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**S4C Guidelines on Product Placement**  
June 2012

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## 1. Introduction

- 1.1 From 28 February 2011, product placement and commercial references will be permitted in certain types of television programmes that are broadcast. Product placement is defined by Ofcom as the "inclusion in a programme of, or reference to, a product, service or trade mark, for a commercial purpose, in return for payment or other valuable consideration to any relevant provider or any person connected with a relevant provider, and is not prop placement". Producers should refer to the amended Sections 9.6-9.14 of the Ofcom Broadcasting Code (in force from 28.2.11) and related guidance on such sections for further details.
- 1.2 These guidelines are intended to provide guidance on good practice in relation to product placement within programmes commissioned by S4C and set out the share of income or savings derived from such placement (such details as have been agreed with TAC).
- 1.3 S4C's principal concern as a public services broadcaster is protecting and maintaining the editorial independence and integrity of its programmes. The viewing public must be able to have faith in the objectivity of S4C's programmes and services at all times. It is vital to S4C's credibility and reputation that its viewers can be sure that any product placement is not unduly prominent or promotional so as to undermine S4C's impartiality or integrity and that editorial decisions are not influenced by any conflict of interests.
- 1.4 These guidelines aim to ensure that commercial opportunities can be exploited in order to maximise the budget available for programme-making but that S4C's editorial independence is not compromised or perceived to be compromised.
- 1.5 Failure by producers to comply with these guidelines may cause delay in acceptance of programmes whilst changes are made, or may lead to rejection of the delivering of the programmes in question.

## 2. S4C Guidelines

### *Fundamental Principles*

- 2.1 S4C intends to actively seek product placement arrangements in respect of its programmes (as permitted by the Ofcom Code). Should S4C (itself or through an agent) secure a product placement arrangement in respect of an S4C programme, S4C would expect the relevant production company to place such products appropriately within the programme provided that such placement:
  - 2.1.1 is consistent with the programme's editorial and business brief;
  - 2.1.2 does not compromise the editorial values of the programme; and
  - 2.1.3 does not significantly affect the production or delivery timetable.
- 2.2 Subject to the Ofcom Code and sections 2.3-2.11, 3, 4 and 6 below, production companies may themselves initiate product placement arrangements within programmes produced by them in consideration for a financial payment or other (non-financial) valuable consideration.

### *Implementation in Practice*

- 2.3 S4C believes that transparency and a consistent flow of information between the producers and S4C and/or its commercial agent is vital in order to exploit product

placement opportunities. It is considered that the programme's editorial brief should be agreed before any steps are taken in relation to product placement.

- 2.4 The parties are expected to agree in good faith on an action plan for relevant programmes including:
- Consideration of the type of product that may be placed;
  - To which companies and at what price should opportunities be offered; and
  - Who shall communicate with such companies.
- 2.5 S4C's prior approval must be obtained before a producer takes any steps to include product placement in a programme. Such approval may be obtained by sending an email to [productplacement@s4c.co.uk](mailto:productplacement@s4c.co.uk) including details of the proposed product, who is to supply it and how it is intended to feature such product in the programme.
- 2.6 S4C retains the right to refuse the placing of any product in its programmes on the grounds that such inclusion may breach the Ofcom Code, on a commercial basis e.g. conflict with arrangements with programme or event sponsors, on editorial grounds or for any other reason which S4C in its absolute discretion deems reasonable or necessary. S4C's decision shall be final in this regard.
- 2.7 To ensure transparency and that viewers are aware of the use of product placement, a universal notification must appear on the screen at the beginning and end of a programme that contains product placement, as well as when the programme recommences after commercial breaks. The logo should appear for a total of three seconds at the beginning of each part and at the beginning of the end credit sequence. Those programmes which are permitted not to carry end credits should place the logo in the three seconds immediately before the production and copyright notice at the end of the programme. (For further information on S4C's Programme
- Credit Guidelines see:  
[http://www.s4c.cymru/media/media\\_assets/4\\_Credit\\_Guidelines\\_English.pdf](http://www.s4c.cymru/media/media_assets/4_Credit_Guidelines_English.pdf)
- 2.8 Producers shall be responsible for ensuring that such notification is included in all programmes delivered for transmission by S4C in compliance with the guidelines laid down by Ofcom and the S4C Brand Guidelines.
- 2.9 Producers shall ensure that full details of any product placement arrangements are included in the PAC Forms for the relevant programme.
- 2.10 It shall be the responsibility of the producers to ensure that all product placement included in their programmes complies in full with the Ofcom Code and any other applicable guidelines including any Code of Practice that may be issued by S4C from time to time. For further details on the rules, producer should refer to the amended Sections 9.6-9.14 of the Ofcom Broadcasting Code and the guidelines in relation to those sections (in force from 28.2.11).
- 2.11 Any product placement arrangement shall be concluded in accordance with S4C/TAC's standard form contract.

### **3. Product placement in return for payment (in cash)**

- 3.1 All financial income generated from product placement shall be shared as follows:
- commission of 20% to the “finder” (be it the producer or S4C/its agent); with the remainder:
  - to be reinvested into the programme budget; or where S4C is of the opinion that this would be impractical
  - to be shared 50:50 between S4C and the producer.
- 3.2 If product placement is arranged prior to agreeing the programme’s licence fee, then S4C and the producer shall discuss amending the licence fee to reflect such arrangements in accordance with paragraph 3.1 above or shall agree on appropriate cashflow provisions for that programme.

### **4. Product placement in return for other valuable consideration (no financial payment)**

- 4.1 If a producer initiates and organises a product placement arrangement (which is approved by S4C pursuant to section 2 above) in consideration for (non-financial) valuable consideration resulting in an underspend of the licence fee, the producer shall notify S4C of the sum in order to arrange:
- a) diverting the savings to pay for another element within the programme. The producer shall secure the S4C commissioning editor’s approval before diverting any savings; or
  - b) where there is agreement not to divert the savings, the total sum (less 20% in respect of the producer’s commission) shall be shared equally between S4C and the producer. The sum payable to the producer shall be subject to a cap of 5% of the licence fee or £10,000 (whichever is lower).
- 4.2 Any residual benefit retained by the producer in excess of the cost saving shall be subject to specific arrangements between S4C and the producer and shall be dealt with on a case by case basis.
- 4.3 If product placement is arranged prior to agreeing the programme’s licence fee, then S4C and the producer shall discuss amending the licence fee to reflect such arrangements in accordance with these guidelines or shall agree on appropriate cashflow provisions for that programme.

### **5. Advertiser-funder programmes**

Producers are reminded that they must comply with S4C’s Sponsorship Guidelines in relation to all advertiserfunded programmes. It is expected that the producers shall co-operate with S4C where an opportunity arises to finance a programme in this way.

### **6. Enquiries, dispute resolution and reviewing the guidelines**

#### *Enquiries*

- 6.1 The commissioning editor shall be S4C’s primary contact in relation to product placement. If producers wish to discuss any element of product placement, they should consult the relevant commissioning editor. On some occasions the

commissioning editor will have to refer enquiries to S4C's legal unit. Producers are reminded that S4C's legal unit protect and represent the interests of S4C only and therefore legal advice should be taken separately and independently where required. Informing any party of S4C's position or situation will not affect S4C's rights or any obligation of the producer under the contract or licence between S4C and the producer.

*Dispute resolution*

- 6.2 There may be occasions where the views of S4C and/or its commercial agent and the producer in relation to product placement will differ. If a dispute arises, the parties shall endeavour to resolve the matter amongst themselves in the first instance.
- 6.3 Where the matter cannot be resolved in this way, it should be referred to the Director of Content and thereafter (if still unresolved) to S4C's Chief Executive.
- 6.4 If the matter remains unresolved, it will be possible to appeal to the S4C Authority Complaints and Compliance Committee and that part of the S4C Complaints Policy relating to appeals to the S4C Authority shall apply.

*Review*

- 6.5 These guidelines will be reviewed by S4C six months after becoming operational and as required from then on. Any amendments and additions to these guidelines will be discussed with the production sector and published on S4C's website: <http://www.s4c.cymru/en/production/>