

# Product Placement as an Effective Marketing Strategy

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Product placement is a marketing strategy that has accidentally evolved a few decades ago. Nevertheless, the efficiency of the product placement has been spotted by professionals and since then various companies engage in product placement activities in various levels with varying efficiency. One of the main differences of product placement from other marketing strategies is the significance of factors contributing to it, such as context and environment within which the product is displayed or used.

Product placement among them is one of the marketing strategies which have evolved recently. In product placement a product is placed in a movie or television show in exchange for payment of money or other promotional consideration by the marketer (Gupta & Gould, 1997).

## Definitions

There are many authors, most of them marketing professionals who wrote on the topic of product placement. And, equally, there are so many definitions as well. Many of these definitions are the same in the meaning and the author lists only several the most notable definitions below.

**Product placement is defined by Lehu and Bressoud (2008, p.1084) as a marketing tool where a product is put into a movie scene, or its brand name is heard.**

**“Product placement is a promotional tactic used by marketers in which characters in a fictional play, movie, television series, or book use a real commercial product” (wordiq.com, 2010).**

**Lifestyle advertising, as explained by Solomon and Englis (1994, p.3) associates a product with a way of life, focusing on the presentation of the product within a comfortable life context.**

## The Evolution of Product Placement as a Marketing Strategy

The practice of product placement has undergone a process of evolution which according to most researchers covers the period of several decades. However, there are some authors who state that product placement started even earlier than only a several decades ago.

According to Brennan et al. (1999) **the whole idea of the product placement in movies was originated due to producer’s effort to increase the reality of movies by adding to them real brands and products. However, once products started appearing in movies it was followed by increase in sales for that particular product and it caught marketers’ attention as a new promotional channel.**

It is understandable by through comment that product placement that initially the overall attitude of consumers and the public at large has been negative towards the practice of product placement. However, once product placement started to benefit both movie producers and companies advertising their brands significantly, it started to be practiced massively and thus public became more tolerant towards the practice of product placement.

**According to Karrh (1998, p.p.32), the producer of Reese's Pieces – Hershey claimed 65% increase in the sales of the product when it featured in E.T., and after that, starting from 1980s product placement started to attract the attention of marketers as a strategic marketing tool.** Apart from Karrh many researcher within the literature reviewed as well credit the film E.T. and Hershey with the discovery of the potential product placement presents as a marketing strategy.

Pointing to the size of spending, Pope (2008) informs that total spending for product placement in 2007 reached \$2.9 billion in United States, with auto industry claiming the biggest share. One of the possible explanations why auto industry claim the biggest share of the product placement may be that because of their size and financial resources automobile manufacturing companies can afford huge bills of placing their products in popular TV programs and blockbuster movies.

### **The Benefits of Product Placement and How Does It Work**

According to Moriarty (1996, p.333) the increase within integrated marketing communication has resulted in the creation of “circle of synergy” for viewers, because messages are sent through various communication channels, including the ones which are not normally considered to be marketing channels.

In a study undertaken by Sapolsky and Kinney (1994, pp. 1-22) the objective was to identify what forms of product placement was the most effective in boosting the product recall. The result was that a combination of visual cues and verbal references to the brand in the scenes of a movie was the most effective, although the most expensive at the same time. **Also, product recall was found to be high when product appeared jointly with a major character or the main character in the film which provided greater visibility for the product.**

Delorme and Reid (1999, p.91) concluded in their study that product placement influences the audience to develop familiarity and a sense of being associated with the brand appeared in the movie. **It was also concluded that the context in which the brand appears is important and that young people are the most susceptible for product placement.**

Beckstead (1995, p.21) mentions about an extensive research by Coleman which found out the relationship between different forms of product placement and product recall by the viewers:

- **32% of viewers recall the product if the item is visually placed;**
- **53% of viewers recall the product if the item is actually used;**
- **60% of viewers recall the product if the item is verbally mentioned;**
- **71% of viewers recall the product if the item is verbally endorsed;**

- **81% of viewers recall the product if the item is mentioned and used;**

As supported by d'Astous and Chartier (2000, p.79) the goal of brand placement is not limited to increasing the sales of a product, but also includes increasing audience's familiarity with the brand.

A focus group study undertaken by DeLorme and Reid (1999, p.82) revealed that participants in the study were more inclined to notice mainly those brand placements, the products of whom they were already liked and were using. This finding partially justifies the view that product placement will be especially efficient if it is not used on its own, but is being practiced together with other marketing tools.

Avery and Ferraro (2000) undertook a research on brands and products shown on TV following prime-time television programs for the duration of one week which revealed following results:

- 61 % of brand appearances took place during news programs and shows based on games;
- 39% of brand appearances took place during programs involving pre-scripted storylines;
- 43% of brand appearances were only visual.
- 39% of brand appearances were only verbal;
- 18% of brand appearances combined both – visual and verbal descriptions of a product.

Russel (1998) coined the term "Tripartite Typology of Product Placement" which categorized product placements according to three dimensions:

1. **Visual.** This type of dimension involves the appearance of the product on the screen and can be varied according to number of appearances, camera shot style, etc.
2. **Auditory.** Auditory dimension of product placement consists of the name of the brand being mentioned in a dialogue. Variations within that type of dimension include tone of voice, frequency of mentioning and the general context.
3. **Plot connection.** Third product placement dimension includes the product being integrated within the plot of the storyline. Identification of Aston Martin cars with James Bond movies is a clear example for that type of dimension.

McCarthy (1994) explains that prices of product placement depend on the nature of the placement of the movie, and, "can range from nothing to several million dollars" (Fournier and Dolan, 1997).

Hart (2008, p.90) shows **three ways in which product placement can occur:**

1. **Product placement happens as suggested by actor, director, or set decorator to give a realistic touch to the scene.**

2. **Product placement happens as a trade. For example, television director can agree to feature a specific brand of bottled water during a program in return to the water being supplied for free during casting.**

3. **Product placement can be purchased. For instance, a product of a specific brand is used by the main character and the brand name of the company is clearly visible for the viewers.**

Yang et al. (2004, pp.98-99) consider the benefits of brand placement as following:

1. Brand placement provides a continuity for the advertisement
2. Being associated with celebrities, brand placement can be perceived as being endorsed by them.
3. Brand placement is a convenient advertising strategy to target specific audiences
4. Lifespan of brand placements are considerably longer compared to other mediums of advertisement.
5. Brand placements provide opportunity of manipulating with commercial speech due to a big amount of ambiguity in them.
6. Generally audience's attitudes towards brand placements are positive.
7. Brand placements enjoy less critical responses from audiences compared to other advertisement means.

### **Critiques of Product Placement**

**There are some authors who held a negative view about product placement mainly due to ethical considerations.**

Lamb (2005, p.1) stresses that viewers need to be able to distinguish what is an advertisement and what is not and considers the current practice of product placement to be unethical.

Another opponent of product placement is international marketing consultant Sutherland. According to Sutherland (2005, online) there were 8000 occurrences of product placement shown on TV, and he explains why does product placement work by arguing that although the media does not tell the viewers what to think, it does tell to viewers what to think about, and at the same time the material that is being offered to think about is shown to be extremely popular or cool

Pfanner (2005, online) states that product placement should be acknowledged to be a form of advertising, not interfering with editorial independence, at the same time increasing customer information, and illustrates in the case of Australia, where product placement is allowed with the condition of it being disclosed in the credits.

### **The Practice of Product Placement in Other Companies**

There are many examples of the product placement to be engaged in by other companies as well. Pope (2008) informs that other companies also benefited from product placement, pointing to Reese's candies which were used in the movie "ET: The Extra-Terrestrial" and BMW AG Z3 roadster featured in 1996 Bond instalment "Golden Eye". Sometimes, even extra marketing

measures are undertaken to link the product or brand being promoted with the movie it features in. For example, Fournier and Dolan (1999) inform that the appearance of BMWZ3 roadster in the James Bond instalment Golden Eye included also advertising in media, a Nieman Marcus catalogue offer and a press launch in Central Park.

Another example of successful product placement is described by Fournier and Dolan (1997) as Rayban sunglasses' placement in film Risky Business, as a result of which its sales tripled.

### **Controversies and Inefficiencies in Product Placement**

However, before deciding on a product placement marketing executives have to analyse the wider context and forecast the impressions the product is likely to install to viewers. An example of product placement producing unwanted effect is brought by Johnson (1994), as Coca-Cola being shown in a bloody murder scene in the contradictory film Natural Born Killers.

Another example of inefficiently placed Coca-Cola brand is described by Yang et al. (p.108), when in film *Falling Down* when highly depressed man, played by Michael Douglas drinks Coca-Cola in several occasions during the film.

Gutnik et al. (2007, p.9) classify product placement in James Bond instalment *Casino Royale* an unsuccessful, branding it “one long commercial”. “Although *Casino Royale* featured less than half the number of product placements used in other movies released at the same time, something about the ways the products were featured led to ad-resentment; the audience to felt like they were being cheated and the whole movie was an ad” (Gutnik et al., 2007, p.9)

### **New trends in product placement**

Product placement is a dynamic marketing tool, therefore new trends will be evolving within product placement at all times, as well as, new forms of product placement.

Bannan (2002, p.6) pinpoints to the tendency of product placements beginning to be used in video games as well. “Spending on in-game product placement was estimated at \$300 million this year, with projections of \$1 billion in spending by 2010” (Gutnik et al., 2007, p.13).

Gutnik et al.(2007, p.19) inform about clothing retailer American Apparel which launched its jeans in online virtual world Second Life, prior to launching them in real-world stores, and Aloft, new brand from Starwood Hotels and Resorts launched in Second Life before being launched in the real world. This form of product placement, known as the reverse product placement is becoming more popular now.

Another trend within product placement is product linking or “plinking” which is “adding a link to a product to visible object within a video” (Gutnik et al, 2007, p.9). Plinking provides the viewer's ability to stop the video and tag an area where a product is placed to get more information about the product and to buy it.

Dudovskiy, John. "Product Placement as an Effective Marketing Strategy."  
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