

Nader Group Takes on Product Placement

More “embedded” advertisements mean more susceptible viewers—and for the sake of honesty, the government should step in. So says a consumer watchdog group backed by Ralph Nader.

Portland-based Commercial Alert, founded by Nader and Gary Ruskin, filed a complaint Sept. 30 with the Federal Communications Commission, asking the agency to investigate the practice of “product placement” and implement any necessary rules to ensure truthfulness regarding sponsored messages.

The complaint alleged “possible violations of Section 317 of the Communications Act, for failure to comply with sponsorship identification requirements.” The complaint named ABC, Inc., CBS Television, Fox Broadcasting Company, Fox Sport Networks LLC, National Broadcasting Company, Inc., United Paramount Network, Walt Disney Co. and the WB Television Network.

“It is a basic principle of law and common morality that advertisers must be honest with viewers,” the complaint read. “Advertisers can puff and tout, and use all the many tricks of their trade. But they must not pretend that their ads are something else.”

The complaint said that standard had been a “cornerstone of communications law since the beginning of the broadcast era,” and it cited the Radio Act of 1927, which required broadcasters to identify sponsors.

“Product placement” refers to the practice of embedding products in story lines and other programming, as opposed to “traditional” advertisements during commercial breaks. The complaint said current practice is especially egregious because not only are sponsors not identified, but the ads themselves are covert.

For example, a traditional ad for a soft drink might simply be a 30-second commercial during the break. Using product placement, however, the advertiser might broker a deal with a network to have a character in the show walk around for 15 seconds with the soft drink in hand.

Product placement has grown increasingly popular over the years, with one of the most famous examples coming from the movies. In Steven Spielberg's 1982 hit "E.T. The Extra-Terrestrial," the alien is fond of Reese's Pieces. The candy wasn't an innocent prop; it was a cut deal that boosted product sales by 65 percent.

Commercial Alert's 12-page complaint mentions "E.T." simply to show that the practice, while nothing new, has gained such momentum in the last four years that it now deserves the FCC's serious attention.

Examples of current product placement are legion, as the complaint points out: "American Idol" places Coke; "Who Wants to Be a Millionaire?" places AT&T; "All My Children" places Revlon; "Big Brother" places McDonald's.

The practice is so prevalent that the U.S. Treasury instructed its public relations agency to promote the new colorized \$20 bill using the strategy on quiz and talk shows, according to a recent [article](#) at AdAge.com.

"Television stations that cram their programs with product placements, yet fail to identify the sponsors in a conspicuous way, are brazenly violating the public's right to know who is seeking to persuade them," read the complaint. It also pointed to previous FCC findings touting the importance of sponsorship identification in an individual's decision-making processes.

"This is an affront to basic honesty," the complaint concluded, saying that a line has been crossed when ostensibly ad-free content becomes, in effect, an infomercial without being labeled as such.

The complaint called on the FCC to require "conspicuous and concurrent disclosure of embedded ads on TV," as summarized by a Commercial Alert [press](#)

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[release](#). That essentially calls for programs to be labeled as a paid advertisement at the outset, and then be accompanied by the word “advertisement” whenever a placed product appears.

Commercial Alert’s mission, according to its Web site, “is to keep the commercial culture within its proper sphere, and to prevent it from exploiting children and subverting the higher values of family, community, environmental integrity and democracy.”

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Click [here](#) for a PDF of Commercial Alert’s complaint to the FCC.