Standing out in a saturated market: Engaging consumers through product placement

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Stacy Jones

STACY JONES

is the founder and CEO of Hollywood Branded Inc., a leading Los Angeles-based entertainment marketing agency specialising in consumer engagement campaigns that increase sales. Agency strategies include brand integration, product placement, celebrity endorsements and event activation — services which have helped build brands like BlackBerry, Crayola and Pilot Pen. With over 18 years of building global entertainment branding campaigns for top Fortune 500 and hundreds of other brands, Stacy has appeared on CNN and MSNBC, spoken at conferences around the globe, and has been featured in *Forbes*, *The Wall Street Journal*, *The Hollywood Reporter*, *Financial Times*, *The Economist*, *Brandweek*, *Advertising Age* and *Variety*, among others.

Abstract

This paper examines the efficacy of product placements with analysis of relative cost, brand recall, purchasing influence and return on investment. Product placements are shown to be sales drivers because nearly all viewers' purchasing behaviours are affected by what they see on television, and entertainment marketing campaigns raise both brand recognition and brand awareness. Additional topics include product placements in music videos, new platforms for product placement, and the nature of the content partnership relationship.

Keywords

advertising alternatives, product placement, brand integration, entertainment marketing, branded content, consumer engagement, celebrity marketing

Stacy Jones,
Hollywood Branded Inc.,
110 Lomita Street,
El Segundo, CA 90245,
USA

Tel: +1 (310) 606 2030
E-mail:
stacy@hollywoodbranded.com

INTRODUCTION

In today's technology-driven world, consumers are spending an average of 4.4 hours[1] of daily leisure time actively engaged in content on their many screens. This content consumption will only continue to increase, and unfortunately for many brands investing dollars in traditional advertising, more than half of consumers are avoiding ads in any way they can.[2]

The fact is that traditional advertising, including television and radio commercials, billboards, print ads, telemarketing and direct mail, all lack engagement — and a lack of engagement results in a lack of sales. While companies are still investing tremendous amounts of money in advertising, customers are increasingly ignoring ads. Seventy per cent of consumers have ad avoidance technology like DVRs[3] and Netflix, 63 per cent of broadcast ads are ignored due to distractions[4] and 70 per cent of consumers skip digital pre-roll advertisements embedded in online videos (Figure 1).[5]

Traditional advertising is very good at putting 'lipstick' on a product and using tailored messaging to connect with buyers; however, advertising is most effective when it elicits an emotional response and engages the viewer on a personal level.[6]

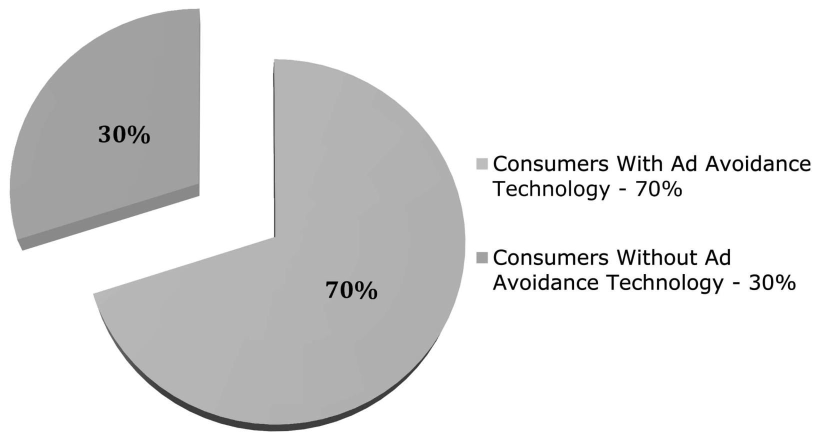

Figure 1 Percentage of consumers with ad avoidance technology

Brands that have the insight to be interwoven into the content will be organically consumed, with each appearance reaffirming its preferred brand status through the implied endorsement received.

PRODUCT PLACEMENT AS A SALES DRIVER

The Association of National Advertisers states that 87 per cent of advertisers believe branded entertainment is the key to television advertising.[7] The USA remains the world's largest product placement market by a wide margin, with spending up 11.4 per cent to $4.75bn,[8] fuelled by strong growth in the television, internet, mobile and music categories. Whoever the target audience may be, branded placement in a consumer's favoured content will obtain their attention and influence sales.

When advertising through product placement, the entertainment content itself is the sales driver — with the brand becoming part of the story — resulting in an engaged viewer with increased brand recall and purchase interest. Audiences widely welcome product placement because it can enhance content credibility by making it more realistic and reflective of everyday life. The use of branded items can assist television shows and films by invoking a certain time period or creating the feel of a certain location.

Generalised studies state that consumers must be exposed seven times to a brand to create a call to action with traditional advertising. One entertainment marketing campaign will raise brand recognition by 29 per cent, and brand awareness by 74 per cent. When that campaign is accompanied by a commercial advertisement, purchase interest rises to 97 per cent.[9]

TYPES OF PRODUCT PLACEMENT

Marketers can become integrated into entertainment content through product placement and brand integration. These advertising and public relations techniques are used by brands to organically showcase their products and services through film, television, music video and digital media appearances. Brand integration as a subcategory of product placement is best defined as having the advertiser's product central to the programme's plot line or scene, and in which a fee and/or promotion is used to support the on-screen exposure.

There are three main types of placements: visual, verbal and signage:

- *Visual* is recognising the product and the brand's logo clearly on screen.
- *Verbal* is when a character mentions the brand by name or discusses brand marketing points.
- *Signage* is when the actual product is not on screen, but an ad or branded item is clearly visible.

COST OF PLACEMENT

There is a common misconception that any product placement of brands in television and feature film is paid for — and is quite costly — a statement the media wrongly supports. While this holds true for what is known as brand integration, where money is exchanged to guarantee a specific storyline centred on the brand, it is not true for the majority of placements that end up on screen.

Film studios and television networks restrict certain brand categories, seeking either monetary involvement in the form of a media buy and integration, or a promotional partner that will leverage the brand's planned media to co-brand the production within advertising in order to bring new viewership and higher box office sales. Yet there remains an enormous opportunity for brands to harness the power of product placement separate from these dollars and promotional efforts.

The real truth with product placement is that the people on set and behind the camera are the ones brands want to form alliances with — the producer, director, prop master, set decorator, wardrobe stylist and transportation coordinator. These individuals each have line item budget that they seek to reduce; (gratis) participation with the production by providing a no-cost product is a major benefit to them. Just like brand marketing departments, productions have budgets — and when they can save dollars and come in under budget, they win. This holds true for consumer packaged goods, automotive, electronics or practically any other category that would otherwise need to be purchased. This also includes bartered trade out of consumable products, or even the cost savings of truly significant budget line items that are loaned for the length of the production. This provides the production with complementary products that lower costs on a larger scale. Not all brands lend themselves to this, but a beverage or snack brand company could provide a couple of pallets of product for the crew to consume during production, a mobile phone could provide service for key production executives or the entire crew, an automotive partner could provide production loan vehicles to transport key executives and talent, and many other types of companies could provide cast and crew with gifts for the wrap of production.

Additionally, every brand exposure on screen requires legal clearance. Having a brand willingly provide product, versus buying the product and then still having a production point hunt down the brand for official sign-off, provides the production with this clearance and saves valuable time on otherwise billable hours.

Through brand integration deals, product placement can become a viable source to offset revenue for television shows, feature films and music properties. The cash fees for larger-scale brand integrations may go directly to the network or production dependent upon their own agreements, rather than helping the production to lower costs. Productions which have the rights to keep dollars are more open to these cash fee deals, while networks which retain the payment rights will typically request an additional media buy to accompany the placement. Stakeholders in the property are highly influenced by cross-promotional partnership opportunities, where the brand's co-branded media or in-store retail signage allows the production access to get in front of new consumers, reducing production marketing budgets.

BRAND RECALL AND PURCHASING INFLUENCE

In terms of spontaneous recall, brands utilising product placement tactics are recalled almost six times better[10] and, in terms of assisted recall, almost twice as well as other forms of advertising. For a traditional advertising spot to generate the same recall as five seconds of product placement, the television advertisement would have to last 60 seconds.

Ninety-four per cent of viewers' purchase behaviours are influenced by what they see on a television reality show, with 60 per cent having purchased the product after seeing it (Figure 2).[11]

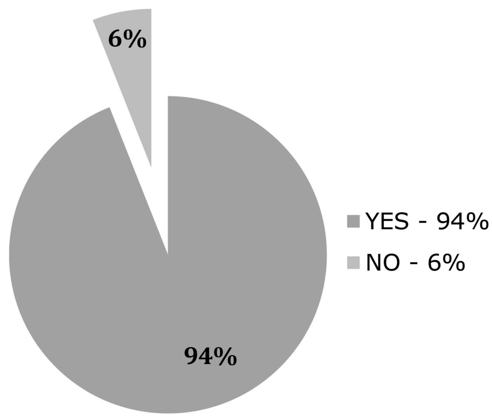

Figure 2 Percentage of purchasing behaviours influenced by reality television show viewing

The influence of scripted television shows and films is no different. Sample case studies that are much touted include the 1983 comedy 'Risky Business', which is both the movie that launched Tom Cruise's career and what saved Ray-Ban's Wayfarer sunglasses from extinction. As a result of Cruise's character wearing Ray-Ban's Wayfarer sunglasses in the film, they became so popular that upwards of 360,000 pairs were sold that year. The company was supposedly planning on discontinuing the line prior to the film's release, and the extra product was dropped off in large quantities to various production sets, including one that Tom Cruise was an extra on. For the scene in which Tom Cruise was asked to remove his clothing, he went to his own bag and pulled out the Ray-Bans, in order to provide himself with a level of comfort by hiding behind them. This is the type of placement legends are made of and which more brands should follow suit with.

In a comparable story of successful product placement, the trail of Reese's Pieces left behind for lovable alien 'E.T.' — which held a ten-year record for the highest grossing movie of all time — generated a 65 per cent sales increase for The Hershey Company. M&M's was originally approached by the film-makers, but they chose to decline to participate in the film, something which likely has affected their sales to some degree ever since.

The 2004 comedy 'Sideways', which follows two men on a week-long trip through the California wine country, significantly increased US sales of pinot noir, most specifically the Blackstone brand (sales increased by 150 per cent in the months after the film's release). Adversely, the film's main character, portrayed by Paul Giamatti, is extremely vocal in his distaste for merlot and, following the film's release, the previous number one sales status of merlot dropped by 2 per cent.

More recent product placement impact has been exhibited through the role of Mercedes in 'Transformers: Dark of the

Moon'. Sales of the star model SLS AMG rose 14 per cent following the film's release, due to an extended sequence in which the human hero goes online to watch a Mercedes SLS AMG commercial. Michael Bay, the film's director, also reportedly bought the car after filming, and the car manufacturer also sponsored a television special about the film and the automaker's role in it.

The impact of entertainment marketing is real; however, the content must specifically cater to the target consumers' habits and interests. Entertainment marketing allows brands to be part of all relevant screens and plotlines in ways that are already proven to entice viewership and engagement — through the hottest television shows, films and other popular media. Marketers have the opportunity to win and grab attention by partnering with these proven entities.

THE RIGHT CONTENT PARTNERSHIP

Choosing the right content and context matters when brands choose to partner with a television show or feature film for product placement opportunities. The potential for disaster is limited as productions do not want to run the risk of liability and will purposely remove logo identity in cases of concern. Not having some control over how a brand is utilised on screen, however, is a risk no brand management team should be willing to take. It should be expected that the production will agree not to defame the brand through negative usage, in writing, or will provide extreme verbal guarantees if a relationship of trust is already established.

The targeted audience for the production should be understood to ensure that it aligns with the brand's marketing needs. Content today typically overlaps different generations, with most productions aspiring to target the 25–54 market. Daytime programming has a higher female viewership, while prime-time programming is typically fairly split. Niche programming content for tweens and millennials as well as the baby boomer generation is on the rise, as they have more expendable

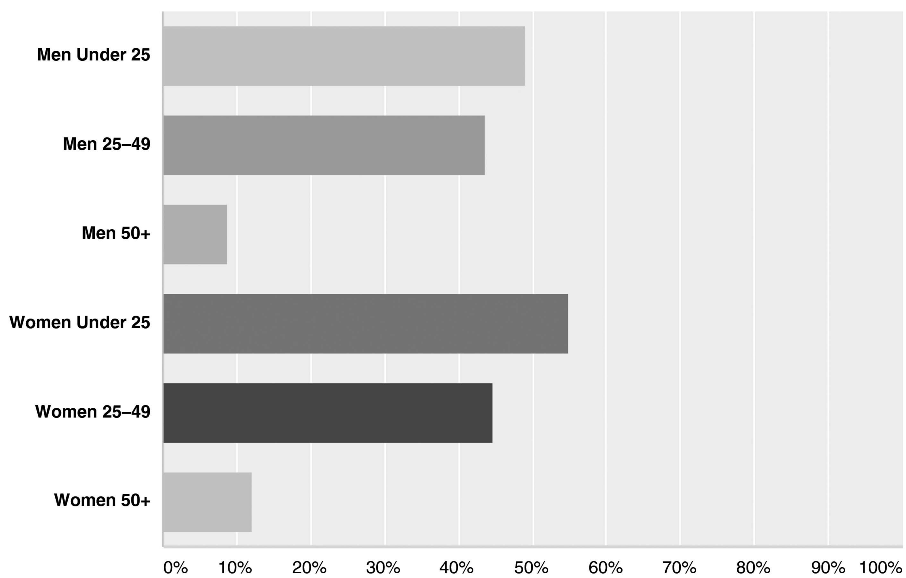

Figure 3 Demographics believed to be most receptive to product placement

incomes that marketers are gravitating towards. According to a recent study completed by Hollywood Branded Inc., most respondents named the under-25 and 25–49 markets as the most receptive to product placements (Figure 3).

The overall theme and messaging of the show is important, as it will directly reflect on the brand. Many brands immediately reject the idea of partnering with horror-based storylines based on the false premise that the negative feelings a viewer experiences while being scared will be transferred to the participating brand. Research, however, proves this is simply not the case. When respondents are scared while watching content, they develop an increased emotional attachment toward surrounding branded products, resulting in a higher recall rate and a more positive brand association.[13]

A-list talent aligned with the production will elevate the brand through the associated celebrity endorsement. The talent calibre will also influence the potential success of the production, as well as pulling in already-established celebrity fans. A no-name cast does not mean that the production is not a good brand platform, as the content is the driver versus the acting talent involved in these scenarios.

Once you have an idea of the nature of the production, the next step is to determine what types of scenes would be appropriate for the brand. The context in which the brand appears is the most important factor. Despite a production being a hit or the talent top tier, careful attention must be paid beyond the overall storyline to the specific scene, as not doing so can be detrimental to a brand. Negative usage could include depicting the product being used beyond its actual, real-life applications, such as a cell phone being used as a bomb detonator; or, it can make the brand the butt of the joke, for example, a health food brand being referred to as bland or tasting like cardboard. Often, brand managers are open to unrealistic usage of the product for futuristic time periods or James Bond-style spy capers. Marketers should, however, be sure to stay open-minded towards situations that may appear negative on the surface — but which, after examination, prove not to be. There is a chance the brand could be involved in the 'Aha!' moment that humanises the bad guy, or the brand could be associated with a Lex Luther type of character who, while notably the villain, still exudes luxury and power and thereby provides a strong associated brand lift.

PRODUCT PLACEMENT IN MUSIC

One of the highest returns on investment (ROIs) available in entertainment marketing — and likely in advertising in general — is music-driven product placement. In its simplest form, music engages and inspires its listeners and also allows brands to target consumers by age, sex, music taste and even psychographic detail.

In recent years, music lyrics and music videos have become an extremely prevalent medium for product placement and top-grossing artists have the ability to reach millions of people daily. When a brand becomes a part of a music video or the lyrics to a song, the partnership is there forever. Again, consumers cannot simply skip the advertisement and are actually more likely to trust the opinion of the artist promoting the brand in the song or video. Music and brand partnerships are here to stay and will only continue to grow and develop further into extremely strategic business models. Music provides a soundtrack to our daily lives, and brands that successfully harness this power open the door to becoming trendsetters, driving social conversation and reaping sales profits. From rock to pop, country to rap and more, there is a genre that fits every brand.

Taking the brand from the radio airwaves to music television is even more impactful. Brand exposure in a music video has the potential to far outreach what can be secured through a product placement in a film or television show, with the additional benefit of international impact. Music videos go global, and are one of the best ways to infiltrate and influence the millennial and Gen X market. For brands seeking introduction into new territories, music is a common language that can pave the way to riches. Music videos can be seen by hundreds of millions of consumers — far outpacing even the Super Bowl.

Lady Gaga's 'Telephone' video featured an abundance of brand cameos, including Virgin Mobile, Wonder Bread, Miracle Whip, and online dating site, Plenty of Fish. While the blatant product placement was clearly poking fun at the rising trend, Plenty of Fish still reported a 15 per cent increase in site searches stemming from the exposure and a 20 per cent increase in web traffic. The video also broke all Vevo single-day traffic records, and the video generated close to 4 million views on YouTube within 24 hours.

The video for 'Sexy People (the Fiat song)' by Arianna featuring Pitbull received more than 5.5 million YouTube[19] views within the first three weeks of its release. The spot had people questioning whether it was a commercial or a pop promo. The song was in fact recorded to promote the Fiat 500 automobile in the USA and was featured in the 2013 video game 'Forza Motorsport 5', becoming a phenomenal piece of content where both the music artists and brand benefited.

Music videos offer one of the fastest turn-around times from script to screen in entertainment marketing. Partnering with a music video allows the brand to become seamlessly integrated into the music storyline. Many music videos interpret images and scenes from the song's lyrics, while others take a more thematic approach. Before investing integration dollars, brands should make sure the story is one that will provide brand lift versus negativity. Contract each deal and ensure there is an opportunity for organic integration. Just as with any entertainment partnership, consumers want relevancy.

NEW PRODUCT PLACEMENT PLATFORMS

The vast majority of paid placements take place on television or in music videos. Entertainment marketing does not stop at television programmes, film or music, however. In today's society, media platforms intermingle. Viewers laugh, cry and sit on the edge of their seats as they watch and listen to their favourite shows, movies and music, all the while sharing through social media outlets. While watching the season premiere of HBO's 'Game of Thrones' on their television, tablet or laptop, the viewer is also live tweeting and Facebook posting about it. Consumers are engaged in content that is viewed as entertainment, and they are doing so simultaneously across multiple screens. One out of every five people in the world owns a smartphone and one in every 17 owns a tablet,[14] which means that the public's attention must be grabbed where time is already dedicated — which is through their chosen content media.

Research shows that 74 per cent of smartphone owners use their phones while watching television and 38 per cent of them use their phones to occupy themselves during commercial breaks (Figure 4).[15] In response to these statistics,

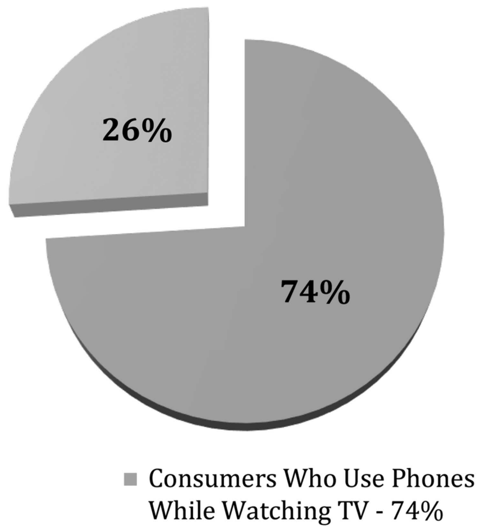

Figure 4 Consumer smartphone use during television viewing

networks like Showtime have launched 'second screen experiences', which actively encourage audiences to use their mobile devices while watching popular shows to answer polls related to the plot, chat with other viewers and share programme opinions, theories and more. These second screen experiences offer another opportunity for brands to reach target consumers without interrupting the programme or risking an inorganic and distracting integration. Brands can time messages in the app with product placement in the show or offer purchase information, features and reviews when a product shows up on screen.

US marketers are continuing to up their investment in product placement tactics to connect with harder-to-reach, multitasking consumers[8] who are using digital and wireless technology to consume content more often and view advertising less frequently. This offers insight as to why advertising giant, Nike, continues its 40 per cent annual decline in television advertisement investments[16] and why more brands are moving television commercials budgets towards product placement in online content that offers video-streaming on desktop, tablets and smartphones. The consumers they are trying to reach are no longer watching television; they are utilising sites like Hulu, Netflix and Amazon, which offer fewer advertisements.

ESTABLISHING A RETURN ON INVESTMENT

As with any marketing tactic, success is only proven to brand management by the ability to measure the activation. A common concern is that product placement as a marketing tactic is too difficult to value, yet that is simply not the case. ROI is more easily obtainable than is assumed.

The traditional measurement tool of choice by most entertainment marketing agencies is based on a combination of brand exposure time on screen, cost of advertising time (which can be translated for television, feature film or digital content), and overall type of usage on screen which involves a grading metric customised for the brand. Type of usage is inclusive of character alignment, where and how on-screen the brand appears, verbal mention or logo exposure, key messaging or components featured, and how on-target the placement is to the brand's desired audience. New trends include adding in social media factors. These factors are placed into a formula to provide metrics inclusive of ROI value as well as consumer reach, their retention and overall purchase influence (Figure 5).

The second metric ROI gauge requires the brand to have a tracking system such as Google Analytics in place to measure day-to-day activity on the site. Depending on how integrated the brand is to the content — with insert shots and verbal mentions being the driving force, measurable

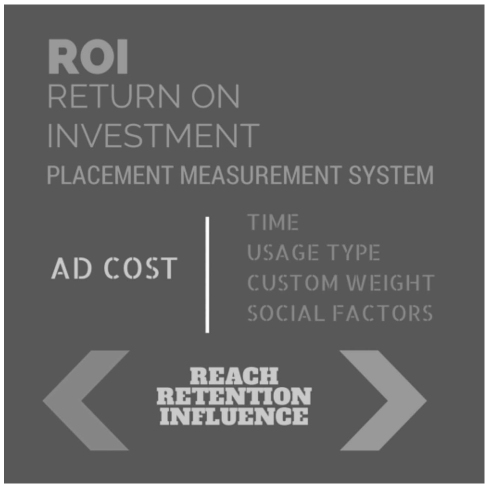

Figure 5 ROI placement measurement system

website traffic bumps will occur directly after airing.

Social media monitoring allows brands not only to see where conversations are occurring around the brand — and the brand's on-screen exposure — but also to lead social conversation to elicit comments and sharing. Brands can utilise social media software to track and gauge these conversations. Social media engagement is the most popular method of measuring branded entertainment ROI.[17]

The most prized ROI of all is the impact of the placement on actual sales. Having sales and marketing teams pre-alerting retail stores of the upcoming exposure will provide an active chain of feedback for when customers come in and make purchases driven by their viewing of entertainment content — as they most likely will comment on it.

Marketers should test which ROI measurements work best for internal reporting structures before launching any campaign, and put in place tracking systems to provide turnkey updates.

SUMMARY

With 89 per cent of the top Fortune 100 brands actively incorporating the strategy, product placement is an increasingly essential component for engaging consumers and improving sales. Furthermore, in a recent study conducted by Hollywood Branded Inc., nearly 73 per cent of respondents said that branded entertainment is currently a part of their clients' marketing mix (Figure 6), and more than half the companies that do employ branded entertainment strategies perceived the results as great or above expectations.[18]

For brands challenged with finding new ways to stand out in a saturated marketplace while influencing consumer brand recall and sales, product placement offers an effective medium that every brand marketer of any brand category should explore. Dependent on category, options

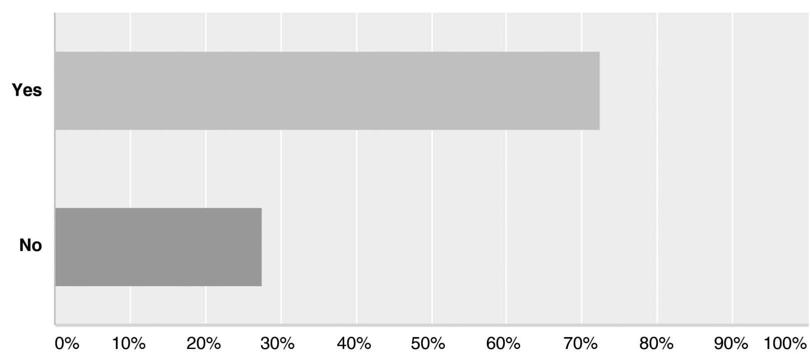

Figure 6 Agencies reporting branded entertainment as part of their clients' marketing mix

exist for simple loan of product, trade out of goods, promotional co-marketing of the property, or an integration fee. In return, millions of targeted and engaged consumers will be exposed to the brand as they relax and watch their favourite entertainment during the first run of the content, as well as through future years as the content moves through the various distribution channels of repetitive playback, home entertainment, syndication and download.

While brands can work directly with productions to create these partnerships, experience suggests the most efficient way to work within the space is to engage a specialist entertainment marketing agency to guide the brand through the process. Entertainment marketing agencies should know the landscape and have the experience to leverage relationships to obtain the best possible on-screen outcome for the brand.

A brand's entertainment marketing agency should create and drive a strategic programme targeting the productions that fit that brand's desired targeted demographic, while at the same time ensuring the brand is safeguarded from any negative usage on screen. The agency's fee is not only for their time and resources, but also for their established relationships and industry knowledge, which should provide the brand with a phenomenal ROI that most brands will not be able to secure alone.

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