

**Testimony of Patric M. Verrone
President, Writers Guild of America, West**

**Federal Communications Commission
Hearing on Media Ownership Rules
Chicago, Illinois
September 20, 2007**

Chairman Martin, commissioners, fellow panelists, and members of the audience.

I'm Patric M. Verrone, president of the Writers Guild of America, West.

On behalf of 7,500 television, film, and new media writers, thank you for holding this hearing and allowing public comment on the topic of media consolidation.

As you know, this is my second appearance before you and I want to avoid the accusation of just producing another late summer rerun.

So I will resist my instinct to restate the fact that, due to the unparalleled vertical consolidation of TV broadcast networks, movie studios, and cable television stations, the number of distinct voices in mainstream TV programming has dwindled to a handful.

I will also resist repeating that 20 years ago there were 29 dominant entertainment firms sharing 100 billion dollars in annual revenue and today there are six conglomerates sharing 400 billion.

And I will resist suggesting once again our remedy to this concentration of ownership – namely a requirement that at least 25% of non-news and non-reality programming must come from independent sources not owned by any of the four broadcast networks.

I will resist all of that. Instead, I would like to draw your attention to a growing advertising practice that severely affects both our work and our audiences. It's called product integration. Embedded advertising. Branded entertainment.

Understand that I am not talking about product placement - the practice in which a bottle of water of a recognizable brand merely sits on a kitchen table as a prop. "Product integration" requires that the wacky next door neighbor announce that this week he is a bottled water salesman and extol the crisp refreshing taste of that particular brand of water.

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The idea behind “branded entertainment” is to integrate commercials into the storyline so as to create “stealth advertising,” thus fooling the viewer into thinking they are not watching an advertisement. Most Americans, like the proverbial frogs in the slowly boiling water, may not notice how prevalent it has become. Yet Nielsen media research tells us that product integration has occurred more than 4,000 times on network primetime television in 2006.

Once only a mainstay of reality television it has crept steadily into all programming. On NBC’s Emmy-winning *The Office*, characters spend entire episodes working at Staples. On CBS’s highly rated *CSI*, characters promote the features of a General Motors Denali. Oreo cookies were a major part of the plot in two episodes of the CW family drama *Seventh Heaven*. On *Smallville*, contact lenses prompted a crime fighter to say, “Acuvue to the rescue” proving that even Superman is immune to neither Kryptonite nor product integrations.

NBC has gone so far as to hire a high ranking executive in charge of “strategic marketing and content innovation.” “Content innovation?” I naively thought that that’s what writers did.

We understand why advertisers want to find new ways of presenting their products to a wide audience. The rise of digital video recorders such as TiVo with their ability to allow viewers to fast forward through commercials has advertisers and networks nervous about how to sell their wares in a historically advertisement-supported medium. But there is a huge problem with their doing so without oversight. And it can be stated with a very short and very powerful word.

Integrity. When writers are told we must incorporate a commercial product into the story lines we’ve written, we cease to be creators. We become advertisers ourselves. Actors are subjected to forced endorsement when their character must shill the products without compensation or consultation. Consumers are required to watch commercial messages that are no longer identified as commercial messages. And in our experience people want (and deserve) to be told when they are being sold.

Product integration exploits the emotional connection viewers have with shows and their characters in order to sell merchandise. At the very least, we believe that writers and actors as creators of television should be consulted about potential product integrations as early as possible in the creative process and have the opportunity to refuse integrations if they believe it will harm the integrity of the program.

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But to protect viewers (and this is where the FCC comes in), we support disclosure. Disclosure that adequately reveals product integration, is legible, and is held on the screen long enough to be read. The FCC should require a crawl or subtitled “chyron” to run at the bottom of the screen during the integration. The crawl would identify the product, its promoter, and the fact that the writers and actors do not personally endorse its use. This would be no more intrusive than the warnings broadcast on pharmaceutical ads or the phrase “paid advertisement” that appears in magazines or the incessant headlines that underscore all news channel broadcasts or the distracting promotions for what’s coming on next that are now a mainstay of our TV visual field.

To conclude, I will repeat one line from my earlier testimony relevant to these proceedings. “Homogenization is good for milk, but bad for ideas.” I hope you’ll appreciate that I neither mentioned a brand of milk, nor raved about its creamy freshness and wholesome good taste.

Thank you for your attention.

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