

Nelyubina M.
G.M. Kutlyueva, research supervisor
Peoples' Friendship University of Russia

PRODUCT PLACEMENT IN RUSSIA

Product placement (hereinafter – PP) is a one of most popular marketing instruments nowadays and its spreading is growing rapidly in Russia. PP or embedded marketing is a type of advertising, in which promotional advertisements placed by marketers using real commercial products and services in media, where the presence of a particular brand is the result of an economic exchange. It is also known as product integration, especially when the product becomes integral to the plot. When a product is not part of an economic exchange, it is called a product plug.

PP appears in plays, film, television series, music videos, video games and books. PP occurs with the inclusion of a brand's logo in shot, or a favorable mention or appearance of a product in shot. This is done without disclosure, and under the premise that it is a natural part of the work. Most major movie releases today contain PPs. The most common form is movie and television placements and more recently computer and video games. Recently, websites have experimented with in-site PP as a revenue model.

Actual PP falls into two categories: products or locations that are obtained from manufacturers or owners to reduce the cost of production, and products deliberately placed into productions in exchange for fees. Sometimes, product usage is negotiated rather than paid for. Some placements provide productions with below-the-line savings, with products such as props, clothes and cars being loaned for the production's use, thereby saving them purchase or rental fees. Barter systems (the director/actor/producer wants one for himself) and service deals (cellular phones provided for crew use, for instance) are also common practices. Producers may also seek out companies for PPs as another savings or revenue stream for the movie, with, for example, products used in exchange for help funding advertisements tied-in with a film's release, a show's new season or other event.

Nowadays it is not a secret that PP is widely spread on Russian TV in different TV-shows, films, music movies, etc, but Russian Law doesn't regulate such type of advertising due to the lack of description and in Federal Law "About

advertising”. The lawyers who compose the PP contracts between the films’ producers and companies are facing this problem with non-regulated status of PP in Russia.

First of all the mentioned above law about advertising contains two types of advertising permitted and hidden advertising. Hidden advertising is an advertising which make unconscious influence on consumer’s consciousness using special video and audio effects. Does the PP have an unconscious influence on consumer or not? This question is complex and has not exact answer, so definition and classification of PP is not certain and makes problems to compose the contracts for PP and hedge existing risks.

At the same time there is another uncertainty in Russian law in respect of PP. Products’ mention which is smoothly integrated in art objects (films, pictures, music movies etc.) and is not advertising information itself is out of control by Russian Federal Law about advertising, so has no restrictions. Due to this fact we can assume that PP in some cases is not advertising and has no restrictions, but the line of such definition is very uncertain and PP can be recognized as advertising and challenged by federal authorities. There is only one case when Russian federal antimonopoly service has forbidden a product placement of vodka Nemiroff in New Year Show “Cinderella” due to the open advertising of alcohol products, which is prohibited by Russian Law.

That worth mentioned that Russia signed the European convention about transcontinental TV convention, which forbids the presentation of products in TV-shows and programs. After ratification of this convention this rule will have place in Russian law.

Summarizing all above we can make an a conclusion that the lawyers composing contracts for PP should carefully states the caveats in respect of future risks and choose the right form of the contract in every particular case. For example, a contract can be composed in form of advertising agreement or agreement for cooperation or sponsorship agreement. And it is very important to state the obligations and rights of Parties of the agreement in details, because in case of any claims provisions of the agreement are used first.