Product placement effectiveness: revisited and renewed

Kaylene Williams
California State University, Stanislaus

Alfred Petrosky
California State University, Stanislaus

Edward Hernandez
California State University, Stanislaus

Robert Page, Jr.
Southern Connecticut State University

ABSTRACT

Product placement is the purposeful incorporation of commercial content into non-commercial settings, that is, a product plug generated via the fusion of advertising and entertainment. While product placement is riskier than conventional advertising, it is becoming a common practice to place products and brands into mainstream media including films, broadcast and cable television programs, computer and video games, blogs, music videos/DVDs, magazines, books, comics, Broadway musicals and plays, radio, Internet, and mobile phones. To reach retreating audiences, advertisers use product placements increasingly in clever, effective ways that do not cost too much. The purpose of this paper is to examine product placement in terms of definition, use, purposes of product placement, specific media vehicles, variables that impact the effectiveness of product placement, the downside of using product placement, and the ethics of product placement.

Keywords: Product placement, brand placement, branded entertainment, in-program sponsoring

INTRODUCTION

In its simplest form, product placement consists of an advertiser or company producing some engaging content in order to sell something (Falkow, 2010). As such, product or brand placement continues to be an important practice within advertising and integrated marketing communications in which advertisers push their way into content far more aggressively than ever before (The Economist, 2005). While product placement is riskier than conventional advertising, it is becoming a common practice to place products and brands into mainstream media including films, broadcast and cable television programs, computer and video games, blogs, music videos/DVDs, magazines, books, comics, Broadway musicals and plays, radio, Internet, and mobile phones (Stephen and Coote, 2005). Due to media fragmentation, media proliferation, and declining advertising efficacy, product placement increasingly is becoming an effective way to reach consumers and non-users (Mackay, Ewing, Newton, and Windisch, 2009). It is estimated that two-thirds of TV viewers cut the sound during commercials, channel-surf, or skip them altogether because they are annoying or irrelevant (Kiley, 2006). Smit, van Reijmersdal, and Neijens (2009) have found that the industry considers brand placement and brand-integrated programs as the future of television advertising. In recent years, product placement frequently has been used as the basis of multi-million dollar marketing and promotional campaigns with more than 1000 firms that specialize in product placement (Balasubramanian, Karrh, and Patwardhan, 2006; Argan, Velioglu, and Argan, 2007). The purpose of this paper is to examine product placement in terms of definition, use, purposes of product placement, specific media vehicles, variables that impact the effectiveness of product placement, the downside of using product placement, and the ethics of product placement.

PRODUCT PLACEMENT DEFINED

Product placement is the purposeful incorporation of commercial content into non-commercial settings, that is, a product plug generated via the fusion of advertising and entertainment (Ginosar and Levi-Faur, 2010). Product placement--also known as product brand placement, in-program sponsoring, branded entertainment, or product integration--is a marketing practice in advertising and promotion wherein a brand name, product, package, signage, or other trademark merchandise is inserted into and used contextually in a motion picture, television, or other media vehicle for commercial purposes. In product placement, the involved audience gets exposed to the brands and products during the natural process of the movie, television program, or content vehicle. (Panda, 2004; Cebrzynski, 2006) That is, product placement in popular mass media provides exposure to potential target consumers and shows brands being used or consumed in their natural settings (Stephen and Coote, 2005). Ultimately, the product or brand is seen as a quality of the association with characters using and approving of the product placement, for example, Harold and Kumar on a road trip to find a White Castle, Austin Powers blasting into space in a Big Boy statue rocket, Will Ferrell promoting Checkers and Rally's Hamburgers in the NASCAR comedy Talladega Nights, MSN appearing in Bridget Jones' Diary, BMW and its online short films, Amazon.com's Amazon Theatre showcasing stars and featured products, Ford and Extreme Makeover, Tom Hanks and FedEx and Wilson, Oprah giving away Buicks, Curious George and Dole, Herbie and VW, Simpsons' and the Quik-E-Mart, Forrest Gump and the Bubba Gum Shrimp Co. restaurants, Jack Daniels and Mad Men, and LG phones in The Office, just to name a few. In addition, Weaver (2007) gives numerous examples of

product placements related to tourism, for example, the film Sideways promoting wine tourism in California's Napa Valley, the Ritz-Carlton hotel chain selling Sealy mattresses on the Internet, Holiday Inn Express selling Kohler's Stay Smart shower head, Showtime and HBO in many hotels and motels, and Southwest Airlines serving Nabisco products.

Even though product placement was named and identified formally only as recently as the 1980s, product placement is not new (Balasubramanian, 1994). Originally, product placement served as a way for movie studios and television networks to reduce the cost of production through borrowed props. Brand/product placement first appeared in Lumiere films in Europe in 1896. (Newell, Salmon, and Chang, 2006) In the early years of U.S. product placements, the idea of connecting entertainment with consumption messages showed up in the entertainment films of Thomas Edison featuring shots of products from the Edison factory and Edison's industrial clients. Beginning in the 1930s, Proctor & Gamble broadcasted on the radio its "soap operas" featuring its soap powders. Also, television and film were used by the tobacco companies to lend glamour and the "right attitude" to smoking (The Economist, 2005). However, due to poorly organized efforts and negative publicity about the surrender of media content to commercialization, product placements were relatively dormant after the Depression. Product placements were recatalyzed in the 1960-70s with a growth spurt during the 1980s and 1990s. (Balasubramanian, Karrh, and Patwardhan, 2006)

Movies and programs are watched many times, accordingly, product placements are not limited in time to the original filmed item. In addition, today's technology can insert product placements in places they were not before. This digital product integration is a new frontier for paid product placement. As a result, consumers will see more and more product placements that are strategically placed in the media. Most product placements are for consumer products, yet service placements appear more prominently. Service placements tend to be woven into the script and are probably more effective than product placements that are used simply as background props. (La Ferle and Edwards, 2006)

Product placements may be initiated by a company that suggests its products to a studio or TV show, or it might work the other way around. Intermediaries and brokers also match up companies with product placement opportunities. (Stringer, 2006) Costs for product placements can range from less than $10,000 to several hundred thousand dollars. However, television and movie producers routinely place products in their entertainment vehicles for free or in exchange for promotional tie-ins. (Cebrzynski, 2006)

In terms of the Internet, consumers want to communicate with companies and brands so that they can get the information they want or need. So, companies need to listen to online conversations and establish what interests their online community. Then, they can provide that information in an engaging format including storytelling, articles, images, and video. For example, Yahoo! has produced branded video content – 5-10 minute "webisodes" that usually feature story lines around a specific product such as a show about someone driving cross country in a Toyota Hybrid, sponsored by Toyota. (Falkow, 2010) "Being able to creatively brand interesting and valuable online content that attracts readers and viewers might just turn out to be the shortest way to consumer's hearts and minds." (Falkow, 2010, p. 1)

While product placements have been used prolifically to target ultimate household consumers, they are beginning to expand into the business-to-business domain. In general, buying-center participants find the practice to be acceptable for a wide array of B2B products and services. In particular, when buying-center participants are exposed to experimental B2B influence through placement within major motion picture products, participants demonstrate an

impressive level of recall and a modestly favorable attitude and purchase intention. (Lord and Gupta, 2010)

USE OF PRODUCT PLACEMENT

Even though measures of its effectiveness have been problematic, product placement is a fast growing multi-billion dollar industry (McDonnell and Drennan, 2010). According to the research company PQ Media, global paid product placements were valued at $3.07 Billion in 2006 with global unpaid product placements valued at about $6 Billion in 2005 and $7.45 Billion in 2006. Global paid product placement spending is expected to grow at a compounded annual rate of 27.9% over 2005-2010 to $7.55 Billion. Consequently, product placement growth is expected to significantly outpace that of traditional advertising and marketing. By 2010, the overall value of paid and unpaid product placement is expected to increase 18.4% compounded annually to $13.96 Billion. (BusinessWire, 2006) Television product placements are the dominant choice of brand marketers, accounting for 71.4% of global spending in 2006 (Schiller, 2007). Advertisement spending on product placement in games in the U.S. is likely to reach $1 billion by 2010 (Kiley, 2006).

The U.S. is the largest and fastest growing paid product placement market, $1.5 Billion in 2005, $2.9 Billion in 2007, and $3.7 Billion in 2008 (Brandweek, 2007; Quart, 2008; and BNET BusinessWire, 2008). Marketers increased the dollars spent on branded content in 2009, double the 2008 figures. Branded content comprised 32% of overall marketing, advertising, and communications budgets. These numbers are expected to jump significantly in 2010. (Falkow, 2010) Some 75% of U.S. prime-time network shows use product placements. This number is expected to increase due to the fact that 41% of U.S. homes are expected to have and use digital video recorders that can skip through commercials. Hence, communicating core marketing messages is vital and difficult. Consider the following data (1st Place, 2010, p. 1):

- "90% of people with digital video recorders skip TV ads.
- "To be seen, brands now have to get inside the content.
- "Consumer consumption of entertainment increases when economic times get tough.
- "ITV reported an increase of 1.1% in TV viewing in the first quarter of 2009.
- "Cinema admissions for 2009 to April 30 stand at 55.2 million, a 14.2% increase on the same periods in 2008.
- "Research shows product placement in content boosts brand awareness, raises brand affinity and encourages prospective purchasers.
- "60% of viewers felt more positive about brands they recognized in a placement.
- "45% said they would be more likely to make a purchase."

Product placements can be a cost-effective method for reaching target customers. Because of this, product placements are likely to eclipse traditional advertising messages. (Russell and Stern, 2006)

In terms of specific numbers, U.S. product placement occurrences for January 1 – November 30, 2008 broadcast network programming for the Top 10 programs featured 29,823 product placements. Biggest Loser was the leader in terms of the number of product placements (6,248 occurrences, followed by American Idol, Extreme Makeover Home Edition, America's Toughest Jobs, One Tree Hill, Deal or No Deal, America's Next Top Model, Last Comic Standing, Kitchen Nightmares, and Hells Kitchen. The Top 10 brands that featured product placements for January 1 – November 30, 2008 were CVS Pharmacy, TRESemme, El Pollo

Loco, Bluefly.com, Sears, Glad, Whole Foods Market, Food & Wine Magazine, GQ Magazine, and Hugo Boss. (1ˢᵗ Place," December 15, 2008)

The use of product placements in recorded music also is growing. As noted by Plambeck (2010, p. 1)

"According to a report released last week by PQ Media, a research firm, the money spent on product placement in recorded music grew 8 percent in 2009 compared with the year before, while overall paid product placement declined 2.8 percent, to $3.6 billion.

"The money is often used to offset the video's cost, which is usually shared by the artist and label.

"Patrick Quinn, chief executive of PQ Media, said that revenue from product placement in music videos totaled $15 million to $20 million last year, more than double the amount in 2000, and he expected that to grow again this year.

"The Lady Gaga video, which has been viewed 62 million (updated: 91.8 million as of November 14, 2010) times on YouTube, included product placements from Miracle Whip and Virgin Mobile."

Another area of growing product placements is placed-based video ads in stores, shopping malls, restaurants, medical offices, bars, airports, or health clubs. Approximately 29.6% of U.S. adults or 67.4 million adults have viewed these types of video ads in the last 30 days. Both young men and young women, in general, are more likely than the population as a whole to report they viewed place-based video ads. Young men aged 18-34 are 28% more likely (young women are 13% more likely) than the population as a whole to have viewed a place-based video ad in the last 30 days. This is important because these young consumers are difficult to reach via traditional media. "Video advertising in stores and shopping malls garnered the largest audience, at nearly 19% and 15% of the U.S. adult population, respectively. This was followed by nearly 11% of U.S. adults who saw a video ad in the last 30 days in a restaurant or medical office, nearly 9% who saw a video ad in a bar/pub or at an airport, and 7% who saw a video ad while at the gym or health club." (gfkmri.com, 2010, p. 1)

Generally, U.S. product placement markets are much more advanced than other countries such that other countries often aspire to the U.S. model. The next largest global markets are Brazil, Australia, France, and Japan. China is forecast to be the fastest growing market for product placements this year, up 34.5% (Thomasch, 2007). Product placement methods differ widely by country given varying cultures and regulations. Most product placements are in five product areas: transportation and parts, apparel and accessories, food and beverage, travel and leisure, and media and entertainment. (BusinessWire, 2006)

PURPOSES OF PRODUCT PLACEMENT

Product placement can be very useful. Ultimately, product placements among entertainment firms, corporate brands, and agencies are all monetarily driven, either directly or indirectly. At the very least, entertainment firms and independent production companies are hoping to reduce their budgets so that more dollars can be invested elsewhere. (Chang, Newell, and Salmon, 2009) Its purposes include achieving prominent audience exposure, visibility, attention, and interest; increasing brand awareness; increasing consumer memory and recall; creating instant recognition in the media vehicle and at the point of purchase; changing consumers' attitudes or overall evaluations of the brand; changing the audiences' purchase behaviors and intent; creating favorable practitioners' views on brand placement; and promoting

consumers' attitudes towards the practice of brand placement and the various product placement vehicles. (Panda, 2004; Kureshi and Sood, 2010) As noted by van Reijmersdal, Neijens, and Smit (2009), a substantial part of the effects and interactions of product placement is still unknown.

(1) To achieve prominent audience exposure, visibility, attention, and interest

Product placements can have a significant effect on message receptivity (Panda, 2004). The sponsor of product placements is likely to gain goodwill by associating itself with a popular program targeted to a specific audience. The more successful the program, the longer shelf life of the product placement. (Daugherty and Gangadharbatla, 2005; d'Astous and Seguin, 1999) Interest in advertising appearing in product placement in movies is reported to be of "considerable" or "some" interest to 31.2% of consumers (NextMedium, 2008). More frequent viewers and viewers who enjoy the program pay more attention to product placements. Brands need to be visible just long enough to attract attention, but not too long to annoy the audience. (Argan, Velioglu, and Argan, 2007)

(2) To increase brand awareness

Nielsen Media Research has shown that product placement in television shows can raise brand awareness by 20% (Cebrzynski, 2006). Tsai, Liang, and Liu (2007) found that higher brand awareness results in a greater recall rate, more positive attitudes, and a stronger intention of buying. When brand awareness is high, a positive attitude toward the script leads to a higher recall rate. Also, when a brand gains a certain level of awareness, the more positive the attitude toward product placement, the stronger its effect on recall rate, attitude, and intention of buying. However, when product/brand awareness is not high enough, consumers typically fail even to remember the names of the advertised products.

(3) To increase consumer memory and recall of the brand or product

Product placements can have a significant effect on recall (Panda, 2004). For example, memory improves when visual/auditory modality and plot connection are congruent (Russell, 2002). Pokrywczynski (2005) has found that viewers can correctly recognize and recall placed brands in movies, using aided recall measures and free recall measures. Also, brands placed prominently in a movie scene enjoy higher brand recall than those that are not. Verbal and visual brand placements are better recalled than placements having one or the other. In addition, showing the brand early and often with at least one verbal mention enhances brand recall (Romaniuk, 2009). Also, sitcoms rather than reality shows tend to spark better recall for product placements (McClellan, 2003). Hong, Wang, and de los Santos, (2008) found that product placement upholds brand salience or the order in which brands come to mind. They note that to build brand salience, product placement strategies should focus on how a product can explicitly convey the product's superiority, durability, performance, and specification. That is, marketers should focus on how a product can be noticed, even if it is perceived as artificially inserted for commercial purpose. As such, marketers need to give as much attention to product placements as they do to the insertion of commercials into a television program. To achieve higher brand salience, they also found that products should be placed more in negative-context programming

than in positive ones and should not excessively interfere with the plot. In addition, Gupta and Gould (2007) found that greater recall can be obtained by smart placement of product placements in game shows, in particular, placements that appear at the beginning of a game show command higher recall. Brand recall is typically no higher than 30% (Pokrywczynski, 2005). Or, as summarized by van Reijmersdal (2009, p. 152), "Prominent brand placement affects memory positively, but affects attitudes negatively when audiences are involved with the medium vehicle, when they like the medium vehicle, or when they become aware of the deliberate brand placement (selling attempt)."

(4) To create instant recognition of the product/brand in the media vehicle and at the point of purchase

Product placement can have a significant effect on recognition (Panda, 2004). Familiar brands achieve higher levels of recognition than unfamiliar brands (Brennan and Babin, 2004). In addition, product or brand placement recognition levels received from audio-visual prominent placements exceed the recognition rates achieved by visual-only prominent placements (Brennan and Babin, 2004). Some 57.5% of viewers recognized a brand in a placement when the brand also was advertised during the show. That number is higher than the 46.6% of viewers who recognized the brand from watching only a television spot for the brand. (Cebrzynski, 2006) While prominence of the placement leads to increased recognition, if the placement is too long or too prominently placed, viewers might become suspicious, elaborate on the commercial purpose of the placement, counter-argue, and form negative attitudes or behaviors. (Van Reijmersdal, Smit, and Neijens, 2010) In addition, star liking, cognitive effect, and pleasure affect recognition for product placements. (Scott and Craig-Lees, 2010) Specifically, brand recognition due to product placements increased 29% during highly enjoyable programs (NextMedium, 2008).

(5) To bring desired change in consumers' attitudes or overall evaluations of the brand

The influence of product placement on attitudes, preferences, and emotions toward a product or brand has not been researched very much. With this in mind, however, no differences have been found in viewers' attitudes toward a product or brand. On the other hand, initial evidence suggests that consumers align their attitudes toward products with the characters' attitudes to the products. In addition, this process is driven by the consumers' attachment to the characters. (Pokrywczynski, 2005; Russell and Stern, 2006) Argan, Velioglu, and Argan (2007) suggest that the audience pays attention to and accepts brand placement in movies and takes celebrities as references when shopping. However, the movie should not be over commercialized. At the same time, initial studies find that attitudes toward product placements do not differ based on gender, age, income, or education. However, as discussed later, more recent studies have found differences. Authors van Reijmersdal, Neijens, and Smit (2007) have found that as consumers watch more episodes, the brand image becomes more in agreement with the program image. This confirms that learning and human association memory are important to brand placement. It also has been noted that product placements on emotionally engaging programs were recognized by 43% more viewers (NextMedium, 2008)

(6) To bring a change in the audiences' purchase behaviors and intent

Product placements are associated with increased purchase intent and sales, particularly when products appear in sitcoms, for example, Ally McBeal in Nick and Nora pajamas, Frasier and Friends in Starbucks and New World Coffee, and Cosmopolitan martinis in Sex and the City (Russell and Stern, 2006; Panda, 2004). In one example, Dairy Queen was featured on The Apprentice. The contestants needed to create a promotional campaign for the Blizzard. During the week of the broadcast, Blizzard sales were up more than 30%. Website hits also were up significantly on the corporate and Blizzard Fan Club sites as well as the Blizzard promotional site. While DQ had six minutes of screen time, the overall tone was a little harsh with two contestants arguing. So, it was not the most positive environment for good, old-fashioned DQ. However, it cost DQ in the "low seven figures" to appear on the show and run its supporting promotion. Not bad for a 30% increase in sales. (Cebrzynski, 2006) Controversy does seem to generate attention.

(7) To create favorable practitioners' views on brand placement

Practitioners' views on product placement generally are favorable or else the product placement market would not continue to increase. Practitioners remain positive about product placements as long as no harm is done, sales and brand image go up, and consumers are positive about the product and brand. Also, product placements help the practitioner make up for an increasingly fragmented broadcast market due to technology such as TiVo and DVD recorders.

(8) To promote consumers' attitudes towards the practice of brand placement and the various product placement vehicles

In general, attitudes toward product placement are favorable across media types. Additionally, viewers tend to like product placements as long as they add realism to the scene. Snoody (2006) has found that viewer enjoyment of product placements actually increased for media vehicle versions of product placements where products were an integral part of the script. He conjectures that peoples' lives are so saturated with brands that the inclusion of identifiable products adds to the sense of reality, that is, validates the individual's reality. Also, product placements are preferred to fictitious brands and are understood to be necessary for cost containment in the making of programs and movies (Pokrywczynski, 2005). About half of respondents said that they would be more likely to buy featured products. People with more fashionable and extroverted lifestyles typically have more positive attitudes toward product placement (Tsai, Liang, and Liu, 2007). Sung and de Gregorio (2008) found that college students' attitudes toward brand placement are positive overall across media, but that brand placements in songs and video games are less acceptable than within films and television programs. So, marketers need to take into account the appropriateness of the specific genre of the particular media program into which they intend to place brands. Non-students are more neutral toward the practice than students. In general, consumers are positively disposed toward product placement, value the realism of the ad, and do not consider the ad to be unethical or misleading as long as the product is not ethically charged, for example, alcohol. (Sung, de Gregorio, and Jung, 2009) Also, while there is a generally positive perception of the practice overall, there are reservations regarding the insertion of certain ethically charged products such

as firearms, tobacco, and alcohol (de Gregorio and Sung, 2010). (Sung and de Gregorio, 2008) Also, if brand image is positive, then consumers' brand evaluations toward the product placement seem to be more positive (Panda, 2004). Older consumers are more likely to dislike product placements and more likely to consider the practice as manipulation (Nelson and McLeod, 2005). (Daugherty and Gangadharbatla, 2005)

Overall, the managerial implications have been stated eloquently and succinctly by van Reijmersdal, Neijens, and Smit (2010, p. 441):

"To create brand placements that are positively evaluated, they should be placed within programs, movies, games, or magazines that are involving for the audience. Placements are also positively evaluated when the placement format is more editorial rather than commercial.

"To increase brand memory, brands should be prominently placed and be accompanied by an actor in films or television programs. Brand evaluations can become more positive when the placement is more editorial instead of commercial and when non-users of the brand are reached. Behavior and behavioral intentions are influenced best when the audience has positive evaluations of brand placement, when placements are presented in editorial formats, and when placements are repeated."

USE OF PRODUCT PLACEMENT IN SPECIFIC MEDIA

Researchers have studied product placement in various media: advergames, computer/video games, digital games, movies, television, television magazines (Matthes, Schemer, and Wirth, 2007), novels (Brennan, 2008), online games, simulation games, sporting events, game shows (Gupta and Gould, 2007), radio, physical environments such as hotel rooms, rental cars, or ships (Weaver, 2007), virtual/online environments (Yaveroglu and Donthu, 2008), and songs (Delattre and Colovic, 2009). Most product placement studies have focused on film (33.87%), television (32.25%), and video games (20.21%). (Kureshi and Sood, 2010) In actuality, most product placement is done through television, film, and video games. However, regardless of the media used, the brand's image and the content vehicle need to fit in such a way that the product/brand image will not be harmed and that attention will be brought to the product or brand (Cebrzynski, 2006). Also, because advertisers continue to look for ways to stay in touch with consumers, they easily could follow their audiences into less-regulated media such as the Internet and 3-G mobile phones. As web-connected television becomes a practical reality, a user-driven environment and peer-to-peer file swapping is being reinforced. While new platforms such as 4G and MPEG-4 create greater opportunities for interactivity, successful product placement still must be relevant to its host content. (New Media Age, August 11, 2005)

Television

Television viewing is complicated with the use of zipping, zapping, TiVo, and DVRs. That is, the audience can shift the channel, change the program, and slow down or fast-forward the program to avoid advertising. In addition, media clutter, similarity of programming across channels, and channel switching behavior all compound the advertising effectiveness of television. (Panda, 2004) As a result, top-rated television shows are not necessarily the best places for product placements. Product placements depend on a number of factors, including

length of the time on air, when and how products are woven into the story line, and targeted audience. (Friedman, 2003)

Plot connection (Russell, 1998, 2002; Holbrook and Grayson, 1996) is the degree to which the brand is woven into the plot of the story. Lower plot placements do not contribute much to the story. Higher plot placements comprise a major thematic element. Essentially, verbally mentioned brand names that contribute to the narrative structure of the plot need to be highly connected to the plot. Lower plot visual placements need to serve an accessory role to the story that is lower in plot connection. Visual placements need to be lower in plot connections, and audio and visual placements need to be even higher in plot connection. (Panda, 2004) Also, prominent brand placements in television have a more significant advantage than subtle brand placements (Lord and Gupta, 1998).

Film

What is the effect of Tom Cruise chewing Hollywood gum or Agent 007 using a BMW? These are typical examples of product placement in movies. Higher involvement is required to view a movie than for viewing television. Television viewers can multi-task in the home setting thereby reducing their attention span and brand retention. Moviegoers actively choose the experience, movie, time, and cost. As such, they are much more receptive to the brand communication during the movie. (Panda, 2004) A majority of movie watchers have a positive attitude toward this form of marketing communication, feeling it is preferable to commercials shown on the screen before the movie. (d'Astous and Sequin, 1999) More frequent viewers and viewers who enjoy the movie more, pay attention to product placements in the movie (Argan, Velioglu, and Argan, 2007).

Shapiro (1993) has classified four types of product placements in movies: (1) provides only clear visibility of the product or brand being shown without verbal reference, for example, a bottle of Coca-Cola sitting on the counter; (2) used in a scene without verbal reference, for example, actor drinks a Coca-Cola but does not mention anything about it; (3) has a spoken reference, for example, "Boy, I'm thirsty for a Coke"; and (4) provides brand in use and is mentioned by a main star, for example, actor says "This Coke tastes so refreshing" while drinking the Coke. The star using and speaking about the brand in the film is assumed to have higher impact than the mere visual display of the brand. That is, meaningful stimuli become more integrated into a person's cognitive structure and are processed deeply and generate greater recall. (Panda, 2004) Yang and Roskos-Ewoldsen (2007) found that higher levels of placements influence recognition of the brand and attitudes toward the brand. However, single placement of the brand within the movie influenced implicit memory and the implicit choice task. To gain greater audience recognition, the brand needs to be used by the main character or needs to play a role in the unfolding story. That is, prominence and plot connection are important. Product placements may have a long-term effect on implicit memory and perceptions of familiarity. (Lehn and Bressoud, 2009)

Computer/Video Games

Products and brands are expanding into video games and even creating their own games. Active product placement in computer games can have positive effects. For example, exposure

to a particular brand in a computer game can increase the brand attitude among consumers whose original attitude toward the brand is fairly low. Product placement within computer games has been found to be an effective means of building high spontaneous brand recall and even of influencing consumers less positively predisposed towards a brand, that is, non-users. Product placements in computer/video games are becoming powerful marketing tools that form an active part of the gamers' play experience. In particular, they can be used to target the elusive younger male consumer segment with brands woven into near real-life situations that provide a means of interacting with the brand. (Mackay, Ewing, Newton, and Wirdisch, 2009) Lee and Faber (2007) note that the location or proximity of the brand messages in the game, game involvement, and prior-game experience interact to influence brand memory. A highly incongruent brand is better recalled than either a moderately incongruent brand or a highly congruent brand. As experienced players' involvement increases, brand recognition decreases, that is, they are paying attention to the game. Also, product placement seems to grow on the second exposure, that is, when a consumer sees the movie, then the DVD comes out, and in actually playing the game. The multiple viewings may reduce the intrigue in the storyline and give more time to notice the props. (Lehu, 2008)

Essentially, there are three general approaches to game advertising: (1) traditional product placements, signs, and billboard ads that are just in the games from the beginning and cannot be changed later, (2) dynamic advertising wherein new ads can be inserted at anytime via the Internet, and (3) advergames or rebranded versions of current games that blatantly promote a single product throughout. Until now, advergames and product placements have been the leading forms of in-game advertising. For example, Burger King created three games suitable for the whole family: racing, action, and adventure, featuring The King, Subservient Chicken, and Brooke Burke. Their target market of young males meshes well with the Xbox audience, given that 18-34 year old men have been a hard group for marketers to get their product or name in front of. (Cebrzynski, 2006; New Media Age, October 27, 2005)

However, dynamic advertising is taking off and is probably the wave of the future. In dynamic advertising, a marketer can specify where ads are put, can set times when ads will run, can choose which audience type your ad goes to, and can get all the tracking available for Internet ads. Approximately 62% of gamers are playing online at least some of the time. Researchers can track how long each ad is on the screen, how much of the screen the ad occupies and from what angle the gamer is viewing the ad. Companies pay for ad impressions – one ad impression constitutes 10 seconds of screen time. For example, about half of video games are suitable for ads and could be contextually relevant to the game. More than 50 games already are receiving dynamic ad content, with another 70 set to go by year-end. (Hartley, 2007)

Another wave of the future is 3D ads that are twice as powerful as billboards. Also, the latest version of digital video standard MPEG-4 offers the possibility to personalize storylines or even hyperlink from tagged content, so viewers can click on objects they want to buy. Whatever the future brings, advertising and product placements need to fit with the game. That is, video game developers need to incorporate advertising in an ambient way that will not distract players. In addition, the center of the screen gets the most attention based on eye-tracking research. (New Media Age, October 27, 2005)

VARIABLES THAT IMPACT THE EFFECTIVENESS OF PRODUCT PLACEMENT

Product placement can be fraught with uncertainty. For example, the brand may not appear in the program as envisioned, the program may not be released as scheduled, and the audience for the program may not meet the expectations of the program's producers or advertisers. In addition, the majority of current placements are unpaid, a testament to the developing nature of the practice. (Chang, Newell, and Salmon, 2009)

Given the fact that product placements can be uncertain, there is no universal agreement about what makes product placements effective. In fact, sometimes research results can even seem to be contradictory. (Yang and Roskos-Ewoldsen, 2007) However, Balasubramanian, Karrh, and Patwardhan (2006) have developed a useful model comprised of four components: (1) execution/stimulus factors such as program type, execution flexibility, opportunity to process, placement modality, placement priming; (2) individual-specific factors such as brand familiarity, judgment of placement fit, attitudes toward placements, involvement/connectedness with program; (3) processing depth or degree of conscious processing; and (4) message outcomes that reflect placement effectiveness. According to the authors, execution and individual factors influence processing depth, which in turn impacts message outcomes. While this model still is relatively untested, it does make sense and provides an integrative framework. In the interim, until there is more universal testing and acceptance, the variables that are discussed consistently in the literature are expanded below:

Visual/Audio/Combined Audio-Visual

Product placements can be visual only, audio only, or combined audio-visual. Most product placements are visual which involves demonstration of a product, brand, or visual brand identifier with no sound. In an audio product placement, there is audio placement but the brand is not shown. However, visual only or audio only may not get noticed. About one in 10 brands on television occurred as plugs verbally delivered by an on-camera personality. Visual product placements last an average of 6.2 seconds with the majority (68%) lasting for 5 seconds or less. The verbal mentions lasted 5.5 seconds on average. For consumers to form association with the product placement, the brands need to be on screen longer or with more impact. The combined hybrid strategy of audio-visual shows the product or brand and also mentions it in the medium. Only about 3.1% of product placements in sitcoms or dramas were both visual and auditory. Recall is enhanced from dual-modality processing. (La Ferle and Edwards, 2006) This dual mode requires creativity and greater cost so that it does not interfere with the natural flow of the program. (Argan, Velioglu, and Argan, 2007)

Primary Product Placement Strategies

There are three primary product placement strategies (d'Astous and Sequin, 1999; Panda, 2004):
1. Implicit product placement strategy: The brand, logo, the firm, or the product is presented passively with only clear visibility within the program without being expressed formally. This product placement is more contextual or part of the background with no clear demonstration of product benefits, for example, wearing

clothes with the sponsor's name or a scene in front of the Gap. A second type of implicit product placement strategy is when the product is used in a scene but no spoken attention is given to the product.

2. Integrated explicit product placement strategy: In this strategy, the brand, logo, the firm, or the product plays an active role in the scene and is expressed formally within the program or plot, for example, Domino's pizza delivered in a scene where everybody is starving and actually eats it. That is, the attribute and benefits are demonstrated clearly and mentioned by the main star. In general, explicit product placements are more effective than implicit placements (Panda, 2004).

3. Non-integrated explicit product placement strategy: In this strategy, the brand, logo, the firm, or the product is formally expressed but not integrated into the content of the program, for example, the program was sponsored by Toyota or the Hallmark movie by Hallmark. This type of reference normally is included in the sponsorship deal.

Brand/Sponsor Image

An expected result of television sponsorship is the transfer of the program's image to the sponsor. That is, products placed in special interest or highly appreciated programs were recognized more often and resulted in positive brand attitude changes and behavior. (van Reijmersdal, Smit, and Neijens, 2010) As such, a product placement needs to be associated with programs and stars that are congruent with the sponsoring identity. On the other hand, however, a more positive image of the sponsor does not lead to significantly better consumer reactions to product placements. (d'Astous and Sequin, 1999) But, higher levels of involvement with the movie or program have a greater impact potential. Also, on-set brand placement can experience success regardless of the viewer involvement with the segment. (Pokrywczynski, 2005)

Sponsor-Program Congruity

A strong sponsor-program congruity suggests that the sponsor's products and activities are clearly related to the contents of the program, that is, the product placement is likely to be natural and consistent with the program. However, when sponsor-program congruity is weak, the product placement may be seen as inconsistent and not credible. For example, if a sponsor has a product that is placed in a reality show competition, the product may or may not be used as the sponsor intends it to be used, and the new uses may alienate current segments. (d'Astous and Sequin, 1999) In general, however, greater interplay between the characters and the brand makes the most successful product placement (La Ferle and Edwards, 2006). Redondo and Holbrook (2008, p. 706-707) found these specific recommendations with regard to matching programming and product area:

"To select the most appropriate movies for alcoholic drinks, advertisers should seek those with origin in the EU and with dramatic content…

"The placement of non-alcoholic drinks is most appropriate in movies with no dramatic content…

"To match buyers of packaged convenience foods most appropriately, advertisers should seek films with no sex, with action/adventure content, without drama content and with no violence (ordered by importance)…

"An appropriate plan for cultural offerings consists of seeking movies with origins in the EU, with drama content and with no action/adventure content (ordered by priority)… Personal care "finds its most suitable vehicles in films with no action/adventure content, no thriller content, no sex, but romance content (in order of importance)."

Type of Television or Media Program

Consumers' reactions toward a product placement may be impacted by the type of television program. There are four general types of television programming: (1) quiz/variety shows wherein the need for entertainment is maximized, (2) mini-series/dramas which satisfy the need to identify oneself with characters, (3) information/services programming which capitalizes on the need for information, and (4) sports and cultural events wherein the sponsoring is more linked to the event than it is to the program. Consumer evaluations are most negative when a product placement occurs in a mini-series or drama. (d'Astous and Sequin, 1999) In general, success of the product placement is dependent on the success of the programming content (Panda, 2004). For example, van Reijmersdal, Smit, and Neijens (2010) found that brand/product placement results in higher brand/product recognition scores and more brand-related behaviors when the brands/products are placed in programs with a higher perceived informational value. In addition, they found that a product placement in special interest programs versus general interest programs has a greater effect on brand recognition and behavioral reactions. That is, the placement needs to fit the audience's need for information. When this occurs, positive judgments of the show spill over to the brands placed within the program and result in positive brand effects. (van Reijmersdal, Smit, and Neijens, 2010) On the other hand, 18-34 year-old men spend little or no time watching TV, but they do like gaming. Unpaid product placements in games have been around for more than 10 years. In the past, the limitation has been the consoles, but new consoles are launching that have Internet connectivity built in. So, product placements in video games are expected to increase and improve. Predictions indicate that dynamic in-game product placements are taking off and will continue to do so. (New Media Age, October 27, 2005)

Degree of Clutter around the Product Placement

Product placement is impacted by how much other product placement there is in the show, and product placements are prevalent with one brand appearing in every three minutes of programming. Because there is so much clutter, the value of any one brand may be limited. Hence, this cluttered promotional environment and product placements must be managed actively. Game shows offer the greatest exposure and storied programming offers the fewest and least prominent product or brand appearances. (La Ferle and Edwards, 2006) Too much product placement can annoy viewers and be viewed as unacceptable commercialism. However, communication interference from competitors can be limited. This occurs because the sponsor often buys a good portion of the commercial time within a program. When the product placement is integrated into the program, the realism is enhanced and the likelihood of viewer zapping due to clutter is reduced. (Daugherty and Gangadharbatla, 2005; d'Astous and Seguin, 1999) In general, other competing products in the product category should not be incorporated into the programming (Panda, 2004).

Audience Characteristics

It seems that some audience members respond more positively to product placements than other audience members. Van Reijmersdal, Smit, and Neijens (2010) found that more highly educated viewers were less likely to be persuaded by brand placement. That is, these viewers had less often changed their attitudes or acted upon seeing brand placement than less educated viewers. More highly educated viewers also are more irritated by brand placement in television shows. In addition, after exposure to brand placement, older viewers were more likely to report that they had searched for information about the brand. (van Reijmersdal, Smit, and Neijens, 2010; Te'eni-Harari, 2009) Kureshi and Sood (2010) also suggest that gender, gaming habits and experience, attitude toward advertising, movie viewing frequency, cultural differences (Eisend, 2009), ethnicity (McClung and Cleophat, 2008; Craig-Lees, Scott, and Wong, 2008), brand consciousness, movie viewing involvement, attitude toward actor, and program liking effect product placements. For example, product placements for African Americans are very high in apparel and accessories, followed by the food and beverage category. However, there was a lack of health and beauty product placements. (McClung and Cleophat, 2008) The acceptance of product placements is generalizable over different cultures when it comes to ethnically charged or controversial products. However, this is not the case for the generalizability of neutral products. (Eisend, 2009) An essential point is that it is increasingly easier to access these customer characteristics. As noted by Lehu and Bressoud (2007, p. 1088):

> "Recommending that advertisers consider as much as possible the viewer's characteristics in order to conceive their product and/or brand placement operations may sound technically difficult at first sight. But the consumers' identity and specific characteristics are becoming increasingly known, recorded and used. No doubt that, in a near future, producers and advertisers will be able to adapt the placements to the target, especially when the movie is watched on DVD. An interaction already occurs. The DVD main menu already offers the viewer a choice of version (short, long, director' cut...), type of screen (pan or scan or widescreen), language subtitles... Advertisers sometimes request adaptations relating to areas where the movie is running cinemas."

Degree of Viewers' Parasocial Relationship or Attachment with the Characters

Character attachment is a function of three variables or stages: (1) inside-program character-product relation, (2) outside-program consumer-character relation, and (3) interaction between inside and outside influences in the consumer-product attitude. As a general statement, consumers align their attitudes toward a product with the inside-program characters' attitudes toward the product. This alignment process is driven by the consumers' extra-program attachment to the characters. Stated another way, the consumer's attitude toward the product is a function of the valence and strength of the character-product association in the program and the valence and strength of the consumer-character attachment. As such, if a consumer experiences a strong parasocial relationship or alignment with the television character, then this will contribute to the formation and change of consumers' attitudes toward consumption and attitude alignment with the product. (Russell and Stern, 2006; Russell, Norman, and Heckler, 2004)

Continuous Improvement of the Measurement of a Product Placement's Worth

Marketers are increasingly pressured to be accountable for expenditures and results. Thus, while the use of product placement is growing and the positive effects of product placement have been established, it is important for the marketer to measure whether and to what degree the firm's investment is worthwhile. However, there is little evidence on whether or to what extent these investments pay off. Accordingly, objective assessments that calibrate the contribution of product placement to expected cash flows and profits are urgently needed. That is, what is the economic worth of product placement? In one study, Wiles and Danielova (2009) found evidence that product placement in a successful film is associated with positive movements in the firm's stock prices. The authors also found that returns are enhanced by tie-in advertising and brand equity but are inhibited by audience absorption, critical acclaim, and violent film content. In addition, placement modality, character associations, and blatancy significantly affect the placement's value. The authors note that there is no one accepted measure for valuing product placements. However, they suggest that the current practice of comparing a placement's exposure with the cost and effectiveness of an equivalent 30-second television commercial is a viable measure. They also suggest using an event study approach to capture the product placement's worth, for example, James Bond's car far exceeds the costs of an equivalent television ad. These approaches can offer guidance in setting product placement rates. (Wiles and Danielova, 2009) Nielsen's Place*Views tracks product placement activity and performance across broadcast and cable network television programming and offers the most comprehensive database of brand appearances and mentions on television. (Saini, 2008) While it may be difficult to measure the worth of product placements, it is obviously worth it in that Nielsen found "that 57.5% of viewers recognized a brand when viewing a product placement in combination with a commercial as compared to 46.6% of those viewers exposed only to a commercial for that brand" (Saini, 2008, p. 83). The measurement of a product placement's worth is necessary and needs to be continually improved.

DOWNSIDE OF USING PRODUCT PLACEMENT

There are several downsides to using product placements: (1) lack of control, (2) media programming may not be successful, (3) possibility of negative character association, (4) difficulty in pricing product placements, and (5) product placement ethics. (Cowley and Barron, 2008)

The first downside to using product placements is that marketers may have a lack of control over how products are portrayed or incorporated into a scene or storyline (Daugherty and Gangadharbatla, 2005). Products may end up being misused, ignored, criticized, associated with questionable values, or used unethically. This can be especially true in reality shows. So, advertisers must exert greater control over product or brand appearances to ensure their prominence. Most appearances are visual or verbal but rarely both. In addition, most brands are portrayed neutrally and for less than five seconds. (La Ferle and Edwards, 2006)

The second downside to using product placements is that marketers have little if any influence over how successful media programming will be. That is, it is difficult to predict where to place brands for maximum positive exposure. Also, if one places too many product placements, then consumers may feel that they have had enough and the saturation may have a

negative effect. Product placement cannot be so overwhelming that it detracts from the television show, movie, or content vehicle. (Cebrynski, 2006)

A third downside to using product placements is the possibility of negative character association. If the product is associated with a particular character, then when that character falls from grace or does something inappropriate, the product or brand may be tarnished as well. That is, the target audience may shift its attitude about a character in such a way that products associated with the character also will be diminished.

The fourth downside to using product placements is the difficulty in pricing product placement (The Economist, 2005) Typical placement fees are based on a fairly standard scale of expected audience size for the media vehicle. This pricing method assumes that product placement exposure is equal across events and scenes and equal to the exposure value marketers get from a 30-second commercial. However, evidence exists supporting the premise that how and when the products appear in the media vehicle may be more important in determining cost and value. (Pokrywczynski, 2005)

With product placements continuing to grow in the TiVo and DVD recorder era, businesses are having increasing pressure to show a return on investment for that activity. As a result, marketers are becoming more sophisticated about measuring product placements. Several firms offer tools that rate product placements in terms of viewer impact and dollars and cents. For example, Nielsen is in the process of creating a tool that would produce product placement ratings. Even though Nielsen has tracked 100,000 product placements since the fall of 2003, it is not easy to get product placement data to assess the effectiveness and price of product placements. However, some means are available. For example, weekly product placement ratings can be issued to subscribers. Or, a weekly summary of top-ranked product placements is available in the Wall Street Journal or other publications that assess some sweeps-related data. (McClellan, 2003) And, at least a dozen other firms have established unique methods of measuring product placements. Some of the variables that are tracked in various measurement systems include: placement foreground or background, oral or visual, main character or sidekick, how much air time compared to competition, viewer response, awareness scale, product placement to commercial cost ratio, degree of integration, whether or not it does harm, "fit" scores, object or purpose of placement, reach, credible use of product placement, and meeting of long-term strategies and objectives. (Wasserman, 2005) Regardless of which measurement system and variables are used, there will continue to be differing opinions over the value of product placements and how to measure that value. In addition, the concern is that once marketers quantify product placement value, then product placement will become a standardized commodity.

One example of a company releasing ground breaking research for product placement measurement is Visure Corp., a privately-held company based in Richmond, VA. Visure Corp. offers innovative, web-based cataloging and measurement services that help marketers justify and maximize product placement effectiveness. The company's integrated product placement solution has the ability to measure what consumers are doing in response to product placements (for example, brand research, purchase intention, and word-of-mouth) and can multiply the quantity of product placements by 4-6 times without compromising the production. For example, they found that film and television product placements both generate an average response and action rate of 25-30%; hence, converting a product placement into consumer action is remarkably high and measurable. (Song, 2007)

One last downside of product placement is that of product placement ethics. In particular, some individuals question the ethics of product placement. Product placement ethics are discussed below.

ETHICS OF PRODUCT PLACEMENT

Many consumers and researchers consider product placements as excessive commercialization of the media and an intrusion into the life of the viewer. The viewer does not go to the movie or television to see the product placement. Rather, viewers often attend movies and television to escape the realities of life. As such, marketers must make the product placement look obvious at the point of emergence. Sometimes, the product or brand placement is weaved into the plot, like ET's Reese's Pieces with a 65% increase in sales due to this placement (Balasubramanian, Karrh, and Patwardhan, 2006). If the plot connection and the reflection of the user or character in the film are missing, the product placement often is futile. Hence, relevance of the product to the situation needs to be created by possibly incorporating the placement planning at the script level. (Panda, 2004; Hackley, Tiwsakul, and Preuss, 2008; Kuhn, Hume, and Love, 2010)

Product placement caters to a captive audience even though the brands are shown in their natural environment. But, viewers generally tend to like product placements unless there are too many or they are invasively irritating. Product placements typically are seen as an acceptable practice, frank, amusing, pleasant, and dynamic. In general, viewers consider product placements to enhance realism, aid in character development, create historical subtext, and provide a sense of familiarity. However, if the audience realizes that the product placement was placed there, it may affect their judgment and they may counter argue the placed messages. (Panda, 2004; Hackley, Tiwsakul, and Preuss, 2008)

Still, some individuals feel that product placements are sinister and should be banned or at least clearly disclosed in the credits at the end of the program (The Economist, 2005). This is particularly true for implicit product placements that should be avoided since they are perceived as less ethical than the other types of product placements, particularly if they appear in an information/series television program. Also, consumers' ethical opinions about product placements differ significantly across product categories, with greater concern for ethically controversial products such as alcohol, cigarettes, and guns. (d'Astous and Sequin, 1999; Hackley, Tiwsakul, and Preuss, 2008)

Toys are likely products for product placement. But, the use of toy placements is very low, little better than chance. However, children's programming is highly regulated by the FCC and much product placement in children's shows is essentially banned. That is, a 2004 APA finding states that kids under 8 have difficulty distinguishing ad content from program content. However, the Children's Advertising Review Unit makes voluntary rules regarding advertising to children, and companies typically honor these rules. While some companies have product placement strategies or policies, television generally offers few venues for kids and toy product placements. As an interesting research note, 3-5 year olds were asked to sample identical fast food. One bag had a McDonald's golden arches logo while the other bag was unmarked. With exactly the same food and only a different bag, children preferred the branded version. Even young kids are swayed by advertising and brand placements. (BusinessWire, 2007; Auty and Lewis, 2004; Edwards, 2006; Hudson, Hudson, and Peloza, 2007)

Newspapers also are under ethical scrutiny. An important ethical issue is whether or not newspapers should be allowed to use product placements. While they are under pressure to do so, they have held out so far to not blur the line between content and ads. (The Economist, 2005) The fear is that if product placements seep into newspapers and news magazines, then editorial content may be jeopardized and credibility violated (Callahan, 2004). Still, rigid editorial content policies appear to be easing up as marketers and agencies pressure publishers to mix branded mentions into their stories (Mandese, 2006).

An additional area of ethical controversy is pharmaceutical product placements, in that, the use of pharmaceutical product placements raises some regulatory and policy questions. As noted by Ta and Frosch (2009, p. 104), "Current FCC, FTC, and FDA guidelines do not specifically address prescription drug inclusions in fictional entertainment and leave the potential for abuse." While the FDA requires that pharmaceutical companies give both the benefits and the side effects of their drugs, this clearly will not work for product placements. However, the FDA does allow reminder ads that only mention the brand with no other information or claims. The FDA currently is reviewing all promotional activity following calls by medical groups to ban direct-to-consumer drug ads. It is not clear how product placements will fit into the review. (Edwards, 2005) The drug industry association PhRMA has published guiding principles for advertising prescription medicines: the industry should adapt its television ads to what is appropriate for the audience, health and disease awareness should be part of the promotion, products should be discussed with doctors before drug campaigns are launched, and low-income groups should be provided with information about health assistance programs. (Ta and Frosch, 2008; Business Monitor International, 2007)

However, it should be noted that while social critics and consumer interest groups may lean toward government intervention of product placements, audiences generally are accepting of product placements. They do not find them to be unethical or unacceptable as the former two groups and feel that they actually enhance the aesthetic realism of the content. Audiences were disinclined to have the government regulate brand placement regardless of medium. (Sung and de Gregorio, 2008)

SUMMARY

Product placement has become an increasingly popular way of reaching potential customers who are able to zap past commercials. To reach these retreating audiences, advertisers use product placements increasingly in clever, effective ways that do not cost too much. The result is that the average consumer is exposed to 3,000 brands a day including billboards, T-shirts, tattoos, schools, doctor's office, ski hills, and sandy beaches (Nelson and McLeod, 2005). While some preliminary conclusions with regard to product placements have been reached, the industry is far from a comprehensive analysis and testing of all the antecedents and consequences of product placement (Matthes, Schemer, and Wirth (2007). In the interim, however, a wise caveat to consider for product and brand placement is "Our philosophy is if the brand doesn't make the show better, the brand doesn't make the show. People must not notice the integration, but they must remember it. That's the test." (Stringer, 2006, p. 1) The ideal product placement situation is win-win-win-win: <u>customer</u> gets to know about new and established products and their benefits, <u>client</u> gets relatively inexpensive branding of their product, <u>media vehicle</u> gets a brand for free or can reduce its production budget, and the <u>product placement agency</u> gets paid for bringing the parties together.

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