SIGNIFICANCE OF HIDDEN ADVERTISING OF THE MEDIA BUSINESS MODELS IN LATVIA

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ABSTRACT: Since 2002 parliamentary and municipal elections in Latvia, media content researches have shown a considerable amount of hidden advertising: media publish information that is paid-for, yet not identified as advertising, assigning this information with the qualities of independent content, therefore misleading its audience. In order to analyze this practice, a research was commissioned to find out why Latvian media publish hidden advertising, what is the force behind this practice, who are commissioners and developers. The findings were analyzed from the point of view of media normative theories, identifying a specific character of Latvian media culture. Judging by the media professionals’ attitude towards hidden advertising, one must admit that the number of media that follow honest media practice and avoid integrating hidden advertising in editorial content is only decreasing. Secondly, many editorial boards do not work independently, and even consider inclusion of biased information into editorial content desirable and necessary. Most common domains of hidden advertising in Latvian media space are: politics, pharmacy business, telecommunications and financial services, and consumer foodstuffs. Hidden advertising can be found on public broadcasters, newspapers and magazines, as well as commercial radio and TV broadcasts. Media executives confirm that the inclusion of hidden advertising is strictly controlled, institutionalized, secured by contracts and pay checks; media are more likely to try to control that the advertising does not appear without formal acceptance of media executives, rather than control appearance as such of hidden advertising.

KEYWORDS: Hidden advertising, advertorial, media management, media culture, media business models, clientelism
DISCUSSION ON HIDDEN ADVERTISING

Hidden advertising has a low value in the view of all media market participants; its impact and efficiency is not evaluated. It is common for media with an insecure place within the market to include hidden advertising as it is often the only source of income. Essentially, the driving force behind the spread of hidden advertising and its justification is a weak state of the advertising market.

Media representatives have not noticed that hidden advertising can have a negative impact on audience behaviour. Hidden advertising’s constant presence in Latvian media content is influenced, on the one hand, by a media profit drive and advertisers’ wish to integrate their messages into editorial content, and yet, on the other hand, the practice of hidden advertising is not condemned by the public, therefore there is no encouragement to give it up.

Hidden advertising is not a popular topic within media content or media practice research. In fact, media researchers are known to use varying terminology to describe content, which from one viewpoint resembles journalism and represents interests of an advertiser at the same time, thereby diminishing the quality of the journalism. Mostly, hidden advertising – emphasizing advertisers’ influence on content – is referred to as an “advertorial”. This format of media content is predominantly described by criticising advertiser influenced content of consumer magazines (Johnson and Prijatel, 1999: 298) or the booming service journalism in all media is experiencing and the excessively large influence advertising over it. An advertorial clearly demonstrates the dominance of values of a consumer society in the media environment. However, this study distinguishes advertorials, because the format resembles journalistic text (including audio and video), but the media indicates an advertising fee has been received for them. An advertorial is considered a hybrid (Erjavec and Kovačić, 2010), which is a product of the relationship between journalism and advertising.

Advertorials are presented in Latvian media, and are usually identified as “promotional articles”, “paid information”, or a “collaborative format”, thus differentiating them from the rest of the media content. This approach increases advertiser influence on media content, causing potential self-censorship during the production of advertiser influenced articles, but the use of these terms for advertorials helps the reader to distinguish the content produced by the editorial staff and the content paid for by advertisers.

Hidden advertising is a principally different media practice, because in the case of hidden advertising, content paid for by advertisers is not identified. On the
Significance of hidden advertising of the media business models in Latvia

Anda ROŽUKALNE

contrary, it is presented as independently, objectively and neutrally produced. This practice indicates a breach of professional ethics, as well as infringement of several regulatory acts. Advertorials simulate content made by journalists – its format, genres and design – although its creation is in the complete control of the advertiser, therefore gaining a necessary benefit – the trust of the consumer. An advertorial is described as an illegal practice by other researchers as well (Erjavec and Kovačič, 2010), who mention this type of content is sometimes referred to as “paid news”, “unlabeled advertorials” or “transaction reports”.

Hidden advertisement is prohibited by the following laws in Latvia: Press and Other Mass Media Law, Advertising Law; Electronic Media Law.

References to the potential influence of hidden advertising on overall media quality are found in literature and studies which analyze the influence of commercialization on media environment. Analyzing the quality of Baltic journalism, researcher Aukšė Balčytienė stresses the inaction of organizations of professional journalists and clientelism as an essential indication of media operation (2009: 48), which characterise the inordinately close relationship between media professionals and their sources.

The understanding of clientelism is diverse. In the Latvian media environment, where a part of media is owned by politicians or people closely associated with them, clientelism is seen as a form of social political organization where access to public resources is controlled by powerful ‘patrons’ and is delivered to less powerful ‘clients’ in exchange for deference and other forms of service (Hallin and Mancini, 2004: 58–9). However, in the context of hidden advertising, the understanding of this phenomenon, in which clientelism is characterized as a cultural feature, is a belief that formal, universalistic rules are less important than personal connections (Roudakova, 2008: 42).

As this study analyzes two manifestations of hidden advertising – commercial and political, it is essential to discuss the concept of political parallelism (Hallin and Mancini, 2004), when media aren’t mediators between society and politics, but carriers of political ideology themselves.

Undoubtedly, hidden advertising, as a regular media practice, indicates problems with media responsibility (Rožukalne, 2010), therefore decreasing journalistic quality and encouraging questioning of the media’s ability to provide the society with reliable and diverse information. The aforementioned phenomenon is characteristic of several countries – a shift of priorities in media content in the researchers’ discussion is considered insufficient conduct of a “watch dog” function (Pinto, 2008), as well as an increase of sensationalism and dramatization in reflection of information (Vihalemm, 2002). The narrowing gap between journalists and their sources, and the complementary content created by it, forces
the compensation of quality, while searching for a brighter form of presentation. Evaluating the causes of problems in the Latvian media system, this study analyzes hidden advertising as a practice originally performed by a few individuals but has evolved into an essential part of the media business model.

**HIDDEN ADVERTISING AND FORMATION OF MEDIA BUSINESS MODELS IN LATVIA**

Since Latvian independence in 1991, a new media system has formed. Several features during this process could explain the prominence of hidden advertisement in the content of Latvian media and substantiate its significant role in media business models.

Firstly, since 1991, existing and newly established media received free market shock therapy. It was so severe because media managers had no knowledge of media economics, and furthermore, in the first years after independence, Latvia experienced an economic crisis.

During the formation of the media system, two significant trends are noticeable: Firstly, media from the Soviet era were searching for scenarios to further their own existence; secondly, newly formed media were using the principles of free press and quality journalism, offering a model of operation similar to the Western press. International journalists have tried to accept and adopt the global professional norms that emerged in the context of ongoing media developments in the many developed countries in the world, although in Latvia those journalists’ professional norms – neutrality, objectivity, pluralism etc. – “were adopted very quickly and without any real understanding or analysis of the norms in concrete situations” (Vihalemm, 2002: 99). The lack of free press and professional journalism traditions created a situation where professional principles were more commonly used to defend journalism from criticism. In reality, however, their use had a situational nature. The quality of journalism and conformity with the principles of professional ethics in the first decade after independence were dependent on what sort of goals were defined by each individual media owner. In fact, in foreign company owned (mostly of Scandinavian origin) Latvian media, professional standards were much higher than in locally owned media. The development of this trend more than a decade later, is discussed in another media content study (Salovaara and Juzeifovics, 2012).

During the initial period of media transformation, the first hidden advertisements were created, as part of the media couldn’t find a foundation for economic existence, therefore tried to look for sponsorship whose interests could be satisfied with favourable content, in return for receiving the financial
backing required for survival. During the later years (following Latvia joining the EU in 2004), after the development of media quality and the economic situation had improved, hidden advertising returned only during the pre-election period. It manifested as an attempt by some political parties to publish favourable articles in the media, thus avoiding pre-election political advertising restrictions and to increase the trust in their message.

Since 2001, the centre for social studies “Providus” carries out media monitoring in an effort to find hidden advertisement in the media and to identify the political parties which use unlawful measures in political communication. The public was presented with the results of this research, the overall attitude of the media also changed, hidden advertising was used only by a handful of parties and was found in just a few publications, mostly in Russian press, regional press, publications with known or unknown owners closely associated with political parties, as well as on independently produced programmes on the public service (Rožukalne, 2011). This regularly conducted monitoring showed similar trends before later elections and indicated that hidden advertising is published in media with little economic backing, as it is their only chance to receive the required capital to continue their operations.

At the same time, several legislative acts concerning pre-election political advertising were amended. Hidden advertising became the concern of the Corruption Prevention and Combating Bureau (KNAB), as they are responsible for monitoring the expenses of political parties and their compliance with the law. In broadcasting media, hidden advertising was monitored by National Radio and Television Board (now Electronic Mass Media Board), which could punish radio or TV companies, including revoking their broadcast licence. Despite public condemnation and the detection of hidden advertising, it turns out to be rather lively, existing in various formats within the media. Unlike the stereotype that hidden advertising is created by an agreement between a corrupt journalist and a financier for a favourable article, interview or story, various data indicates that hidden advertising is an essential part of the media business model. It is particularly important for media without a solid place in the market, thus with less opportunities for revenue from regular advertisers.

During the global economic recession in 2009 and 2010, when media were in a complicated situation, the share of hidden advertising increased, as the advertising market decreased by 46%². Not only political hidden advertising was returning, information paid for by commercial companies appeared unidentified within the regular content of various media outlets. This trend coincided with several media studies indicating restrictions in editorial independence, Latvia’s
low performance on the Press Freedom Index (according to this Index, Latvia has fallen down from 30th to 50th place) and the discussion of media quality and responsibility. After assessing the hidden advertising problem, it is possible to say that media researchers and journalists have been alone in indicating the negative influence of hidden advertising, as the public hasn’t required media responsibility, even after evaluating the quality of information with “public pressure, criticism and debate” (McQuail, 2003: 223).

The journalism environment in Latvia is fragmented – there is no unified professional code of ethics. Hidden advertising is a habit of media operation and furthermore decreases the gap between the media and political and economic structures of power and diminishes the potential of media to effectively influence governmental power (McQuail, 2005), as journalists and editors can’t independently make decisions about their content. It is a process in which, as several researchers have indicated, journalists and editors are often not the key actors in the journalistic production process as their roles have been taken over by advertisers (Erjavec and Kovačič, 2010: 92).

The increase in the amount of hidden advertising in the years of recession tells that, in the time after regaining independence, hidden advertising has developed and become an essential part of the media business model, as it is considered an important source of income by managers of media organizations. As hidden advertising is produced by both editors and journalists, as well as advertising sales specialists, this study analyzes the causes of hidden advertising, editorial strategies and the arguments of advertisers, evaluating the effectiveness of hidden advertising.

**RESEARCH DESIGN**

To achieve the goals of this research, qualitative semi-structured interviews were conducted with media executives and persons in charge of media advertising departments. The respondents represent all media types. In order to gather substantive information on the practice from advertisers’ points of view, there were additional interviews with advertising and PR agency executives. The information gathered by this research includes political adverts, as well as various business domains that use hidden advertising, because the presence of hidden advertising in media content is constant, and its appearance is not directly linked to the time before elections.

Taking into account the aims of this research and the problematic character of the questions, a decision was made to conduct anonymous interviews in order to put emphasis on honest information and in-depth research of media practise, rather
than trying to name particular media or particular persons responsible for leaking sensitive information, which, from medium’s point of view, has often been linked to business secrets or influence upon one’s reputation. The list of the research questions included the following subtopics: understanding of hidden advertising and its evaluation, the particular person’s and medium’s experience in the field of hidden advertising, reasons for advertising to appear in a particular medium, process of developing hidden advertising, and its placement and efficiency.

Twenty interviews were conducted during this research, and among the respondents were various editors-in-chief, journalists, producers, content directors, advertising directors, and representatives of advertising and public relations agencies. The one to two hour interviews were conducted in August, September and October 2010.

The data was batched by Anda Rožukalne; the interviews were conducted by Anda Rožukalne, Tatjana Hanova, Ruta Siliņa.

UNDERSTANDING HIDDEN ADVERTISING AND ITS EVALUATION

Most of the interviewed media professionals regard hidden advertising as biased information for which a medium has received a payment and is not distinguishable by the audience from the legitimate media content.

Attitudes towards hidden advertising is dependent on a particular medium’s defined values and aims. If the medium is dedicated to producing faithful information, following norms of journalism ethics and acting responsibly as the basis for their work, then its managers regard inclusion of hidden advertising as a negative factor. However, the executives of these media admit regularly receiving offers to include hidden advertising, or – which is rare – dishonest journalists include in their content information resembling hidden advertising. At the same time, several representatives from this media group do evaluate, under influence from constant offerings and behaviour of the rest of market participants, whether to offer advertisers such advertising formats that resemble hidden advertising, yet not break the law. This understanding is also in conflict with the normative approach that states that the aim of media is to work honestly, transparently and in accordance with “social and cultural values” (McQuail, 2005: 164).

Several media executives regard hidden advertising as a normal and constant part of their job. A publishing house executive states:

Hidden advertising is uncritical journalism. One of its distinctive features is straight-forward complimentarism, creating pieces from the
business sphere up to politics. I do not say that one must be critical about every single case, thing or event, yet complimentarism shows the classic approach to hidden advertising.

One can see a difference between accounts of hidden advertising among different media executives. Only several of these executives regard it as a negative phenomenon, as something that reduces the quality of the medium’s content. Public broadcasters and several media that wish to follow professional journalistic and media responsibility criteria or do not want to lose audience trust. Media that avoid accepting hidden advertising are leaders of the market and believe they can afford not to give in to advertisers’ attempts to integrate hidden advertising into their content, because audience’s trust is more important, and besides that, the media in question’s success in the market and profit are not merely dependent on hidden advertising. These views reflect different approaches that help media organisations solve the controversy between the principal of social responsibility and “business goals” (McQuail, 2005: 164).

One set of media executives emphasized the fact that hidden advertising is often something that shows up in content, yet is not fixed in the documents. That is, one part of media editors see an unwelcome situation where some of the staff members work in conflict with journalism ethics (McQuail, 2010) and, out of greed, publish hidden advertising, profiting from it, rather than a situation where a medium’s company agrees with an advertiser about “unconventional” advertising technique and essentially legalise dishonest practise in the market and attitude towards their audience. Media executives confirm that the inclusion of hidden advertising is strictly controlled, institutionalized, and secured by contracts and pay checks. Media are more likely to try to control that advertising does not appear without formal acceptance of media executives, rather than control appearances of hidden advertising. At the same time, they admit that advertorials are not effective enough from an advertisers point of view.

However, most of the interviewed media executives regard hidden advertising as an inevitable or even necessary part of media existence. Actually, advertising professionals and not editors, in comparison to media representatives, view hidden advertising more skeptically. Although advertising professionals evaluate advertising efficiency from a business perspective, editorial representatives tend to view social interests, one of the “main media performance criteria” (McQuail, 2005: 165), as less important.

One can see quite substantial difference in the views on hidden advertising if one regards the difference between Latvian and Russian media professionals.
Russian-language media professionals think of hidden advertising as an ever-present and inevitable part of media performance. The difference is just its evaluation; one segment of the professionals see it in a negative light and feel embarrassed they are required by their managers to include hidden advertising, however others emphasize that it is a normal phenomenon.

Also, some Latvian media managers, justifying their views by a special character of Latvian media environment and a need to show a profit, believe that hidden advertising or content resembling it is a normal part of their medium’s content.

This conviction is justified by media professionals using the following arguments:

1) Hidden advertising must be successfully integrated into the medium’s content for it not to look “too advertisy” and be less distinguishable.

2) Hidden advertising is dubious, but upon advertisers influence one can find legal and indistinguishable ways to include it into content (especially radio content);

3) Hidden advertising is part of normal media practise because media cannot exist in a market if they refuse hidden advertising offers.

These views produce the media performance background and facilitate a practice in which the presence of hidden advertising is regarded as normal and even desirable.

From an interview with an editor at a Russian-language weekly paper: “What attitude can there be towards something that brings money? Normal. I don’t like that the notion of hidden advertising is linked to deception. We don’t deceit anyone. We are just looking for a way to reduce our losses and, consider this, not at the readers’ expense. Advertisers pay for that.”

Commercial radio advertising department’s representative: “I will always find a legal way to take money from this person (advertiser - ed.). There are a million ways how to do it. We will think long until we think of a way to do it legally.”

Media organizations and their attitude towards this way of advertising have the main role in the development of hidden advertising. Although, after assessing the experience of Slovenian media, the main factors involved in the creation of advertorials, a conclusion can be made, that advertorials are commissioned by advertisers (Erjavec and Kovačič, 2010), The situation in Latvia is different. In most cases of hidden advertising, the initiators of the advertisement and media cooperation are media managers (advertising and marketing managers), but
representatives of advertisers exploit the chances offered. In fact, advertisers have a small, slightly different influence on the amount of hidden advertising within media. It is worth pointing out that state authorities who sometimes agree to become sponsors for particular broadcasts or sections in order to facilitate dissemination of information on some crucial topic often want to influence its content, and therefore distort the legally formulated sponsor’s function and finance content that is on the edge of becoming hidden advertising. State authorities are ready to pay for hidden advertising features and interviews, but usually withdraw if the wishes of the editorial staff want to clearly indicate this as paid content.

The distribution of hidden advertising in media content is also facilitated by advertisers, advertising and media agencies, as well as the public relations sphere that applies hidden advertising in favour of their client’s interests. Particular media have a favourable attitude towards hidden advertising, influencing all media and the rest of the market participants, that is, hidden advertising-free media have problems avoiding the pressure that is exerted upon their staff, mentioning the argument “why don’t you participate when others grant you such opportunity; if you refuse, we will be forced to go to your competitors and you will not be able to receive our advertising money”. Refusing hidden advertising often leads to eventual losses because it can mean lack of a crucial advertising budget.

This is why media act ambiguous. One type of media organisations, if offered hidden advertising, try to find a way out of the situation by either refusing or seeking ways to integrate hidden advertisements. However, the second type of media organizations themselves create special hidden advert offers which are then presented into market, encouraging advertisers to choose, informing about different possibilities and their openness for various advertising offers, including hidden advertising.

An essential source of hidden advertising is media agencies – firms that offer media space to advertisers. As told in an interview by an expert in advertising, all media agencies are in equal position in the market, their prices are similar, therefore, in order to get advantage in terms of competition, media agencies create an additional offer - hidden advertising. For example, by offering classic commercial space, media agencies offer paid interviews, paid features in broadcasting media, paid news that will appear as editorial content. These offers are created in order to make a particular agency more attractive to advertisers and create for the client an impression that the invested capital brings back more profit.

The economic crisis, when advertising costs plummeted down, broadened this practise because media agencies could still receive commissions in hidden advertising. Offers in which hidden advertising has different names, such as
bonuses, unconventional advertising, etc., are created in collaboration with the media's advertising departments and editorial staff.

**Special character of hidden political advertising**

Hidden advertising has much in common with all spheres, however the pre-election campaign of 2010 was crucially influenced by these specific features:

- hidden political advertising is controlled by several institutions – National electronic media council, as well as KNAB (corruption watchdog), which accounts for all the finances used for party’s pre-election campaigns;

- before the recent elections, several media managers expressed an open support for a particular political force, not hiding their conviction that biased information will be part of the content;

- some parts of Latvian media implemented clearly defined and distinguishable election campaign principals, for example, gradual introduction of all the political forces; this strategy allowed not only avoiding hidden advertising, but also made it easier to be spotted;

- some media defined their priorities, therefore, in contrast to hidden commercials advertising particular political forces choosing for themselves the media in whose content hidden messages were to be incorporated.

All the Latvian media professionals rejected the presence of hidden political advertising; some admitted a favourable attitude towards some political force, which however does not mean offering clearly biased information advantageous to some party. However, all the Russian media representatives admitted that their papers, radio stations and TV channels consciously include hidden advertising, yet rejected claims they covertly advertised ideologically unacceptable political forces.

A representative of a Russian-language newspaper: “Hidden political advertising is not a new phenomenon. Before election, all our content is sold out, it is impossible to include any important and normal materials.”

A Russian TV journalist: “Before the election I am told to interview absolutely unknown people and find out what are their political views.
That is also hidden advertising. It is determined by the management. All news coverage and programmes are strictly controlled. Our channel has the most amount of hidden advertising; we have broken all the records. I think that if in the time of pre-election all the character in TV series should be substituted with the most popular party representatives, we would do that. That’s a joke.”

Revealing their views on hidden political advertising, media professionals clearly demonstrate that profit is more important than editorial independence, neutral and objective journalism, or diversity of opinions. Hidden political advertising shows how especially fragile, within the Latvian media space, is the notion of responsibility and obligation set out in the Social Theory of the Media (McQuail, 2005: 166) that states that media should grant diversity of opinions and received information.

FORMS AND CONTENT OF HIDDEN ADVERTISING

Hidden advertising can be very versatile because some parties sometimes consider inclusion of biased information as a natural matter. It can resemble editorial content, and also include information that is crucial not only for the paying party, but also for the audience. The hidden advertising published during 2009-2010 is characterised by its crafty adaptation for media editorial content.

Only after some longer period of time or by noticing some similarities in content, one can spot hidden advertising. As told by media and advertising professionals, hidden advertising’s most popular ‘disguise’ is paid interviews and expert opinions. Opinions and evaluations can be published separately or integrated within several other non-paid opinions. Several broadcasting companies’ representatives admitted that participation in debate shows can also be offered as paid advertising content. For their part, the press includes hidden advertising in its news section or feature materials.

Media staff members admit that hidden advertising’s inclusion always goes together with difficult multi-level decision-making. The first level of decision-making: whether to agree to include hidden advertising at all; usually one must answer an important question: is there money for the medium or not. Media try to define allowed limits of hidden advertising, stating cases where the hidden advertising is refused or the editorial board does not agree to the form of the advert, but offers another solution. Therefore the next level of decision-making: what is the hidden advertising about, how will it be published? Media executives try to make it less obtrusive, which is also to a client’s advantage, but
the client also expects the content to include clear references to the product or company’s name. Sometimes an advertiser wants to include their opinion (for example, in economic or financial news), but the editorial rejects that, offering the representative to be one of the sources because there is a need for diversity of opinions. Many advertising clients like that the medium reflects various events important to the company or its management, therefore increasing their publicity. Within this research, these are called ‘pseudo-events’ because they do not contain news of value.

A Russian TV channel representative: “Clients really like hidden advertising interviews. We ask the right question, we get the right answer. Evening news is especially worthy. And of course, clients like that we reflect their tours, meeting, events.”

Although media professionals emphasize that each company has a unique attitude towards hidden advertising, the interviews, however, show that forms and formats of hidden advertising and its content, independent of field, are very similar. For the most part, hidden messages are included in news, interviews, and journal broadcasts. Yet hidden advertising materials reflects personalities (politicians or CEOs, specialists), events, services and products important to business or political organisations.

WAYS OF APPEARANCE OF HIDDEN ADVERTISING

It is quite often that hidden advertising is included in content together with paid advertising. For example, a client is ready to invest a certain sum of money into a medium and is also asking extra advantages in connection with commercially or politically biased information to be included into the medium’s content – broadcasts, programmes, news, features. Clients are usually represented by media agency specialists. If the medium rejects such a service (an inclusion of additional information into content – ed.), the client can argue the medium’s competitors agreed to this deal or even refuse the whole collaboration. This means a part of the media, by refusing hidden advertising, loses a part of the advertising revenues that are vitally important to them. Therefore media managers accept that a large advertiser will includes advantageous information into its editorial content.

A media company’s CEO: “If a certain amount of advertising is placed, we surely try to examine the client’s problematic, the problematic of the field that is represented by him.”
Trying to find an answer to the question: what are the facilitating factors for hidden advertising and the driving forces in the media environment?, it turned out that an offer to develop hidden advertising comes both from advertising agencies and advertising specialists that work for media enterprises. Media advertising departments address producers and editors with an invitation to think about which parts of content, paid by the client, could support information and how such information could appear. Editorial staffs usually express the most negative attitude towards hidden advertising, yet some production companies, nonetheless offer such forms of collaboration. In many cases, editors unsuccessfully battle against the tasks forced on them to create and incorporate hidden advertising into editorial content. An editor-in-chief for a Russian-language newspaper tells:

“It is either friendship, party relationships or money. In one word – a personal interest. Friendship and money are two main factors. There are influential people whom we cannot refuse. And there are people whom simply pay good money.”

Media representatives, editors and advertising executives emphasize that the wish to include biased information into editorial content is still on the rise. In such cases advertising specialists consult with editors and producers so that “the content needed by the advertiser looks harmonic, that it naturally fits the broadcast or the section”.

Media editors emphasize the fact that it is impossible to reject such requests by their colleagues from the advertising department, or they reject them very rarely, because such a rejection can influence the staff member’s further career, independently of whether the rejection is expressed by an editor, a presenter or a journalist. It means that all levels of media staff – from executives to journalists – are involved in the production of hidden advertising.

**PRODUCERS OF HIDDEN ADVERTISING**

All of the content of hidden advertising is developed, created and finalised by journalists, editors and producers. It means that media’s creative staff fulfills tasks that are absolutely foreign to their profession, therefore losing the principles of independence and objectivity. As told by journalists and editors, they are not able to refuse such tasks and duties if the advertising department has made a contract with the advertiser because, in such cases, journalists are confronted by such important questions as further salary, chances of receiving a salary, or responsibility for the future of one’s own employment. Basically,
media executives force consequences upon advertising and editorial staff of their own illegal and, in the long-term, destructive decisions.

In practise, advertising departments offer the advertiser or its representative (media agency) sections and formats into which hidden advertising could be integrated. Usually, those are journal type features or entertainment programmes on radio or television; in press, these are mostly editorial sections. Usually journalists receive a larger payment for producing hidden advertising than their usual salary, however in some media organisations this practise is not valued higher.

Editorial boards believe a special member of staff should be employed for the production of hidden advertising materials. If an editorial board already employs journalists who can create features and interviews, then in that case no other employees are needed, even if there is a need for hidden advertising. Editorial management accepts that journalists create content that is beneficial for their advertisers.

Payment for hidden advertising usually takes place in two ways:

1. In most media there are no specially created costs for hidden advertising; the costs therefore are not reflected in documents.

2. Some media offer hidden advertising formats that are registered as collaborative features, sections, unconventional advertising spaces, bonuses for a placement of traditional advertising, as well as other titles.

On the one hand, in the interviews with editors, discontent was frequently expressed about such a situation, but on the other hand, journalists and editors realize they risk their employment if they refuse such tasks, even if such tasks are not included in their employment obligations and contracts.

An editor-in-chief of a newspaper:

“I very rarely refuse. In such cases I immediately receive a question: do you want to receive the salary. We have large advertisers that are never refused, it is impossible. I rather try to make sure that the editorial reputation is not damaged, because I am embarrassed by these projects. For example, journalists are allowed not to sign news that are about some silly events that are important just to some company.”
A representative of a Russian-language newspaper adds:

“In theory, I can refuse to produce it (hidden advertising – ed.), but… no one ever wants to risk their job, especially in the time of the crisis. I am not an exception. And what if I refuse to do it? Tomorrow comes another person and does the job instead of me. At this moment, our young journalists do not bother themselves with moral principles. They follow management’s orders with a special diligence. We have journalists on our board who are able to present hidden advertising specially covert. It is a talent of some sorts.”

The editorial boards do not usually hold debates about questions of hidden advertising production. Editors give journalists a task which is not further explained in detail. The production of hidden advertising has gradually become a routine job in many editorials. Although journalists realize the production of hidden advertising degrades their profession, they rarely refuse these duties that are not on their professional list. It is a sort of silent agreement involving the highest editorial management, advertising departments, editors, journalists. Basically, the decisions and agreements made by advertising specialists about the inclusion of hidden advertising are implemented by editors and journalists. Promises made by advertising professionals become a responsibility of the editorial staff.

Editors’ decisions to accept hidden advertising is influenced by a notion of loyalty that does not allow one to disobey the pressure from a higher-standing manager (a director, a chairman of the board). Sometimes media editors justify their actions by the idea that hidden advertising is only rarely produced and cannot negatively influence the whole content. Therefore short-term benefits overshadow editors’ doubts about the possible loss of audience trust. Nevertheless, these ways are pierced through by doubts, negative attitude towards hidden advertising, and reluctant acceptance of management’s pressure. Paradoxically, media managers blame editors for diminishing rates of sales or broadcast ratings and the overall amount of audience, believing that the reason for these is poor quality of such content.

**HIDDEN ADVERTISING AND QUALITY OF JOURNALISM**

Hidden advertising not only destroys audience trust in media, but also degrades the trust of journalism as a profession. All the interviewed editorial members were convinced that hidden advertising is not a desirable phenomenon and an unnatural part of media content, that it can undermine audience trust and contradict principles of journalism. Journalists describe hidden advertising as a despised duty; editors talked about it as an unpleasant and difficult task that
complicates day-to-day work. Yet advertising specialists and media executives do not always judge hidden advertising to be a purely negative phenomenon, although some of them realize hidden advertising can influence the quality of their media content. Nevertheless, none of them hesitated to say that journalists are those who should be producing such content.

Journalists not only develop hidden advertising texts, features, and interviews, they also contact the hidden advertiser to agree on precise requirements, negotiate questions, topic and feature content. Basically, a journalist fulfills the duties of an advertising specialist. With time, journalists get used to this practice as normal. They know much of their work is induced by advertisers, and is fully controlled. This creates self-censorship, unwillingness to independently study and research reality and, at the same time, creates a conflict between authors of content and media management. On the other hand, journalists justify their individual actions in the creation of hidden advertisements, as they are under constant pressure, working in an unstable media environment. Journalists are afraid of losing their jobs if they don’t agree to produce paid for news, features, interviews, etc. In addition, journalists consider hidden advertising as an unusual act of loyalty, although such practice is contradictory to their contracts. Although, production of hidden advertising is commonplace, the respondents, interviewed as a part of the study, admit that those are isolated incidents, and try to ‘neutralise’ the negative effect of hidden advertising with quality and professional work regarding the remainder of their media content.

Latvian media has made broad steps apart from principles defined by the media social responsibility theories that state that media, and especially media news content, must be faithful, precise, objective and that “the media must be free, yet have to realize self-regulation” (McQuail, 2005: 172). Hidden advertising is one of the reasons why journalists’ professional self-consciousness is falling; it also partially facilitates the scornful attitude of the audience towards journalists, lack of trust in their work, and publicly expressed suspicions about their corruptibility. Unfortunately, this research of hidden advertising proves these suspicions to be right and shows the Latvian media environment has professionally degraded. In this situation, professional ethical norms are regularly violated, and they are not able to protect members of editorials from “external influences” (McQuail, 2005: 173) and guarantee their autonomy.

**QUESTION OF EFFICIENCY OF HIDDEN ADVERTISING**

An important part of the debate about the reasons for hidden advertising is a question of the efficiency of this type of advertising. Media editorial professionals expressed an opinion that hidden advertising could be more
effective than traditional types of advertising. Representatives of media organizations advertising departments voiced an assumption that individual advertisers are interested in hidden advertising because they highly value its efficiency. However, these evaluations are based upon the respondents’ ideas and desirable efficiency because hidden advertising has no verifiable proofs.

Among advertising specialists, hidden advertising is not regarded as a valuable investment, as something crucial in order to achieve a client’s goals; more likely, it is useful “for satisfaction of some president’s or director’s ambitions because he or she, for their money, gain extra publicity”. However, hidden advertising does not grant real benefit for a product’s or service’s promotion in the market or an increase in sales. It has not been studied, however, because such research formats are too expensive. An advertising expert who was interviewed for the purposes of this research believes that hidden advertising cannot grant considerable benefit in increasing the efficiency of a campaign; even if a large amount of it is used, still the best way to increase efficiency is by using legal forms of advertising.

The Russian-language media representative’s explanation about hidden advertising efficiency is slightly different. Russian editors believe it is very important for advertisers and, especially in cases of political hidden advertising, the demand is linked to its efficiency. For several Russian-language broadcasters, hidden advertising costs are higher than classic advertising costs.

An advertising professional:

“In most cases, advertisers do not even look into all that (the practice of hidden advertising – ed.). That is the task of media agency, it places advertising for the right audience. Media and creative agencies compete and fight for the so-called added value that is received by unconventional advertising. Therefore the force is not the advertiser, but the big agencies whose interests and demands are in these fields. Clients rarely doubt the efficiency of hidden advertising. If it has no results, then the only thing to think is ‘I was the fool, I made the wrong choice’; a second thing: to broaden the range of media used. If company’s representative is not satisfied with the result, it means more working yourself”.

Advertising industry representatives believe that, in Latvia, there are very few media organizations where one cannot include hidden advertising on behalf of their clients. Hidden political advertising cannot be included in press content ideologically or financially linked to some party interests, yet hidden commercial advertising can be negotiated into any medium’s content.
HIDDEN ADVERTISING AND AUDIENCE

Media representatives’ opinions vary whether their audience recognizes hidden advertising. Some of them admit hidden advertising is easily recognizable and audiences are used to that; however, other respondents believe that masterfully created hidden advertising is not easily recognized.

Although almost all of the interviewed media professionals admit that hidden advertising makes media content one-dimensional and tendentious, at the same time, they agree that, for the most part, an audience is able to recognize hidden advertising. To justify its usage, media content managers are convinced audiences, although informed about hidden messages, will view them negatively and, for the most part, receive their presence indifferently. If an audience does not react to hidden advertising, the editorial staff must take responsibility for forming public opinion, and at the same time accept that this principle is not fully destroyed by a temporary deviation from its compliance. Latvian media content and editorial culture show a strangely natural combination of media professional principles, defined by both a liberal theory (McQuail, 2005: 175) and simultaneous lapse from them.

The undefined audience’s attitude does not force most media managers (except public broadcasters) to give up hidden advertising, but instead to create such formats that would be harder to recognize, that is, to involve in the creation of such advertising the best and most trusted professionals to masterfully hide it within media content.

CONCLUSIONS

The history of hidden advertising in Latvia began right after regaining independence in the beginning of 1990s. All the interviewed media executives emphasized that hidden advertising techniques originated in the beginning of 1990s when the media market was dominated by a chaotic understanding of professional principles; this business was joined by people with no education, who tried to earn money in a short period of time, offering media various hidden advertising solutions (as representatives of advertisers), or offering advertisers the possibility of publishing beneficial information for a certain payment (as editorials). This time saw also the beginning of journalist involvement in the production of advertising, paid interviews and features. This practice was typical of weak media (from a market’s point of view), however due to the dishonest conduct of some media workers, hidden advertising appeared in other media
too, including public media content. The basis for hidden advertising to exist is in their supporters’ belief that beneficial messages in an editorial content, which is trusted by an audience, will seem more faithful and therefore more effective.

After Latvia joined the European Union in 2004, which coincided with the economic boom, the cases of hidden advertising became more rare as the advertising and media market regulated itself. It became systematically controlled, making it harder to receive payments for hidden advertising. The level of education and understanding among media practitioners also improved, which created a common conclusion that hidden advertising deforms media business. Nevertheless, parallel to all this, at the time there were still media organizations that believed publishing of hidden material to be part of a normal media existence, despising colleagues who did not support this sort of business. Therefore, after 2000, hidden advertising was no longer a realm of dishonest or poorly educated lower personnel (also used as a way to cheat your employers): instead, hidden advertising was accepted and used by all media executives. At the same time, the media market became more stable; the strongest players were no longer trying to please the demands of large advertisers to covertly include biased information in their editorial content. Also, previously conducted studies of possibly hidden political advertising in pre-election times, showed an increasing tendency for hidden advertising to drop between 2002 and 2006.

However, in the last two years of economic recession, when the amount of the advertising market went down by 46% (2009), bringing media organizations to the edge of bankruptcy, hidden advertising came back into media content. It is one of the methods that allows for receiving at least a small revenue from advertisers. Therefore, professional environments have seen a sharp decrease in the negative attitude towards hidden advertising; it is thought of as a necessary evil, and these reactions are employed in order to create attractive hidden advertising projects. Interestingly, in recent years, forms of hidden advertising have become more sophisticated – it now resembles journalism much more than previously published adverts that were openly one-sided, journalistically poor, and obviously praising their advertisers. For example, media professionals say that before the last parliamentary elections, the candidates agreed to pay for an interview or a presence at a panel discussion even if it meant receiving uneasy questions, because the fact of the publicity itself seemed to be more relevant. It means that hidden advertising has become harder to recognise.

By gathering the information granted by media professionals, it is possible to define four periods of hidden advertising:
1) From 1991 until 1997, when hidden advertising mainly existed as an agreement between individual journalists, producers or editors and an advertiser that included a deal in cash but left out media management or owners. However, this was the period when paid interviews and features were also produced with an acceptance by editorial management. At the same time, a sort of hidden advertising developed that was incorporated into media content by independent production companies because their costs system encouraged not only media content production, but also a search for advertisers who could cover production expenses.

2) From 1998 until 2004, information about hidden advertisement in Latvian media content and its negative impact publicly appears. The time before elections sees several studies conducted on hidden advertising that shows a large amount of hidden political advertising in media content. In this period, media executives review their attitude towards hidden advertising; some managers try to clear their medium from hidden advertising. Advertisers also begin to respect these strategies; advertising industry sees the influence of knowledge and work principles from international ad agencies, which reduces a demand for hidden advertising. At the same time, new media organizations came into the Latvian media market, whose managers develop hidden commercial advertising, making it a normal practice and institutionalizing it. In this period, hidden adverts are mainly realized as articles and interviews, incorporation of an advertiser’s representatives into entertainment formats, e.g., advertiser’s appointed people receive publicity by performing in cookery, various hobby or gardening shows. This is when hidden political advertising had widely spread; it was also facilitated by weak legal legislation that did not limit party spending before elections. These processes provoked debates about corrupt journalism and undermined society’s trust in media, at the same time showing that journalists do not have unified professional principles and ethical norms.

3) From 2004 until 2007, the proportion of hidden advertising in influential and market-wide stable media was reduced. Some media organizations were restructured into business units; paying all taxes, creating legally grounded relationships with their partners, developing business in other countries, and partially adopting internationally recognized business management norms. However, at the same time,
there were media organizations that saw hidden advertising as almost
the only way to attract advertising money.

4) From 2008 until 2010, economic recession caused the advertising
market to collapse, forcing hidden advertising to increase in all media.
When the amount of money invested in advertising by businesses,
which was the main basis for the industry, fell drastically, media
organizations began to look for any way to earn. Hidden advertising
was offered as a solution. As the result, even those media that used
to avoid hidden advertising began to offer such services because, in
comparison to their competitors, they did not want to end up in a less
privileged situation when the media market was weak. In this, as well
as previous periods, the reason for such advertising to develop was a
connection between several media organizations and political forces,
especially if these forces are linked to owners of media organizations.

By analysing the information gathered during the interviews, one can detect several
contradictory practices in connection with the hidden advertising evaluation.

- the first practice defends traditional editorial independence, classic
  principals of journalism, attempts to avoid influence on content, and
  legal obligations in respect to advertising; at the same time, media
  organizations create their own internal hidden advertising control
  system in order to free media content from any forms of hidden
  advertising (including, for example, politicians who participate in
  commercial clips).

- the second practice allows certain compromises that rarely create
  suspicion about hidden advertising in media content; sometimes it is
  linked to coincidence, lack of control, dishonest conduct of particular
  staff members or lack of journalistic quality.

- The third practice is consciously directed towards the regular and
  planned inclusion of hidden advertising into media content, seeking
  more new forms of integrating hidden advertising; essentially the
  medium’s goal is to find any ways to incorporate advertiser-biased
  information into media content, disregarding legality of this practice,
  ethics, or trying to find any legal way of doing this. Media executives
  who support such actions regard them as the only way to stay
  competitively in the market.
Before it reaches the audience, hidden advertising has been agreed upon by all the participants: politicians or company representatives, media editors, journalists, developers and sellers. Only the audience has not agreed, but by the wave of hidden advertising one can tell that the audience has accepted it. Media users recognise hidden advertising, but its presence does not make them ignore the whole medium if the rest of the content is attractive. This reduces the level of media responsibility (McQuail, 2005) and quality of journalism.

Nevertheless, in most parts of media, hidden advertising, in comparison to other types of advertising, is considerably cheaper. Therefore, during the years of economic crisis (2008–2010), it becomes more attractive from the point of view of advertisers. Economic recession has changed the attitudes towards hidden advertising both in the eyes of clients and advertising agencies; both parties have become more open to these services because it allows saving money.

Judging by the media professionals’ attitude towards hidden advertising, one must admit that the number of media that follow honest media practices and avoid integrating hidden advertising in editorial content is decreasing.

Therefore, hidden advertising’s constant presence in Latvian media content is influenced, on the one hand, by media’s profit drive and the advertisers’ wish to integrate their messages into editorial content, and, on the other hand, is not condemned by the public, therefore there is no encouragement to give it up.
REFERENCES


