

**STATEMENT OF  
COMMISSIONER MICHAEL J. COPPS**

*Re: Sponsorship Identification Rules and Embedded Advertising*, MB Docket No. 08-90.

The fundamental premise of our sponsorship identification rules is that the American public is entitled to know who is trying to persuade them. That premise applies to a wide range of conduct, from payola to political advertising to product placement. This rulemaking is intended to determine whether our sponsorship identification rules need updating in order to provide adequate notice of certain types of “embedded” advertising practices that have proliferated in recent years.

It is difficult to watch television and not be struck by the amount of product placement. According to press reports, product placement on broadcast TV during the first quarter of 2008 was up almost 40% from the previous year—including a whopping 3,291 product placements on top-rated *American Idol* alone. Concerns have also been raised about the growth of “product integration,” in which, unlike product placement, the commercial product is not shown but is woven into the plot of a storyline or script. These kinds of stealth advertising may be particularly insidious because viewers often are unaware that someone is trying to influence, persuade, or market to them.

Whether these embedded advertising techniques have proliferated because DVR households fast-forward through commercials or for other reasons, it is the Commission’s job to make sure that sponsored programming is properly identified. I agree with the recent filing by a group of 23 public health, media and child advocacy groups that all of these issues could have been addressed—and should have been addressed—in a *Notice of Proposed Rulemaking (NPRM)*. Unfortunately, that position did not command a majority at the Commission. In the end, I supported the proposal to split the docket into an *NPRM* and a *Notice of Inquiry (NOI)*. While this means more time than I would like to reach final rules in some areas, I believe it is important to initiate the public dialogue and begin developing a detailed record. Moreover, the *NPRM* section tees up certain key issues on which we can move directly to rules—such as whether and how to make sponsorship identification more obvious to consumers, and rules regarding embedded advertising in children’s programming.

On the latter point, it is my strong initial belief that embedded advertising in children’s programming is already prohibited because it would run afoul of our existing requirement that there be adequate separation between programming content and advertising. The Commission’s existing policies in this area—which also include a ban on host-selling and tie-ins on children’s programming—target those practices that unfairly take advantage of the inability of children to distinguish between programming and commercial content. I hope we can move quickly to clarify our rules in this area as necessary and to take any appropriate enforcement action.