

LCQ20: Product placement within TV programmes

Following is a question by the Hon Chan Chun-ying and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 2):

Question:

Since July 2018, the Communications Authority (CA) has relaxed the regulation of the inclusion of indirect advertising within television (TV) programmes by domestic free TV programme service licensees (licensees), including the permission for product placement on the conditions that the exposure or use of products or services concerned within a programme is presented in a natural and unobtrusive manner having regard to the programme context and genres and that there is no direct encouragement of purchase or use of the products or services concerned. In this connection, will the Government inform this Council if it knows:

- (1) whether the CA has drawn up clear guidelines on the meaning of natural and unobtrusive manner of presentation; if the CA has, of the details;
- (2) the number of complaints about product placement received by the CA since the relaxation of regulation and, among such complaints, the number of those found to be substantiated; and
- (3) whether the CA has grasped the data regarding the licensees' financial position having been improved due to the inclusion of product placement within their TV programmes; whether the CA has studied if the licensees have made use of the additional revenue generated from product placement to produce programmes of a higher quality to benefit their audiences; if the CA has studied, of the outcome?

Reply:

President,

The Communications Authority (CA) regulates domestic free television programme service licensees in accordance with relevant ordinances and codes of practice. According to the Generic Code of Practice on Television Programme Standards issued by the CA, indirect advertising is defined as the mingling of programme and advertising material or the embedding of advertising material within programme content. The type of indirect advertising where licensees receive payment or other valuable consideration for exposure or use of products or services within a programme is referred to as "product or service sponsorship" (commonly known as "product placement").

The CA relaxed the regulation of indirect advertising in television programme services on July 27, 2018 to allow product placement by licensees. The general principles regulating product placement are that the latter must

be presented in a natural and unobtrusive manner having regard to the programme context and genre, and that there must be no direct encouragement of purchase or use of the products or services.

Our reply to the various parts of the question raised by the Member is as follows:

(1) The CA will take into account a number of factors in considering whether a product placement is natural and unobtrusive, including whether the product placement is relevant to the context and genre of the programme, whether the integrity and natural flow of the programme is impacted, whether the product placement is naturally integrated into the programme, and whether there is excessive exposure or highlighting of the products or services. The CA will consider all relevant facts and context on a case by case basis.

A set of frequently asked questions on the regulation of indirect advertising has been uploaded to the CA's website for reference of the licensees and the public.

(2) Since the relaxation of the regulation of indirect advertising within TV programmes in July 2018, the CA has received a total of 178 cases (involving 340 complaints) on complaints about indirect advertising (including product placement), of which five cases (involving 21 complaints) were substantiated.

(3) The CA does not require the licensees to provide a breakdown of their advertising revenue. As free TV services have been facing fierce competition from other media in recent years, the CA considers that the relaxation of the restrictions would help TV stations diversify sources of advertising revenue. The measure can also remove some of the outdated regulatory requirements for the licensees, improve their long-term sustainability and facilitate their continuous production of high-quality programmes for TV viewers.