

# Product Placement Efficiency in Marketing Communication Strategy

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## Abstract

Product placement is the conceived insertion of a brand within a movie, broadcast, computer, cable TV programs, blogs, video games, music video/DVD's, magazine, books, musicals, internet and mobile phones and etc. Humankind are exposed to product placement in mainstream media, occasionally even without knowing it.

While product placement is one of the fastest growing forms of marketing communication, there are questions both about the merits, demerits and effectiveness of the product placement. The purpose of this study is to critically discuss the role, merits and or demerits of products placement in marketing communication strategy by clearly outlining its definitions, objectives, strategies as well as its efficacy in value creation compared to other communication and promotion types. The effectiveness of product placement will be evaluated as a global marketing communication tool by examining a study conducted in US, and relevant regulations in UK.

**Keywords:** product placement, marketing communication strategy, brand

## 1. Introduction

The rise of the using internet as an interactive media along with continuous expansion of television channels, unleashed availability of technological equipments such as DVR, VCR and sophisticated remote controls have underlined the end of an era where advertisements were forced on to passive audiences (Lee and Faber, 2007). Today, marketers face intense challenges in terms of communicating with strongly opinionated media consumers who with technological advancements possess the power to pause, rewind, fast forward, and hop through channels during commercials that they find irrelevant and boring (Kiley, 2006). Even more, most television networks are losing desirable demographic groups to social media platforms which provide them the opportunity to whenever and wherever seek information, interaction and exchange of ideas, values and even goods and services; be their own mediums.

Therefore, as a result of media proliferation, media fragmentation and decline in the efficacy of traditional modes of advertisement, marketers have now geared themselves towards the adoption of 'product placement' as an integrated marketing communication strategy (Mackay, Ewing, Newton and Windisch, 2009). This said, the purpose of this report is to critically discuss the role, merits and or demerits of product placement in marketing communication strategy by clearly outlining its definitions, objectives, strategies as well as its efficacy in value creation compared to other communication and promotion types.

## 2. Literature Review

### 2.1 Definitions of Product Placement

Over the years, the definitions of product placement have evolved from "The practice of placing brand name products in movies as props" (Gupta and Gould, 1997) to "The paid inclusion of branded products or brand identifiers, through audio and or visual means within mass media programming," (Karrh, 1998) and recently as "the purposeful incorporation of a brand into an entertainment vehicle" (Russell and Belch, 2005). Although all definitions might initially give away the same meaning, they all are different. Gupta's and Gould's (1997) definition restricts the application of product placement only to 'movies as props' illustrating that it neglects all other mediums that product placement can be integrated in to, likewise Karrh's (1998) definition ignores different mediums for integration as well as product placements that have not been paid for. Slightly different from the two definitions, Russell and Belch (2005) do not limit the practice of product placement to movies or films alone, their definition integrates product placement in to various entertainment vehicles which can include

T.V, games, novels, music videos, films, internet, etc. Their definition also slightly hints that not all product placements are paid for as it ignores Karrh's (1998) statement. Thus, there are many divergent definitions of product placement and for one to be able to comprehend the concept more precisely it is important to look at its history and typology.

### 2.1.1 Brief History

Although Lehu and Bressoud (2007) claim that the use of product placement dates back to two centuries back where it first appeared in a novel, its systematic use started to become more evident ever since the invention of moving pictures, radio, television and not to forget the internet. Product placement was dominantly practiced through the use of commercials and in programmes that were sponsored by brand holding corporations to provide exposure to their products. However, the concept was put to a halt when networks started to face obstacles as a result of their reliance on single sponsors (Galician, 2004).

Later in 1960s, Hollywood movie producers adopted the use of branded products; dominantly cigarettes and liquor, on sets as props with the hope of bringing the movie to life by closing the gap between reality and fiction. At the time, the brand holding company made no payments for its product to appear in movies. In many ways, such practice set the trend for others to follow as it proved to be very profitable. With decline in the U.S economy in the 1970s, Hollywood's producers started charging brand owners to place their products on their sets and the practice intensified so as to compensate for the loss in ticket sales, thus product placement became a source of revenue for movie makers of the time (Galician, 2004). 1982 movie 'ET' featuring the placement of Reese's Pieces candy associated the 65% increase in sales of Reese's Pieces in three months with its placement in the movie (Galician, 2004; Petrosky, Williams and Hernandez, 2007). Likewise, Influential product placements in movies such as Red Stripe in 'The Firm' resulted in 50% increase in the sales of Jamaican beer within thirty days of the release of the movie. And perhaps it would be right to underline Hollywood as the industry that revolutionised the meaning and significance of product placement as it eventually opened marketers' eyes to the potentials of product placement and ever since, many companies have engaged themselves in replicating similar advertising strategy so as to influence positive brand attitude (Brennan and Babin, 2004).

### 2.1.2 Typology

Anderson (2006) argues that unlike other commercial types where product and intentions are quite vivid, product placement exposes the brand to the consumer in a subtle manner and implicit manner. As Glud and Franck (2009) explain, product placement exposes viewers to media advertisements without them realizing that the typology of product placement is determined by two major factors; a) modality and b) prominence (Glud et al, 2009).

*Modality* refers to the manner in which a brand is presented to the audience (Gupta and Lord, 1998). Product placement modes can range either and or be: audio-visual; a combination of conversation as well as the presence of physical product are adopted to expose a brand, audio; where a brand name is mentioned amidst dialogues and or visual; where a physical product is evidently exposed to the audience.

*Prominence* refers to importance, duration and frequency of product placement. Whilst there are certain brands that are given priority and thus one would easily locate within the scene of a movie, T.V programme, radio or other mediums of communication, there are also those that are given less significance and remain blurred somewhere in the background. Frequency is also important factor. It refers to the number of times that the product or brand is mentioned or exposed, the higher the frequency, the higher its exposure. Last but not least, when it comes to prominence, duration or the time frame that the product is focused up on also plays a very important role.

Having analysed the history of product placement as well as its typology, the most appropriate way to define it would be to combine "the purposeful incorporation of a brand into an entertainment vehicle" with "a combination of advertisement and publicity designed to influence the audience by unobtrusively inserting branded products in entertainment products such that the viewer is unlikely to be aware of the persuasive intent" (Russell and Belch, 2005). Along the cost cutting benefits that it entails and identify it as:

*"[the purposeful incorporation of a brand into audio-visual, visual and or audio entertainment vehicles with the main objective of advertising a product of a service or generating publicity cost effectively without the audience or viewer being aware of the persuasive intent]"* (Russell and Belch, 2005; Cowley and Barron, 2008).

## 3. Role of Product Placement in Integrated Marketing Communication

Marketing can be defined as 'the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational objectives' (AMA, 2004). It indeed is an exchange process involving sales and purchases and message and feedback

between sellers and buyers.

At the centre of this exchange process lies what is known as marketing communications which is an audience based activity that serves as a means by which “brands and organisations are first presented to their audiences and then engaged with them over the long term. The goal is to stimulate a succession of purchases, and the task of marketing communications is to engage audiences to enable transactions” (Fill and Hughes, 2006). This can be done by integrating the various environmental and organisational variables in an efficient and effective manner on a long term basis. Thus, marketing communication aims at creating an overlap between what the sender (marketer) is trying to get across and what the receiver (customer) understands.

Today, we speak of integrated marketing communication which implies “a strategic approach to the planned management of an organisation’s communications. IMC requires that organisations coordinate their various strategies, resources and messages in order that it engages coherently and meaningfully with the target audiences. The main purpose is to develop relationships with audiences that are of mutual value” (Fill and Hughes, 2006).

#### 4. Discussions

One very significant role of integrated marketing communication is brand building. “As a marketing tool, branding is not just a case of placing a symbol or a name on to products to identify the manufacturer, a brand is a set of attributes that have a meaning, an image and produce associations with the product when a person is considering that brand of product” (Pickton and Broderick, 2005). And integrated marketing communication process helps achieve the above objectives by assuming rational and emotional approaches that will enable businesses to attract and retain long term customers. The question here is how does product placement contribute to this approach of reaching audiences and is it better than other means of communication?

Various empirical studies conducted within the field of product placement conclude by claiming its efficacy in influencing media consumers to develop positive brand attitude and boost brand recognition as such it has become a vital marketing communication tool and strategy (Brennan and Babin, 2004; Karrh, McKee and Pardun, 2003; Delorme, and Reid, 1999; Gupta and Lord, 1998).

In an attempt to measure the efficacy of product placement in marketing communication, Balasubramanian, Karrh and Patwardhan (2006) developed a model that comprises of four factors that impact the efficacy of product placement:

- 1) Stimulus factors such as placement modality or programme type as well as execution flexibility. Various theorists underline different modes of stimulating behaviour. While Bandura (1989) strongly contends that “most of the cognitive process that regulate behaviour are primarily verbal rather than visual”. There are also theorists such as Paivio who argue otherwise by claiming the superiority of visual stimuli over verbal stimuli (Balasubramanian, Karrh and Patwardhan, 2006). Whatever the case may be, such arguments reflect the need for product placement strategies to revolve around individual specific factors that have impact on individuals processing style, hence in addition to processing styles and individual specific factors, the efficacy of product placement is a function is also a function of modality.
- 2) Individual Specific factors including brand familiarity, attitudes and perceptions towards the brand and involvement with the programme where product is placed highly determine the efficacy of product placement and accomplishment of brand holders’ intent (Russell, 1998).
- 3) Processing depth which refers to the level of conscious processing by individuals who are exposed to product placement can highly affect the efficacy of product placement. Recent studies identify most product placements as practices that are best suited for low involvement products and or services rather than high involvement brands that require extensive knowledge regarding a brand (La Ferle and Edwards, 2006).
- 4) Message outcomes which would measure whether individuals recall and identify a brand from product placement and as to what level that would affect their purchase decisions are also essential factors that help determine the efficacy of product placement strategies and techniques (La Ferle and Edwards, 2006; Balasubramanian, Karrh and Patwardhan, 2006).

According to Steertz (1987), successful product placement is one which would allow for a minimum of 20% of population to develop awareness towards a brand and its identity and today based on positive attitude scores and recall and recognition levels, many researchers within the field highlight the huge success that product placement entails in terms of enhancing the image and identity of a brand and entrusting positive brand perception among audience (Cowley and Barron, 2008; Pride and Ferrell, 2011). Researchers also focus in highlighting the advantages that it offers which over score traditional communication mix:

- A study conducted by 1<sup>st</sup> Place in 2010 in the U.S shows that 90% of media consumers with digital recorders skip T.V commercials, this in turn highlights the need for advertisers to get inside the content of the show that people prefer to see, thus through product placement, the product placed in any media cannot be ignored as it is an integral part of the movie or show that people wish to view hence zapping is reduced.
- People would develop better association with the brand depending on the person who is promoting or endorsing it; and thus bring the brand to life. Referring to the study conducted by 1<sup>st</sup> Place (2010) 60% of sample interviewed reported to have felt positive about the brands they recognized in placements and 45% claimed to be more likely to make purchase.
- Product placement is helpful in offsetting costs as it allows brand holding companies to share costs with artists, programme producers and other parties involved (Cowley and Barron, 2008).

The other major advantage of product placement over traditional media is the advertiser faces no competition in promoting the brand. This is because purchase of space within a programme or sponsorship diminishes interfering messages from other competitors including message clutter which audiences may find exhausting and can have negative impact on the message that a brand holding company is trying to get across (Cowley and Barron, 2008).

However, product placement as a marketing communication tool is not without flaws and critiques; according to Daugherty and Gangadharabatl (2005) product placement entails major hindering factors related to:

- 1) Lack of control: the brand holding company has little control over the way the brand is incorporated or portrayed into a story line or a scene.
- 2) Risk of negative association: there are high chances for a product or a brand to be misinterpreted, criticized or linked to negative values depending on the medium that the product is placed on. Moreover, uncertainties regarding the success rate of a programme or a movie could also have relatively huge impact on product placement decisions.
- 3) Pricing: Accepted placement fees are usually dependent on standard scales of audience size of media vehicle. Thus it is assumed that a the placed brand is going to gain equal exposure across scenes and events, however this strategy completely ignores time and modality thus pricing still remains somewhat of a vague concept in product placement (Pokrywezynski, 2005).
- 4) Product Placement ethics: Critiques of product placement continuously debate the ethics of product placement in exposing viewers to marketing by drawing light to the fact that it reflects an intrusive approach to communicating with audience; aggressive commercialization. And perhaps one of the major obstacles in the field of product placement is its vulnerability to strict rules and regulations. For instance in U.K, it was not until end of February 2011 that the government allowed product placements on mass media communication platforms. Prior to that, OFcom, which is the communications regulator in U.K, regarded product placement as illegal marketing communication tactic. The ban was lifted to compensate for the loss that the media and entertainment companies were facing under the condition that viewers were made aware of the fact that the content they were viewing also included product placements by including 'P' as an identification mark and that product placement was editorially justified. (BBC, 2011) Although highly popular in the United States, Product placement is also subject to many rules and regulations as identified by the CSM (Centre for the Study of Commercialism) in Washington. There are still continuous debates on whether product placement should be disclosed to audiences or not, mainly to protect children from being exposed to unnecessary contents. More over, although not applicable to movies and video games, when it comes to television product placements, programme producers are by law obliged to disclose the presence of product placement to audience prior to receiving payments.

## 5. Conclusion

On balance, product placement is indeed becoming a very popular marketing communication strategy with huge potentials in awakening retreating audiences. The philosophy that "people must not notice but must remember" (Stringer, 2006) seems to answer long awaited prayers of brand communicators; product placement has created an ideal and inexpensive platform for marketers to promote a brand at the same time provide customers with the choice as to whether to accept and or reject a message without feeling pressured. As such, product placement has allowed marketers to communicate subtly and market aggressively (Falkow, 2010). As a result, compared to the other forms of advertising, product placement delivers a good return on investment and significantly increases brand brand awareness. When a product is advertised as an integrated part of the TV show, people tend to not change their favorite program and become subject to the integrated advertisement. However, they feel that products or services that are integrated into a TV shows or films or are endorsed by celebrities have a higher

value than similar products or services advertised in other forms of media, there are continuous critics about ethics, risks of being uncontrollable, and negative association of product placement.

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