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Product Placement in Contemporary Cinema and its Consumer Perception

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Product placement is exponentially more and more present in our everyday lives, as we are exposed to it in all mainstream media, even though as a lot of times we are not even aware of the fact. One of its most prevalent occurrence is in movies, where taking a closer look on the highest grossing 35 Hollywood movies, the average number of product placement sightings was 13,9 in 2014 (which doubled from the year before). While its effectiveness is unquestionable, especially when put against the traditional means available for marketers, many of which are continuously losing their appeal, as technological advancements lend all the more entertainment options to consumers as well as the ability to avoid commercials that they find irrelevant and boring. Still, the greatest challenges that product placement faces are the question of evaluation – to apply an exact dollar metric, to measure just how valuable they are – and their consumer perception, which is closely tied to the type of appearance, relevancy, the product itself, runtime, etc.

This paper aims to explore the main characteristics of product placement as well as to study its various branches of how they appear (and levels of relevancy from the standpoint of a given movie), how their reach is measurable and how the general public sees them and how these views might have changed over time (the goal is to expose the main theoretical correlations and various study results from the past years, while the primary research is not part of the paper). All the while the paper also seeks to find out where this relatively new type of advertising is heading, especially regarding the changes in digitalization, the new trends in marketing and the changes to consumers' perception of advertising.

Introduction

As technological advancements such as recording, online streaming etc. gave more control to the viewers than ever, especially regarding in means to deal with regular advertising that they find irrelevant or boring, which as a study conducted by YouGov for Deloitte showed nearly 90% of media consumers with digital video recording devices skipping television

advertisements (Plunkett, 2010). As a result, traditional means of advertising started to lose their appeal, which led marketers to the adoption of product placement (Soba & Aydin, 2013). There are already many definitions that describe what product placement is, which themselves have changed and evolved over the years, as once they were clarified as "the practice of placing brand name products in movies as props" (Gupta & Gould, 1997), while more recently the Hungarian Media Council summarized them as "a form of advertisement, where the advertiser pays to have its product/service/brand shown or mentioned" (Media Council, 2012). A thing to note is how over time product placement lost its classification of only being a physical object as well as limiting their appearance only to movies while leaving all other mediums out. Still, one of its most prevalent occurrences is in movies, where taking a closer look on the highest grossing 35 Hollywood movies, the average number of product placement sightings was 13.9 in 2014 (with Apple appearing the most that year, against such contenders as Coca-Cola and Sony). This result is all the more interesting when considering that this average is offset by movies in that year where product placement is simply not possible, fe. *The Hobbit* or *Frozen* (Sauer, 2015). All the while *PQ Media reports* (2015) show product placement revenues going up for the 6th straight year, reaching 6 billion USD in 2014.

In Hungary, however, product placement is a much smaller endeavor, producers measure – based on the script – how economically capable the movie is, i.e. how much sponsorship they might expect from companies whose target audience matches the movie's. Often times only personal connections serve as the leading force behind these product placements, especially when a movie may only find success locally (HVG, 2006). In these cases the local clients' communication may become part of the producing process, which also helps to match up the products/services with the right movies, making their appearance fit into the narrative or environment, not becoming disturbing to the viewer (Oresztesz, 2011).

Origins of product placement

Product placement dates back all the way to the literature of the 19th century, where we could find various mentions of products or companies in the works of César Birotteau, Jules Verne or Alexander Pushkin. When it comes to the cinema, the first showing of these came soon after the first public showing of them altogether, when a mere year after their 1895 debut the Lumière brothers were commissioned to have a car parked in just the right angle in their next movie to show off the Sunlight logo of the Lever Brothers company (Papp-Váry, 2015). After a short downtime (where audiences and producers alike grew to disfavor product placements, moving on to short advertisements instead), the second coming came in the eighties, most notably with Steven Spielberg's *E.T. the Extra-Terrestrial*, where Reese's Pieces chocolate was shown to

interact with the alien. This movie brought exceptional results as well, as within two weeks of the movie's premiere, Reese's Pieces sales skyrocketed as revenues increased by at least 65% (Mikkelson, 2011). Another worthy example on the efficiency of this phenomenon would be the Bubba Gump Shrimp chain restaurant which opened its doors in 1996, as a result to movie goers seeing the then non-existing restaurant in the 1994 picture, *Forrest Gump*, creating a demand for the brand (Papp-Váry & Novodonszki, 2016).

In Hungary, the first product placement was first used (though not for the sake of advertisement) in 1912, where a spring water appeared in the silent movie, *Keserű szerelem*, while the first purposeful use was in 1969 in György Révész picture, *Az oroszlán ugrani készül* (Kasza, 2014). Later on however, product placement was stuck in a sort of limbo, as after 1996 it was prohibited altogether in all content produced in Hungary, until Act CLXXXV of 2010 on Media Services and Mass Media, which allowed them, albeit with restrictions (fe. no direct call to action, no tobacco products etc.) on their use. These rulings however are not applied to foreign movies, which still have plenty of leeway (Media Council, 2015).

Categorization of product placement

Product placement can be categorized in many different ways, Papp-Váry (2014) argues that the main branches that we can sort them are the following:

- By the position they take in the movie
- By the type of product/service
- By position in the product life cycle
- By the particular brands
- By movie genre
- By financial partnership
- By the preparation and organizing

Upon further examination of the first category, two major factors stand out that determine the typology of product placement: modality and prominence (Glud & Franck, 2009):

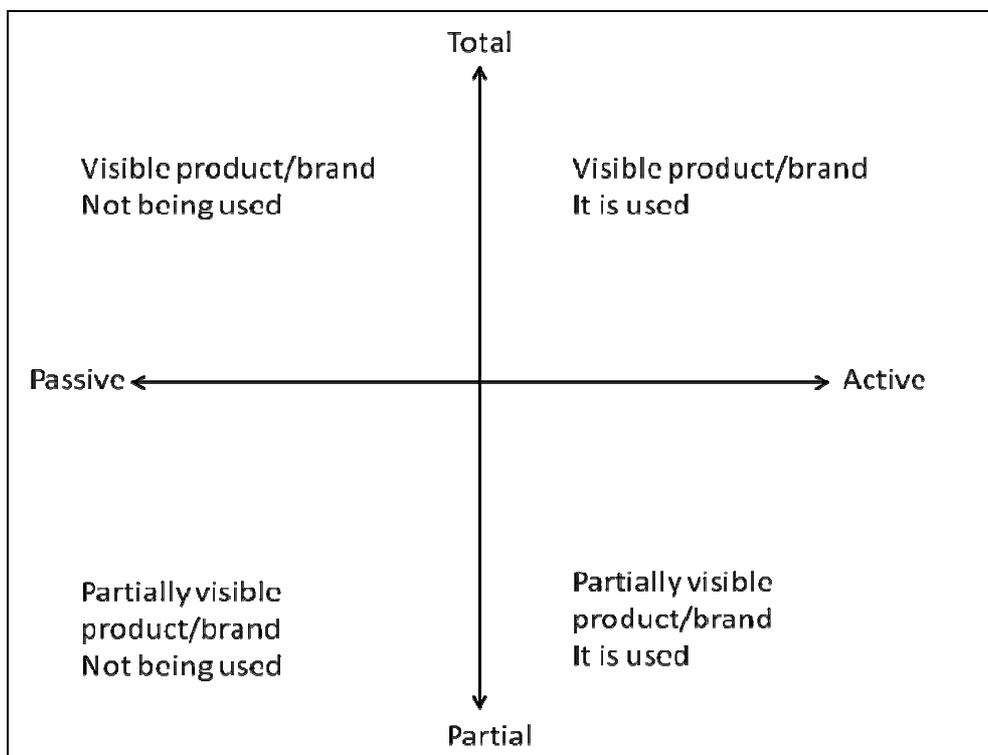
Modality refers to the manner in which the product or service is presented to the audience (Gupta & Lord, 1998): whether we are talking about product- or brand placement; whether the product placement appears visually or only can be heard through dialogue (or a mixture of both); whether it is done in a creative (usually predetermined in the production) way or not; does it appear in the trailers of the movie; is it added digitally subsequently – like advertising companies do with many reruns of movies and television shows, such as *Friends*, where they digitally place new brands and products into the footage (Almond, 2007).

Prominence refers to the importance and measure of integration of the product placement into the structure of the movie: how frequent it is

being mentioned or exposed in the movie; what the duration is that the product is being focused on; is it in the fore- or the background; whether it is an active or a passive placement ie. is it used by any character of the movie; if it is a partial or full appearance; is it embedded fully into the structure of the movie (where a certain product plays a major part in the story, a notable mention would be when Google opted to have their brand be the focus of an entire movie in *The Internship*); is it integrated into the title of the movie.

Naturally using modality and prominence as baseline for measurement, there are many various combinations that may create numerous matrixes, which is presented in Figure 1.

Figure 1. The most frequently used matrix to measure placements



(Source: Papp-Váry, 2014)

Measure of efficiency

One of the greatest challenge that product placement faces is the question of evaluation – to apply an exact dollar metric on it and its impact proves to be difficult for brands and advertising agents alike (Sauer, 2015). Papp-Váry (2014) argues that the main goals of product placement are the same of other communication tools, which is to boost sales, reputation and image, which can be accompanied by the extension of the target-group, strengthening the brand's position or inner focused marketing (making the workers feel proud).

While trying to measure efficiency the traditional advertising methods use indexes like Rating, Reach, Cost Per Thousand etc., which the marketers are already used to, so they usually expect to have something similar for product placement as well (which is aided by the fact that measuring is done by mostly the same research companies too). So what kind of data do they collect? The number of appearances in a given movie; the duration a product is shown in a movie; whether a product appears totally or partially, actively or passively (placing results on the scale presented earlier); recognition efficiency for consumers (by their own recollection or with the aid of eye tracking research); Q-Ratio (a method that uses the attributes of a certain product placement to translate it into how many 30 second TV spots it would take to achieve the same); number of media appearances and social network buzz (ie. post release monitoring); average global cost per thousand; the combined results with television advertising (Papp-Váry, 2014).

Some of the advantages that product placement holds over traditional methods are that they are a somewhat safer choice for marketers. The products shown in movies can not be skipped over like regular advertisements, while they also save expenses on costs as they share them with the artists and other producing parties and they also do not have to worry about their competition defusing their message, as there is no interfering message clutter during their purchased space in the movie (Cowley & Barron, 2008).

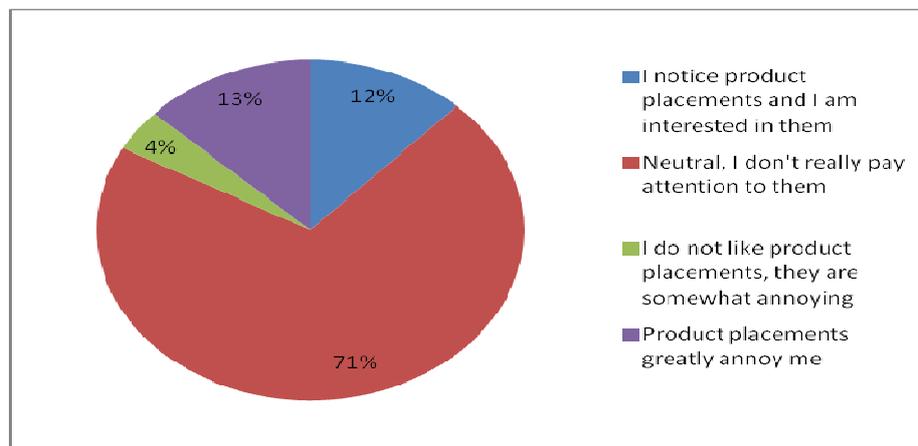
All in all product placement's efficiency lies in influencing the movie goers and helping to develop a positive brand attitude, "enhancing the image and identity of the brand" (Soba & Aydin, 2013).

Consumer perception of product placement

The falling off traditional advertisement as a result of changing consumer trends was already touched upon, if we are to deem product placement a strong force to shape positive attitude, we need to understand how the general public perceives them (if at all).

In their research, *Dávid and Szűcs* (2012) showed that product placements are generally more favorable to advertisements in the eyes of the consumers, though it should also be noted that these results also convey a generally neutral state, where most of them do not pay any attention to them, nor recall to remember their appearances, which can be seen in Figure 2.

Figure 2. Consumer opinions on product placement

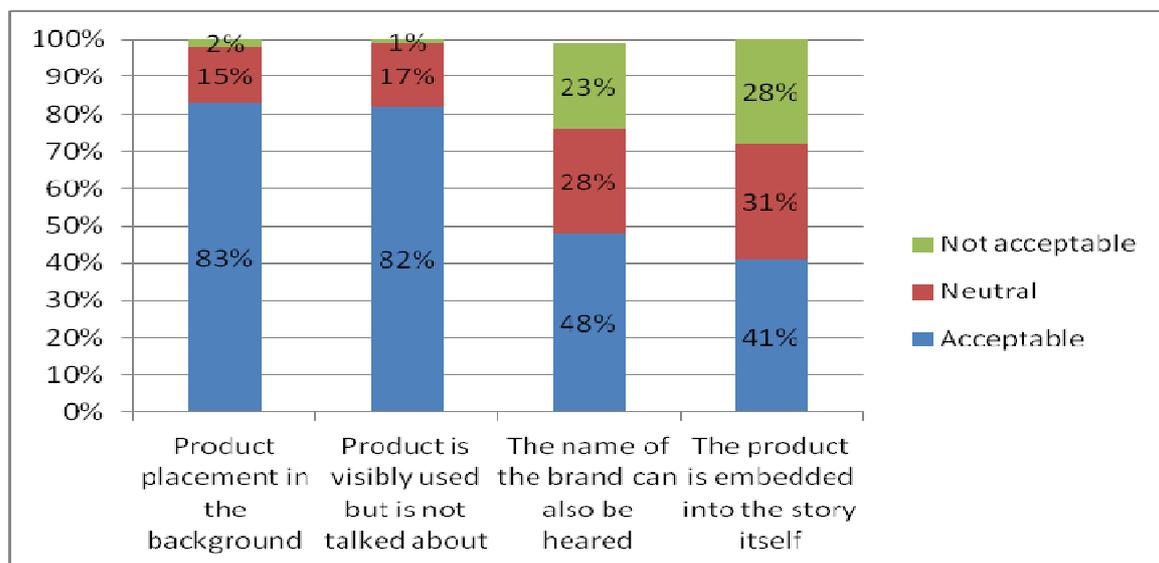


(Source: Own elaboration based on Dávid & Szűcs, 2012)

Ipsos Hungary (2011) got more appealing results in their 2011 research, where 70% of the asked 500 respondents claimed to have seen and noticed product placement before, while 77% of them "did not mind" to see product placement, even though that was not due to not noticing them as a good two third of them recalled the exact show (and some of them remembered even the appearing brand). Facing against advertisements they got similar results with 63% of their respondents preferring product placement in movies to the traditional means.

Moving on to attitudes, the results of the Ipsos Hungary (2011) research also showed that most consumers do not mind if they recognize a brand or product (which was particularly true for the younger generations), which was true even if they felt it did not fit the content it appeared in. They also felt they would rather see real brands and products, than fake ones, which some of them agreed that it somewhat helps to ground the plot, make it seem "lifelike".

Figure 3. How acceptable do you find



(Source: Own elaboration based on Ipsos Hungary, 2011)

When sorting the opinions on the most common product placements on the modality and prominence scale, their results, which can be seen on Figure 3 showed the Hungarian people to be more positive towards the passive forms, while still have a decent number of people who are open to the active ones as well.

Another interesting aspect that underlines the combined effort's efficiency and the strength of brand association between the two channels of advertisement and product placement is how the first spot of a commercial break holds a greater audience when preceded by product placement by the same brand (Schweidel, Foutz & Tanner, 2014).

Filling a movie full of placements though is still not the answer, as *Marchand, Hennig-Thurau and Best* (2013) argue. In their research where they produced three versions of a short film with varying amount of appearances they found out "that the greater prominence of product placements raises consumers' reactance to these persuasion attempts", ultimately negatively affecting their perception of the host brand. They explained the overwhelming number of appearances is experienced by the consumers as threats to their personal freedom of choice. Thus the relevancy, frequency and runtime of a showed product should be handled very delicately.

Conclusions and limitation

Product placement, which relies heavily on not being noticed, but being remembered by consumers is becoming more and more prevalent when creating marketing strategies. It arises as a great supporting tool in the combined effort of integrated marketing communication, where it can be used to promote a brand safely and inexpensively (taking some care to not make the consumers feel being pressured).

What the future holds is an interesting subject in itself, with more technological advancements post production digital product placement will be soon more frequent than ever, as evidenced by the recent advancements in the music video business (HVG, 2014), it does not seem all that far-fetched anymore to have periodic changes in the footages or even to start out with several versions, with altering product placement content aimed for different target groups – a concept familiar for Disney movies where they usually have culturally adjusted in-jokes from time to time (Loughrey, 2014). Naturally it is to be expected that as time goes on more and more marketers will turn to product placement, which can be seen in both globally and in Hungary as well. The increased visibility will have require more expertise and careful planning on the production side, so to have these appearances appear less forceful and be implemented more seamlessly into the movie experience.

The paper was limited as it had no primary research. Future studies should also consider to examine in particular how movie watchers (or TV

viewers for that matter) react to these digitally altered (somewhat less genuine in its nature) form of product placement, especially regarding cases where they notice current products and services in older content as well as how savvy they are generally to the different forms of product placement (and their combinations with each other and traditional advertisement alike). This area of research seems suitable for further investigation.

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