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**Ethics and Regulation of Contemporary  
Marketing Communication Practices:  
An Exploration of the Perceptions of  
UK-Based Consumers Towards the  
Ethical Issues Raised by Product  
Placement in British TV Shows**

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## **Ethics and Regulation of Contemporary Marketing Communication Practices: An Exploration of the Perceptions of UK-Based Consumers Towards the Ethical Issues Raised by Product Placement in British TV Shows**

RUNGPAKA TIWSAKUL\* AND CHRIS HACKLEY

*ABSTRACT* Product placement, as a variant of television programme sponsorship, has become a unique and evolving marketing communications tool in which brands are seamlessly embedded within the consumer's experiential world. Although studies have suggested that consumer attitudes towards product placement are generally positive, several issues of ethical concern have emerged. To date, there is a marked shortage of studies that address particular ethical issues in specific contexts of product placement practice. This paper reviews previous work and reports a small-scale UK-based study into the ethics and acceptability of product placement in British television programmes. The research design adapts and extends that used in a larger US-based study. The major findings concur with previous studies and some new insights emerge. Ethical concerns tend to focus on the 'hidden' promotional motive of product placement and the problematic status of ethically-charged product categories. The paper discusses findings and suggests that product placement research needs to develop to keep pace with developments in the field. In particular, research is needed to inform regulatory systems that address ethical concerns.

**KEYWORDS:** Product Placement, Ethics, Regulation

### **Introduction: Product Placement Practice**

After exposure in the film *E.T.: The Extra Terrestrial* candy manufacturer Hershey claimed a 65 percent increase in sales of their popular brand Reese's Pieces (Gupta and Lord, 1998; Karrh, 1998). More recently, the use of the BMW Mini Cooper in the Hollywood re-make of the movie 'The Italian Job' resulted in a massive hike in demand for the vehicle (Hackley, 2003). 'Placing' branded goods or services within the script or scene of broadcast movies and TV shows has become a major tool of marketing communications. While the growing importance of product placement and its rapidly evolving variants is reflected in increased attention from researchers and practitioners, there is still relatively little published research on the particular ethical issues of the practice. This paper reviews previous work and reports a small scale UK-based study that extends a previous study but focuses on a hitherto un-researched area: ethical concerns about product placement in British television programme sponsorship.

'Brand placement' and 'Embedded marketing' are terms also used in this area but 'product placement' is the most commonly accepted general term used in the literature. Product placement practice has evolved into a 'hybrid' promotional technique (Ford, 1993, Baker and Crawford, 1995) which combines elements of celebrity endorsement and sponsorship and has become common not only in movies but in TV shows, computer and video games and sports-related TV coverage. The techniques available can be broadly categorized on two dimensions: explicit/implicit

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and integrated/non-integrated (Tiwsakul et al., 2005). Put simply, product placement incidents may be referred to (e.g. 'Friends is sponsored by Jacob's Creek') or not. Product placement may be integrated into the media vehicle by, say, the use of a branded product as a prop in a scene, or non-integrated as in the short sponsored animations placed in the UK TV soap 'Coronation Street' after the opening titles and after and before the commercial break (promoting Cadbury's chocolate).

Placing references to brands in scripts, plots or background scenes is thought to enhance realism. Consumers in developed economies are culturally primed to see brand logos and names within the environment. In addition, studios acknowledge that brands can bring strong and instantly recognisable values that can reinforce the brand values of the media vehicle itself. The burgeoning scope of the practice has alerted some consumer bodies (for example, Ralph Nader in the USA) to its ethically problematic dimensions. In spite of such initiatives, there is still relatively little awareness of either the extent or subtlety of current product placement practices. Furthermore, there are notably few research studies that address the ethical issues of product placement.

### *Ethical Considerations in Marketing Communications*

Ethical considerations in marketing communications present particular problems for researchers. The study of ethics has roots in ancient Western and Eastern philosophies which try to answer questions such as what is the good life? or what is the highest good? These philosophies result in two sides of the means and ends debate about the control of marketing communications messages. On the one hand, marketing communications messages in capitalist democracy are an integral part of the free expression and interchange of ideas. Consequently, it can be argued that nothing should be allowed to limit the content or extent of promotional messages. On the other hand, it can be argued that marketing communications messages should be controlled on grounds of morality and social policy. The ethics of marketing communications depends upon how they are carried out (content and media targeting) and the individual's ethical judgments because in themselves these activities can be seen as ethically neutral. Promotional messages are a central dynamic of wealth creation in advanced economies, they facilitate competition and communicate offers. One widely-held view is that consumers, consciously or unconsciously, reject the great majority of marketing communications messages to which they are exposed. Therefore, the ethical status of marketing communications should be judged both in terms of personal ethical and value systems and in terms of cultural, economics and political principles governing marketing communications messages as a whole. This is because the ethical criteria are culturally and historically relative (Hackley and Kitchen, 1999). One implication of this view is that statutory regulation of marketing communications should be 'light touch' because over-policing is paternalistic, and interferes with the market mechanism. In practice, this often means self-regulation of marketing communications through industry bodies such as (in the UK) the Advertising Standards Authority.

### *Current Regulations and Regulatory Bodies Governing Standards and Practices in Television Programme Sponsorship and Product Placement in the UK*

In the UK, professional and regulatory bodies such as the Advertising Standards Authority (ASA), the Committee of Advertising Practice (CAP), and the Office of Communications (Ofcom) have sets of the ethical guidelines governing television programme sponsorship and product

placement practices. The UK professional regulation of marketing communications, advertising practices in particular, is largely reactive which depends upon complaints received. As cited in Hackley (1999), much of the UK advertising regulation is primarily reactive relying upon complaints received from the public to prompt the intervention of the industry regulators.

The Office of Communications (Ofcom) is a new communications sector regulator which has had wide-ranging responsibilities since it inherited the duties of the five regulatory bodies it replaced on December 29<sup>th</sup>, 2003 (the Broadcasting Standards Commission (BSC), the Independent Television Commission (ITC), Oftel, the Radio Authority and the Radiocommunications Agency)<sup>1</sup>. It is the independent body for communication industries with its responsibilities across television, radio, telecommunications and wireless communications services<sup>2</sup>. One of the responsibilities includes the Codes governing standards and practices in advertising and television programme sponsorship. These codes set out the rules for the sponsorship of television programmes. They also contain the rules concerning advertisers involvement in television programmes which include the rules applying to product placement practices ([www.ofcom.org.uk](http://www.ofcom.org.uk)).

The Committee of Advertising Practice (CAP) is the industry body responsible for the advertising Codes. It is contracted by the broadcast regulator, Ofcom, to write and enforce the codes of practices governing television and radio advertising on channels and stations licensed by Ofcom. However, it does not regulate programme sponsorship, the volume of permitted advertising or the rules on the use of commercial breaks ([www.cap.org.uk](http://www.cap.org.uk)).

The Advertising Standards Authority (ASA) is the independent regulator set up by the advertising industries to police the rules concerning the advertising codes ([www.asa.org.uk](http://www.asa.org.uk)). Its self-regulatory system lies in broad legal criteria of 'legal, decent, honest and truthful'. The ASA has assumed its powers in respect of television and radio advertising under contract from Ofcom since November 1<sup>st</sup>, 2004 ([www.asa.org.uk](http://www.asa.org.uk)). It works in a co-regulatory partnership with Ofcom. In other words, ASA handles and resolves complaints about all broadcast and non-broadcast advertising. Ofcom still observes the codes but if advertising misleads or causes harm or distress, the matter will be dealt with by the ASA ([www.asa.org.uk](http://www.asa.org.uk)). Consumers no longer have to contact several different regulators in order to make complaints on misleading, offensive or harmful advertising as ASA provides 'one-stop shop' for all advertising issues and complaints ([www.asa.org.uk](http://www.asa.org.uk)).

Although the Advertising Standards Authority (ASA), the Committee of Advertising Practice (CAP), and the Office of Communications (Ofcom) have regulatory framework governing television programme sponsorship and product placement practices, there is still the lack of specific control regulatory authorities that can exercise over these marketing communications techniques.

### *Consumers' Ethical Concerns About Product Placement: Previous Research*

A key element of product placement is that its promotional motive is hidden (Balasubramanian, 1994). Conventional advertising often meets with consumer skepticism and resistance. Because of this hidden character, product placement is able to circumvent consumers'

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<sup>1</sup> Source: <http://www.itc.co.uk>

<sup>2</sup> See <http://www.ofcom.org.uk> for further details

critical faculties. Ethical concerns surrounding placement practices can be viewed in terms of two main aspects: general ethical concerns about the practice and specific concerns about particular product categories (McKechnie and Zhou, 2003; Gould et al., 2000).

### *General Ethical Concerns About Product Placement*

One of the strongest criticisms of product placement concerns the feeling that it entails ‘subliminal’ or ‘subconscious’ promotional effects (Morton and Friedman, 2002; Gupta and Gould, 1997). It can affect people below their level of conscious awareness, so that they are not necessarily able to control their acceptance or rejection of the product placement messages. Another major concern with the practice of product placement is that some people perceive product placement as a deceptive practice because it causes people who are unaware of the persuasive intent of the product placement to engage in purchase behaviours (Gupta et al., 2000; DeLorme and Reid, 1999; Karrh, 1998).

### *Ethical Concerns About Specific Product Categories*

This ethical aspect is concerned with the use of specific products in the practice of product placement, so-called ethically-charged products. The ethically-charged products were defined in Gupta and Gould (1997)’s study as products which specifically aroused ethical concerns. Ethically-charged products included alcoholic beverages, tobacco and guns. In general, marketing and advertising of ethically-charged products are very controversial. With regard to product placement this concern is greater because of the lack of control regulatory authorities can exercise over promotions in this context (Gould et al., 2000, Gupta et al. (2000), McKechnie and Zhou (2003). While there are codes of practice concerning television sponsorship, product placement deals are often struck between the studio and brand owner and can cover script content and scene props. Such deals can evade the scrutiny of bodies responsible for advertising and promotion because they fall within the editorial control of producers.

Gupta and Gould (1997) found that respondents perceived ethically-charged products in product placement as less ethical than other product categories. In a study of viewers’ evaluations of product placement in movies Gupta et al. (2000) found that the attitudes towards product placement for ethically-charged products were significantly more negative for the “like ads less” segment when compared to the “like ads more” segment. Both segments perceived ethically-charged products less acceptable than other product categories. The study of Chinese and American consumers’ attitudes towards product placement investigated by McKechnie and Zhou (2003) reported that ethically-charged products generated greater concerns among both American and Chinese consumers than other product categories.

There is evidence that product placement of ethically-charged products has been increasingly used both in movies and television programmes. Diener (1993) found increased incidence of alcohol consumption displayed in daytime television dramas in 1991 compared to 5 years earlier. In addition to this, tobacco firms have made efforts to place their brands in films and television programmes. Brown & Williamson Tobacco Corp., for example, placed its cigarette products in

movies, including 'Where the boys are', 'Rocky IV' and 'Rhinestone Cowboy' (Karrh, 1998). Philip Morris placed its Lark cigarettes in the film James Bond: 'License to kill'.

The ethical concerns about the placement of ethically-charged products will be more controversial if it is involved with vulnerable audiences, especially children. This is because they have not yet developed sensitivity to this type of subtle promotional tool (Avery and Ferraro, 2000). In addition, children can see these placed product categories even though they are not supposed to (Gupta et al., 2000). According to Gupta and Gould (1997), ethical concerns about product placement are viewed as a precursor of attitudes towards the placement, towards the brand and towards the purchase. Therefore, practitioners should be aware of ethical concerns of their practices. The most important thing that practitioners should consider is where the consumers draw the line between realism and relentless commercialisation.

### **Ethics and the Postmodern Consumer**

Postmodernism presents difficulties for the ethically informed regulation of marketing communication. Postmodernism has been increasingly influential in developing interpretive perspectives in social sciences. Firat and Venkatesh (1995), Firat et al. (1995), Featherstone (1991) and Brown (1994, 1995) have exerted major influence on the themes of postmodernism in marketing and consumer research. Postmodernism has become a label for a set of precepts and positions which collectively challenge modernist notions of linear historical progress, epistemological unity and objective truth (Hackley, 2003). Postmodern theory focuses on a 'de-centre-ing' of knowledge so that what might once have been unified, absolute, progressive and consensual is now fragmented, relative, temporally indeterminate and contested (Hackley, op cit.) It also emphasises the interpretation of knowledge through metaphor, constructed truth, semiotics and symbolic realities. Solomon et al. (2002) suggest that postmodernism can be described by six key features: fragmentation, de-differentiation, hyperreality, chronology, pastiche and anti-foundationalism. Postmodernists believe that postmodern consumers are relatively free to combine elements from different styles and domains to create their own personal expression (Solomon et al., 2002).

All this may suggest that postmodern consumers are skilled consumers and interpreters of marketing communications messages, recognising them as hyperreal persuasion or seduction attempts (Solomon et al., 2002). They are also entertainment seeking, creative and critical. As quoted in Hackley and Kitchen (1999), "...the sense of collapse of certainty into cultural, moral and epistemological relativism feeds directly into every home through the technological telecommunications revolution..." (p.21). This leads to consumers are given the increasingly blurred distinction between marketing communications messages and popular culture. Living in the rapid pace of social and cultural change and the decline of absolute value of morality, postmodern consumers are exposed to marketing communications messages that can constitute a form of social pollution. Specifically, product placement promotional technique in television programmes and films makes it difficult for consumers to distinguish between storylines and branded products. Because of its hidden promotional motive, consumers' skepticism, resistance and moral sensibility could be arisen. It also raises the question of whether product placement practices should be strictly controlled by the regulatory bodies or marketing communications professionals should define their own ethical standards of the practices.



### *Free to Choose?*

Every day consumers use innumerable products and services. For many years, many theoretical approaches in marketing and consumer research implicitly assumed that economic rationality is the primary motivation for consumers and they buy products that only perform utilitarian functions. However, alternative views have emerged that consumers often buy and desire things for emotional reasons and to articulate symbolic meanings of social positioning and self-identity. As Elliott (1997) has averred, the meanings of consumer goods are grounded in social practice rather than practical need satisfaction (citing Douglas and Isherwood, 1978). Bulmer and Oliver (2004) also suggest that consumers do not only buy products: they buy the lifestyles, stories, experiences and emotions that products convey. Consumption can be conceived as a wide range of activities and states of being encompassing leisure activities, aesthetics, symbolic meanings, variety seeking, hedonic responses, daydreaming, creativity, emotions and artistic endeavours – collectively these can be categorised under the “experiential perspective of consumption” (Holbrook and Hirschman, 1982). Due to this experiential consumption practice, and the increasing differentiation and refinement in tastes and needs, consumers face more choices than ever. Living in a free society, consumers need to be assured that coercive powers granted to government in order to preserve freedom are limited and are kept from becoming a threat to freedom (Friedman, 1990). As quoted in Smith (1776), “every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way...” (cited in Friedman, 1990, p.28). An ethical society or as Rawls (1972) defines as a ‘well-ordered society’ is a society in which everyone accepts and knows that the others accept the same principles of justice and the basic social institutions generally satisfy and are generally known to satisfy these principles (Rawls, 1972). Government, therefore, has powers to protect consumers from avaricious sellers, prevent business from distributing dangerous products or services, protect society from violence, and protect consumers from injustice or oppression. Nevertheless, in achieving and preserving a free society and ethical society, these coercive powers should be limited to give consumers the control of their lives in accordance with their own values.

### **Research Approach**

This research was conducted to explore the un-researched area of ethical concerns about product placement in British television programme sponsorship. Soap operas and mini-series on British terrestrial channels (i.e. BBC1, BBC2, ITV1, Channel 4 and Channel 5) were the main focus of the study. Published sources and research databases were used as secondary sources in order to set the present study within a broader context of contemporary research in the field. The primary data gathering entailed in-depth interviews and questionnaires. As noted above, the questionnaire used was adapted from that used in Gupta and Gould’s study (1997). It was divided into three sections: questions about attitudes towards product placement; the acceptability of product placement in different product categories; and demographic and individual differences of respondents. Product placement was defined on the front page of the questionnaire. Twenty-three statements were presented and respondents were asked to indicate their attitudes according to a five-point Likert scale.

In section two, respondents were asked to assess product placement in twenty-six product categories regarding three options: acceptable, no opinion and not acceptable. Following from

previous studies the product categories chosen consisted of alcohol, non-alcoholic beverages, books, cameras, candy/snacks, cars, computers, cosmetics, medicines, food, jewellery, lingerie, magazines, motorcycles, films, musical instruments, music, telephones, televisions, sport goods, sunglasses, tobacco, toys, watches, weapons and white goods. Tobacco, alcohol and weapon were determined as the ethically-charged products in this study. The last section of the questionnaire concerned with demographic and individual differences questions, which included sex, age, education level, nationality and frequency of television watching.

Non-probability convenience sampling was used. The sample was drawn from staff and students at the University of Birmingham. As consumers' attitudes towards product placement are influenced by a multitude of factors, the chosen respondents varied in terms of age, gender, education level and nationality. There were 50 respondents in the sample. These included 22 males (44%) and 28 females (56%). Most of them were 18 to 25 years of age (68%), although 24% were 26 to 35, 4% were 36 to 45, 2% were 46 to 55 and 2% were 56 to 65 years old. The respondents were mainly British (44%), 20% had Asian background (Thai, Japanese and Korean), 12% were Indian, 10% had white background (French, Danish and Venezuelan), 8% were Chinese, 2% were Irish, 2% were Caribbean and 2% were African. The majority of respondents had Master's degree education level (52%) and spent up to 2 hours watching television per day (60%). Given the exploratory nature of the study (no previous studies had focused on product placement in UK television programming) and the relatively small sample, both in-depth interviews and questionnaires were used to widen the scope of possible responses. The data were analysed using thematic analysis of the in-depth interview transcripts and SPSS for questionnaires.

### *Analysis and Discussion of Findings*

In terms of ethical issues, this research found several ethical concerns that should be considered. One of the most important was the issue of the 'subliminal' effect of product placement. 58% of the respondents agreed that the television programme audiences were 'subconsciously' influenced by brands they saw in television programmes. Some indicated that it was highly unethical to influence audiences by using brand name products in television programmes (34%). Most of them also considered product placement as disguised commercial advertising (52%). This can be corroborated by the interviews' findings; one respondent claimed that product placement offended the right of consumers because we already saw a great deal of advertising. Some respondents said, "it's unfair to consumers". The respondents in this study were also concerned with product placement practices that targeted vulnerable groups, especially children. Moreover, the placement of ethically-charged products was considered as less ethical than other product categories. 42% of the respondents agreed with the statement "The use of ethically-charged products in product placement should be banned from some television programmes".

This can be corroborated by the degree of acceptance that respondents had of product placement in different product categories. Weaponry was the most unacceptable product category (76%) when compared with other ethically-charged products (66% for tobacco and 38% for alcohol). This result concurred with previous studies (Gupta and Gould, 1997; Gupta et al., 2000). Interestingly, this study discovered that medicine was also considered an unacceptable product category (50%). None of the previous studies reported on the question of medical products

promoted through product placement, possibly because DTC (direct to consumer) medical product advertising is common in the US but a very new practice in the UK. Other product categories, non-alcoholic beverages, books, cameras, candy/snacks, cars, computers, cosmetics, food, jewellery, lingerie, magazines, motorcycles, films, musical instruments, music, telephones, televisions, sport goods, sunglasses, toys, watches, and white goods were all considered acceptable.

In order to explore gender differences as one of the important individual difference factors that could influence the degree of acceptance of product placement in the ethically-charged product category, cross tabulation was employed. According to the findings, alcohol was considered as an acceptable product category for both genders (52%). In Gupta and Gould's (1997) study males tended to perceive the placement of ethically-charged products as more acceptable than did females.

### *Areas to Explore for Future Research*

Despite increasing streams of research in the area of product placement, many important issues still remain to be explored. Given the constraints of this study, there are a number of substantive areas that should be addressed by future research.

First of all, the consumer's degree of acceptance and attitude towards product placement in different product categories should be investigated. This study focused on a limited set of products. Previous research indicated that consumers' ethical opinions about product placement differ significantly across product categories. Therefore, the different assortment of products can provide different results and new insights into product placement practice and it should be studied in future research. A related issue is the cross-over effect of featuring different brands within the same product placement context. This is a major concern of sponsors who wish to protect the integrity of their brand's 'personality' from cross-contamination by another, possibly incongruent brand featured in the same media vehicle. Very little is known about the consumer view of such effects, or indeed whether such effects are important at all from the consumer's viewpoint.

Individual differences such as the frequency of television watching in can be considered as one of the important factors that can influence consumers' responses, especially towards ethically-charged products. In Gupta and Gould (1997) gender differences and frequency of movie watching had great impacts on respondents' attitudes towards ethically-charged products. Other individual differences such as age and education level should also be explored in future research.

Furthermore, ethical issues investigated should include the influence of product placement on children and other vulnerable groups. This is because children have not yet developed sensitivity to this type of promotional tool (Avery and Ferraro, 2000) and they are the targets of much product placement.

There is much scope for qualitative investigation of product placement. If product placement is regarded as 'weak' communication in the sense that it contributes to long-term brand building rather than direct sales effects then new interpretive research approaches are required to generate

deeper understanding of the nature of the interpretive engagement between consumers and product placement in mediated entertainment and other communications.

### **Concluding Comments**

To sum up the findings, the ethical sensitivities of consumers towards marketing communications in general seem heightened with respect to product placement techniques. General attitudes to product placement as a category of marketing communications are quite positive. Consumers feel that product placement can enhance the dramatic realism of TV shows and movies and obviate the need for irritating commercial breaks. However, where consumers are asked their views on ethically problematic practices of product placement responses reflect a view that such ethical issues are more pressing than they are in conventional advertising and promotion. Weapons, tobacco and alcohol are ethically problematic product categories in conventional promotion but especially so in product placement. Medicine is another product category that respondents perceived as less acceptable when 'placed' in television programmes. Medical products have not been considered in previous studies. Consumers also reported ethical concern with the possibility that product placement techniques could act in a 'subliminal' or 'unconscious' way. This concern was exacerbated in the case of ethically problematic products. In particular, product placement may circumvent conventional regulations and permit targeting (especially to children) and exposure (e.g. of cigarette brands) that would not be possible in paid-for advertising.

The findings reported in this study are clearly subject to the inherent limitations of a small-scale study. The focus on UK television also places the research in a particular cultural context. Nevertheless, it is clear that there are serious ethical issues involved in product placement practice and that these issues have some cultural variability. The cultural variability depends to some extent on local practices of, say, advertising directed at children (something that is banned in certain countries), or practices of advertising particular product categories (such as prescription drugs). They may also depend on culturally-specific views on marketing communications and promotion in general. In turn, such views may be informed by the relative sophistication with which consumers invest their TV and movie watching. Clearly, some consumers are naïve towards the deals struck between studios and brands with regard to product placement. It is also clear that product placement is a category of promotion that evades much conventional advertising regulation. Advertising regulatory authorities do not have control over matter that is under the editorial control of TV and movie studios and producers. There are codes of practice but these are difficult to enforce clearly because of the definitional problems involved in differentiating between a sponsored product placement incident and a brand reference in a script or plot that is genuinely a dramatic device. Of course, product placement are often both a genuine dramatic device and a paid-for promotion. Disclosure of such arrangements by studios is not without problems.

One thing is clear: more research in relation to the ethical issues should be conducted to reflect product placement's status as an influential, burgeoning and rapidly evolving area of marketing communications.

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