an independent think-and-do tank that inspires and demonstrates real economic well-being. We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

The Centre for Well-being at **nef** aims to promote the concept of well-being as a legitimate and useful aim of policy and to provide people with the understanding and tools to redefine wealth in terms of well-being.

Introduction

The Department for Culture, Media and Sport has issued a *Consultation on Product Placement on Television*¹ which seeks views on allowing product placement in programmes made to be shown on UK television. Product placement is when there is a payment to a broadcaster or producer to feature a product or service in a programme. This product placement consultation does not apply to the BBC, which is prevented by its Royal Charter and its formal Agreement with the Government from accepting any form of advertising, including product placement, in its licence-fee funded services.²

Summary

There is now a significant amount of evidence (and a broad consensus amongst psychologists) that holding a strongly materialist value orientation is, all else being equal, detrimental to psychological well-being.³ In the light of this evidence, it is necessary that the Government maintains the ban on product placement on UK television programmes. Increased levels of advertising on television, via product placement in UK-made programmes, could generate a greater consumer culture which would have a detrimental effect on all of us, not just children and young people, as we will be exposed to advertising within programme content.

¹ *Consultation on Product Placement on Television*, Department for Culture, Media and Sport, November 2009; www.culture.gov.uk/reference_library/consultations/6421.aspx

² *Consultation on Product Placement on Television*, p. 7

³ Burroughs, J. E. & Rindfleisch, A., Materialism and well-being: A conflicting values perspective, *Journal of Consumer Research*, 29, 2002, pp. 348-370; Chan, R. & Joseph, F., Dimensions of personality, domains of aspiration, and subjective well-being, *Personality and Individual Differences*, 28, 2000, pp. 347-354; Deiner, E. & Oishi, Money and happiness: Income and subjective well-being across nations. In E. Deiner & E. M. Suh (Eds), *Culture and Subjective Well-being*, Cambridge, MA: MIT Press; Kasser, T. & Ryan, R. M., A dark side of the American Dream: Correlates of financial success as a central life aspiration, *Journal of Personality and Social Psychology*, 65, 1993, pp. 410-422; Stutzer, A., The role of income aspirations in individual happiness, *Journal of Economic Behavior and Organization*, 54, 2004, pp. 89-109; Tatzel, M., 'Money worlds' and well-being: An integration of money dispositions, materialism and price-related behaviour, *Journal of Economic Psychology*, 23, 2002, pp. 103-126.

Children, advertising and consumer behaviour

We agree with the proposal in DCMS's consultation paper on product placement that 'the AVMS Directive [Audiovisual Media Services Directive – the European Directive on product placement and advertising] specifically prohibits product placement in children's programmes, and the Government's legislation on television product placement will replicate that'.⁴ It is important that children are protected from the effects of increased commercialism on television because our values and beliefs are formed in our childhood and therefore early exposure to advertising could create more consumerist and materialist values amongst children.

However, although the Government is clear that it does not want product placement within children's programmes, there is the issue that children watch television programmes other than those which have been designated as children's programmes. A report by Ofcom in 2008 on *Changes in the nature and balance of television food advertising to children* advises that 'in 2007/8 children are watching broadly the same amount of television as in 2005, and the same proportion of viewing in adult airtime (just over half) and children's airtime'.⁵ With children spending more of their television viewing time watching programmes made for adults, than for children, it is necessary that the ban on product placement is universal on UK television so that children and young people are not exposed to product placement when they watch television programmes which have primarily been made for adults, e.g. entertainment programmes.

Backing the Future, a report nef recently produced in partnership with Action for Children, a national children's charity,⁶ explains the importance of protecting and promoting children's well-being. The ingredients of child well-being include the need to support a child's inner resources – to feel good and do well. With increased advertising on television due to a relaxation on product placement rules, more children would be exposed to commercial pressures and materialistic values. In turn, these commercial pressures could result in a child feeling higher levels of stress and anxiety and lower satisfaction with themselves and their lives if they or their parents are unable to purchase the products promoted. It would highlight the inequality and disadvantage within our society, although children from all backgrounds should not be exposed to these commercial forces which could have a negative effect on their well-being. A recent academic paper on the *Age of acquisition and the recognition of brand names: On the importance of being early* states that 'if two brand names have the same current exposure, the one that was learned early in life will be recognized faster than the one acquired more recently. That applies whether recognition involves simply acknowledging that a brand name is familiar or matching the brand name to a particular type of product'.⁷ It is important to protect children from more overt or covert advertising so that they are not adversely affected by the commercialised world and its need for them to become brand-recognisers and consumers at such a young age.

Placement of specific types of product or service

The Department for Culture, Media and Sport advises in the consultation that the placement of tobacco products is specifically prohibited by the AVMS (Audiovisual Media Services Directive) but that there is no immediate prohibition for other types of products and services, which the Government has concerns about if they are allowed as product placements,

⁴ Consultation on Product Placement on Television, p. 17

⁵ *Changes in the nature and balance of television food advertising to children*, Ofcom, December 2008, p. 2; www.ofcom.org.uk/research/tv/reports/hfssdec08/

⁶ *Backing the Future*, nef, 2009, www.neweconomics.org/publications/backing-future

⁷ Ellis, A. W., Holmes, S. J. & Wright, R. L., *Age of acquisition and the recognition of brand names: On the importance of being early*, Journal of Consumer Psychology, 2009; www.sciencedirect.com/science?_ob=ArticleURL&_udi=B8JGB-4XBF8WD1&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&_docanchor=&view=c&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=e194687607ed6118465fc75b8c4f5f7c

namely alcohol, HFSS (high in fat, salt and sugar) foods and gambling. These products and services should be subject to an outright prohibition in all television programmes, not just those designated as children's programmes. With an increase in the prevalence of childhood obesity – from 10 per cent to 15 per cent in 2-10 year olds between 1995 and 2007⁸ - and with 33% of men and 16% of women (24% of adults) classified as hazardous drinkers in England in 2007⁹ these products should not receive further prominence or endorsement on television programmes by the use of product placement opportunities.

If the Government does permit product placement on UK television programmes it could also be counter-productive to other key initiatives that the Government is currently promoting which aim to increase the health and well-being of the population – including the *5 A Day* campaign by the Department of Health to encourage people to eat at least five portions of fruit and vegetable each day;¹⁰ the *Change 4 Life* initiative which is being led by the NHS to support families to eat well, move more and live longer, happier lives;¹¹ and the *Natural Health Service* initiative led by Natural England, which calls for more people to take advantage of the natural environment to help us lead active and healthier lives and thereby reduce the prevalence of obesity, diabetes and depression in our society.¹² These initiatives will have limited impact if the Government allows for the increased presence of commercial products on our television screens which promote food high in fat, salt and sugar, alcohol, and other similar food and drink products.

Materialism and well-being

A ban on product placement should remain in place to ensure that not only children but the wider population should not have to experience increased commercialism within television programmes in the UK. The promotion of further products or services to buy or rent increases the materialism of our society and lowers our well-being. As stated in *nef's A Well-being Manifesto for a Flourishing Society*, 'we live in a highly materialistic society. By 'materialistic' here we mean a value set which believes that material goods will lead to well-being to the exclusion of focusing on other factors. The evidence shows, however, that materialistic people are less happy'.¹³ By increasing the opportunity for companies to advertise their goods and services, via product placement opportunities on British commercial television, we are all being encouraged to buy more, although this does not increase our well-being and it also has a negative effect on our environment through increased consumption of resources. Instead we should be looking for opportunities to limit the amount of advertising within society, not find more arenas in which to promote it.

In *Five Ways to Wellbeing*, a *nef* report for the Government's Foresight Project on Mental Capital and Well-being,¹⁴ a set of five evidence-based actions to improve personal well-being were identified. Individuals would be encouraged to build into their daily lives the following actions – connect, be active, take notice, keep learning and give – to enhance personal well-being through strong social relationships, being physically active, being involved in learning, giving, and becoming more aware.¹⁵ However, we will be less able to fulfil these aspects of our life which improve our well-being if we have to respond to increased commercialism by working longer hours to sustain a more materialistic lifestyle.

⁸ Source: Department of Health in *Sustainable Development Indicators in your Pocket 2009*, Department for Environment, Food and Rural Affairs, 2009, p. 94; www.defra.gov.uk/sustainable/government/progress/documents/SDIYP2009_a9.pdf

⁹ *Statistics on Alcohol: England, 2009*, The Health and Social Care Information Centre, NHS, 2009, p. 8; www.ic.nhs.uk/webfiles/publications/alcoholeng2009/Final%20Format%20draft%202009%20v7.pdf

¹⁰ *5 A Day*, Department of Health;

www.dh.gov.uk/en/PublicHealth/HealthImprovement/FiveADay/FiveADaygeneralinformation/index.htm

¹¹ *Change 4 Life*, NHS; www.nhs.uk/Change4life/Pages/Default.aspx

¹² *Our Natural Health Service*, Natural England;

www.naturalengland.org.uk/ourwork/enjoying/health/ournaturalhealthservice/default.aspx

¹³ *A Well-being Manifesto*, *nef*, 2004, p. 15, www.neweconomics.org/publications/well-being-manifesto-flourishing-society

¹⁴ *Five Ways to Wellbeing*, *nef*, 2008, www.neweconomics.org/projects/five-ways-well-being

¹⁵ For further information on these five actions, see *Five Ways to Wellbeing*, *nef*, 2008.

We also need to be aware of the effect of advertising on encouraging people to continually purchase more goods and services, which could make people feel that they will be happier if they purchased more products, rather than seeking to enhance their well-being by engaging in sport, hobbies, arts, enjoying the natural world, spending time with family and friends, and so on.

In **nef**'s recent publication *The Great Transition* we set out some of the steps which people can take to move towards a new economy, protect the environment and support social equality; this includes encouraging people to 'buy only what you need and pay attention to the 'real' cost of goods', 'buy locally produced goods when you can' and 'seek a balance between your work life and home life'.¹⁶ We should be moving towards a society in which we think more before we buy a product – is it necessary, needed, locally produced, environmentally friendly, healthy, fairly-traded? Product placement could increase materialistic values and encourage people to purchase items which are not really required but which are being sold through the power of television, advertising and brand recognition. If the Government permits product placement to occur on UK television programmes, it could exacerbate current problems with consumerism, debt and low well-being within our society. Due to our unequal society, the effects of product placement could also have a disproportionate effect on children and families from poor and disadvantaged backgrounds who might seek to maintain, or increase, the purchasing of goods and services which is not compatible with income levels.

Product placement and trust

The estimated revenue to be gained by allowing for product placement on British TV programmes – between £25m and £140m according to responses to DCMS's previous consultation on product placement in 2008¹⁷ – does not appear to be particularly high to warrant product placement on our television screens. This projected annual value of the product placement industry within British commercial television is low compared with, for example, the BBC's annual income from the licence fee which raised £3.4bn in the 2008-09 financial year.¹⁸ By allowing product placement in British television programmes for such a price it could damage the value of commercial television due to a possible loss of trust between the public and the television programmes that they watch. This loss of trust – caused by oral or visual product placement which could affect a programme's editorial content, storyline or direction – would have a detrimental effect in that people may become increasingly cynical about the content and integrity of television programmes. There could be confusion about the distinction between editorial and advertising content in programmes and a resultant loss of trust in the authenticity of programme creativity. Television viewers should be able to have trust in all the programmes that they watch, not just programmes which contain product placement, so the effect on the wider television industry in Britain also needs to be considered. If programmes became saturated with product placement there is also the possibility that they will be viewed as advertising vehicles which might reduce audience numbers and therefore the potential impact that companies would be expecting if they advertised their goods and services by paying for product placement opportunities.

We would call for a continued ban on product placement within British made television programmes and that the Government works in partnership with the industry, programme producers and broadcasters, viewers, and other stakeholders to research and determine other possible forms of income generation for the commercial public sector broadcasters who need to make long-term, sustainable funding plans to support their channels. We must

¹⁶ *The Great Transition*, **nef**, 2009, p. 96, www.neweconomics.org/publications/the-great-transition

¹⁷ *Consultation on Product Placement on Television*, p. 10

¹⁸ *Full Financial and Governance Statements 2008/09*, BBC, p. 21;
http://downloads.bbc.co.uk/annualreport/pdf/bbc_ar_online_08_09.pdf

make sure that we reduce opportunities for advertising and other causes of materialism so that we can protect our well-being and quality of life. Children and families should be supported to eat healthily, be fit and active, enjoy activities which aid their well-being, and reduce their consumption; product placement would be a retrograde step to achieving these objectives.

About nef

nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.

Information

If you would like more information about this policy response, or the work of the Centre for Well-being at **nef**, or would like to meet us, please contact us and we will be happy to assist.

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