

**LAPPEENRANTA UNIVERSITY OF TECHNOLOGY**  
Department of Business Administration  
International Marketing

## **PRODUCT PLACEMENT IN INTEGRATED MARKETING COMMUNICATIONS STRATEGY**

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## 1. INTRODUCTION

The motion picture industry has throughout its history produced movies for large global audiences. Therefore it is natural that consumer goods marketers — often otherwise without any contact to movies or motion picture industry as such — have adopted movies as a feasible marketing and promotion channel. Movie audiences can be viewed as ready-made target groups, especially if a movie clearly represents a certain genre (e.g. science-fiction, action, comedy, drama etc.), thus providing an opportunity to include some indirect commercial messages into the movie for the audience to be influenced by. These commercial messages are usually included into movies by implementing a promotional method called product placement. In product placement a product is featured, used, mentioned or seen in a movie (or any similar context; refer to the definition of product placement in chapter 1.4) in a manner that provides the product with a positive image and role in the movie (Nebenzahl & Secunda 1993, 1; Steortz in Babin & Carder 1996, 140; and in Immonen 1998, 13; Balasubramanian 1994, 30; Vollmers in Immonen 1998, 13; ERMA 1996).

In Steven Spielberg's classic film "E.T. — The Extraterrestrial" (1982) the main character of the film, little boy named Elliott, tried to lure his newly-found runaway alien friend back from the forest by throwing small, colourful pieces of candy around the forest. In several scenes Elliott can be seen carrying a bright orange bag of candy while he spreads the candy around the area, and occasionally eats a couple of them himself. Later on in the movie E.T. returns to Elliott's home and drops the candy he has collected from the woods very carefully to the carpeted floor, all this happening in a relatively long close-up shot. These scenes work as a perfect example of a well-executed product placement in a movie. The product, in this case Hershey's Reese's Pieces candy (Buss 1998, 29; Lucas 1995, 94; Russell 1998, 357; Palmer 1998, 48; Turcotte 1995), is seen in its own

context of use (Elliott eating the candy), as a desirable product (powerful enough to lure E.T. back to Elliott), and in a recognisable position (Elliott carrying the colourful bag, E.T. piling the candy to the floor). The best thing about this particular placement is that it is not intrusive. On the contrary, the candy had an important symbolic role in a touching scene of the movie, thus likely to receive positive attitudes among the audience. After the release of the film and with a supporting promotional campaign the sales of Reese's Pieces candy increased reportedly by 66% in the 3 months following the film's release (Balasubramanian 1994, 38; Law & Braun 2000, 1062; Nebenzahl & Secunda 1993, 2; Gupta *et al.* 2000, 42; Babin & Carder 1996, 140; Belch & Belch 1998, 431). This success is often referred to as the starting point of the modern product placement industry (PR Central 1997; Graham 1998; McCarthy 1994, 31).

The example of "E.T." shows that the value of product placement as a promotional method might be considerable. Where e.g. sponsorship communications usually contain a brand name in a selected context (e.g. on the side of a car in motor racing, or a company logo on a poster etc.) — hence enhancing mostly the corporate image — product placement shows the company's product itself (with the brand name) being used in its own environment and in the right way, enabling product features and, for example, the ease of use to be easily demonstrated. This combined with image factors (charismatic and positive image of the user character and the general image of the production) makes a powerful message speaking for the benefit of a product.

Product placement may also appeal financially to corporate marketers in addition to the marketing communications aspect. In the current world filled with advertising and other marketing communication messages people are prone to skip through print advertisements or change the channel during television commercial breaks. Product placement is able to avoid

these particular pitfalls as the persuasive communication is within an entertainment context (Nebenzahl & Secunda 1993, 1; Vista Group 1997). And the actual cost of the placement is commonly only a fraction of a traditional advertising campaign. Naturally, when done the right way product placement requires support from other promotional vehicles.

Financial aspects are also the ones to interest the actual film makers into using product placement. An average Hollywood film production today costs some \$60 million (ISM Entertainment 1998) reaching at its highest to \$200+ million and producers along with film studios are struggling to minimise their costs. Product placement provides a tool for cost reduction through minimisation of equipment rental costs and the opportunities for co-operation with product suppliers (e.g. promotional activities).

The basis of product placement practice can be summarised in three principles (Koberger 1990, 86):

1. Creative integration of brand products in motion picture as well as other forms of entertainment industry,
2. Integration of high-value requisite without any compromises to the original artistic substance, and
3. Upholding of the ethical standards in the product placement practice.

### **1.1 The research problem**

It is fair to say that product placement is considered in many cases a secondary — or even irrelevant — vehicle for marketing communications. Very few companies take full advantage of this method but those that do have achieved good results in their promotions. This is not to say that product placement makes the results on its own; On the contrary, product placement should be an *integral* component in a marketing communications process with advertising, sales promotion activities, public

relations, and other publicity vehicles besides product placement, in addition to other components of marketing communications.

Unfortunately, the strategic aspects of product placement are often ignored perhaps for its relatively inexpensive nature, perhaps for its uncertainty (e.g. *the artistic freedom* of the director / producer), or for some other reason. The main goal of this research paper is to illustrate how to avoid these pitfalls and instead how to take a strategic approach with product placement, thus integrating it with the other means of marketing communications. In addition to these components there will be the factor of promotional co-operations to be considered in the form of the so-called cross-promotions and other promotional tie-ins.

Leading from these factors, the primary research problem for this thesis is:

**How can consumer product marketers implement and benefit from product placement in an integrated marketing communications strategy?**

In order to be able to provide a feasible answer to the primary research problem the following secondary theoretical and empirical research problems will be examined.

Theoretical problems:

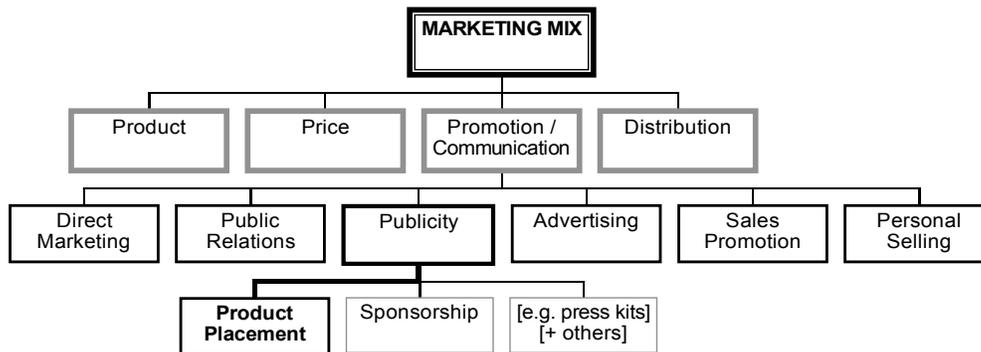
- What communications effects and response processes take place with product placement communications and how?
- How does product placement relate to other elements of marketing communications?

Empirical problems:

- How is product placement practiced with different types of products and media alternatives?
- How and in what role is product placement practiced in relation to other elements of marketing communications?

## **1.2 Theoretical framework**

Product placement is a marketing communications method designed to enhance the image of a certain product among a selected target group by getting positive image enforcement from the positive aspects of the selected media vehicles, such as motion pictures, television series, commercials, theatre plays, video games and even school books. As such product placement is a component of the promotion category (also referred to as communications mix) of the marketing mix, and is considered as a method of publicity creation. As in all marketing subcategories (the different mixes) the use of different components of each category should be designed in such manner that all the components function together by either supporting or replacing each other in right proportions. In the promotion mix communications components like advertising, sales promotion, public relations and personal selling are required in order to reach the selected target audiences with the desired message. The use of multidisciplinary communications has raised the importance of coherent, effective and cost-efficient message creation and delivery. Therefore the process of message creation, planning and implementing different communications tools needs to be integrated in order to achieve these objectives. The marketing communications concept that has been created for this purpose is commonly referred to as Integrated Marketing Communications (IMC).

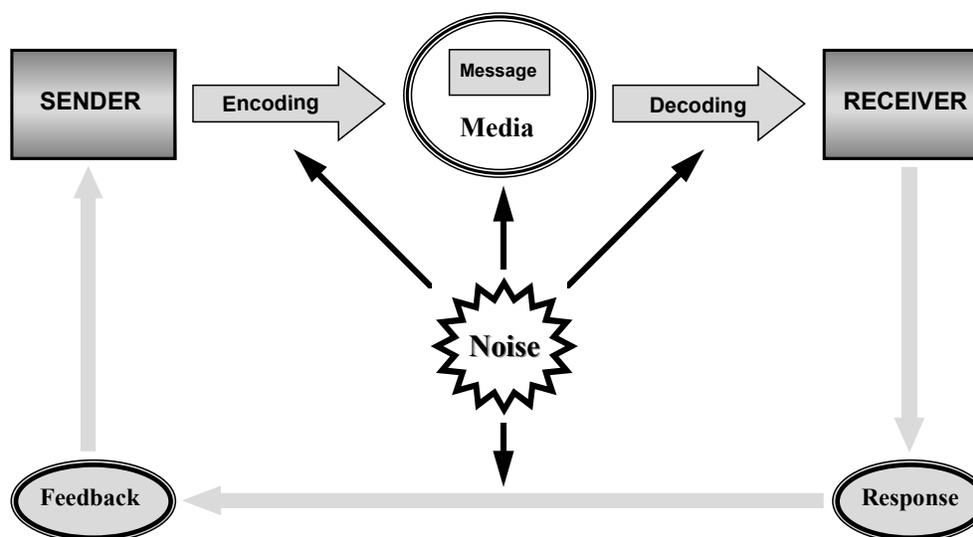


**Figure 1:** Product placement in marketing communications mix (Smith 1998, 7; Kotler 1997, 605; Ailloni-Charas 1984, 6-7; Pickton & Broderick 2001, 7-8)

The communications mix displayed in Figure 1 contains six elements, i.e. different promotional tools. The number of different elements is not necessarily six like above as there are several different schools of thought about the issue and many ways to classify the promotional methods. At minimum the communications mix is considered to consist of advertising, sales promotions, personal selling, and public relations functions. The actual number of elements in a communications mix is strongly a matter of personal inclination as some people may consider some elements more important to stand on their own than others may do, hence raising the number of elements in the mix. The classification used here is an adaptation from the ones used by various marketing communications scholars. (Smith 1998, 7; Kotler 1997, 605; Ailloni-Charas 1984, 6-7; Pickton & Broderick 2001, 7-8)

When discussing the theory of integrated marketing communications it is relevant to understand the concept of communication. The purpose of IMC in all its simplicity is for a company to communicate with its target and interest groups by all and any means available to it in a controlled and unified fashion. In principle a communications process takes place when a

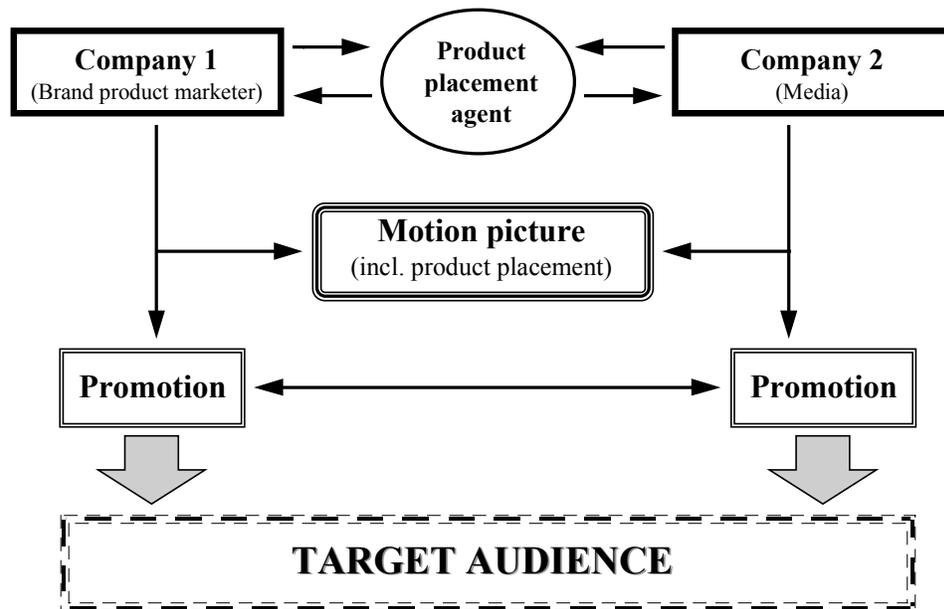
person or an entity (e.g. a company in marketing context) sends a message to a person or a selected target audience by encoding it into a desired symbolic form (e.g. an advertisement) and by using the appropriate media to carry the message to its destination. The target audience of the message act as receivers who decode the message — in optimal conditions back into its original form — thus forming a thought in the receiver's mind. The encoding and decoding, and therefore understanding, the message in the desired way is always threatened by channel noise. This noise can be in form of any distracting element that makes the mental processes of coding and decoding more difficult (e.g. bad telephone lines, grammatical errors, competing messages or even actual noise). (Pickton & Broderick 2001, 13-15; Smith 1998, 73; Kotler 1997, 606; Czinkota & Ronkainen 1995, 316) The generic communications process with all these factors is exhibited in the model below.



**Figure 2:** Generic communications process (Pickton & Broderick 2001, 13-15; Smith 1998, 73; Kotler 1997, 606; Czinkota & Ronkainen 1995, 316)

In addition to the theory of the promotion mix and integrated marketing communications also the theory of marketing alliances, or more precisely, theory of promotional co-operation (or alliance in longer-term co-operation) is critically important when it comes to implementing product placement activity to the maximum effect. It is necessary to emphasise that the term "alliance" in this case does not refer to strategic alliances or any other term that reflects a deeper commitment between two separate business entities. Promotional alliance is a temporary arrangement with specific boundaries, thus being more short-term (tactical) in its approach than a strategic alliance.

Forming a promotional alliance is actually the very essence of an effective product placement campaign. There are always two main participants in a product placement deal: the corporate marketer of a certain product and the producer of the promotional vehicle (that is, for example, a movie producer). In a cross-promotion program these two participants share their promotional channels, hence creating promotional exposure to each other by combining their target audiences. Therefore in product placement, as in any form of alliance or co-operation, the two parties have to suit each other in order to achieve a positive outcome ("a tactical fit"). These multiparty processes are portrayed in Figure 3 below.



**Figure 3:** Product placement process

### 1.3 Literature review

This study will rely on the scientific research information gathered mainly from secondary sources about basic communications theories, integrated marketing communications theory, and product placement communications theory as well. The general communications theory has been widely covered in several textbooks on marketing communications and its subsets such as advertising and sales promotions (Kotler 1997; Belch & Belch 1995). Integrated marketing communications has become a topic for textbooks since the latter part of the 1990s (Schultz *et al.* 1994; Shimp 1997; Percy 1997; Belch & Belch 1998; Smith 1998; Sirgy 1998; Rossiter & Percy 1998). Product placement on the other hand is virtually a stranger in the majority of textbooks on marketing or marketing communications. Therefore other avenues of information have been pursued for theories on product placement.

As product placement is practiced mainly in the motion picture and, more generally, in the entertainment industry, it is meaningful to understand the nature of these industries. The idea behind this study is that not only is the entertainment industry a considerable and lucrative field of business on its own but it can also act as a promotional channel for other major industries. Despite of being multinational in all senses of the word the entertainment industry in this study is considered mainly as Hollywood and its other American equivalents in television, music or gaming industries. There are three main reasons for this: **1)** Information as well as useful and known examples about American entertainment are available more easily and in large number, **2)** Hollywood as well as those related industries mentioned earlier are more keen and comfortable to implement product placement in their productions than e.g. their European counterparts, and **3)** American entertainment, especially motion pictures, is purely global reaching most of the areas in the world, hence providing a global promotional channel. Unfortunately, this study can not illustrate the motion picture industry purely as an art form but instead as commercial activity with several different meanings. The commercial side of the industry can be explained with assistance from different literature on the economic frameworks of the entertainment industry that cover major fields of entertainment with exact statistical figures and models about how the industry actually functions (Vogel 1998; Jowett & Linton 1980).

Some academic studies have been done about product placement. In fact in Canada and the United States in particular several master's theses and dissertations have been written on the subject (Steertz 1987; Troup 1991; Stratton 1992; Vollmers 1995; Reinemuth 1996). In Europe work has not been as extensive but still some work has been published in the latter part of the 1990s. Germany seems to have adopted product placement as an interesting phenomenon as a lot of publications can be found on the topic in German. In addition to magazine articles also comprehensive academic

work is available, even as far as doctoral dissertations (Koberger 1990; Bosselmann 1994). As an interesting point it can be mentioned that at the time this text is being written there is only one master's thesis work written on the subject in Finland (Immonen 1998), in Turku School of Business and Economics. Immonen (1998) studied product placement's applicability in Finland by measuring viewers' recognition of brand names in films, a similar study to the one by Babin & Carder in 1996.

Since the input from the academic textbooks is somewhat concentrated on theories of more well known communication tools, a greater emphasis falls on the articles and other academic publications written about product placement in order to learn more about the issue. These articles can be found from various business magazines, trade journals, academic publications, and the Internet and they offer a great number of insights about product placement, interviews and comments from various product placement professionals and some research results on the feasibility and effectiveness of product placement along with audience attitudes (Nebenzahl & Secunda 1993; d'Astous & Séguin 1999; d'Astous & Chartier 2000; Gould *et al.* 2000; Gupta *et al.* 2000; Law & Braun 2000). Other research papers are also available ranging from brand recognition and recall studies to media effect factors and further to e.g. image management studies (Babin & Carder 1996; Brennan *et al.* 1999; Sandler & Secunda 1993; Bennett 1999; Meenaghan & Shipley 1999; Ferrand & Pages 1999). The majority of magazine articles handle the issues about the alliances in the product placement business as well as the individual companies' experiences as in a form of case studies illustrating both the success stories as well as the failures in product placement. The practical elements of product placement gained from the variety of articles and publications will be complemented with primary research data received from some of the companies used as case examples at the end of the paper (Grollman 2001; Wallace 2001).

## 1.4 Definitions of key terminology

In some of the following definitions a short discussion is needed since there has not been a full consensus among the academic scholars about the accurate form and content of the definitions. If the definition has not been discussed (i.e. no more than one definition for a term has been presented) the author has adopted the definition for this thesis in its original form as it is presented in the marked reference.

**Marketing Communications** provide the generic framework for integrated marketing communications and product placement. The following definitions separate marketing communications from its subset concept of integrated marketing communications:

*”Marketing communications is the collection of all elements in an organisation’s marketing mix that facilitate exchanges by establishing shared meaning with the organisation’s customers or clients.”* (Shimp in Spotts *et al.* 1998, 216)

An alternative definition for marketing communications has been provided by John Burnett:

*”The role of marketing communication is to support the marketing plan and help key audiences understand and believe in the marketer’s advantage over the competition.”*  
(Burnett 1993, 241)

The main concept in this study along with product placement itself is **Integrated Marketing Communications** (*abbr.* IMC). This relatively new concept gained popularity during the 1990s and has been a subject of a strong and ongoing debate about its feasibility. During its introduction period IMC has been defined in several ways. At Medill School of

Journalism of Northwestern University, which has in many instances regarded as the home of IMC, the following working definition (which seems more like a statement of purpose or action guidelines) of IMC was initially formed:

*”Integrated marketing communications is the process of developing and implementing various forms of persuasive communication programs with customers and prospects over time. The goal of IMC is to influence or directly affect the behaviour of the selected communications audience. IMC considers all sources of brand or company contacts that a customer or prospect has with the product or service as potential delivery channels for future messages. Further, IMC makes use of all forms of communication which are relevant to the customers and prospects, and to which they might be receptive. In sum the IMC process starts with the customer or prospect and then works back to determine and define the forms and methods through which persuasive communications programs should be developed.”* (Schultz in Percy 1997, 2; Schultz in Shimp 1997, 12)

Although this statement is comprehensive and contains all elements of IMC’s definition it does not serve as a memory aid due to its length. Therefore other definitions serve their purpose in simplifying the matter. Larry Percy has provided a more simplified definition of integrated marketing communications:

*”IMC is the planning and execution of all the types of advertising and promotion selected for a brand, service, or company, in order to meet a common set of communication objectives, or more particularly, to support a single ‘positioning’.”* (Percy 1997, 2)

IMC has been defined by the American Association of Advertising Agencies ("the 4As") as following:

*"IMC is a concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines — e.g. general advertising, direct response, sales promotion, and public relations — and combines these disciplines to provide clarity, consistency, and maximum communication impact."* (American Association of Advertising Agencies in Percy 1997, 3; Belch & Belch 1995, 7; Belch & Belch 1998, 9; Sirgy 1998, 4)

Professor Don Schultz of Northwestern University, one of the main advocates of the IMC concept, has further defined integrated marketing communications. His definition emphasises all customer contacts as communication, and therefore the need to manage these contacts:

*"The process of managing all sources of information about product / service to which a customer or prospect is exposed which behaviourally moves the consumer toward a sale and maintains customer loyalty."* (Schultz in Sirgy 1998, 4; Belch & Belch 1998, 10)

In their study about the potential value of IMC to corporate organisations Duncan and Everett defined integrated marketing communications in another form:

*"IMC is the strategic coordination of all messages and media used by an organisation to influence its perceived brand value."* (Duncan & Everett in Percy 1997, 4)

Further, Tom Duncan has also provided this following definition of IMC:

*"IMC is a crossfunctional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging purposeful dialogue with them."* (Duncan in Spotts *et al.* 1998, 211)

The definitions provided for IMC within this research span more than a decade of input from various marketing communications scholars. The latest addition to definitions comes from Pickton & Broderick (2001), who have aimed for a comprehensive definition of integrated marketing communications instead of a short mnemonic rule.

*"Integrated marketing communications is a process which involves the management and organisation of all 'agents' in the analysis, planning, implementation and control of all marketing communications contacts, media, messages and promotional tools focused at selected target audiences in such way as to derive the greatest economy, efficiency, effectiveness, enhancement and coherence of marketing communications effort in achieving predetermined product and corporate marketing communications objectives."*  
(Pickton & Broderick 2001, 67)

Each of these IMC definitions explain the concept quite sufficiently as they approach the issue from both the corporate standpoint as well as the consumers' position. In this thesis the 4A's definition has been adopted as the primary definition of integrated marketing communications as it puts emphasis on the planning aspect of IMC. The wide and continuous process has also been emphasised in the definition by Pickton & Broderick (2001), thus providing a good insight to a robust IMC concept.

**Product placement** has been given numerous different definitions by a number of scholars, many of which emphasise different factors and motives in the definitions. According to many sources (Babin & Carder 1996, 140-141; Immonen 1998, 13) the first academic research study on product placement was done by Eva Marie Steertz in 1987. Steertz (1987) defines product placement as follows:

*"Product placement is inclusion of a brand name product, package, signage, or other trademark merchandise within a motion picture, television show or music video."* (Steertz in Immonen 1998, 13; Steertz in Babin & Carder 1996, 140)

Steertz's definition is quite general and may indicate that at the time of that particular study (1987) the technique of product placement was in fact used only in these formats mentioned in the definition. Steertz also does not express the commercial mechanisms and the mutual exchange of services that is the essence of product placement. Stacy Vollmers redefined the term in 1995 by adding these aspects to the definition:

*"Product placement is intentional and compensated inclusion of a product or a service (product, package, logo, trademark, verbal mentioning or an advertisement of a product) in an entertainment production."* (Vollmers in Immonen 1998, 13)

The commercial and covert nature of product placement was more successfully defined in Siva Balasubramanian's definition that he published before Vollmers' study in 1994. Balasubramanian (1994) points out the core objective of the product marketer; to draw attention to the product and influence the knowledge and the attitudes of the audience:

*"Product placement is a paid product message aimed at influencing movie (or television) audiences via the planned and unobtrusive entry of a branded product into a movie (or*

*television program).*" (Balasubramanian 1994, 29; Immonen 1998, 14)

As Balasubramanian (1994) exhibits the commercial intent in product placement he at the same time has a very narrow view on the extent of product placement. Vollmers brings out more possibilities for implementation of product placement in her definition, despite being vague by using the general term "entertainment production" to indicate the applicable media. Therefore a combination of Vollmers' and Balasubramanian's definitions with some adaptation makes the definition of product placement. Some additions to these definitions would be the new application platforms for product placement, i.e. brand name products are placed increasingly often to more unconventional "media" like e.g. games (both traditional like board games etc., and also to modern video and computer games (Ebenkamp 1998, 48), books (especially school books (Labi 1999, 44) and comic books), and even traditional theatre plays [PR Central (1998)]. Adding these factors will finalise the definition that will be used in this thesis work as the main definition of product placement:

**Product placement** (*abbr.* PPL): *The term product placement refers to the potentially compensated (in the form of money or other promotional service) inclusion of consumer brand name products, packages, signs, logos or other trademark merchandise, services, a verbal mentioning or an advertisement of the product within a motion picture, television show, music video, commercial, video / computer game, book or theatre play.* (Adapted from Nebenzahl & Secunda 1993, 1; Steertz in Babin & Carder 1996, 140; Steertz in Immonen 1998, 13; Balasubramanian 1994, 30; Vollmers in Immonen 1998, 13; ERMA 1996)

Despite the popularity of the term "product placement" there are some scholars that prefer to use **Brand placement** as the correct term to indicate the placement of brand products in the mentioned contexts. James A. Karhh argues that "*in most cases a certain trademark is used instead of a product group*" (Karhh in Immonen 1998, 14). This argument basically means that product placement actually is a form of sponsorship where media visibility is achieved only through brand names without the actual product. The idea undermines the aspect that products can be recognised by their design or packaging without their brand being visible (e.g. the Coke bottle). The strongest message comes from the combined effect of design and brand name. Therefore the term brand placement can not be recommended for use due to its clear bias. Nevertheless, Karhh's view has been supported at least by Laurie A. Babin and Sheri T. Carder in their study on brand recognition (Babin & Carder 1996, 140).

When discussing product placement the issue of promotional programs is bound to surface. The following two terms are the ones most often used with PPL.

**Cross-promotions:** *A name for a promotional program where the two parties involved in product placement deal use each others' promotional channels in order to reach new audiences; This is the main gain and motive of using product placement. (Kotler 1997, 665)*

**Tie-ins:** *Promotional tie-ins; often refers to the same thing as the term cross-promotions: "Tie-in promotions involve two or more brands or companies that team up on coupons, refunds, contests (or other sales promotion method) to increase their pulling power. Companies pool funds for broader exposure, and multiple sales forces push these promotions to retailers,*

*giving them a better shot at extra display and ad space."*

(Ibid.)

Product placement shares similar characteristics with **Sponsorship**, so much so that in some cases it is difficult to draw the line between the execution of the two. Therefore it is important to separate product placement from sponsorship:

*"Sponsorship refers to the company's financial support of a media, social, sporting or cultural activity in return for exposure of its brand or brands." (Rossiter & Percy 1998, 339)*

Another definition for sponsorship that recognises the requirement of achieving corporate and marketing objectives when implementing sponsorship activities has been provided by Pickton & Broderick (2001) who have adapted Berrett's original definition:

*"Sponsorship is a contribution to an activity by a commercial organisation in cash, or in kind, with the expectation of achieving corporate and marketing objectives." (Pickton & Broderick 2001, 514)*

As product placement is mainly a publicity tool it is appropriate to define the term **Publicity**. This is also required since for many publicity may serve as the same function as public relations (PR).

*"Publicity refers to nonpersonal communications regarding an organisation, product, service, or idea that is not directly paid for or run under identified sponsorship. Publicity usually comes in the form of a news story, editorial or announcement about an organisation and / or its products and services...Techniques used to gain publicity include news releases, press conferences, feature articles, photographs,*

*films, and videotapes."* (Belch & Belch 1995, 533; Belch & Belch 1998, 20)

For the same reasons as above **Public Relations** (*abbr.* PR) needs to be separated from publicity. PR has been defined in at least the following three ways. George and Michael Belch have used the definition by the PR industry itself which is also supported in this thesis work:

*"Public relations is the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organisation with the public interest, and executes a program of action to earn public understanding and acceptance."* (Belch & Belch 1995, 518)

The following two definitions are here to illustrate the number of different ways to explain the same phenomenon. In 1978 the First Assembly of Public Relations Associations defined PR as:

*"...the art and social science of analysing trends, predicting their consequences, counselling organisation leaders, and implementing planned programs of action which serve both the organisation's and the public interest"* (Burnett 1993, 412)

John Burnett provided a shorter definition in contrast to that above:

*"Public relations is the use of information and the communication of that information through a variety of media to influence public opinion."* (Ibid.)

Lately there has been an increase in the use of a new form of public relations, namely **Marketing Public Relations** (MPR). Philip Kotler calls MPR as the new name for publicity (Kotler 1997, 672). Oddly enough, other authors do not see the issue this way. E.g. Belch & Belch (1995;

1998) describe PR, MPR and publicity all as separate functions with functional differences, although they consider publicity as a subset of PR. This view is supported by Thomas L. Harris who has defined marketing public relations as "*public relations activities designed to support marketing objectives*" (Belch & Belch 1998, 516).

### **1.5 Delimitations of the study**

The main focus of this study will be on product placement as a promotional tool and how it should be integrated into an integrated marketing communications strategy. The other components of the marketing mix outside the promotions / communications mix will be excluded from the study. This will provide focus on the special issues at hand. The components of the promotions mix will be included to the study with applicable parts, such as when discussing the interaction and relations of the components in the integrated marketing communications theory. Since there is plenty of research conducted on the IMC components like advertising and public relations, these topics will not be discussed in the study. The process of planning and building an IMC strategy will be introduced and discussed in required detail.

Special consideration will be given to sponsorship, in order to illustrate the similar nature and the characteristics between sponsorship and product placement as well as the distinguishing differences between the two. A lot of studies have been done also on sponsorship so there will be no need for a profound analysis of sponsorship in this study.

Co-operational alliances will be discussed as a short introduction to explain the behaviour in the product placement and entertainment industry. The entertainment and motion picture industries will be discussed by introducing the different categories and structure of the industries as well as

their possibilities and importance as a promotional channel. Any special fields of interest outside the business curriculum, such as legal and artistic issues, will be left to those who are more qualified to study these important aspects related to this topic.

## **1.6 Research methodology**

This study on product placement is a normative case study where the formed theory will be compared with a review study of the product placement practice and the actions of the selected case companies. The theoretical part of the study will illustrate the factors and procedures that need to be considered in an integrated marketing communications strategy where product placement is used as an integral component. The empirical part of the study will reflect the theory with product placement practice that should illustrate the different levels of and approaches to the IMC strategy.

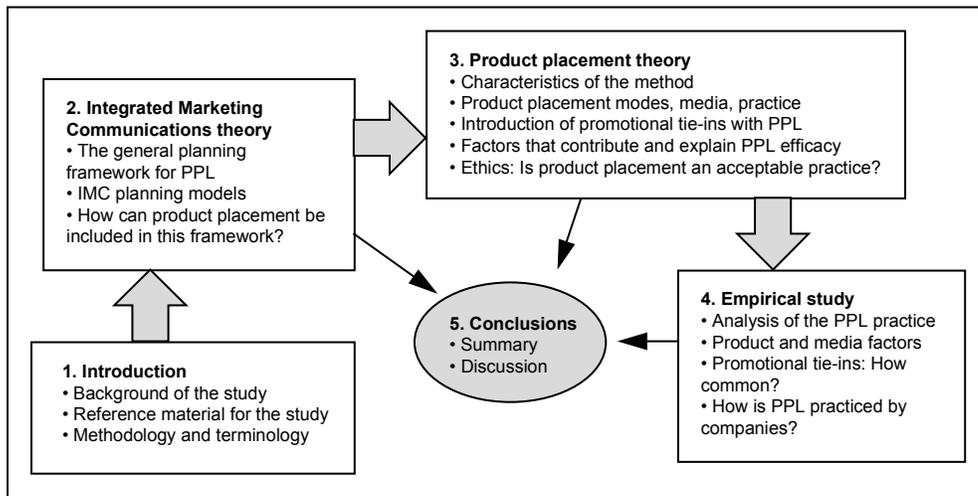
The empirical study conducted for this master's thesis contains a review study of newspaper and magazine articles that were selected randomly about the product placement practice and especially the brands that were involved in this activity. The empirical study should reflect the characteristics and patterns required of a company and a brand attempting product placement communications. The article review will include statistical information on factors related to product placement communications, such as product type, media characteristics, and promotional tie-in programs. The details of the article review are introduced in chapter 4. The empirical study is supplemented by short example cases with three companies used as the main case examples, each company representing different approaches and strategies for implementing product placement in their respective IMC strategies. One case will describe a long-term (5+ years) co-operation between a brand product marketer and a motion picture production. Another case will handle a high

volume penetration of product placement on television shows with the special ingredient of an in-house PPL department handling the coordination. The third case will act as a comparison to the two others while also exhibiting both the corporate growth into a market leader and also the simultaneous development of the company's product placement and other marketing communications in general. In addition to the three main cases a set of additional examples will illustrate some special features found in the product placement practice.

Information and data has been gathered mainly through secondary channels: earlier studies (e.g. on the effectiveness of product placement), business literature, articles etc. have been collected from scientific journals, electronic article archives, magazines, newspapers, and the Internet. Primary information gathering methods, mainly semistructured interviews or questionnaires have been used on the compilation of the case examples. A thorough review of all marketing communications and the applicable strategies conducted by the case companies was regrettably impossible to conduct due to the time and resource constraints, although some secondary information on these issues has been reported in the cases.

## **1.7 Structure of the thesis**

The thesis is structured systematically to progress from larger topical entities towards a more detailed level. In other words, from general integrated marketing communications framework the discussion will lead to tactical execution of a single marketing communications method, product placement. The main parts of the thesis — the integrated marketing communications theory, the product placement theory, and the empirical study — and the progression of the thesis are illustrated in the following figure.



**Figure 4:** Structure and progression of the thesis

## 2. INTEGRATED MARKETING COMMUNICATIONS

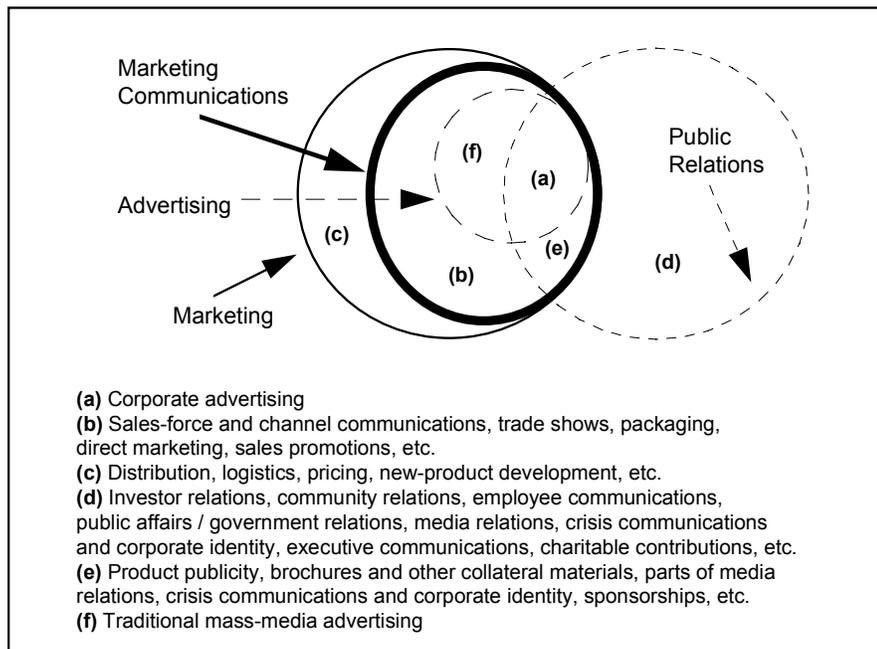
In order to sufficiently understand the nature of product placement one must also understand the marketing communications environment product placement is part of. The marketing communications mix (also commonly referred to as promotion mix) (Kotler 1997, 604) has evolved along with any other field of business curriculum, and like any other field it has also changed its nature from its origins. (Percy 1997, 1) The change in the marketing communication practices has extended to the point where it has been claimed that *"marketing in the 1990s is communication and communication is marketing; the two are inseparable"* (Schultz *et al.* 1994, 45; Schultz in Shimp 1997, 4).

The marketing communications mix consists of, but is not limited to, the five major modes of communication: advertising, sales promotion, public relations and publicity, personal selling, and direct marketing. The following table contains the main elements of each communication mode.

**Table 1:** Five main modes of marketing communications (Kotler 1997, 604-605)

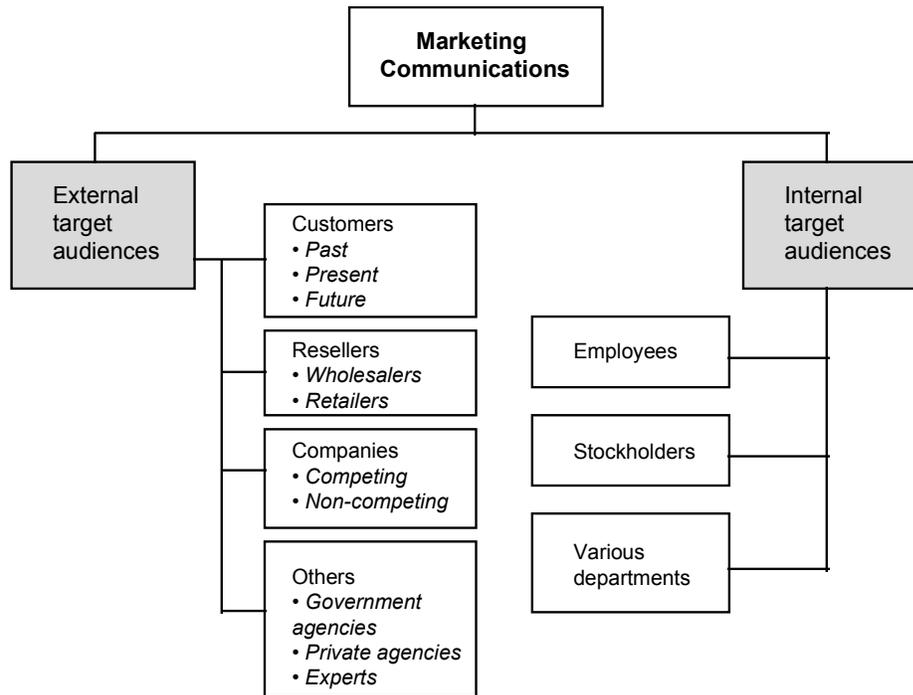
<p><b>ADVERTISING</b></p> <ul style="list-style-type: none"> <li>• Print and broadcast ads</li> <li>• Packaging / inserts</li> <li>• Motion pictures</li> <li>• Brochures and booklets</li> <li>• Posters and leaflets</li> <li>• Directories</li> <li>• Reprints of ads</li> <li>• Billboards</li> <li>• Display signs</li> <li>• Point-of-purchase displays</li> <li>• Audio-visual material</li> <li>• Symbols and logos</li> <li>• Videotapes</li> </ul>	<p><b>SALES PROMOTION</b></p> <ul style="list-style-type: none"> <li>• Contests, games</li> <li>• Sweepstakes</li> <li>• Premiums and gifts</li> <li>• Sampling</li> <li>• Fairs and trade shows</li> <li>• Exhibits</li> <li>• Demonstrations</li> <li>• Coupons</li> <li>• Rebates</li> <li>• Low-interest financing</li> <li>• Entertainment</li> <li>• Trade-in allowances</li> <li>• Continuity programs</li> <li>• Tie-ins</li> </ul>	<p><b>PUBLIC RELATIONS</b></p> <ul style="list-style-type: none"> <li>• Press kits</li> <li>• Speeches</li> <li>• Seminars</li> <li>• Annual reports</li> <li>• Charitable donations</li> <li>• Sponsorships</li> <li>• Publications</li> <li>• Community relations</li> <li>• Lobbying</li> <li>• Identity media</li> <li>• Company magazine</li> <li>• Events</li> </ul>	<p><b>PERSONAL SELLING</b></p> <ul style="list-style-type: none"> <li>• Sales presentations</li> <li>• Sales meetings</li> <li>• Incentive programs</li> <li>• Samples</li> <li>• Fairs and trade shows</li> </ul> <p><b>DIRECT MARKETING</b></p> <ul style="list-style-type: none"> <li>• Catalogs</li> <li>• Mailings</li> <li>• Telemarketing</li> <li>• Electronic shopping</li> <li>• TV shopping</li> <li>• Fax mail</li> <li>• E-mail</li> <li>• Voice mail</li> </ul>
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The elements of the marketing communications mix interact with each other with great diversity while also affecting its surrounding framework. Marketing communications is considered as one of the four Ps of the marketing mix (others being product, pricing, and place / distribution). Public relations has often been regarded as a marketing communications mix element by marketing professionals, a view that has not always been shared in the PR community. One view of the relationships between marketing, marketing communications, public relations, and advertising as a representative of a marketing communications mix element is illustrated in Figure 5, provided by James G. Hutton.



**Figure 5:** Relationships between Marketing, Advertising, Marketing Communications, and Public Relations (Hutton 1996, 157)

Communications method is selected based on the communications objective and the target audience composition. The potential target audiences that an organisation may have to address with marketing communications are exhibited in the following figure.



**Figure 6:** Target audiences of marketing communications (Burnett 1993, 242-243)

Depending on whether the flow is internal or external, effective communication requires an integrated strategy, which should assess the type of information wanted by the target audience, select the most effective communications vehicles, gauge the communicator's position in relation to competition according to the target audience, and provide guidelines to determine the appropriate communications mix and the communications budget. (Burnett 1993, 242-243)

## **2.1 Development of the Integrated Marketing Communications concept**

In the past, traditional mass media advertising was the dominating feature in most companies' promotional mix, the fact that caused marketers to rely heavily on their advertising agencies in their marketing communications.

The reliance on mass media advertising has been attributed to the past success of mass production of goods. As similar products were produced in mass quantities and practically everything that was produced was also sold, marketers came easily to conclusion that consumers were a homogenic group that would be best reached with mass media advertising. (Schultz 1996e, 139-140; Solomon & Englis 1994, 57) At the same time other marketing communications components such as sales promotion and direct marketing were considered merely as auxiliary services that were implemented by an outside operator on *ad hoc* basis. Similarly, corporation's public image and publicity affairs had been outsourced to a public relations agency and were not viewed as integral components in the marketing communications process. (Belch & Belch 1998, 9; Englis & Solomon 1996, 183) In addition, many marketing organisations kept their marketing communications functions strictly separate with different budgets, different objectives, different views on markets and so on. The corporate and product image created by this type of organisation was hardly a consistent one and most often failed to communicate effectively with the desired target audiences. This road started to come to its end during the 1980s as many companies realised the need for a more strategic and cohesive approach in their communications. This new approach meant coordinated use and integration of the advertising efforts with a variety of other communication techniques such as sales promotion, direct marketing, publicity and public relations, and event sponsorships. This coordinated integration can be considered in its simplest form as using whatever communications tools necessary to get messages across to target publics or audiences, regardless the origins of the tools. (Kitchen 1996, 5; Solomon & Englis 1994, 57; Englis & Solomon 1996, 183) Integration was further encouraged by the realisation that advertising and other forms of promotion are most effective when they are coordinated with other elements of the marketing communications mix. (Belch & Belch 1995, 4) This type of realisation started the growth era for the concept commonly known as

integrated marketing communications (IMC), which since then became one of the dominant marketing concepts of the 1990s. (Belch & Belch 1998, 9; Pickton & Hartley 1998, 447; Caywood 1997, 91) The IMC theory, originating back to early, or late, 1980s (Pickton & Hartley 1998, 447; Spotts *et al.* 1998, 211) (or early 1970s (Knecht; Petrison & Wang; Van Riel in Cornelissen 2000, 7; McLaughlin 1997, 27), depending on the source), like any other emerging idea, concept, or technology, has been given many names, mainly by advertising industry: *integrated communications, seamless communication, total communication, orchestration, new advertising, cross-selling, 360° branding, total branding* and even, *whole egg* (Belch & Belch 1998, 9; Pickton & Hartley 1998, 448; Siukosaari 1997, 177; Spotts *et al.* 1998, 211; Hutton 1996, 155; Hutton 1997, 8; O'Leary 2000, 31, 32; Day & Bawden 1999, 28; Pickton & Broderick 2001, 65, 285). Despite the fact that a general consensus on the title has not been reached IMC has become the term used within the industry about this particular process.

IMC emerged into an environment where marketing communication practices were radically changing. These changes included e.g. **1)** reduced faith in mass media advertising (media clutter, rising costs, and negative consumer reaction), **2)** fragmentation and demassification of target audiences, **3)** increased sophistication, perceptiveness, and interest of consumers, **4)** increased reliance on highly targeted communication methods, **5)** greater demands imposed on marketing communications suppliers, **6)** shift in a balance of power from manufacturers to retailers, **7)** technological advancements, **8)** globalisation of markets, and, **9)** increased efforts to assess communications' return on investment. (Shimp 1997, 15; Hackley & Kitchen 1998, 1; Kitchen 1996, 7; Erdogan & Kitchen 1998, 369; Tedlow in Cornelissen 2000, 8; Schultz & Kitchen 1997, 13, 18; Eagle & Kitchen 2000, 675; Stewart 1996, 147; Hutton 1996, 155; Englis & Solomon 1996, 189; Pickton & Broderick 2001, 383) These changes

have dictated marketing communicators to look for more innovative and more feasible, efficient, and effective mechanisms of communication to reach, persuade, inform and remind consumers and prospective customers of their products and services. (Kitchen 1996, 7; Eagle & Kitchen 2000, 683; O'Leary 2000, 34; Stewart 1996, 147)

Integration is a term that has suffered inflation as it has been used in numerous connections. In order to make the term "integrated marketing communications" more practical to use it can be broken into pieces for closer examination. To 'integrate' comes from the Latin verb *integrare* and means "to make whole or complete by adding or bringing together parts". IMC can therefore be interpreted as "bringing together various techniques for advertising and promoting the product or service to the buyer". (Rossiter & Percy 1998, 323)

The objective of integrated marketing communications is to differentiate and elevate a brand or service above its competitors to achieve brand equity. (McLaughlin 1997, 27) On a concept level IMC has been defined in chapter 1.4. From those definitions the one given by the American Association of Advertising Agencies ("the 4As") has been adopted for this thesis:

*"IMC is a concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines — e.g. general advertising, direct response, sales promotion, and public relations — and combines these disciplines to provide clarity, consistency, and maximum communication impact."* (American Association of Advertising Agencies in Percy 1997, 3; Belch & Belch 1995, 7; Belch & Belch 1998, 9; Sirgy 1998, 4)

The essence of the definition is the first line: *"...a concept of marketing communications planning..."* IMC is really about integrated *planning* of marketing communications options. (Percy 1997, 43) One might think that IMC concentrates solely on message integration, i.e. all communication tools delivering the same message, but IMC spans also the selection of which communication tools are to be used and the timing of when to use them (coordination of marketing communication tasks to optimise the marketing communication strategy). (Ibid., 93) Mitchell Kozikowski has stated that *"IMC requires collaboration by the key disciplines on strategy and use of the best combination of communications disciplines to build relationships with customers"*. (Kozikowski in Caywood 1997, 104) IMC also offers the potential for greater communications impact as creative ideas can cross the boundaries from one communications discipline to others. (Kitchen & Schultz 1999, 30) The nature of IMC has also been explained with a statement that IMC is both a concept and a process, but not a function. (Percy 1997, 3, 8; Schultz 1998, 20) This process is based on the benefit of synergy with an assumption that the whole is greater than the sum of the parts (Caywood 1997, 91; Gould *et al.* 1999, 10; Schultz 1996e, 143):

*"When all brand and corporate messages are strategically coordinated, the effect is greater than when advertising, sales promotion, marketing PR, packaging, etc., are planned and executed independently, with each area competing for budgets and power and, in some cases, sending out conflicting messages."* (Duncan in Caywood 1997, 91)

Rossiter and Percy have described the essence of IMC with the following three terms:

*"By integrated marketing communications...we mean the 1) selective combination of appropriate types of advertising and promotion [Rossiter and Percy use the term 'advertising and*

promotion' to describe what is generally called marketing communications in this thesis], **2) meeting a common set of communication objectives for the brand and, more particularly, to support a singular "macropositioning" for the brand, and 3) integration over time with regard to customers.**" (Rossiter & Percy 1998, 6-7)

When communicating with their target groups (customers, clients and other stakeholders) all business enterprises share the same purposes for communication: **1) Informing** prospective customers about their products, services, and other related issues; **2) Persuading** people to choose particular products and brands, shop in certain sales outlets, attend certain events, and otherwise influence their behaviour; **3) Inducing** action from customers so that their behaviour is directed toward the marketer's offering and is undertaken immediately rather than delayed. (Shimp 1997, 10) As these objectives are pursued it is important to recall the notion of marketing communications that *all* marketing mix elements (not just the communications mix elements) contain information and, therefore, communicate with consumers. (Ibid., 10-11; DeLozier in Spotts *et al.* 1998, 216; Pickton & Broderick 2001, 207-208) This is why marketing communications can be either intentional (e.g. advertising, promotional campaigns, personal selling etc.) or unintentional, when e.g. product feature, packaging, or price symbolises and communicates something to consumers that the marketing communicator may not have intended. (Shimp 1997, 10-11; Kitchen 1994, 20; Belch & Belch 1995, 7-8; Stewart 1996, 148) In addition to these product-related communications there are also many other unintentional aspects of communications that may have a significant effect on consumers' perception of the product or the company. These may include things like poorly maintained delivery vehicles, unfriendly service, wrongly addressed mail, long customer response times, poor crisis management, and so on. (Meredith 2000, 43; Englis & Solomon

1996, 183) The unintentional communication variables raise again the need for integrated marketing communications planning.

An integrated marketing communications campaign includes two distinct characteristics: campaign continuity and strategic orientation. (Sirgy 1998, 5) According to Sirgy, "*campaign continuity means that all messages communicated in different media through different marketing communications tools are interrelated*" (Ibid.). Campaign continuity can further be divided into physical and psychological continuity. Physical continuity refers to the consistent use of creative elements in all marketing communications, e.g. by using same slogans, taglines and trade characters in all forms of marketing communications. Psychological continuity refers to a consistent attitude toward the firm and its brands: It is consumers' perception of the company's "voice" and its "persona". The strategic orientation characteristic of an IMC campaign means that IMC campaigns can be effective because they are originally designed to achieve strategic company goals — such as sales, market share, and profit. (Ibid., 5-6; Lindell 1997, 6)

As exhibited in chapter 1.4 Don E. Schultz and the Medill School of Journalism formed an initial working definition of integrated marketing communications. Terence Shimp notes five explicit and implicit features of this lengthy and complete definition of IMC:

1) *Affect behaviour:*

"An integrated marketing communications program ultimately must be judged in terms of whether it influences behaviour, but it would be simplistic and unrealistic to expect an action to result from every communication effort. Prior to purchasing a new brand consumers generally must be made aware of the brand and its benefits and influenced to have a

favourable attitude toward it. Communication efforts directed at accomplishing these intermediate, or pre-behavioural, goals are fully justified...”

2) *Use all forms of contacts:*

”IMC uses all forms of communications and all sources of brand and company contacts as potential message delivery channels... Contacts would include TV commercials, magazine ads, messages on the Internet, posters on public vehicles, and a virtually endless list of other possibilities.”

3) *Start with the customer or prospect:*

”Another important aspect of IMC is that its process starts with the customer or prospect and then works back to the brand communicator in determining the most appropriate and effective methods through which persuasive communications programs should be developed.”

4) *Achieve synergy:*

”Inherent in the definition of IMC is the need for synergy. All of the communication elements (ads, point-of-purchase material, sales promotion, events etc.) must speak with a single voice. Coordination is absolutely critical to achieving a strong and unified brand image and moving consumers to action. The failure to closely coordinate all communication elements can result in duplicated efforts or — worse yet — contradictory messages about a brand being conveyed to consumers.”

5) *Build relationships:*

”Successful marketing communications requires building a relationship between the brand and the customer. It can be argued, in fact, that relationship building is the key to modern marketing and that IMC is the key to relationship building... Companies have learned that it is more profitable to build and

maintain relationships than it is to continuously search for new customers. This explains the growth in frequent-flyer and many other "frequency" programs." (Shimp 1997, 12-15)

It has been well documented that marketing communications managers find IMC to be a sound idea and a valuable concept that is likely to improve promotional practice and provide real value to their respective organisations. (Cornelissen 2000, 7; Spotts *et al.* 1998, 218; McArthur & Griffin 1997, 23; Eagle & Kitchen 2000, 675; Kitchen & Schultz 1999, 30; Stewart 1996, 147) Further, IMC programs are believed to increase the overall effect and impact of marketing communications programs and this concept will play an increasingly more important role in marketing communications programs. (Percy 1997, 3-4; Caywood 1997, 92; Kotler 1997, 630; Beard 1996, 208) It has also been understood that by coordinating the marketing communication efforts, companies can avoid duplication and also take advantage of the synergy effects that are created among various communication tools. (Belch & Belch 1998, 11) Duncan and Caywood have suggested several major trends to explain this positive attitude towards integrated marketing communications planning. These trends can be divided into three main categories, these being, changes in message delivery, changes in marketer behaviour, and cost considerations. Main change in message delivery has resulted from audience and media fragmentation (mass-thinking "publics / audiences" no longer exist (Caywood 1997, 92)) along with decreasing message credibility, which again has resulted in a lower likelihood to actually communicating with the target audience. This change can be exhibited in today's marketing expenditures in the US of which 65-70% go to other marketing communication methods than media advertising (e.g. sales promotion, database marketing, trade promotions, sponsorships and PR). (Caywood 1997, 103; O'Leary 2000, 31-32) Changes in marketer behaviour include mergers of companies and agencies, global marketing, increased strength of

the retailer sector in distribution control, and growing reliance on internal staff for strategic planning in marketing and communications. Cost considerations have become significant due to increased costs of traditional media and at the same time decreasing costs of maintaining databases, which have provided marketers with more diverse means to reach the target audience. Technological advances are evident also in a shift of information technology that has empowered consumers to make more diligent purchase decisions. On top of all this the fierce competition is demanding cost-efficiency and also more effective campaigns as the markets have filled up with products that can not be significantly differentiated, products commonly known as "me-too" products, which increases the importance of effective marketing communications in order to gain higher returns and greater market share. (Percy 1997, 4-5; Belch & Belch 1995, 8-9; Sirgy 1998, 8-10; Caywood 1997, 92) Increased competition and market efficiency have also made traditional marketing variables like product development, pricing and distribution less effective, therefore increasing the role of more effective marketing communications (Schultz *et al.* 1994, 43). On further note, marketing and marketing communications can be considered as the business of meanings, i.e. they can serve functions that are benign and friendly rather than purely persuasive and intrusive. This type of argumentation considers consumer as a partner in the construction of meaning, which is the point that can be expressed to justify the development of integrated marketing communications. (Hackley & Kitchen 1998, 6)

In the first book written on the subject of integrated marketing communications (Caywood 1997, 93) Donald E. Schultz with Stanley Tannenbaum and Robert Lauterborn present their view that today "*most marketers are facing a parity marketplace in which the only true differentiating features are either logistics or communication*". Schultz *et al.* (1994) continue by stating the fact that logistics innovations are

ultimately limited by the physical laws of nature and more apparently all logistics innovations can be copied and taken to use by the competition. Therefore, Schultz, Tannenbaum and Lauterborn, among others, e.g. Erdogan and Kitchen (1998) believe that *"integrated marketing communications can provide a truly sustainable competitive advantage for the marketing organisation"* and also that *"it is an advantage that can be found nowhere else"*. (Schultz *et al.* 1994, 44; Erdogan & Kitchen 1998, 369; Hackley & Kitchen 1998, 1)

The IMC concept has also found support in consumer psychology from two perspectives. Hackley and Kitchen (1998) have formed these perspectives as following: **1)** *"The first (perspective) is dependent on whether consumers construct their meanings from within a flow of organisational communications over time as individuals"*; **2)** *"The second (perspective is dependent) on whether they do so through one creatively inspired communication which finds some metaphorical basis for the construction of a particularly powerful sense of meaning."* (Hackley & Kitchen 1998, 7)

Before the actual IMC planning takes place it is necessary to identify the need for an IMC program. In general, it can be said that there is always a need for an IMC program but in some cases situation may be simple enough not to go through with an IMC program. One way of identifying the need for an IMC program is the complexity of the market that is dealt with. Market complexity can be divided into target audience complexity, product or service complexity, and distribution complexity, and if any indication of market complexity is detected an IMC program should be implemented. Market complexity contains the following aspects (Percy 1997, 164):

- |                           |  |
|---------------------------|--|
| <b>Target audience</b>    | * Multiple people involved in the decision |
|                           | * Audiences with conflicting interests     |
|                           | * Different media habits                   |
| <b>Product or service</b> | * Highly technical or innovative           |

- \* Variety of models
  - \* Multiple attributes
- Distribution**
- \* Highly influential in decision
  - \* Limited or specialised

In addition to the market complexity factors there are also additional implications that may suggest the need for an IMC program. These additional implications may include (Ibid., 166):

- \* Short- vs. long-term communication objectives
- \* The need to isolate segments
- \* Need for multiple messages
- \* Opportunities for unique message delivery
- \* Opportunities for trade incentives
- \* Likely importance of retail messages

Integrated marketing communications should be considered also from the reverse point of view, i.e. what would be the consequences and the cost of not integrating the marketing communications function. A lack of integration could be counter-productive and even produce negative effects when one piece of communication contradicts or is not in line with another. (Pickton & Hartley 1998, 450)

## **2.2 The IMC planning process**

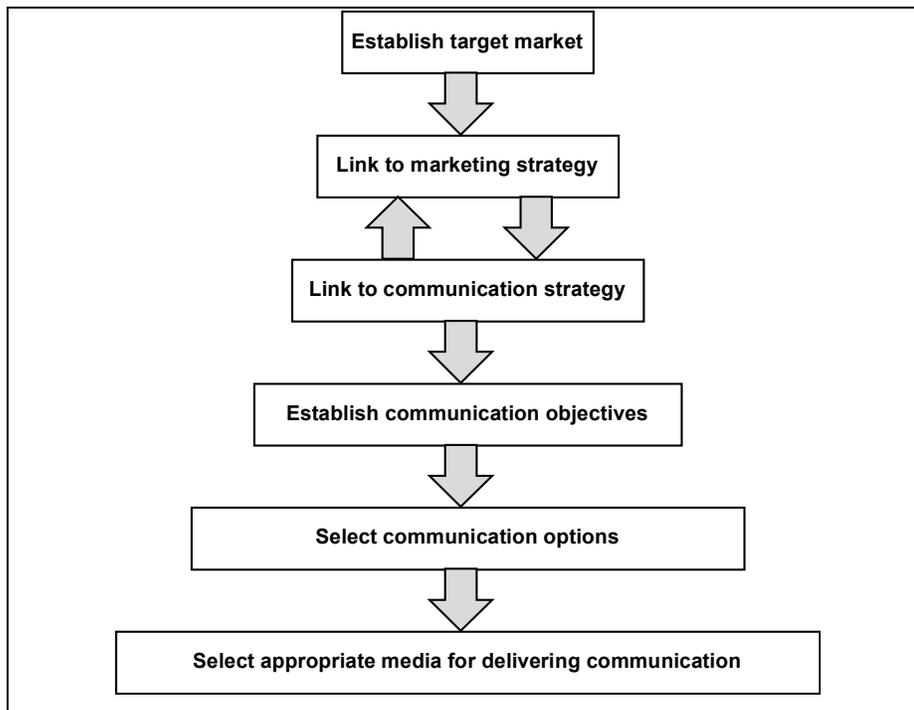
Before discussing the IMC planning process it is good to distinguish marketing objectives from marketing communication (or simply, communication) objectives. Marketing objectives refer to what is to be accomplished by the overall marketing program. These objectives are usually expressed in the form of sales, market share, or profitability figures. Communication objectives, on the other hand, state what the company

wants to accomplish with its promotional program. The objectives are usually stated in terms of the message to be communicated or what specific communication effects are desired (e.g. awareness or knowledge about the product, image creation, attitude formation etc.). (Belch & Belch 1998, 27)

In order to reach any objectives in a systematic manner a clear marketing communications strategy is required. An IMC strategy should provide answers to the following three main questions (Rossiter & Percy 1998, 324):

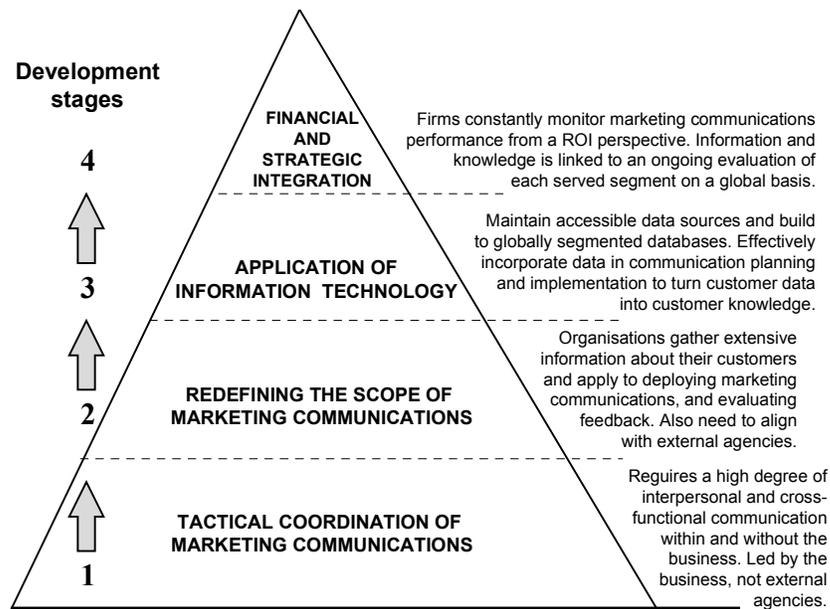
1. Which are the best and most efficient communications media to use in combination to achieve the brand's communication objectives? (**selection integration**)
2. How can each communications activity's message be made synergistically consistent with the brand's positioning? (**positioning integration**)
3. At what points in the marketing channel should marketing communications reach buyers and perhaps speed up the decision in favour of the brand? (**customer timeline integration**)

To answer these questions, an IMC planning model should be used. The integrated marketing communications planning process has been given a great deal of attention by a number of scholars which has naturally resulted in a number of different types of IMC planning models. In this chapter some of these planning models are introduced to the extent that the main differences and commonalities can be detected. All the planning models are designed to achieve the same end result and therefore a general overview of the IMC planning process can be depicted as below.



**Figure 7:** Overview of the IMC planning process (Percy 1997, 11)

The development stages of organisational IMC processes can be depicted with the following diagram. The four levels of the pyramid contain similar factors to those listed above. The pyramid emphasises an initiative by the organisation itself along with control over the IMC process that should be kept within the organisation instead of outsourcing it to a specialist organisation. At the later stages this particular model promotes the use of databases for targeting of communications, but this is a point which should be decided according to company's own strategy and culture.



**Figure 8:** Organisational IMC development stages (Kitchen & Schultz 1999, 32)

Pickton and Hartley (1998) have presented different dimensions of integration based on the various features of IMC. The thinking behind the dimensions of integration lies in the notion that it is not sufficient to integrate only the marketing communications mix components, but the integration must gradually reach deeper into the organisation. The dimensions of integration are introduced in the following. (Pickton & Hartley 1998, 455-457; Pickton & Broderick 2001, 90-92)

### 1) Promotional mix integration

Integration of the elements of the promotional mix to achieve synergy. The 4A's definition of IMC (see chapters 1.4 and 3.1) is primarily focused on this context. Implicit within this context is the need to integrate the objectives of each promotional mix element and all the media used. Media should be recognised as any medium used for the

transmission of messages and not confined to the more traditional reference of mass (advertising) media.

## **2) Promotional mix with marketing mix integration**

Integration of the elements of the promotional mix with those of the marketing mix to achieve synergy. It is necessary to integrate the promotional mix with all the other elements of the marketing mix and to plan for and integrate the objectives of them all. It should be recognised that each marketing mix element has a potential communications value of its own (DeLozier in Pickton & Hartley 1998, 455).

## **3) Creative integration**

Integration of creative themes, concepts and messages across the numerous marketing communications activities.

## **4) Intra-organisation integration**

Integration of all the relevant internal departments, individuals and activities within an organisation which impact upon marketing communications. This includes the interlinking and integration of relevant management and business objectives and the provision of resources and budgets to facilitate integrated marketing communications.

## **5) Inter-organisation integration**

Integration with and between all external organisations involved in marketing communications on behalf of an organisation. This would involve all relevant companies within a corporate, members of its distribution chains and the various agencies which work on their behalf, both above the line and below the line. Collectively, intra- and inter-organisational integration should facilitate the management of all forms of contact with the organisation and is further enhanced by the management of database systems.

## **6) Information and database systems**

A well-managed database with useful information is highly important for integrated marketing communications. According to Schultz, databases are rapidly becoming the primary management tool that drives the organisation's business strategy (Schultz in Pickton & Hartley 1998, 456).

## **7) Integration of communications targeted towards internal and external audiences**

A variety of audiences, "publics" and "stakeholders", need to be considered within the context of IMC. The audience members may be internal or external to the organisation. They will represent a variety of potentially disparate groups. IMC needs to consider the roles and impact of each in order to manage the total process successfully.

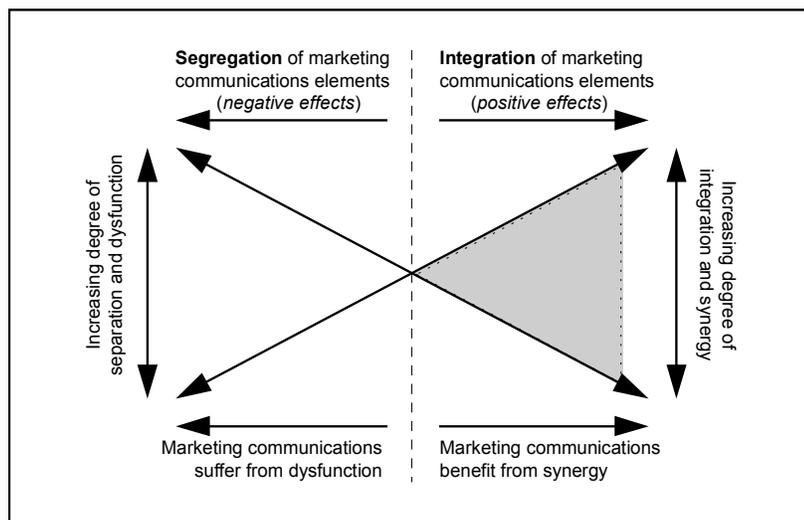
## **8) Integration of corporate and "unitised" communications**

Corporate communications — corporate identity and image — is often perceived as a separate activity to "unitised" communications (e.g. product, brand, personality or trade communications) and usually has different people responsible for corporate communications. Despite the separation, organisations clearly recognise the strategic and tactical impact of corporate identity on their promotions. The total marketing communications process has to be carefully controlled to ensure integration, consistency and clarity across all its different forms.

## **9) Geographical integration**

Integration across national and international boundaries. This is complicated through language, cultural and regulatory variations and made all the more complex due to global branding and managerial control issues of centralisation versus decentralisation.

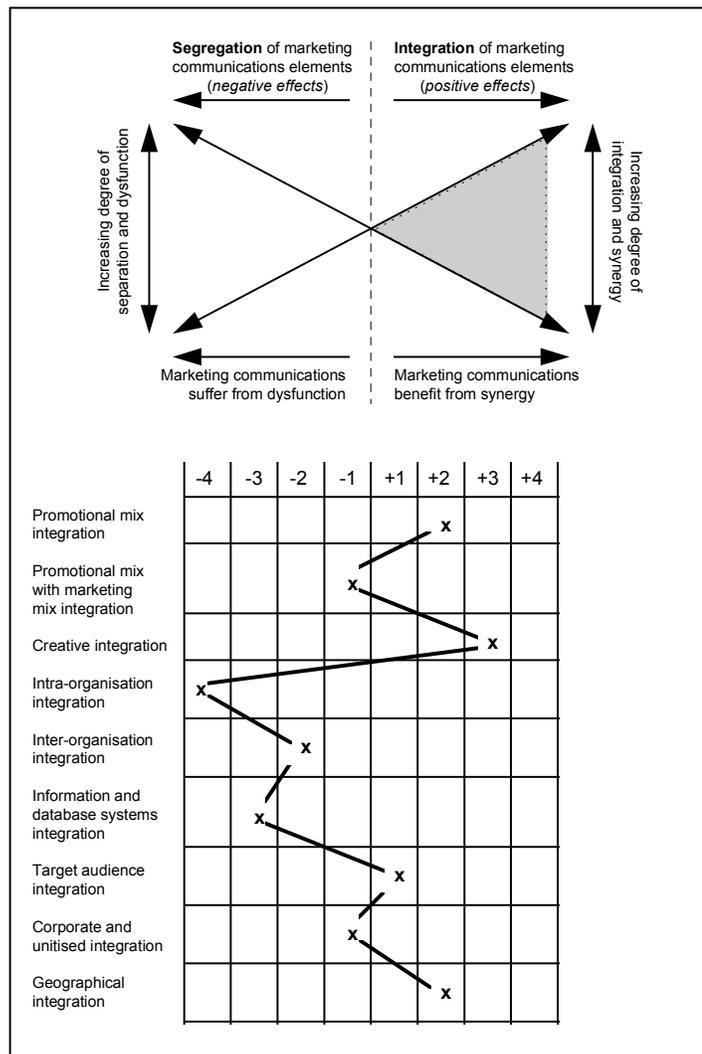
Pickton and Hartley (1998) have associated the nine dimensions of integration with another concept of theirs called "Continuum of integrated marketing communications". This concept illustrates the degree of integration within an organisation. The continuum of integrated marketing communications concept is exhibited below.



**Figure 9:** Continuum of integrated marketing communications (Pickton & Hartley 1998, 458-459; Pickton & Broderick 2001, 89-90)

On the right-hand side of the figure, as a greater degree of integration is achieved, more positive benefits result. On the left-hand side happens the opposite: growing segregation results in increased negative effects. The whole concept is based on the finding that integration provides added value as all marketing communications activities work together. This added value is greater than the one that could be achieved by a loose collection of unconnected activities. According to Pickton and Hartley (1998): "The greater the degree of integration achieved, the greater the synergy and the greater the positive results." The concept also highlights the fact that lack of integration in marketing communications not only fails to add overall value through synergistic effects but also runs the risk of having a negative

impact through dysfunction in communications. (Pickton & Hartley 1998, 458-459; Pickton & Broderick 2001, 89-90) The combination of dimensions of integration concept and continuum of integrated marketing communications concept provides an instrument for assessing the quality of integration in marketing communications. This concept is presented in Figure 10.



**Figure 10:** IMC quality assessment instrument (Pickton & Hartley 1998, 459-460; Pickton & Broderick 2001, 93-95)

The figure illustrates a composite approach of dimensions of integration and continuum of integrated marketing communications to the assessment of quality of integration and presents it as an assessment profile. The profile represents a subjective estimate of the various dimensions of integration and the quality or overall degree to which IMC has been achieved. The level of integration may vary between strongly dysfunctional to strongly synergistic and this gauge can be used on each identified dimension. It is recommended that this profile is used as a management development tool involving a number of relevant managers so that the overall profile would illustrate the situation more correctly.

### **2.3 Comparison of IMC planning models**

The emergence of the IMC concept has prompted a number of scholars to introduce a variety of planning models to ease the implementation of integrated marketing communications. For this thesis five planning models were examined in order to discover the contents of the IMC concept. The five planning models for integrated marketing communications seem at first as repetition of themes from one model to another. When the contents of these models are aggregated into a comparison table the differences between the models present themselves more clearly. A comparison table also brings out the points each model is designed to emphasise. The comparison table, exhibited in the following as Table 2, is based on the generic IMC planning model (Belch & Belch 1995, 19-20) to which all other models are compared. The column of planning stages includes also the planning stages that are not presented in the generic model but that are important pieces in some other models, hence ensuring full and fair comparison of all IMC models in their entirety.

Table 2 shows immediately the different approach Sirgy (1998, 15-20, 40-52) has taken with his IMC planning model in comparison to others, as this

model takes into account the integration of the whole organisation instead of just the marketing communications level. Whether the inclusion of corporate strategy and marketing strategy levels in an IMC model is feasible depends on the viewpoint, but as the other models have discarded them they can be considered irrelevant, despite the fact that these higher order strategies provide the guidelines and boundaries for marketing communications strategies. Therefore it can be said that Sirgy's IMC model acts more as a feasible model for overall corporate strategy development from the top level to the lower level strategies as well.

**Table 2:** Comparison table for IMC planning models

IMC planning models					
Planning stages	Generic IMC model	Moore - Thorson	Schultz <i>et al.</i>	Sirgy	Percy
<b>Situation analysis</b> (Corporate level) • BCG matrix • GE matrix				X • •	
<b>Corporate strategy</b>				X	
<b>Situation analysis</b> (Marketing level) • Perceptual maps • Means-end chains • Conjoint analysis • Multiattribute attitude model				X • • •	
<b>Marketing strategy</b> • Competitive advantage • Competitive scope				X • •	
<b>Review marketing plan</b> • Plan + objectives • Advertising + promotions • Competitive analysis • Environment	X • • • •		X Maintain, build Trial, volume, loyalty Gain, extend		X Marketing background
<b>Situation analysis</b> (Promotional program) • Internal + external	X •	X Cons. groups Purch. cycle	Database / segmentation	X Involvement Product type	Target audience
<b>Communication process analysis</b> • Response processes • Source, message, channel • Goals + objectives	X • • •	•	Contact management		Decision grid / Decision roles
<b>Budgeting</b> • Tentative budget • Allocation	X • •	•			
<b>IMC program</b> • Objective + strategies for each element	X •	X •	X •	X FCB grid	X Communicat. strategy
<b>Brand network</b>			X		
<b>Integration + implement.</b> • Integrate communications mix strategies • Practical implementation	X • •		•		IMC task grid
<b>Monitor IMC program</b> • Evaluate results • Control + adjust	X • •	•			

X = Component included in the model X = Similar component included in the model • = Individual tactic included in the model

Within the actual IMC planning framework the differences between the models are numerous and raise questions whether the authors and developers of these models take certain things for granted as basic

requirements for coherent planning, such as reviewing the marketing plan, are neglected or otherwise just left out from three models, although one of these does touch the subject a little. In a similar fashion the promotional program situation analysis has been approached in various styles depending on the model. Outside the generic planning model Sirgy's model can be considered to include the analysis component, although with additional involvement / product type consideration. Moore - Thorson model (Sirgy 1998, 12-13) concentrates on consumer groups and purchase cycles as basis for situation analysis. Schultz *et al.* (1994, 55-56) introduce the use of database for segmentation purposes at this level, whereas Percy (1997, 43, 44, 46, 49, 52) describes this state only as target audience selection.

Outside the generic model the communication process analysis is conducted in an inconsistent fashion in other models. The Moore - Thorson model takes into account the source and channel factors for each selected consumer group, whereas Percy concentrates on decision-making roles in the communication process. Schultz *et al.* come close to the generic model with what they call contact management, which emphasises more when to contact a prospect and in which fashion and context instead of what to say about the product. The need for this type of contact management has been brought about by the communications clutter, information overload and media proliferation (Schultz *et al.* 1994, 56-57). Most interestingly Sirgy has neglected the communication process analysis altogether without even a single component of the model touching the issue.

What comes to product placement as an integrated marketing communications element it is encouraging to notice that all IMC planning models contain a section for IMC program development where all potential communications elements are defined with objectives and individual strategies as a part of the integrated entity. This is to say that none of these five planning models exclude any marketing communications elements

until this specific planning stage is complete. Therefore product placement as a single potential marketing communications method can be included in an IMC planning framework regardless of the planning model deployed. Nevertheless, the special nature of product placement as a marketing communications method causes intricate problems for the IMC planning process. The planning process may include a decision of a generic classification and type of placement desired for the product (television / film, visibility / verbal etc.; see chapter 3.3) but beyond these decisions the product placement process is basically out of marketer's control as scheduling and quality of any placement are decided elsewhere. Additionally, product placement in an IMC planning framework suffers from long lead times that are typical in any entertainment production. A typical one-year tactical business scheduling span may turn out to be too short in case a major campaign is being tied to a potential PPL opportunity. If these difficulties are recognised well in advance tactical scheduling may be extended to span also the possible extra time required for product placement communications.

The issues of budgeting, practical implementation and monitoring and control have been left out from most models outside the generic framework. This is most probably due to taking these issues for granted in a comprehensive plan. As these stages are, or should be, obvious for all planning and not only exclusive to IMC planning they are not included as specific stages in the planning models. Whether this kind of approach is practical in text books and writings that are meant to provide guidance for practitioners is questionable.

The direct comparison of IMC planning models raises a question whether any conclusions can be made about which model would suit a particular company type or business environment. As mentioned earlier, Sirgy's planning model seems suitable for general business and corporate strategy

planning, especially with its familiar and approved planning tools making it relatively simple and safe for even less experienced users. In purely marketing communicational terms the generic IMC planning model seems to be the most consistent and comprehensive model without a major bias to any particular direction depending on the author / developer of the model. The Moore - Thorson model perhaps serves the same purpose and inclination as the generic model but is more rudimentary and can be seen as lacking important planning stages in order to serve its user as well as the generic model.

The Schultz *et al.* model seems to be developed as an alternative for established and enduring marketing organisations with a history that provides sufficient consumer data on the different user groups of company's products. Although managing a database has turned out to be inexpensive over the last decade from the technology perspective the data itself may not come to the database that easily or without a cost. The data may be gathered gradually over time at the point of sale, which takes a long time, or the data may be purchased from the secondary provider or from a proprietary research, both of which generating costs to the database development that may create a barrier for smaller companies. As the Schultz *et al.* model is based on the use of database the model can not be recommended as such to all marketing communicators. Percy's IMC planning model, on the other hand, can be implemented without major monetary investments but Percy's model is most appropriate for industrial / business-to-business marketing and services marketing, as a strong emphasis in the model is on decision roles, the relationships between these roles and when these roles take effect.

## **2.4 Characteristics of Integrated Marketing Communications**

Despite advocating the importance of marketing communications in the overall success (or failure, for that matter) of a company it is important to remember that marketing communications alone can not guarantee success, nor can it be separated from the management of the business or the customers. The success is more dependent on a well balanced and integrated marketing mix, i.e. the components of the product, its price, the distribution channels, and the marketing communications have to suit each other. In case the marketing mix is not in balance the communications might not reach the right audience at the right time (communications imbalance), or the customers can not buy the product when they want to as it is out of stock (distribution imbalance), or the product is priced out of their reach (pricing imbalance), or even worse, the product does not meet the customers' expectations (product imbalance). In conclusion, it is not only the communications function that requires coordination but the whole business organisation. (Smith 1998, 20; Stewart 1996, 148, 150)

A balanced and integrated marketing mix is important as consumers are multiple media users who form their opinions from the information they receive by any means possible (Solomon & Englis 1994, 57; Eagle & Kitchen 2000, 669). Therefore consumers' perceptions of a product or a company are always a synthesis of a bundle of different types of messages they receive and contacts they have (e.g. media advertisements, price, package design, direct marketing efforts, publicity, sales promotions, point-of-purchase displays, stores and outlets the product or service is sold, and even their friends, peers and celebrities). (Belch & Belch 1998, 10; Englis & Solomon 1996, 183; Stewart 1996, 148) All these messages and contacts should be consistent and unified, with one personality, one benefit, and one selling idea, so that consumers would not have contradictory perceptions about the product or the company. (Sirgy 1998, 5; Schultz *et al.* 1994, 67; Schultz 1997, 8; Schultz 1996a, 6; Lissauer 1996, 17) Integrated marketing communications is about creating and coordinating this consistency and

unified image for all those contact points listed above. (Smith 1998, 14; Lindell 1997, 6; Mara 2000, 44; Laing in O'Leary 2000, 31; Gould *et al.* 1999, 10; Stewart 1996, 149; Eagle & Kitchen 2000, 669, 675) In addition to this, IMC planners should attempt to identify the best times, places, or situations where marketing communications are most likely to reach the target audience. To accomplish this task a consumer perspective should be adopted in order to anticipate the right opportunities for a brand contact. (Englis & Solomon 1996, 184, 189; Stewart 1996, 147) This view is expressed by Schultz *et al.* (1994, 80): *"The thinking behind IMC is that every communication — price, label, logo, promotion, distribution — should be created to help persuade the target of the competitive benefit. The greater the consistency the greater the impact, and the greater the persuasion"*

More support for this view comes from Marieke de Mooij, who has stated the following:

*"With the use of a greater variety of communications instruments, there is a greater need to integrate the planning and executions thematically. Brand image is built up through a number of channels, and unanimity and one voice are required. It stands to reason that planning and coordinating many individual contacts with the brand increases the likelihood of creating the desired impression."* (de Mooij in Caywood 1997, 92)

Marketing communications scholars and professionals have often used an orchestra as an analogy for effective marketing communications. Like orchestras companies employing effective communications strategies express a single theme with a variety of instruments. In orchestras there are certain instruments expressing and interpreting certain sections of music, and so is the situation with communications: certain communication

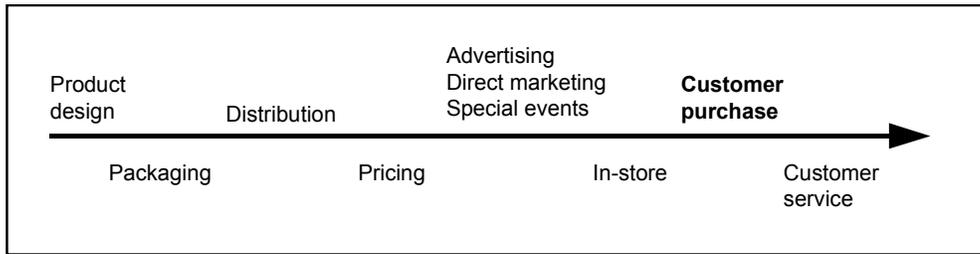
methods express elements that are designed for them. Combined these methods and elements make a coherent whole where the score (written by the company) is interpreted by the maestro (the agency / agencies), who directs the orchestra (the functional communication elements). Unfortunately, companies are too often like orchestras warming up: each section plays their own piece well, but the orchestra lacks direction and the result is cacophony, an annoying mass of incoherent noise. (Lindell 1996, 63; Pickton & Broderick 2001, 285)

The "one voice, one look" approach (Percy 1997, 9) has also met criticism among the IMC scholars. Rossiter and Percy (1998) consider "one voice" objective an oversimplification of IMC, and therefore suggest their analogy of "*one speaker who may say different things to different people, or to the same people at different times, while remaining consistently recognisable as the same speaker*" (Rossiter & Percy 1998, 327). By this Rossiter and Percy (1998) mean having several different target audiences in different decision stages (e.g. new category users, brand loyals, brand switchers etc.) for different IMC activities to reach. The different decision stages makes it impossible in Rossiter and Percy's (1998) opinion to use the one and the same positioning ("voice") for each audience group as each of them may require the use of different product benefits according to the communications method. (Ibid.)

An important thing to remember, regardless or whether an "one voice" or "one speaker" approach has been adopted, is that ordinary consumers consider all forms of marketing communications as just one issue. This is to say that they do not categorise each piece of communication they receive as advertising or sales promotion or publicity and so on, unlike marketing professionals who in fact may lose sight of how a normal consumer thinks. (Percy 1997, 2; Schultz 1997, 8; Pickton & Broderick 2001, 455) Sandra Moriarty has expressed this same view by saying that "*the brain does not*

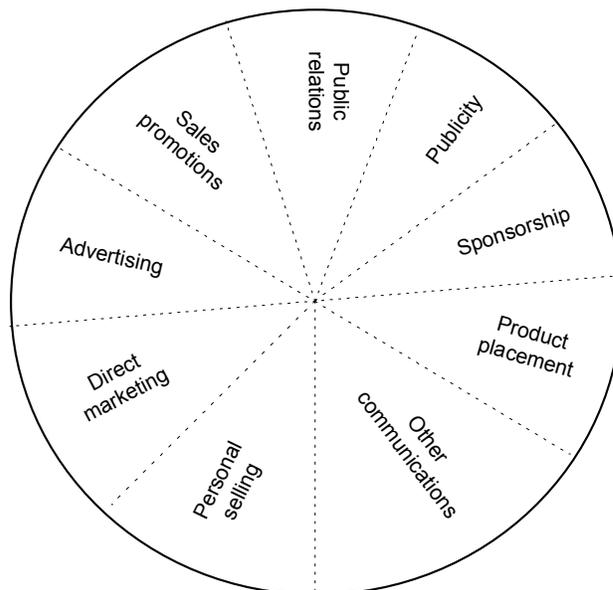
*distinguish an advertising message from a PR message. Instead, it gathers information from an untold number of contact points and assimilates it into one picture*” (Moriarty in Caywood 1997, 93). The contact points Moriarty refers to can be any information-bearing experience that a customer or prospect has with the brand, the product category, or the market that relates to the marketer’s product or service. (Schultz *et al.* 1994, 51; O’Leary 2000, 34) The fact is that people automatically integrate messages in their daily lives to arrive at an image or opinion. This message integration causes the consumers to either understand the message as communicator has intended, to create a meaning never considered by the communicator, or to simply ignore the entire communications message. (Caywood 1997, 93; Schultz 1996e, 139, 143; Schultz *et al.* 1994, 46; Duncan & Moriarty in Eagle & Kitchen 2000, 669; Stewart 1996, 150) This view has been supported and supplemented by, among others, Philip J. Kitchen who sees normal social interaction adding to (or, in a more unfortunate scenario from communicator’s point of view, distorting) the effect of marketing communications. Kitchen (1994) has expressed this social interaction effect by stating that marketing communications *”...together with knowledge derived from a diversity of origins, and social interaction, form a constructed view of temporal existence within consumer minds”* (Kitchen 1994, 21). These views support the idea that integration of messages and communication in general can not be restricted or stopped, and therefore, in a sense, the marketing organisation eventually does not control the integration process. (Schultz 1996e, 139, 146; Stewart 1996, 150)

The contact points that people use in opinion formation has been exhibited as a marketing communications continuum by Schultz *et al.* (1994). This figure shows that basically all steps involved in development and marketing of a product relate to or provide some form of communication about the perceived value of the product to consumers. (Schultz *et al.* 1994, 46; Kitchen & Schultz 1999, 32)



**Figure 11:** Various marketing components as communications methods along product's movement from design phase to after-sales services (Schultz *et al.* 1994, 46)

This type of opinion formation through message integration can be extremely beneficial to marketers as marketing variables, such as product design, pricing, and distribution, can be duplicated or avoided by competitors. What can not be duplicated or copied by competitors is the consumers' beliefs about the company, product, or service and the relationship with the brand. This product or brand value exists only in the minds of the consumers and potential customers. This type of brand value has been claimed of becoming the only real differentiating feature that a marketer can bring to consumers. (Schultz *et al.* 1994, 45)



**Figure 12:** Integrated marketing communications mix without rigid disciplinary boundaries (Adapted from Schultz 1996e, 142 and Pickton & Broderick 2001, 7-8)

Stewart has noted, among others, the blurring of different marketing disciplines, and in a similar fashion, Schultz has advocated a holistic approach for marketing communications (i.e. IMC), where different communications disciplines are not practised or taught in isolation from each other ("the scientific 'atoms' approach"), but as an integrated whole for better consistency and control of the communication. (Stewart 1996, 148; Schultz 1996e, 142) As mentioned earlier, the general public considers all communications messages without disciplinary boundaries, which is the best possible cause to conduct communications in that similar fashion: without disciplinary boundaries. For the marketing communications professionals the traditional terminology regarding the communications disciplines would remain the same in order to maintain the level of ease and comfort in conducting the processes. The new marketing communications mix derived from Schultz's argumentation is depicted above in Figure 12. A description of the marketing communications mix in a circular shape has been used also by at least Pickton & Broderick (2001, 7-8), who have created a more concise portrayal of the interrelationships between different marketing communications methods, with customer contact management tools along with image and brand management tools and the overlapping of each also being described in the circular model.

## **2.5 Problems and barriers in the IMC concept and implementation**

Integrated marketing communications has been recognised for financial, competitive, and effectiveness benefits that are achieved through the

synergy of integration process. In addition, IMC brings consistency and therefore more credibility to a firm's communications. (Pickton & Hartley 1998, 447; Smith 1998, 15-16) But anything that has benefits usually also has problems. In the case of integrated marketing communications these problems can be mainly considered as barriers of full implementation of the concept, but most critical academics have expressed their view of some intrinsic problems within the IMC concept, claiming IMC to be nothing but a new management fad, that revolves around an academic argument and has few managerial implications, also stating that the advocates of IMC have basically reinvented the wheel, i.e. using and "inventing" theories that have been available for decades, and some critics have even gone as far as pronouncing IMC to be dead (e.g. Nowak & Phelps; Prensky *et al.*; Petrison & Wang in Cornelissen 2000, 8; Drobis in Wightman 1999, 18; Spotts *et al.* 1998, 210, 214-216; Schultz & Kitchen 1997, 8, 9; Hutton 1997, 8; Kitchen & Schultz 1999, 23; Hutton 1996, 155).

The first barrier that faces the IMC implementation is the normal resistance to any kind of change. It is human nature to retain the status quo and to hold on to things you already have. Outside this psychological realm are the business-related barriers that include communicating with a wide variety of target audiences, restrictions of functional silos, stifled creativity, time scale conflicts, turf battles, and a lack of management know-how. (Smith 1998, 16; Stewart 1996, 148-149; Beard 1996, 208; Pickton & Broderick 2001, 288)

Functional silos act as barriers to IMC as rigid organisational structures make managers protective about their budgets and level of influence. It is possible that the organisational structure isolates communications, data, and even managers from each other, which naturally results in lack of efficiency in the organisation. This can be further aggravated by turf wars and internal power battles if specific managers resist having some of their

decisions determined or influenced by someone from another department. Similarly, creative people may not like the restrictions IMC brings about as the creative guidelines become more focused and everything must suit the overall marketing communications strategy. On the other hand, creative restrictions can be considered as a greater challenge where also the satisfaction from a good result may add up to more than usual. When the stifled creativity is added with different time scales (long-term vs. short-term) in the creative brief this barrier may become even more overwhelming. Finally, there is the lack of managerial expertise in IMC. A survey in the mid-1990s suggested a considerable problem in this matter. This involves not only the managers but also agencies and there has indeed been a proliferation of single discipline agencies as there are not many people that have real experience in the multitude of communications methods. (Smith 1998, 16-18; Lissauer 1996, 17; Schultz in Eagle & Kitchen 2000, 669, 676-677) In some studies factors such as lack of budgetary resources, lack of sophisticated marketing thinking, and marketers' perception of their agencies' capabilities have been cited as minor barriers to IMC implementation. (Eagle & Kitchen 2000, 676)

Percy has divided the potential barriers to IMC implementation into four main categories, these being: decision-making structure, perception of IMC, compensation, and trends in marketing. These potential barriers are summarised in Table 3.

**Table 3:** Potential barriers to IMC implementation (Percy 1997, 182)

<p><b>Decision-making structure</b></p> <p>Vertical organisational structures when cooperation is needed between functions</p> <p>Low standing of marketing communications function within many marketing organisations</p> <p>Too many specialists working independently</p> <p>Limited understanding of the marketing communication message within the organisation</p> <p>Financial considerations placed ahead of consumer considerations</p> <p>Rigid organisational culture</p>	<p><b>Perception of IMC</b></p> <p>No common understanding of what constitutes IMC</p> <p>Other marketing communication specialties do not understand</p> <p>Fear over who will be in charge</p>	<p><b>Compensation</b></p> <p>Without budget control, specialists fear they will lose position</p> <p>Individual rewards are linked to use of specialists' specific type of marketing communication, not to the overall program</p>
<p><b>Trends in marketing</b></p> <p>Feeling that the organisation already uses IMC</p> <p>Lack of staff resources in organisation and at agencies and vendors</p> <p>Belief that niche marketing and micromarketing do not need IMC</p>		

Pickton and Hartley (1998) have pointed out some more barriers to IMC implementation. Among their findings are some points that have been addressed also by the scholars mentioned previously. Pickton and Hartley (1998) see the following as potential IMC barriers: the mind-set, taxonomy and language, structure of organisations, elitism, magnitude of task, manager ability, and dimensions of integration. (Pickton & Hartley 1998, 452-454; Pickton & Broderick 2001, 80-82) These factors are discussed briefly in the following.

The **mind-set** as a barrier to IMC implementation refers to the appreciation of specialisation that has built-up over the years. Specialisation often overlooks integration, and therefore also the benefits of integration. The problems caused by this mind-set include the fear of change and loss of control felt by the people within the industry, and agency creatives' aversion to integration and their lack of willingness to work across the media and promotional mix. Further, the already mentioned cult of

specialisation with the addition of the history, tradition, and experience of companies have been considered as limiting factors to integration. (Ibid.)

The **taxonomy and language** as IMC barriers refers to how the promotional / marketing communications mix is described, i.e. as separate and discrete activities, like advertising, sales promotion, and so forth. This traditional classification is becoming increasingly inadequate as it presents major classification difficulties and neglects the possibility of integration by definition. For example, it is difficult to know where in the mix belong such diverse activities as product placement, endorsements, and other special communications methods. (Ibid.)

The **structure of organisations** has been widely recognised as a barrier to IMC (Wightman 1999, 18; Schultz 1998, 20; Eagle & Kitchen 2000, 675), also already in this text. The division of different functions to specialists is a classic problem hindering the attempts for integration. The problems of hierarchical structures, such as vertical communications, turf battles, and functional silos, in which individuals and groups are protective of their own specialisation and interests are the most common manifestations of this type of IMC barriers. (Pickton & Hartley 1998, 452-454)

The separatism mentioned earlier that is encouraged by the most common organisational structures is also accompanied by a sense of perceived **elitism** exhibited by individuals within each promotional mix speciality. For example, advertising people may consider their expertise as superior to public relations and vice versa. This type of elitism certainly makes matters difficult when different communications disciplines are invited together for integrated effort. (Ibid.)

The very **magnitude of task** in integration makes it difficult to conceptualise the big picture. This is why it is necessary to get the whole

organisation and its agents involved in the integration process. This process requires consideration from the highest corporate strategic level down to the implementation of individual tactical activity. Therefore, there is a need for real **managerial ability** with cross-disciplinary skills, which may create a barrier to IMC as there are few people possessing the ability to master the wide array of diverse skills. (Ibid.)

Ultimately, the IMC implementation may face a barrier in the different **dimensions of integration**. These dimensions, as already introduced in chapter 2.2, describe the depth of integration within the organisation. It is oversimplified to consider integration only in the marketing communications mix. The integration process must also reach the other, deeper dimensions of the organisation. If the more profound integration process is unsuccessful it may threaten the feasibility of marketing communications integration as the gained benefits are lost in some other part of the organisation. (Ibid.)

As mentioned, the criticism against the IMC concept has also risen in the academic world. The main concerning issues expressed by the critics include e.g. the lack of academic rigor on the concept, the ahistorical concentration of practitioners and academics on the concept, and the disturbing lack of commonly agreed upon definition or process description of the IMC concept (Cornelissen 2000, 7-8; Spotts *et al.* 1998, 210; Schultz & Kitchen 1997, 8, 14; Kitchen & Schultz 1999, 23; Stewart 1996, 147; Hutton 1996, 155). The claimed lack of academic rigor, or lack of foundation, manifests itself in the superficial debate over responsibility issues and how IMC should be executed, instead of concentration on theory construction and research, as well as development of practically non-existent operational measures (Schultz & Kitchen 1997, 13; Cornelissen 2000, 7-8; Eagle & Kitchen 2000, 671, 675). The IMC critics see the lack of commonly accepted definition of IMC hindering the development of

these operational measures (Cornelissen 2000, 7-8; Eagle & Kitchen 2000, 667); i.e. it is difficult to measure when it is not commonly agreed upon what to measure. An additional difficulty in the measurement of integrated programs is brought about by the fact that measurement criteria is dictated by the set objectives of the program, which leaves open the issue of how to measure total program and individual components. Nevertheless, each element needs to be measured in its own right, as well as the objectives, communication, and the integrated outcomes. The truth is that the lack of acceptable evaluation mechanisms is a serious threat for the progression and growth of IMC. (Kitchen & Schultz 1999, 28-29)

The problem with the definition of integrated marketing communications is that different academics have different views on the depth of IMC involvement: Integration has been taken from the initial communications mix level to reach all the levels of a organisation. The definition of IMC has been associated with a variety and diversity of notions, such as consistency among market mix elements, positive synergies among elements of the marketing mix, various multimedia methods of customer contact, corporate and product line strategy, and the reengineering and realignment of firms. In fact, the definition of IMC has been said to be more dependent on one's personal perspective than on general agreement. (Stewart 1996, 147) These differing views have allowed for various interpretations and the loose use of the term IMC, which have all in all caused the IMC theory so far to remain slightly ambiguous. The ambiguity is exacerbated by the claimed revisionism practised by some of the advocates of IMC. This revisionism includes the use of new terminology with old existing concepts, which has further resulted in blurring boundaries, confusing terminology, and disorganised thinking. (Spotts *et al.* 1998, 210; Hutton 1996, 156; Hutton 1997, 8; Schultz 1996e, 139) What is considered positive about the IMC theory, even according to the critics of IMC, is that the academic writers and researchers appear to agree

on the domains concerning IMC, i.e. organisational processes and structuring, and the execution and content of communication programs. Therefore, the direction of theory formation is clear. (Cornelissen 2000, 7-8)

The proponents of IMC have naturally made counterarguments against the criticism of the IMC theory. The arguments for IMC include the following points: **1)** IMC is directly related to the changes in marketing communications, i.e. it is the logical outcome of these changes. This historicist argument would implicate that the IMC concept is not just a passing management fad. **2)** IMC can be considered a transitory period between the old, product-driven, outbound marketing systems and the new, informative-driven, consumer-focused marketplaces of the 21st century. **3)** A considerable time has passed since the inception of IMC (the initial academic study of IMC in 1991 (Caywood *et al.* 1991) + the industry practice reaching to 1980s and even 1970s) and no evidence of a up-down life cycle commonly apparent with different fads has not been observed in the case of IMC. (Schultz; Eagle *et al.*; Kitchen; Kitchen & Schultz in Cornelissen 2000, 9-10; Schultz & Kitchen 1997, 9, 13) **4)** Very few marketing or communications approaches have involved integration or holistic thinking. This type of thinking has been unusual as often scientific investigation decomposes entities with the underlying idea that if the parts of the entity can be understood the whole entity can be understood as well. Therefore the concept of integration may be faced with scepticism and even rejection. This point is noteworthy as it is practically impossible to determine the efficacy of, e.g. advertising, under circumstances where the subject can be totally isolated from the effects of other forms of communication, like publicity and sales promotions. (Schultz 1996e, 142-143; Schultz & Kitchen 1997, 9, 13; Kitchen & Schultz 1999, 23) **5)** IMC, as a major strategic concept, is not that much different from other marketing and management tools that, in spite of their flaws and

evolutionary transformations, drive managerial behaviour and provide frameworks for future educational purposes. **6)** There is never a complete agreement on the meaning or value of any single concept. This is to say that a critique of IMC on the basis of being defined in multiple ways is hardly unique or sufficient to imply its impotence as valuable concept. **7)** The IMC approach allows managers' own perspectives in real-world and real-time situations. Thus, research that surveys practitioners' experiences with IMC along with their uses and descriptions of it is an appropriate approach to evaluating its usefulness. **8)** IMC and other managerial concepts motivate and inform behaviour in ways that are recognisable by other managers but that may be expressed in a multitude of ways depending on the particular situation. (Gould 2000, 22-23) According to the proponents and advocates of IMC all barriers and problems regarding the IMC concept can be overcome, just as the counterarguments above indicate (Kitchen & Schultz 1999, 31).

### **3. PRODUCT PLACEMENT**

Due to the changes in the marketing communications environment discussed in chapter 3 a gradual proliferation of less traditional methods of communication has taken place. A trend towards soft-sell approaches (in contrast to more traditional hard-sell methods, like advertising and sales promotions) has increased the importance of marketing communications tactics like product placement (PPL). Product placement, as defined in chapter 1.4, enables soft persuasion and image enhancement for the product in an entertainment environment, where people are likely to be less cynical and more open to suggestion. In this section of the paper product placement will be introduced and discussed profoundly, including the factors contributing to the implementation of the product placement practice, the PPL industry mechanisms and how a company could go about making product placement work for the benefit of its product, the historical development of the practice, the theoretical mechanisms with scientific research results that contribute to the viability and efficacy of PPL, the relations of product placement to other marketing communications methods (especially sponsorship) and its use as a component in an integrated communications platform, and also, some important case examples of product placement will be discussed to illustrate the potential rewards and apparent pitfalls inherent with the practice. Due to its highly controversial nature, attention has been given also to certain ethical issues surrounding product placement. But before all that it is useful to look into the environment product placement is part of, the entertainment industry.

#### **3.1 Entertainment industry overview**

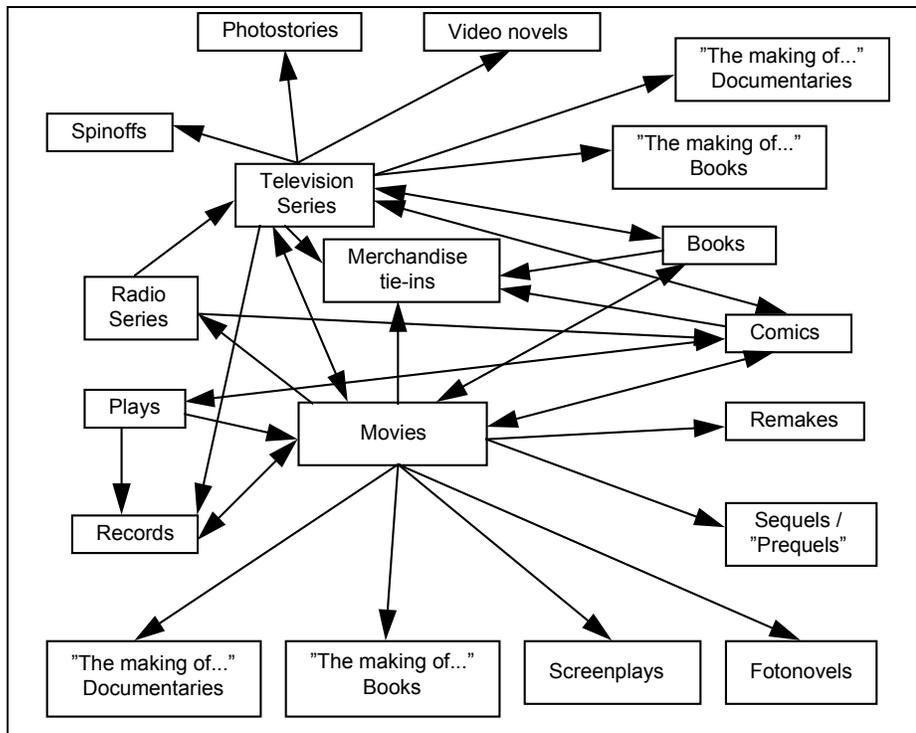
The entertainment industry, especially the filmed entertainment, has been traditionally dominated by the produce from the United States. This fact

has been recognised in this thesis also, as a large majority of research material is of American origin. This has been considered justified as American filmed entertainment is distributed globally and is therefore an appropriate vehicle for international communications. As the filmed entertainment is a significant industry in the United States (annual revenues \$100+ billion, one of the largest net export categories with \$5 billion; 1,2-1,4 billion admissions in the US, 2,5 billion admissions in international markets for Hollywood movies) (Vogel 1998, 27; Marshall & Ayers 1998, 16; Stanley 1998d, 13), it is natural that a lot of journalistic and scientific material is published in the US. This explains the apparent "American bias" in this research paper also.

Entertainment industry as a whole contains an array of subindustries that can all be categorised as major fields of business with significant revenues and growth rates. These include e.g. broadcasting / cable television, filmed entertainment, gaming (casinos), games / electronic entertainment (computer and video games), publishing (books, magazines etc.), music (records / concerts), theatres, theme parks, and even toys (Vogel 1998, 25). From these industry groups the most important ones for this research paper regarding product placement are broadcasting and filmed entertainment, with increasing emphasis on computer games. The other industry groups may nevertheless be of interest as film and television are often tied to other forms of entertainment in one form or the other (e.g. publicity pieces on magazines, soundtrack albums of movies, computer games based on a movie or nowadays even vice versa etc.). Figure 13 illustrates the interrelations between different entertainment industry subgroups.

Since Thomas Edison's development of "Kinetograph" in early 1890s (Vogel 1998, 32) and Lumier's first public screening of a projected film (Paris, France, December 28, 1895) (Turcotte 1995), movies and other filmed entertainment have grown to global popularity in pre-television era,

being gradually dented by proliferation of broadcast television, but nevertheless always remaining a popular form of entertainment. Originally movies were despised by the cultural elite but the quick recognition of movies as a new art form gave the infant industry the credibility that led it into growth and eventual success while constantly keeping the delicate balance between art and commerce. Movies eventually became a mass communications medium but its recognition as such was undermined again with the advent of television. Only mere two decades ago in early 1980s there was an air of annoyance among communications academicians dedicated to filmed entertainment for the lack of recognition of movies as a mass communications medium. (Jowett & Linton 1980, 11-12, 15; Turcotte 1995) But movies and other filmed entertainment are a mass communications medium with exceptional potential, like this paper will illustrate.



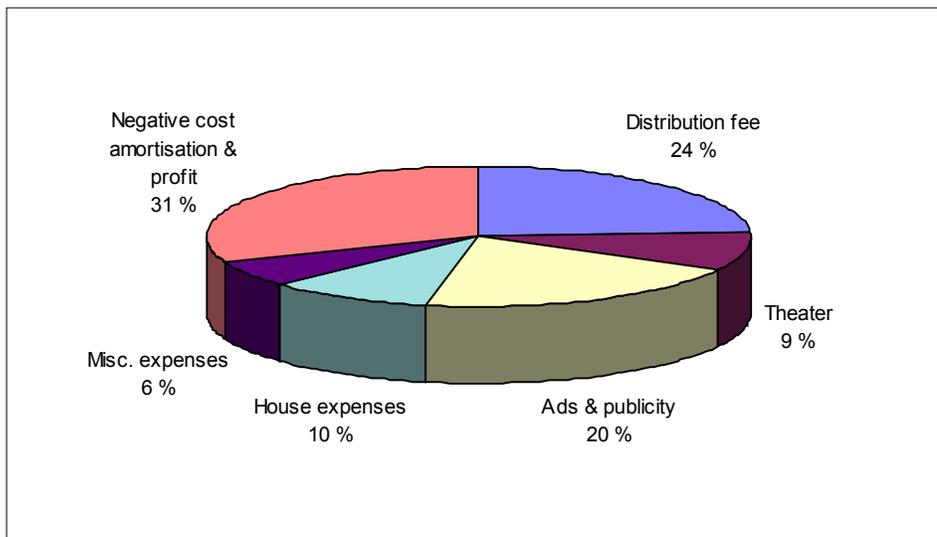
**Figure 13:** Movies and related entertainment industry units in marketing communications process (Jowett & Linton 1980, 21)

Although terms "film" and "movie" are often used interchangeably a distinction between the two has been recognised: Film is considered to refer to the art, whereas movie refers to the entertainment property of the film. As film making has become a lucrative industry the artistic quality has become more of a by-product instead of a goal itself. This applies to movies as entertainment but one should not neglect the so called art film genre that is not dictated so much by economic terms. The practice of product placement is not common in art films, so the focus is turned more towards popular movies that are often a combination of novelty and familiarity, just like any other form of popular culture. (Jowett & Linton 1980, 16-17, 26)

When considering film industry in economic terms it is apparent that normal structures do not always apply. Feature films are produced in an environment that is a combination of large oligopolistic production / distribution / financing organisations interacting with and depending on small, specialised service and production firms. These organisations work together to produce movies with a goal of making money with them. The production, distribution and exhibition functions are equivalent of the traditional business processes of manufacturing, wholesaling and retailing. As each film is unique with unpredictable success the products of the film industry are considered highly differentiated characterised by demand uncertainty. (Vogel 1998, 37; Jowett & Linton 1980, 25, 27)

Producing products that have at best (or worst) already reached a cost level of \$200 million in an environment of high differentiation and demand uncertainty is very unique. (Vogel 1998, 88) Indeed, making of a major film has become increasingly expensive. The average production cost of a major studio film has risen from \$4,0 million in 1976 to \$9,4 million in 1980 to \$39,8 million in 1996, and marketing costs have more than

quadrupled (1980-1996), continuing to rise faster than the inflation rate. The marketing costs that can easily add another 50-100% to the production costs make marketing and promotional co-operation with product marketers very tempting, as is discussed later on in this paper. (Ibid., 54, 72, 85; Jowett & Linton 1980, 26-27, 34; ISM Entertainment 1998; Turcotte 1995) The following diagram illustrates a rough division of the box-office revenues (gross sales).

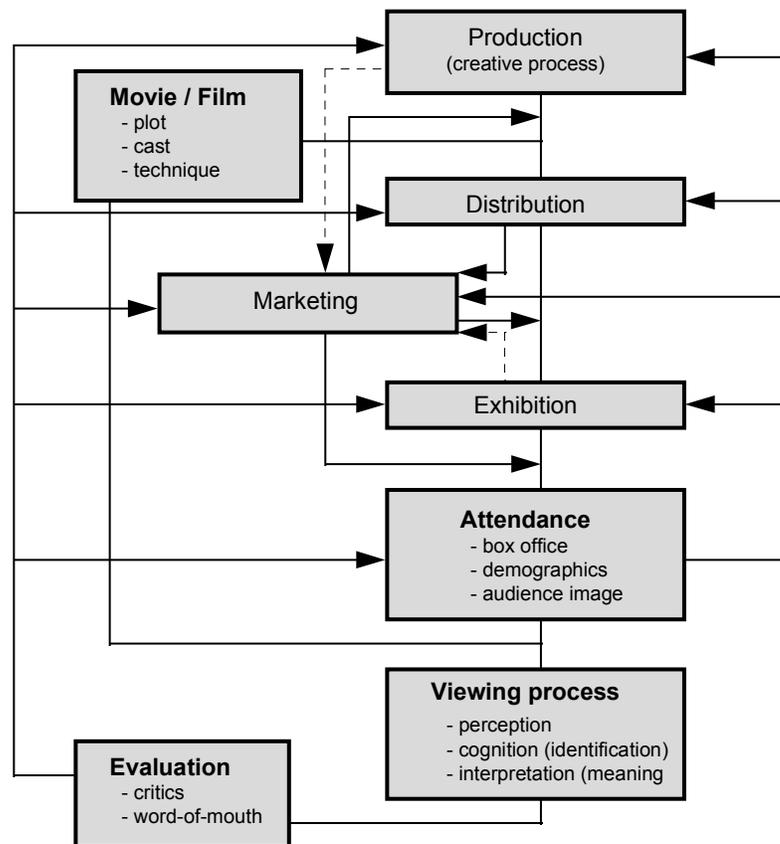


**Figure 14:** Division of gross revenues of a theatrical film (Vogel 1998, 114)

There are, of course, revenue sources to cover even the risen production costs. First of all, although it can not be considered a revenue source, popular actors and directors are often required to interest the audience and to draw them to theaters. This is one item that increases production costs. But it is apparently considered a relatively safe investment according to the amount and number of fees paid to the top stars and directors. Pure revenue sources come in a form of license fees for the exhibition of the film in theatres, home video (sales + rental), cable TV, network TV etc. An

increasing importance as a revenue source is on merchandising license profits which have in some cases exceeded \$50 million, and therefore could potentially cover the total production costs of the film. (Vogel 1998, 52-53, 55, 72, 85; Winger 1999, 18)

What comes to movies as a mass communications medium, it has been said that "movies work as messages generated within a filmic communication system" (Jowett & Linton 1980, 17). To completely understand this statement it is required to approach movies as a communications process. The figure below elaborates on this approach and it is basically an expansion of the traditional communications model modified to suit communications through motion picture film. (Ibid., 17-18)



**Figure 15:** Motion pictures as a communications process (Jowett & Linton 1980, 18)

The entertainment industry context also provides an opportunity to observe product placement practices as a form of virtual corporation and a loose alliance. A virtual corporation is an alliance that is created for a very limited time but includes partners that are absolutely dependent upon each other for success. This applies to co-operation between a film studio producing a motion picture and a product marketer providing products for use in the filming. In similar fashion, loose alliances supply each other with required productive functions. (Erickson & Kushner 1999, 349)

For product placement, entertainment industry provides an environment filled with high levels of anticipation, interest, and involvement by the audience, which should enhance the efficiency of the communications message. Product marketers have acknowledged this possibility and product placement has become an inevitable feature of modern entertainment industry. (Gupta *et al.* 2000, 52; Loeb 2000, 4) The following chapters will explain in detail why this is the case.

### **3.2 Product placement as a marketing communications tactic**

Chapter 3.2 will discuss the characteristics that have contributed to the growth of product placement into a potential marketing communications method. In addition to potential benefits and disadvantages of the practice the discussion will contain comparison of PPL with sponsorship and advertising in order to position product placement into the field of marketing communications.

#### **3.2.1 Development of product placement practice**

As mentioned in previous chapters, mass media advertising has been challenged with increasing audience fragmentation, media advertising

clutter, rising fee rates (Russell 1998, 362; Stanley & Benezra 1998, 16; Gunther 2000, 88; Raphael 2001; d'Astous & Chartier 2000, 31), and a considerable amount of cynicism among the general audience (Sandler & Secunda 1993, 73; Nebenzahl & Secunda 1993, 1; Marsh 1995, 11; Belch & Belch 1998, 12), exhibiting itself in adoption of various forms of passive avoidance of media advertising as well as active advertising avoidance methods ("zipping", "zapping" and "grazing" in television programming: fast-forwarding of commercials in video-recorded programming, pausing the recording during commercial breaks, and channel-hopping during commercial breaks) (Kitchen 1994, 20; Gupta *et al.* 2000, 42; Bosselmann 1994, 49). Especially the youth markets have recently exhibited strong rejection to traditional advertising, as younger people aspire more to discover products and brands by themselves (Loeb 2000, 4). Nowadays there are also a number of program storage and playback technologies that actively help avoiding commercials during programming (Oleck 2000, 14; Goodale 2001, 13; Friedman 2001, 3).

These factors have made marketing communicators look for alternative communications methods that could reach the target audience more effectively. It has been reported that audience has become somewhat tired of traditional advertising and would prefer some less obtrusive forms of marketing communications. Product placement has started to proliferate in this anti-advertising environment and is expected to continue its growth as long as traditional marketing communications methods remain in their current state. (Law & Braun 2000, 1071; Nebenzahl & Secunda 1993, 9; Goodale 2001, 13; Oleck 2000, 14; Ditlea 2000, 16)

Despite its relatively recent appeal to marketers as a communications vehicle, product placement as a motion picture industry practice has existed for several decades, ever since the days when studios' property masters called around companies for their products to be used as props in the films

to enhance their artistic quality (Gupta *et al.* 2000, 41; Govani 1999, 11; Shermach 1995, 1). The earliest examples of PPL have been traced in some cases to as far as 1920s and 1930s (Turcotte 1995; Koberger 1990, 82; Balasubramanian 1994, 32), first in movies with cigarettes, and then mostly in form of program sponsorship on commercial radio and later on television, but as the very first real product placement on film has been cited the film "Mildred Pierce" from 1945 where Jack Daniel's bourbon whiskey was recognisably consumed by the leading actress Joan Crawford (Nebenzahl & Secunda 1993, 2; PR Central 1996; Brennan *et al.* 1999, 323; DeLorme & Reid 1999, 71; Shimp 1997, 347). Just a few years earlier a type of PPL was practised by the US government in the homefront propaganda movies produced during the war: audience attitudes were influenced with visual props for e.g. savings bonds (McCarthy 1994, 30).

From the mid-1940s product placement practice progressed gradually through phases like sponsorship-induced PPL for cigarettes manufactured by Philip Morris being smoked in the hit TV show "I love Lucy" by the main actors Lucille Ball (who was, according to some sources, paid \$30 000 / week by Philip Morris to smoke on the show) and Desi Arnez, who would also appear in commercials for Philip Morris' cigarettes aired during the show's commercial breaks. (Sandler & Secunda 1993, 74-75; Goodale 2001, 13; Andruss 2001, 5; Donaton 2000, 32) 1950s also brought about the first objections to PPL practice, claiming it a deceitful and fraudulent due to its form as subliminal advertising. (Koberger 1990, 84-85) Entering the 1960s, product placement was being used increasingly, especially with cars, as integral part to the storyline: Ford Mustang in "Bullitt", Alfa Spider in "The Graduate", and VW Beetle in "The Love Bug", to name some for example. By the end of the 1970s there was an established product placement industry in the United States with some 300 PPL agents providing their clients products for use in motion pictures, despite the

momentary calm in the use of product placement in the turn of the decade. (McCarthy 1994, 30; Koberger 1990, 81-85; Balasubramanian 1994, 32)

The release of "E.T. — The Extraterrestrial" in 1982 launched product placement into new heights (Buss 1998, 29; PR Central 1996), as already discussed in the introduction to this thesis. This was followed by "Risky Business" and "Top Gun" and many others, and in 1986 a marketing textbook described product placement as an "*established advertising medium*" (Koberger 1990, 91), a statement that is loaded with irony, considering what is known about the product placement's purpose of use today. In a 1992 advertising industry report, major advertisers recommended the advertising industry to recognise product placement in movies as a new communications medium (Solomon & Englis 1994, 60).

### **3.2.2 Benefits of product placement**

Originally product placement was created for the purpose of reducing production costs, and still today it is used for that purpose. In fact, the increasing frequency in use of product placements is simply a reflection of the spiralling costs of film making today. PPL enables production companies and studios to offset purchase and rental costs of items used as production props, savings which can amount to significant numbers. (ERMA 1998; Govani 1999, 11; Stanley 1998a, 33; Shermach 1995, 1; Turcotte 1995; McCarthy 1994, 30; Gunther 2000, 88; ERMA 1996; Marsh 1995, 11; ISM Entertainment 1998; Gupta *et al.* 2000, 44; DeLorme & Reid 1999, 72; Nebenzahl & Secunda 1993, 2) For example, on television shows the wardrobe costs alone can reach \$10 000-\$20 000 / episode (Kerschbaumer 2000, 44), which in turn translates to potentially significant savings in a normal 22-episode production season, if some or all of these

costs can be reduced to minimum with product placement (ERMA 1998). This type of cost reduction is potentially available to any other product category besides the wardrobe used in the example. The producers of the 1995 hit movie "GoldenEye" estimated savings in rental fees worth of \$1 million in computers and audio-video equipment alone (Marsh 1995, 11). It has been estimated that up to 25% of the total production costs for a television show can be covered with product placement (d'Astous & Séguin 1999, 896).

Another encouraging benefit of product placement practice for filmmakers has been the enhanced realism and authenticity in their cinematic story portrayals of the contemporary or near-historic world (PPL cannot be applied to topics of pre-modern era or fantasy films). (Brennan *et al.* 1999, 323; Stanley 1998a, 33; Goodale 2001, 13; Cebrzynski 1999, 6; Babin & Carder 1996, 140; Gunn 2001, 10; DeLorme & Reid 1999, 72; Stewart-Allen 1999, 8; Bamrud 2001; Belch & Belch 1998, 431) The motion picture industry is continuously reaching for the feeling of real world in the fictional world of cinema and screen, and a good way to enhance realism is for the characters to use the same products people use everyday in real life (Solomon & Englis 1994, 60; Evenson 2000, 120; Emery 2002; Stanley & Benezra 1998, 16; Govani 1999, 11). This push for realism has come mostly from the audience requesting entertainment value that can be related to and identified with in a more profound manner. As the society is becoming increasingly product / brand-oriented, people do not expect to see generic labels expressing the contents of the product. There is some research evidence suggesting that the audience often feels insulted and distracted by the use and appearance of generic products / labels, as they are considered to interfere with the realism and interrupting the experience as products are also used to identify the storyline context (e.g. social class of the character), location (regional products), and time period (vintage brands and packaging etc.). (PR Central 1996; DeLorme & Reid 1999, 80-

81; Shermach 1995, 1-2; McCarthy 1998, 4; Nebenzahl & Secunda 1993, 2; Govani 1999, 11; Evenson 2000, 119) Therefore, one can safely assume products to enhance movies in many cases. Placements integrated into the storyline have generally received audience acceptance and even admiration for their skilful execution, whereas questionably executed placements often create considerable irritation among the audience and detract from realism. (DeLorme & Reid 1999, 80-81; Freeman 2000, 12; Donaton 2000b, 32; Englis & Solomon 1996, 189) A well conceived placement that is naturally integrated into the storyline events has been appreciated by product placement professionals, like Joël Brée, who has sited that, *"the appearance of a product will be successful inasmuch as it melts into the story and the moment"* (Brée in d'Astous & Chartier 2000, 34).

From the audience point-of-view product placements (i.e. seeing real products in their entertainment) provide different meanings. For older age groups brands symbolise social change, emotional discomfort, and feelings of concern, whereas younger audience finds belonging, reassurance and security from brands. (DeLorme & Reid 1999, 71, 87, 89-91) Older audiences admit the effect of nostalgia; for them product placement is still novelty and unique as they do not recall products being placed in entertainment contexts that extensively. PPL is therefore changing the whole moviegoing experience for them. Younger audience, on the other hand, has born into this type of practice and takes it for granted and is able to expect it, and, if necessary, also overlook it in case placement is too prevalent. Younger audiences consider PPL as better place to "advertise", as every other communications medium has become cluttered and used up. (Ibid., 90-91) Product placements in movies bring about something new and fresh for younger audiences. According to these findings product placement seems an appropriate communications tactic for reaching younger-aged audience groups. (Ibid., 94; Raphael 2001)

Differences in audience perception and interpretation of product placement are increased further by the aspect of international audience. Brands and products that have been used to assist in conveying the story to the audience may mean something to some audience groups and absolutely nothing to others, for example in case a product is not available internationally or is sold with a different brand name. (DeLorme & Reid 1999, 94; Gould *et al.* 2000, 41-42) Also, different international markets may contain differences in ethical perceptions, attitudes towards commercialism, and purchase behaviour among the audience. This may cause an undesired effect of unrealism, discomfort and misinterpretation among the spectators and may lead to negative effects in international markets. (Gould *et al.* 2000, 55, 56, 58; DeLorme & Reid 1999, 94)

The competitive pressure in keeping the audiences interested in the entertainment is advocating for enhancing realism and authenticity (Schneider 1996, 1; Bamberger 2000, 28; ISM Entertainment 1998; Dignam 1996, 12; Gupta *et al.* 2000, 43, 45, 49), which in turn requires more real products, that is, more product placement. PPL has been found to be good for preserving the integrity regarding realism, as long as it is conducted with taste and consideration. There should not be too many or inappropriate products placed in a single film, as people do not want to pay to see commercials during their entertainment either. (Koberger 1990, 106-107; Curtis 1999, 29; Turcotte 1995; Gupta *et al.* 2000, 45, 49, 51; DeLorme & Reid 1999, 79, 81; Ingrassia 2000, 17; Ditlea 2000, 16) This type of over-branding is usually self-regulated with artistic integrity of the director, which helps to keep PPLs to minimum (McCarthy 1994, 31; Bamrud 2001; ERMA 1998; PR Central 1996; Finnigan 2000b, 15). All these findings suggest that cinema and television audiences apparently notice and are aware of the practice, and are not as ignorant or naive about the practice as may have been thought. (DeLorme & Reid 1999, 81; Gupta *et al.* 2000, 45, 49) This should create interest among the entertainment /

PPL industry professionals concerning the executional tactics of product placements. This issue will be discussed in more detail later in the paper.

Additional PPL benefits for filmmakers are e.g. the possibility of character reinforcement with products, that is, conveying the character's personality through the consumer habits and lifestyle of the character (e.g. clothes, cars, computers, food, drink etc.). (Bernstein 2000, 13; Brennan 2001, 24; Govani 1999, 11; DeLorme & Reid 1999, 82; Goldman 1999, 18; Evenson 2000, 119) This type of character reinforcement creates benefit also to product marketers with direct implications on brand image: the identity / image of a brand or product is defined by the people who use the product. In other words, PPL introduces the product in a context where it gains profound image value. (PR Central 1996; Loeb 2000, 4; Englis & Solomon 1996, 189; Belch & Belch 1995, 447) In addition to image factors, product placement provides fictional characters to demonstrate product usage in a realistic setting, offering yet another communication benefit for the product marketer (DeLorme & Reid 1999, 72; Koberger 1990, 87).

This is to implicate that product placement does not provide benefits for the entertainment industry alone. One of the cornerstones in PPL's vitality is the mutually beneficial nature of the practice, that along with realism and cost-reduction benefits to entertainment production side, also benefits the other main party in the arrangement, i.e. the product marketer that provides the props for the use in the production. With PPL the product / brand in question receives exposure in an entertainment context, which in turn enhances awareness of the product among the audience. (Stewart-Allen 1999, 8; Palmer 1998, 48; Lucas 1995, 94; McCarthy 1994, 30; Gunther 2000, 88; Curtis 1999, 29; Marsh 1995, 11; ISM Entertainment 1998; PR Central 1996; Turcotte 1995; Cebrzynski 1999, 6; Shimp 1997, 347; Belch & Belch 1998, 12; Gould *et al.* 2000, 43) Product placement has been considered effective since it is able to retain visibility for the product and

simultaneously avoid the media advertising clutter brought about by the ever increasing competition for the consumers' attention. (Sandler & Secunda 1993, 73-74) Motion pictures, especially in theatres, are free from interrupting advertising, and this obtrusion-free environment makes product placement an extremely clutter-free communications medium (Turcotte 1995; Jowett & Linton 1980, 90; d'Astous & Chartier 2000, 31). PPL also circumvents the "zapping" by viewers (as discussed earlier in the chapter) as the products are integrated into the entertainment content, and is likely to create goodwill for the product from the association with a popular entertainment form and the implied endorsement of the talent (cast, director, etc.) involved with the product. (d'Astous & Séguin 1999, 896; Turcotte 1995; Freeman 2000, 13; Dryer 1999, 39; Koberger 1990, 87; Shimp 1997, 347; Pickton & Broderick 2001, 501)

Sandler & Secunda (1993) conducted a research study on advertisers' and advertising agencies' attitudes toward product placement (along with other communications methods not discussed in this context), that provides support for marketers' positive perceptions about PPL. The results of the study indicate a widely supported view that product placement is a growing trend and is useful for advertisers. Respondents also expressed that product placement is a subtle form of advertising, yet it is not considered a deceptive way to influence consumers. (Sandler & Secunda 1993, 75-76) The results of the study concerning product placement are presented in Table 4.

**Table 4:** Advertisers' and advertising agencies' attitudes toward product placement (Sandler & Secunda 1993, 75)

Attitudes	Overall	Advertisers	Agencies
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Product placement is a growing trend	1,80	1,58	2,03
Product placement is useful	2,19	2,28	2,09
Product placement is a subtle form of advertising	1,70	1,68	1,71
Product placement is a deceptive way to influence consumers	3,88	3,88	3,88

(1 = Strongly agree, 5 = Strongly disagree)

One of the most important properties of product placement is without any doubt its potential for providing global product exposure with only a nominal cost. This is due to the dominant position and global distribution of (American) entertainment, mainly motion pictures and television shows, that can be seen practically everywhere. (Dignam 1996, 12; Turcotte 1995; Marshall & Ayers 1998, 16; Curtis 1999, 30; Dryer 1999, 39; Marketing Week 1997, 5; ERMA 1996; Bamrud 2001; Graham 1997; Gould *et al.* 2000, 41; Belch & Belch 1995, 447) The global entertainment distribution of films and television shows etc. causes cost-per-thousand (CPM) figures (used in advertising communications to evaluate the relative cost of advertising reach) to remain in an exceptionally low level, creating remarkable value, which makes PPL an extremely attractive option for global marketing communications. On top of low CPM figures to begin with, the CPM for product placement is also a diminishing one, as increase in exposures (increase in audience members) does not cost anything for the product marketer. (Marshall & Ayers 1998, 16; ERMA 1996; DeLorme & Reid 1999, 72; Ditlea 2000, 16; d’Astous & Chartier 2000, 31; Shimp 1997, 347) Product placement will also enjoy a long life span ranging from primary distribution as a theatrical release to ancillary distribution through home video / DVD (purchase + rental), cable television (premium / pay-per-view, basic), and eventually broadcast television, with each level of distribution increasing product exposure, message reach and also frequency. (Balasubramanian 1994, 32; Brennan *et al.* 1999, 324; PR Central 1996; ISM Entertainment 1998; Turcotte 1995; Kondo 1995, 6; Teather 1995, 12; Gupta *et al.* 2000, 42; Belch & Belch 1995, 445-446) It

has been estimated that an average Hollywood film has a life span of 3,5 years with 75 million audience exposures. Once the product is on the film it is there forever and provides product exposure potentially to a global audience with one cost efficient effort practically in perpetuity. (Belch & Belch 1995, 445; Turcotte 1995; Marshall & Ayers 1998, 16; Stewart-Allen 1999, 8)

Global product exposure with affordable cost makes product placement a conceivable alternative for even small and medium sized companies aspiring to enter international markets. Smaller marketers with meager budgets cannot afford major international communications with traditional marketing communications methods, but PPL could potentially provide at least the product exposure, even if full campaign to familiarise people with the product is not possible. Despite that PPL is not really designed to perform without any supporting tactics, product exposure may be adequate to raise interest and curiosity for the product, and with Internet the actual product information can be dispensed internationally. With the current expansion in PPL there are many possibilities open for smaller companies below the top major-brand placements to try out. (Buss 1998, 28-29; Curtis 1999, 29; Cebzynski 1999, 6; Turcotte 1995; ERMA 1996; Stanley 1998a, 33-34)

Another benefit of product placement for product marketers (with motion picture PPL) is the theatrical environment that enhances the message reception by the audience. The technical quality of audio-visual delivery is superior to any other form of audio or video presentation, with the additional benefit of extinguished distractions (lights off, minimal external noise, large screen, difficulty in moving around, no zapping, etc.), but what comes before anything else is the qualitative state of the audience. The audience has paid a fee for viewing the film and they have taken the time and effort to go to the theatre, which implies that a high value is placed for

the cinematic experience. (d'Astous & Chartier 2000, 31; Turcotte 1995; Brennan *et al.* 1999, 324) Cinemas may, in fact, be the rare exception to noise (the distractive element present in communication) where a captive audience is in an attentive state with a high level of involvement and receptive to several different types of messages (Smith 1998, 70). This applies in much lesser degree also to home video audience, but not to broadcast or cable television audience, where effort and placed value or captive audience characteristics do not reach the same levels as in theatre environment. The theatre environment also provides a rudimentary level of measurability: number of exposures and message reach can be easily derived from the amount of audience members. (Turcotte 1995; Kondo 1995, 6; Gupta *et al.* 2000, 44; DeLorme & Reid 1999, 72)

### **3.2.3 Potential disadvantages in product placement implementation**

For the filmmakers the concept and practice of product placement is practically a problem-free issue. To product marketers, on the other hand, there are a number of potential pitfalls that may cause concern. PPL has been found to be an inexpensive method for product publicity and exposure but the low cost is explained partially by the uncertainty and unpredictability of the practice (Schneider 1996, 2; Buss 1998, 29; Shermach 1995, 3; PR Central 1996). The product placement business takes place in a mercurial environment where situations change and the product agreed to be placed can be dropped from the film at director's own discretion due to creative reasons or otherwise (Buss 1998, 32-33; McCarthy 1994, 31; Stanley 1999, 14; Curtis 1999, 30; PR Central 1996; ERMA 1998; Bamrud 2001; Turcotte 1995; Bernstein 2000, 13). If the placement survives through primary filming, the product may nevertheless end up edited out with the scene it appeared in (Finnigan 2000b, 15; Cowlett 2000, 29; DeLorme & Reid 1999, 72; Cebrzynski 1999, 6; ERMA 1996; Graham 1997; Kondo 1995, 6). Ending up in the final cut may

provide little consolation in case the product was used in an unexpected, non-flattering or disparaging fashion (Shermach 1995, 3; Cowlett 2000, 29; DeLorme & Reid 1999, 72; PR Central 1996; ERMA 1996; Russell 1998, 361). A successful creative execution of the placement may finally be jeopardised by the film classification: the finished film may receive an unexpected age rating causing the desired target audience to miss the film and the placement (Buss 1998, 33).

Among others, Balasubramanian (1994) has considered a number of conceptual disadvantages with product placement. First of all, the audience impact of PPL appears to be less direct and less immediate, compared to traditional marketing communications methods, like advertising for example. Second point is that there is an apparent absence of reliable measures for assessment of the cost / benefit trade-off, as well as the persuasiveness of PPL. Further, the marketing communicator is lacking a proper control over the communications message with PPL. Also, limitations in availability and applicability complicate the tactical planning of communications, and finally, there is a substantial risk involved with the practice due to the inherent uncertainties of product placement practice, as discussed earlier. (Balasubramanian 1994, 37-38; DeLorme & Reid 1999, 72; Turcotte 1995; Marsh 1995, 11; Russell 1998, 361; Stanley 1998b, 35; Belch & Belch 1995, 448)

One potentially significant disadvantage with product placement can be the general criticism of the audience. Although, as mentioned earlier, the majority of audience approves well-executed product placements, there are also those who strongly oppose to the practice. (Govani 1999, 11; Belch & Belch 1995, 448) The main arguments against product placement are the loss of artistic values and integrity, as the art is infested with commercial messages, turning programming and films into seamless commercials with some scenes in between, and the allegedly subliminal and deceptive

functioning mechanism of the communication method. (Ruskin in Goodale 2001, 13; DeLorme & Reid 1999, 72; Nebenzahl & Secunda 1993, 2) As subliminal advertising is defined as "*commercial messages directed to the unconscious mind*" (Nebenzahl & Secunda 1993, 1-2), the earlier discussion of audience awareness and recognition of the product placement practice can refute this allegation. Despite this, some critics are demanding the full disclosure of commercial tie-ins in the credits either in the beginning or the end of the show / film, or even at the moment the placement takes place in the film, for the purpose of audience protection. (DeLorme & Reid 1999, 73) This demand in turn brings about the question of artistic freedom of expression, which is to say that this issue is not a simple one (Balasubramanian 1994, 35).

### **3.2.4 Product placement in marketing communications mix**

Product placement has been commonly classified as a form of advertising, like any other marketing communications method. (Sargent *et al.* 2001, 29; Stewart-Allen 1999, 8; Gould *et al.* 2000, 46) This is due to the tendency people have in considering all communications methods as one (discussion on this issue in chapter 2.4). In theoretical terms, though, product placement is very distinct from advertising but bears considerable similarities with some other communications mix variables, especially publicity and sponsorship. In general, product placement can be considered a publicity tool, especially in placements that are based on a barter agreement (free use of product in exchange for possible product visibility). (Marshall & Ayers 1998, 17) The classification is not as clear in those seldom cases where a placement is based on a fee paid to the production for product visibility. In those cases PPL can be regarded more as a sponsorship function. Due to the latter form of PPL, some academics have classified product placement as a form of hybrid communication, that is, a form of communication that appears to be unpaid (= publicity) but in fact is

paid for by the communicator / marketer (= sponsorship, advertising). The importance in this is that unpaid publicity (e.g. news stories based on press releases) is considered more credible than paid communications, but publicity also lacks the controllability of paid communications, like advertising. Therefore, it has been derived that, theoretically speaking, most effective communications stem from a combination (a hybrid) of the two communication forms. (Balasubramanian 1994, 29-30; Solomon & Englis 1994, 60; Gould *et al.* 2000, 41) It must be emphasised, though, that in case of product placement the hybrid communications theory loses base when the placement is not paid for, despite the fact that PPL has been classified as a hybrid communications method.

#### **3.2.4.1 Product placement vs. Sponsorship**

As mentioned product placement contains certain similarities with sponsorship. Both activities are designed to reach a defined group of consumers in a non-traditional, implicit and cost-efficient manner while trying to circumvent communications clutter and rising costs of traditional advertising, as explained earlier. (Kitchen 1994, 20; Meenaghan 1991, 5; Nicholls *et al.* 1999, 365; Bosselmann 1994, 56; Koberger 1990, 133; Shimp 1997, 561; Belch & Belch 1995, 500; Erdogan & Kitchen 1998, 369-370, 372; Smith 1998, 389) Although the ultimate objective for sponsorship is to contribute an increase in sales, its main task is to increase brand awareness and enhance corporate or brand image, and the versatility of this communications medium is able to reflect on a variety of objectives ranging from sales to employee acquisition. (Meenaghan 1991, 8; Bennett 1999, 291; Nicholls *et al.* 1999, 368; Meenaghan & Shipley 1999, 328-329; Shimp 1997, 561; Erdogan & Kitchen 1998, 369-370, 372; Smith 1998, 389; Siukosaari 1997, 152; Rossiter & Percy 1998, 339) From a marketing communications perspective sponsorship has been defined as "*an investment, in cash or kind, in an activity, in return for access to the*

*exploitable commercial potential associated with this activity*". (Erdogan & Kitchen 1998, 369)

The main benefit of sponsorship for marketing communications is the association with the sponsored property itself (Andruss 2001, 5), as noted in the definition above. Along with this association come the increased public awareness of the brand or company and the enhancement or change of the corporate or product image, that are among the most important reasons for a company to conduct sponsorship activities. (Amis *et al.* 1999, 251; Pickton & Broderick 2001, 513) The level of awareness and changes in image are dependent on the amount of publicity the sponsorship receives. If the sponsorship is conducted in a media event (e.g. sports, concerts etc.) the amount of publicity is often considerable and in some cases even global in scale. In those cases sponsorship turns out to be a highly cost-efficient method for marketing communications, which is amplified by its less overtly commercial appearance compared to that of traditional marketing communication methods, like advertising. (Bennett 1999, 291-292; Meenaghan 1991, 7) The sponsorship deal itself consists of a triangular relationship: a company willing to support a certain activity (the sponsor), a sponsored activity or target (the sponsoree), and in a majority of cases also the different media covering the event or activity. (Koberger 1990, 132; Burnett 1993, 433)

What is described above basically translates into the mentioned similarities between product placement and sponsorship functions. Both functions provide image and awareness benefits for the supporting party from an association with another activity often indirectly related with the company's core business. Similarly, the participants involved in both functions share resemblance: in PPL the sponsor turns into a company providing its products for use in different productions (sponsorship "payment" in kind), the sponsoree is the producer creating a production

resembling an event, and the media in PPL consists of the media that provides exhibition of the final product (e.g. theatre, television, computer games), and the news and other media that is used for the promotion of the product. More similarities between the two stem from the use of celebrity endorsements. In sponsorship endorsements are the natural pay-off that is described in the definition as the "*exploitable commercial potential associated with (the) activity*". As the company invests to support an activity, event, or a person the object of this support is obligated in one form or another in turn to support its sponsor with explicit endorsement of the company or its product. In product placement the endorsement is more implied and implicit and usually comes through a character played by a popular actor, or from the perceived quality of the production in general (director, producer, studio etc.). The endorsements in both cases enable companies to exploit the "halo effect" for their benefit as celebrity endorsements often add to brand equity and influence individuals when they classify or rate different brands to their own order of preference (Amis *et al.* 1999, 254). The endorsements and the halo effect will be discussed in more detail in chapter 3.4.3 on the theoretical mechanisms that drive the effects of product placement communications.

In further similarities between product placement and sponsorship are the integration of media and message factors, support requirements for increasing the efficacy of the communications with each method, and the performance measures by which both communications tactics are evaluated. In product placement, the context where the product is placed (film, television program, game, etc.) often also conveys the communication message desired to be delivered. In similar fashion to celebrity endorsement the association, the role the product plays, and the genre and the target demographics of the film / program / game speak product message in volumes. (Meenaghan & Shipley 1999, 332, 334; Smith 1998, 390; Siukosaari 1997, 152-153) Media / message integration may

serve an important role as messages in both sponsorship and PPL are often imprecise and intangible as the media vehicle is often beyond marketing communicator's control. The product / brand message with both methods is more effectively delivered with use of supporting communications tactics, that is, sponsorship and PPL should be supported with other methods of communications, such as advertising, sales promotions, and public relations / publicity. (Meenaghan 1991, 8; Meenaghan & Shipley 1999, 329-330; Nicholls *et al.* 1999, 366; Erdogan & Kitchen 1998, 372; Siebert 1999, 3; Shimp 1997, 567; Siukosaari 1997, 157; Smith 1998, 394; Rossiter & Percy 1998, 340) This requirement makes both sponsorship and product placement suitable and even preferable for integrated marketing communications strategies as they are complementary functions to be used in conjunction with other communications tactics for maximum effect, instead of substituting one another.

**Table 5:** Product placement and Sponsorship: Main differences and similarities

	<b>Product placement</b>	<b>Sponsorship</b>
Communication objective	Brand awareness, image enhancement	
Communication benefit	Association w/ an activity appreciated by the audience; transfer of image	
Scale of the communication	National to global audience	Local to global audience
Communication elements	Product (usage), logo, verbal	Logo, verbal
Strategic role in communications	Complementary; potentially basis of the communications plan	
Evaluation measures	Awareness, recall, attitude	

Participants media	Marketer, PPL agent,	Marketer, individual / activity, studio / production company
Cost efficiency	High	Moderate to high

Both communications tactics also share the same evaluation measures of performance: awareness, recall, and attitude (Nicholls *et al.* 1999, 366; Smith 1998, 389). At the same time they also share the problems of measuring the performance: Which measures would be the correct ones and how to isolate the results from all other communications? Sales growth is a problematic performance measure as neither sponsorship or PPL is not explicitly a sales device, and the carry-over effects from previous communications and other changes in conditions may hinder correct evaluations. Any mechanical measures of minutes of air-time or amount of press coverage only indicate the potential amount of publicity but not the communications effects reaching the end receiver. (Bennett 1999, 295; Belch & Belch 1995, 592-593; Burnett 1993, 636) This topic will be discussed in more detail in chapter 3.4 on theoretical mechanisms of product placement.

In conclusion, sponsorship and product placement share so many similarities that without sufficient theoretical knowledge it may become difficult to define which method is implemented in each case. (Immonen 1998, 17; Bosselmann 1994, 56) One could argue that sponsorship has served as an early development stage in a continuum from which product placement communications has evolved. All in all, sponsorship is predicted to remain a major marketing communications tool, despite the lack of commonly accepted and publicly available measures of effectiveness. This is to say that benefits gained from sponsorship are difficult to quantify in

concrete and indisputable terms. (Nicholls *et al.* 1999, 384-385) These issues also remain as the cause for continuous controversy over the practice of product placement.

#### **3.2.4.2 Product placement vs. Advertising**

What definitely sets product placement apart from advertising is the objective for its use. Birk and Fabricius have listed a multiplicity of objectives companies have for using PPL, including the following: *consumer exposure to message, awareness enhancement, brand recognition, brand recall, change in brand attitude, implicit endorsement, increase in product trial, sales increase, visibility, image enhancement, and creation of goodwill* (Birk & Fabricius in Immonen 1998, 23). PPL is not (or at least should not be) used for the explicit objective of increasing sales. Despite PPL's ability to create momentary sales spikes it is not a hard-sell method in any way. (Marshall & Ayers 1998, 17) Instead, product placement is better suited for e.g. increasing brand awareness, brand image enhancement, and product identification with specific demographics or lifestyles, due to its subtle yet relatively powerful communicative abilities. (Marshall & Ayers 1998, 17; Curtis 1999, 30; Buss 1998, 30; Loeb 2000, 4; Dryer 1999, 39; Cebzynski 1999, 6; Turcotte 1995; ERMA 1996; d'Astous & Chartier 2000, 31; Marsh 1995, 11) In other words, PPL is a communication method for building and strengthening brand equity, as image enhancement, name awareness, and positive brand associations are considered to have the potential to impact consumer behaviour, which in turn facilitates a change in brand equity. (Stanley 1999, 14; Ferrand & Pages 1999, 388; Aaker 1997, 135; Shermach 1995, 2; Shimp 1997, 5) Brand equity has been defined by Aaker as "*a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and / or to that firm's customers*" (Aaker in Ferrand & Pages 1999, 388). Product

placement's ability to build brand equity through image enhancement is greatly due to PPL's virtual incapacity to carry any factual product information in its communication, and therefore it is totally reliant on receiver's affective low-involvement processes. (Russell 1998, 359; Balasubramanian 1994, 38) This applies especially to symbolic products, whereas functional products may carry product information to the extent of exhibiting authentic product usage in a scene. (Russell 1998, 359; Dryer 1999, 39) The environment and efficiency measurement of product placement is definitely not as controllable as with advertising, which makes PPL practically an antithesis of advertising. (Buss 1998, 29; Pickton & Broderick 2001, 458)

Companies who have realised the above reasons for utilising product placement have included PPL in their marketing communications mixes and plans, and it is starting to become generally recognised by marketing communications professionals. (Shermach 1995, 2; Goodale 2001, 13; Sargent *et al.* 2001, 29; Marshall & Ayers 1998, 16) It should be remembered, though, that product placement cannot by any means render other marketing communications methods obsolete, but it can be an effective complementary tactic to the overall marketing communications strategy and deserves its own place in an evolved marketing communications mix, along with likes of advertising, publicity, sponsorship, and others. (Bosselmann 1994, 56-57; Dryer 1999, 39; ERMA 1996; Cebzynski 1999, 6) Like any other communications method, product placement execution must be planned in coordination with all other communications, within the scope of the brand's mission with focus and consistency, as well as realistic objectives and expectations, and it should always enhance corporate identity and brand image, along with brand awareness. (Freeman 2000, 13; LeMaistre 1999, 40; Stanley & Benezra 1998, 16; Gould *et al.* 2000, 56; Immonen 1998, 17) This is to say that no matter how tempting a PPL opportunity might be it should not be

implemented if it jeopardises these elements in any way. Conversely, the marketer also has to believe the selected PPL opportunity is good for their product. There is also plenty of evidence to prove that not all successful movies are good placement opportunities. (Brennan 2001, 24; Turcotte 1995)

The possibilities and potential complications of successful product placement execution has been summarised by John Barnard, president of Entertainment Marketing Association: *”The question is whether you can be clever enough to take the images and values of a \$60 million film and wrap them around your product”* (Barnard in Mitchell 1996, 82).

### **3.3 Product placement tactics and industry practices**

Product placements can be presented in many different ways and through many different channels. Implementation of PPL in practice may not be as simple as it sounds in theory and therefore some professional assistance and consulting is often required, and in fact quite recommendable. The entertainment industry practices and regulations also add to the level of difficulty. The following chapters address these issues in more detail.

#### **3.3.1 Product placement modes**

Products can be placed within an entertainment context (e.g. feature film, TV show, game etc.) in three basic ways. These product placement modes are formed of characters’ use of a product in a scene, character mentioning the brand name of the product in a scene, or the display of the brand name or the product in the environment the scene takes place. These three main forms of product placement have been classified in different ways by a number of scholars. Koberger (1990) has conducted a classification of PPL

with "acoustic placement", "on-set placement", and "creative placement". Acoustic placement refers to direct verbal mention of the brand name by a character in a scene, whereas on-set placement contains the product or the brand name within the scene but without any direct relevance to the action and storyline. On-set placements are commonly used to create realism and authenticity to the scene, as discussed earlier. Creative placements, in turn, are directly involved with the storyline as products are used by the characters or contributing to the plot development in some fashion. Koberger (1990) has used these three classes to categorise product placement, in addition to which, two other placement categories (besides product placement) are presented. First of the two additional placement categories originally introduced by Wilde is "generic placement", where a product group (e.g. coffee, cars, phones etc.) is used without a brand identification. Generic placements refer to the use of generic labels discussed in the chapter regarding realism and authenticity of the story portrayal. Wilde's second placement category in addition to PPL is "image placement", where a brand or a company is contributing to the overall theme of the production (e.g. US Navy / Air Force in "Top Gun", Federal Express in "Cast Away" etc.). (Koberger 1990, 87-88)

Bosselmann (1994) has applied the same main division as Koberger (1990) above with generic placement, image placement, and the actual product placement. The three product placement modes follow the categorisation of on-set, creative, and verbal placement. The categories are therefore the same as Koberger's with the exception of acoustic placement being renamed verbal placement. Surprisingly the definitions of on-set and creative placements differ somewhat from the ones given by Koberger (1990), as Bosselmann (1994) includes products used by the characters as on-set placements, whereas Koberger (1990) classifies them under creative PPL. Bosselmann (1994) agrees on creative placements with Koberger to the extent that they are integrated to the storyline action and plot

development along with character portrayal, and they may not be recognisable, but as said, some of these products are awkwardly classified as on-set placements. The definition of verbal placement is in accordance with Koberger's definition of acoustic placement. (Bosselmann 1994, 38-43)

DeLorme & Reid (1999) have taken some distance to the classifications applied above. The DeLorme & Reid (1999) classification is not solely based on the context where the product / brand name is presented but instead more on what is presented. The distinction is that DeLorme & Reid (1999) have separated product placement and brand placement from each other (there has been a vivid controversy surrounding the issue of what name would be correct for the practice; as the industry itself has commonly used the term "product placement" it has been considered appropriate for general use instead of "brand placement". See e.g. Turcotte (1995), Babin & Carder (1996) for more details). Brand placements are classified as "display of product", "display of logo", and "display of advertisement". The actual product placements are still categorised in three classes: visual exposure, verbal mention, and character usage. (DeLorme & Reid 1999, 72)

In a study on television sponsorship d'Astous & Séguin (1999) included product placement on television shows as a form of sponsorship activity. Although sponsorship and product placement share many similarities in their respective functioning mechanisms, concepts, and practices (as discussed in chapter 3.2.4.1) the two are commonly considered as separate functions. In sponsorship context d'Astous & Séguin (1999) classify product placements into three main types: implicit PPL, integrated explicit PPL, and non-integrated explicit PPL. In an implicit PPL the brand, company, or product is present in a scene in a passive role, without any demonstration of product benefits, contribution to the storyline

development, or being formally expressed. In other words, implicit PPL is similar to Koberger's (1990) definition of an on-set placement. Integrated explicit PPL, in turn, provides the brand, product or company an active role and it is formally expressed in the program. The attributes and benefits of the product are also clearly demonstrated, usually with product usage. The third placement type, non-integrated explicit PPL, is actually commonly regarded as normal program sponsorship: the brand / product / company is formally expressed but is not integrated into the contents of the production (e.g. the sponsor identification slogan "*This program is brought to you by...*"). (d'Astous & Séguin 1999, 897-898)

Shapiro (in d'Astous & Séguin 1999) has proposed a four-level classification for product placement in motion pictures. Shapiro's four types of PPL are: **1)** PPL that provides only clear visibility for brand or product, **2)** PPL with product usage, **3)** spoken reference of brand name, and **4)** PPL with hands-on use and verbal mention of a product by a character (i.e. a combination of types 2 and 3). The type 1 placement is analogous to on-set / visual / implicit PPL categories discussed above, and type 2 is basically the same as creative / usage / integrated explicit PPL categories used by other scholars. Type 3 is of course the same as acoustic / verbal PPL. (Shapiro in d'Astous & Séguin 1999, 898)

Russell (1998) has proposed yet another product placement classification with three categories based on the modality and relevance of the placement. In this system classification varies along two main dimensions: visual and verbal / auditory. Visual dimension provides placement for the product or brand through creative placement (e.g. advertising billboards in outdoor scenes) or through on-set placement (product itself placed visibly into the scene). Russell (1998) combines these two visual forms of PPL into what is referred to as screen placement. The verbal / auditory dimension refers to the brand being verbally mentioned in a dialogue, and is in turn labelled as

script placement. If a product becomes part of the plot, enhancing and developing the storyline, as well as reinforcing a character, it becomes a placement type constituting the third dimension in the Russell (1998) PPL framework, what is generally titled as plot placement. Plot placement can consist of any combination of visual or verbal components and varies in degree of connection between the product and the plot from low to high intensity (a brief product / brand appearance vs. a prominent role for the product). (Russell 1998, 357)

Law and Braun (2000) have not provided a clear proposition for PPL classification but implicitly support the division of visual ("seen-only", as they put it), verbal, and product usage in their research on impact of product placements. A possible combination between any three types is also acknowledged with general PPL industry opinion about the superiority of a verbal mention combined to product usage by a leading character. In similar fashion to Law & Braun (2000), also Nebenzahl & Secunda (1993) give implicit support to the three-class division of PPL with visual exposure, verbal mention, and product usage. Turcotte (1995) classifies product placements explicitly into visual, spoken and usage placements. (Law & Braun 2000, 1063; Nebenzahl & Secunda 1993, 1; Turcotte 1995)

Brennan, Dubas & Babin (1999) offer two previously introduced PPL classification methods in their research study on product placement recognition. The classification by Gupta & Lord (1998) divides placements into visual, audio, and audio-visual PPLs. Each of these modes would be further divided according to subtlety / prominence. Although the contents of each mode have not been defined in the Brennan *et al.* (1999) study the objective and meaning of this classification can be interpreted as similar to visual / verbal / usage division. The terminology used by Gupta & Lord in this case leaves a lot to be desired for, as it is simultaneously confusing and contradictory. The second classification system presented by Brennan *et al.*

(1999) is developed by Murdock (1992), and it contains a simple division of placements into creative and on-set placements. Creative placements occur when a brand (i.e. not the product itself, according to the source) appears in the background of a shot. Accordingly, on-set placements are more prominent. Prominence may be due to product consumption / usage or verbal mention of the brand name by a character. (Brennan *et al.* 1999, 325-326)

In this thesis work a basic three-class categorisation of product placement (visual / verbal / usage) has been endorsed for clarity and simplification. This division has also been generally supported by the majority of scholars with slight variations, as discussed earlier. DeLorme & Reid (1999), Law & Braun (2000), Nebenzahl & Secunda (1993), and Shapiro (in d'Astous & Séguin 1999) (combinations excluded) have all favoured this type of classification, whereas the remaining models discussed here are more complicated in their divisions. The different product placement type classifications discussed in this chapter are compiled into the following table in order to display the meanings of different terminology.

**Table 6:** Different product placement classifications used by various PPL scholars

Law & Braun; Nebenzahl & Secunda; Turcotte; Shapiro*	Koberger	Bosselmann	DeLorme & Reid	d'Astous & Séguin	Russell	Brennan <i>et al.</i> (Murdock) (Gupta & Lord)
Visual	On-set		Visual	Implicit	Screen p. / on-set	Visual On-set
Verbal / spoken	Acoustic	Verbal	Verbal		Script placem.	Audio On-set
Usage	Creative	Creative	Usage	Integrated explicit		On-set
Usage + spoken*					Plot placem.	Audio- visual
		On-set				
			Product Logo Advert.		Screen p. / creative	Creative
				Non-integ. explicit		

### 3.3.2 Product placement media

Although product placement practice is most often attributed to be used in motion pictures (films, movies), even in this thesis work, there is a number of other media and environments where PPL can be applied that are worth recognising. In addition to movies, products can be placed into e.g. television shows (fiction, talk shows, reality etc.), music videos, computer games, books, comics, theatre plays, and even inside normal television commercials. (Koberger 1990, 87, 92-104; Bosselmann 1994, 36, 86; Brennan *et al.* 1999, 335; PR Central 1996; ERMA 1996; Englis & Solomon 1996, 185-186; Stewart-Allen 1999, 8; Stanley 1998c, 8; DeLorme & Reid 1999, 73)

As discussed in earlier chapters, motion picture product placement dates back several decades and is the main form of PPL. The other major vehicle for product placement is television shows in its variety of forms, mainly in reality-based shows, situation comedies, and action-adventure shows. A relatively new vehicle for PPL is the music videos that have become essential in promotions for popular music industry. Music videos are produced in high quantities and an analysis of video contents found nearly 25% of all music videos to contain specific references to branded products, and nearly 75% to contain at least one explicit consumption act. (Friedman 2001a, 2; Englis & Solomon 1996, 186; Bosselmann 1994, 75, 92; Schneider 1998, 2) Product categories used for music video PPL are the same as for movies and television (cars, computers, phones, beverages etc.) but the placement type is always either visual or product usage as verbal placements are naturally hindered by the music on the soundtrack. As products in music videos are connected to the particular piece of music and the artist(s) videos would make an interesting subject concerning implied implicit endorsements, which will be discussed later in the paper.

In similar fashion to music videos, albeit in lesser extent, traditional advertising has also been found to include products other than those that are being advertised. These collateral products (i.e. nonessential products that belong to the ad setting) can be found in print advertising as well as broadcast advertising and they are included in the ad for the same purpose as in any other product placement vehicle: to enhance realism of the setting and to convey meaning for the main product. In a study on print advertising almost half of all the advertisements contained these collateral products, i.e. product placements. (Englis & Solomon 1996, 186)

An emerging but increasingly important medium for product placement is computer / video games. Originating from conventional advertising banners with brand logos in arcade motor racing games in the late 1980s, games

PPL has become a novel marketing (communications) opportunity. (Raphael 2001; Emery 2002; Stewart-Allen 1999, 8) The shift from billboards to more actual product placements is mainly due to the increased performance of computers and game consoles that enables the use of ever enhancing graphics used to portray the gaming environment in close detail level, which again translates to increasing level of realism and credibility in games as well. The realism factor in games is enhanced further with the enhanced graphics capabilities by including digitally created versions of real products into the gaming action for the characters to get involved with. As the game graphics are gradually approaching the level of photorealism it is possible to include branded products like clothing, shoes, sports equipment, cars, mobile phones etc. into the games in a fashion that enables clear brand recognition. (Raphael 2001; Stewart-Allen 1999, 8; Ebenkamp 1998, 48; Gunn 2001, 10; Nakamura 2000, 28; Curtis 1999, 30; Kuchinskias 1999, 48-49) Product placement in games executed with high precision graphics provides an integration opportunity with celebrity endorsements, as a number of sports celebrities and other popular culture icons have games titled after them (e.g. "Michael Owen Soccer", "Tony Hawk's Pro Skater" etc.). In games these characters use, wear, or are associated with the same products that they use in real life on the basis of endorsement contracts, therefore strengthening and publicising the connection between the product and the person.

For marketers gaming environment is further made attractive by the user demographics of the gamers. Computer games are mainly consumed by teenagers and young adults, the very demographic otherwise difficult to reach, as discussed earlier in the paper. When the first-generation gamers who started playing in the late 1970s and early 1980s are added into gamer demographics, it becomes obvious that computer games product placement presents a potential communications medium. The potential is increased by the behaviour of gamers: games are played repeatedly until they are played

through, and very commonly they are played all over again after a little while in case the game provides possibilities for discovery or more challenges in some form. (Raphael 2001; Emery 2002; Turcotte 1995; Stewart-Allen 1999, 8; Curtis 1999, 30; Kuchinskias 1999, 48; Gunn 2001, 10) Repeated playing means also repeated exposure to products, if they are included in the action. A repeated exposure to games PPL is perhaps even more profound than in movies or television as very few people watch a movie every day for several weeks in a row, whereas games can be played in this fashion, and with a high level of involvement and audience captivity as the progress of the story depends on the skills of the player.

The computer-generated imagery that has made product placements in computer games possible can also be utilised for PPL implementation purposes outside the gaming environment. The same tools that are used in creation of spectacular special effects in motion pictures can be also used for inserting computer-generated objects digitally into the filmed footage. This means expanded possibilities for product placements as products can be embedded into a particular spot in a scene well after the primary filming. As products are placed into the scene in post-production phase directors and producers have additional time to decide how to decorate the set to suit the purpose of the story. (Friedman 2001a, 2-3; Friedman 2001b, 2; MacArthur & Goetzl 2000, 2; Freeman 1999, 12; Gupta *et al.* 2000, 41-42) In this contemporary era of film making where the first motion picture filmed completely in a digital format has just been released, a digitally executed product placement is not an overwhelming effort. Currently these "virtual product placements" (V-PPL), as they have come to be known, are mainly background objects that are on a static surface (e.g. tabletops, billboards etc.) but gradually V-PPLs can be used also with moving objects and even with usage placements. This all is very much dependent on the overall acceptance of this practice among film makers; if the virtual product placement practice is embraced by the industry it will most

certainly become very common in a similar fashion as digital effects. (Goodale 2001, 13; Regan 1998, 4; Beeler 2000, 93; Ross 1999, 1)

Despite not applying directly as product placement, the potential of V-PPL can be seen in plans to bring dead actors back to life with digital imaging. This concept is based on a database of both visual film material as well as sound recordings based on which a role performance can be created with reanimation for the past stars. A taste of this kind of virtual character was given in the movie "Forrest Gump", where the leading man played by Tom Hanks was seen shaking hands and having a dialogue with the late president John F. Kennedy. Depicted as television news coverage the scene was amazingly realistic and once again taught people not believe everything they see. (Kuchinskas 1998, 32; Brandweek 1998, 34)

One benefit of virtual product placement for the production side in the television environment is that outdated products can be replaced with more current ones or expunged altogether from the film for the reruns of the show. This type of practice would seriously undermine the benefits of PPL for the marketers as they would lose the opportunity for extended and continuous product exposure, and would most certainly have an impact on marketers' willingness to provide their products for use in filming. The more apparent pitfall of this type of procedure is the loss of artistic integrity in the eyes of the audience, especially when products are used to project a timeline, location or character traits; changing a product in these cases would most certainly undermine the plot development and the entertainment value of the production. (Ross 1999, 1; Gunther 2000, 88) If the opportunities provided by V-PPL are exploited blatantly the entertainment shows are in real danger of becoming pure marketing vehicles for the highest bidder. This is due to the fact that V-PPL execution costs money as products are retrofitted into scenes with technical assistance that requires skilled manpower and time. It has been predicted that a V-PPL

costs anything between 25-100% of an equivalent amount of commercial airtime depending on the demand. This brings about the question of viability for the product marketer: one of the main motivations for product placement has been low cost of the practice. Therefore, at the moment V-PPL is best used as a device to provide some bonus visibility for companies buying commercial airtime from the network. The critics of virtual PPL have opposed the practice also by reminding about the fact that having the technical ability to do something does not always make it a good idea to do it. In the future digital broadcasting is predicted to enable V-PPL products to be used as information cues that can be pointed and selected with a remote control device for product information and direct purchase facilities. (Advertising Age 1999, 27; Friedman 2001a, 2-3; Beeler 2000, 93; Brandweek 1998, 34; Broadcasting & Cable 2000, 56; Frutkin 2001, 8)

At the moment these prospects concern mainly the television PPL and they are being handled with care but it is not unimaginable that it would eventually reach the motion picture side in some fashion. Some overkills have already been committed with V-PPL, though. In the United States CBS used V-PPL to cover rival network NBC's logo on the wall of a building with CBS's own logo during the 1999 New Year's Eve broadcast of the festivities at the Times Square in New York City. This act caused a public outcry and forced CBS executives into a public apology. (Friedman 2001a, 3; Evenson 2000, 120; Donaton 2000, 24; Ross 1999, 2; Gearty 2002) A very similar, yet probably less controversial, matter occurred recently when the producers of the feature film "Spider-Man" (2002) were sued by the owners of the same Times Square buildings as discussed earlier for digitally altering the electronic advertising billboards placed on the walls of the buildings by superimposing non-existing billboards on the real ones, therefore blocking them. At the time of the writing no verdict was available on the matter, but as the film in question is purely a work of fiction this type of practice is probably not as questionable as that of a news

program discussed above. The feasibility of product placement is altogether very much dependent on program type; PPL serves fiction very well but it does not belong to objective reporting and news programming. (Gearty 2002; SiliconValley.com 2002; d’Astous & Séguin 1999, 899) The ethical issues like these raised by the virtual product placement practice will be discussed in more detail in chapter 3.5.

The variety in product placement media brings about the first research hypothesis for the empirical study of this thesis. Based on the discussion in this chapter the following hypothesis has been formed:

**”Theatrical film is the most popular medium for product placement due to its less regulated environment and global market potential, television is the other favourite.”**

### **3.3.3 Organisation for product placement and practical implementation**

The entertainment industry is a very specialised form of industry and can be considered challenging especially to an industry outsider trying to penetrate the product placement markets. When a company has made the decision to apply product placement in its marketing communications it has two main organisational alternatives to choose from: product placement process can be delegated to an external sourcing consultant that is generally referred to as product placement agent, or the company can keep complete control over the PPL process in its own hands and have an in-house PPL department to handle the activity. Some companies may end-up having both an agent and an in-house department for PPL. (Bosselmann 1994, 41, 163; Cowlett 2000, 29; DeLorme & Reid 1999, 72; Turcotte 1995; ERMA 1996; Gupta *et al.* 2000, 43-44)

### **3.3.3.1 Product placement strategy formation**

Whether the PPL process takes place with an agent or as an in-house activity the demands for the product marketing company are very much the same. This means the company requires a product placement strategy where a number of decisions are outlined. The strategy formation starts with deciding whether the product or brand benefits more from one major placement or a number of minor placements in a longer period of time. This decision may simultaneously decide the PPL vehicle to be used as major placements are bound to happen in motion pictures and minors are more executable in the television series format. (Buss 1998, 30-31; Bernstein 2000, 13) A pre-placement research of story environments, set opportunities, and particular shows and movies etc. with placement potential follows in the strategy formation. If major product exposure is desired the prime-time programming and major studio releases should be targeted for implementation. The PPL strategy planning may be complicated by the company's own quest for a more strategic approach for PPL instead of using it merely as an isolated tactical maneuver. These tactics would include using defensive / proactive placements; that is, placing products in contexts that would otherwise be used by competing brands, thus hindering the visibility of the competitors. (Stanley 1998a, 32; Stanley 1997, 42; Bosselmann 1994, 157-158; Koberger 1990, 105; Englis & Solomon 1996, 187; Curtis 1999, 29; Russell 1998, 361) The unpredictability and uncertainty of the practice, as discussed in chapter 3.2.3, has caused product placement agents and other industry professionals to recommend PPL to be used in a non-integrated fashion by considering it as an independent tactic (Stanley 1998b, 34-35), but as said, this may not suit the product marketing companies' overall marketing communications strategy, and it would most definitely contradict the IMC approach discussed in this paper.

The product placement strategy is formed in order to execute suitable and brand equity-enhancing marketing communications with product placements. As discussed already, PPL strategy commonly maximises positive image connections while trying to minimise and avoid altogether any negative connotations. (Bernstein 2000, 13; Curtis 1999, 30; Russell 1998, 360-361; Turcotte 1995; PR Central 1996; Halliday 1997, 53; Gupta *et al.* 2000, 43; Cowlett 2000, 29; Balasubramanian 1994, 37) This makes good business sense as investments on positive brand image are considerable, but in the context of product placement the effects of negative exposure might be slightly exaggerated. Product placements occur in an environment that is characterised by entertainment values, relaxation, positive feelings, fictional characters and storylines, and so on. In this context any kind of exposure might turn into image enhancing exposure as the audience is clearly targeted according to movie genre and fuelled by positive emotions. Perhaps the only possible negatively impacting exposure from product placement comes from a bad execution of the placement, that is, the placement is too blatant or in a wrong usage environment (Schneider 1996, 2; Shermach 1995, 3). The importance of placing the product in the right context comes apparent in this type of case. The most common negative product contexts that are constantly and systematically avoided by the product marketers could actually be the ones that set the brands apart from their competitors and give them the proverbial edge with a different image (Wheat 1999, 38; Ebenkamp 1998, 48). The emphasis in this case is still on the correct product portrayal in its right usage context (ERMA 1996): if the product features or performance are falsely depicted the placement can be deemed negative, but if the product performance is correctly portrayed but the scene or the characters are negative the result is not as clear.

The right context is nevertheless critical: it is acknowledged that consumers assimilate information from a variety of sources and increasingly take into

account the context in which a product appears (Solomon & Englis 1994, 59). If a brand's positioning is clearly family-oriented or otherwise endorses soft and positive values it makes no sense destroying it with wrong type of product placement. But for brands with more latitude in positioning there is encouraging evidence showing that negative contexts are not always negative for brand equity. Derived from real-life cases of product "misplacement", that is, unwanted product connections with a variety of negative events, a conclusion can be drawn that brand names will survive negative product placements as long as the company owning the brand name does not turn totally defensive about the connection, but instead decides to play it down as a pure coincidence and ignores the whole issue (Sennett 1999, 54; Reinemuth in Immonen 1998, 32). In some extreme cases a company may nevertheless resort to "product replacement" or "displacement", which occurs when a company requests its product to be replaced by another product or left out in situations where brand image of the product might be considerably jeopardised or undermined (Groos & Hansen in Immonen 1998, 32; d'Astous & Chartier 2000, 32; Palmer 1998, 48). In order to avoid this most companies have clear guidelines how their product is to be portrayed in the production.

### **3.3.3.2 In-house vs. external product placement management**

A large majority of companies implementing product placement have resorted to services provided by an external product placement agent. PPL agents or agencies function in the same fashion as traditional advertising agencies or public relations agencies; that is, companies buy speciality services from a source that is more familiar and professional on the given subject. PPL agent's mission is to find suitable product placement opportunities in different PPL vehicles, mainly in motion pictures and television shows. This is conducted through continuous contact with production companies and studios, and script reviews in order to find the

most potential and suitable placement opportunities for each client. The work is therefore very strongly based on personal relationships and industry contacts and this is the expertise the clients are paying for. (Lucas 1995, 94; Kondo 1995, 8; Balasubramanian 1994, 30; Bosselmann 1994, 164-165; Bernstein 2000, 13; Curtis 1999, 30; Turcotte 1995; ERMA 1996; Brennan *et al.* 1999, 324) The payment or fee for PPL agent's services is commonly a fixed retainer sum for a certain time period and usually comes with a guaranteed number of placements. The fee apparently varies upon objectives and desires of the client as the sums given in the trade press range from \$10 000 to \$200 000 per year. A one year retainer usually comes with a guaranteed 6-12 placements per year, with no guarantee on which show the product will appear or how long the exposure will be. The guarantee is often exceeded with the agent managing to get some extra placements for the product. (Buss 1998, 28, 30, 32; Schneider 1996, 1-2; Shermach 1995, 2; McCarthy 1994, 30; Wasserman 2000, 86; Gunther 2000, 88; Law & Braun 2000, 1060)

It has been estimated that approximately one thousand companies around the world use product placement in their marketing communications, and the PPL agencies are said to receive around \$50 million per year in agency fees (Marshall & Ayers 1998, 16; PR Central 1996; Russell 1998, 357; Buss 1998, 30). If these numbers are correct that would make an average product placement agency fee to be in the range of \$50 000 / year.

This type of spending can be justified with the demands placed on the PPL agent in working for the benefit of the brand in question. The task of finding suitable placement opportunities by reviewing scripts requires the ability to recognise the fit between the product and the movie / television show and the characters in each that will be directly or indirectly in connection with the product. Therefore the product placement agent works under a two-pronged mission: seeking maximum positive exposure for the

brand, while acting as a guardian for the brand and the product in order to avoid any false and undesired connotations for the brand. (Balasubramanian 1994, 37; Koberger 1990, 108; Curtis 1999, 30; Russell 1998, 360; Carter 2001; ERMA 1996; Turcotte 1995) Also, if the product is in a category that is not constantly required in entertainment productions, the agent becomes more necessary as placement opportunities in these cases are more infrequent. As a general rule, any product that a character can wear, use or consume has potential for product placement. (Buss 1998, 30; Stanley 1998a, 33; Stanley 1998b, 34; Bosselmann 1994, 37; Finnigan 2000a, 10; PR Central 1996)

The alternative method for product placement implementation is to trust the operation in the hands of the company's own staff, that is, an internal product placement department. Handling the PPL activities without an external consulting agent may be complicated and demanding in many ways, especially for newcomers in the industry, but an in-house function also has its undeniable advantages. The company is, first of all, able to reallocate the funds budgeted for agency fees to be used for the costs of the in-house department. In case the company uses PPL in a large scale with numerous placements per year the in-house operation may turn out to be a feasible alternative as agency fees might also run in the higher end of the spectrum in an operation of that scale. Also, the contacts made in the PPL process would end up as the company's own contacts and not just the agent's. Further, it is conceivable to see the company reacting faster to possible changes and further requests if they are to happen as the contact to the production side would be direct without any middlemen involved in the process. (Bosselmann 1994, 166; Buss 1998, 31; Turcotte 1995; Kondo 1995, 7; ERMA 1996; Shermach 1995, 1; Belch & Belch 1995, 69)

### **3.3.3.3 Compensation structures in product placement**

The potential for negative PPL or product misplacement is in part due to the business structures in product placement / entertainment industry. A majority of product placement deals is based on a type of barter agreement where a company provides its product to be used in a production without a charge in return for potential product visibility. It has been estimated that more than 50% and up to 75% of all product placement deals are conducted in this fashion. (Turcotte 1995; Kondo 1995, 6; McCarthy 1994, 30; Bosselmann 1994, 36; Bamberger 2000, 28; Bamrud 2001; Mitchell 1996, 82; DeLorme & Reid 1999, 72) This means that the cost of this type of product placement activity would consist of the product placement agent fee (if one is used; the only monetary payment in basic PPL) (ERMA 1996; Gunther 2000, 88; Halliday 1997, 53; Cowlett 2000, 29) and a small supply of the product and relevant supplies ready to be supplied at short notice. If the product provided for use is a high value item (e.g. cars, computers, etc.) the product will be returned to the owner unless otherwise agreed. Lower value items are considered expendable assets, and usually are not returned after use. (ERMA 1998; Cebzynski 1999, 6; Buss 1998, 32; Wheat 1999, 38)

Despite the majority of PPL is conducted as barter there is an aura of questionable practice surrounding the product placement practice. This can be explained by the occasional placements in motion pictures that product marketers pay for to the production companies and studios. (Balasubramanian 1994, 32, 35; Koberger 1990, 96; Curtis 1999, 29; Gupta *et al.* 2000, 41, 42) These revenue-generating placements are losing popularity and an estimated 3% of all placements are of this type. The decline in paid placements is due to creative restrictions and pressures that will become evident when a product has to be prominently included in a production. Failure in achieving this would very likely lead into litigation which undermines the benefits achieved from the paid fee. Also, companies are more than willing to avoid any controversy about their PPL that is

always bound to flare up when placement fees are paid. (Turcotte 1995; Bamberger 2000, 28; ERMA 1998; DeLorme & Reid 1999, 88) The price range for paid PPL is said to vary according to the placement type (visual, verbal, product usage) anywhere between \$5000 and \$300 000, with fees exceeding \$20 000 being quite rare. If the product is a high-value item, or if the marketer decides to include a tie-in promotion to coincide with the release of the movie the fees are usually waived as the product or promotion is much more valuable for the production company or studio than a single payment (the promotional tie-ins are discussed in more detail later on). (Cowlett 2000, 29; McCarthy 1994, 30-31; Sargent *et al.* 2001, 29; DeLorme & Reid 1999, 72; Law & Braun 2000, 1063; Brennan *et al.* 1999, 324, 326) Marketers have also grown more reluctant to revenue-generating placements as even paid fees are unable to provide sufficient guarantees for the placement to exist in the final product. The reasons for product placement's unpredictable nature, as discussed in previous chapters, apply here also; if the product does not seem suitable for the production the placement is unlikely to take place. In these cases any fees paid for the production are refunded to product marketer. (Freeman 2000, 13; Bamrud 2001)

It is important to emphasise that paid placements can be featured only in theatrical films as different regulations in the major broadcasting markets prohibit monetary payments for product placements in television programming without an on-air acknowledgement of the practice. (Curtis 1999, 29; Marketing Week 1997, 5; Shermach 1995, 2; Schneider 1996, 1; Stanley 1998a, 32; Balasubramanian 1994, 33-34) This means that television PPL is always conducted as a barter deal. There is no confirmation to one way or the other on whether PPL agents occasionally pay to studios or production companies for placing their clients' products in theatrical films without clients being aware of this kind of practice (Bernstein 2000, 13).

In the emerging arena of computer games PPL placement fees are used as a more standard practice in comparison to film and television PPL, but also in games placements are often conducted free of charge or with some other form of compensation, for example a tie-in promotion. In the past times of billboard advertising in games game developers actually sometimes paid license fees to product marketers for the rights to include brand names into games for authenticity purposes, or sometimes the logos were embedded free of charge for both parties. At the moment games PPL practice is converging increasingly with the entertainment industry, with contents and marketing practices approaching those in film industry, and games are evidently becoming the next major vehicle for product placement. Some game developers, including the computer game industry leader Electronic Arts, have even gone as far as suggesting that development costs in some games can be covered with product placement fees. This view has not been supported by all industry participants, and the opposition has been backed with reasons similar to those in motion picture PPL: insignificant amount of money through fees, consumers sensitive about blatant PPL, game developers dislike marketing interfering with creative process, and potential delays in launching the game as product placements have to be approved by each company involved with the particular game. (Raphael 2001; Emery 2002; Gunn 2001, 10; Curtis 1999, 30)

Somewhere between barter and paid PPL are placements where a placement fee for studio or production company is not paid but some services beneficial for the production are rendered. Examples of this type of placement practice can be drawn from logistics services like airlines transporting the cast and the crew along with equipment to the location of filming for exposure in the film, or the location itself (e.g. a hotel or holiday resort) that is provided for use in return for visibility. Additionally, car manufacturers may provide vehicles with custom modifications that are

required for the film (e.g. BMW in James Bond films, Porsche in "Mission Impossible 2", Land Rover in "Judge Dredd", etc.) or even a prototype or a pre-production model of a new car that will be launched around the time of the film's release (e.g. Mercedes-Benz E-class in "Men in Black 2", ML-class in "The Lost World: Jurassic Park 2"; BMW Z3, Z8 and R1200C in respective James Bond films). (Cowlett 2000, 29; Curtis 1999, 30; Turcotte 1995; Teather 1995, 12; Ditlea 2000, 16) The costs of placements conducted in this fashion are not easily derived but at the same time customised vehicles and logistics services provide a good basis for a successful PPL as they are not requested without a specific requirement.

The product placement process is finalised with a contract where the product marketer and the production company or studio agree upon the terms of the placement. (Mitchell 1996, 82; Marshall & Ayers 1998, 16) PPL contracts are commonly a standardised document with a varying degree of complexity according to the level of detail. The contract is always made between the two parties mentioned above and the agent (if one is involved) merely negotiates the terms of the contract on behalf of the client. Contracts are generally used in order to exhibit the obligations contractual parties are agreeing to, but in case of PPL contracts very few guarantees are made for the execution of the placement, due to retention of artistic freedom at the production side. (Turcotte 1995) For this same reason any promotional programs discussed by the parties are agreed upon outside the product placement contract. The possibility of the product not making the final cut can be dealt with clauses identifying e.g. a rental or purchase fee for products that were provided for use but that were edited out and therefore not placed as agreed. The placement situations are specified with attachment of the script pages depicting the scenes where the product is meant to appear. The production company is usually obligated to inform the product marketer or its agent of any changes with the script that may cause changes to the placement, after which a decision of whether to

proceed with the placement or pull out can be made. Changes in the script may not concern the placement itself but may also cause changes to the tone of the movie as well as the expected audience age rating. These changes may trigger a need for renegotiation of terms as differences in expected audience profiles might change the company's position on the viability of the placement. (Turcotte 1995; Shermach 1995, 3; Cowlett 2000, 29; Koberger 1990, 89; Balasubramanian 1994, 37)

### **3.3.4 Promotional tie-in programs**

In order to gain added value from product placement communications product marketers and production companies may implement a variety of promotional support programs designed to connect with the entertainment production in question. These promotional programs, commonly referred to as tie-ins, joint promotions, co-promotions, group promotions, back-end promotions, or cross-promotions (as defined in chapter 1.4), combine two non-competing brands / products in a promotional effort designed to create mutual benefit as stated by the sales or communications objectives. (Roth & Romeo 1999, 20; Rao *et al.* 1997, 3; Belch & Belch 1995, 4; Shimp 1997, 516; Kotler 1997, 665; ISM Entertainment 1998; Solomon & Englis 1994, 61; Smith 1998, 306) Tie-in / cross-promotions are used especially with major theatrical film releases, but are growing in popularity with other PPL vehicles as well, such as computer games and television shows. In the context of films, product marketer with a placement in the film allocates resources into a combined marketing program promoting both the film and the placed product. In a sense the production company is advocating the placed product and in turn the product marketer is promoting the film which the product is associated with, hence the term cross-promotions. Obviously this type of combining of resources is mutually beneficial and cost-effective as marketing costs for a major film release can add to as much as the actual production costs, and the product receives attention

through a differentiated and large campaign. In excess, both parties are able to reach each other's target audience, an audience they would otherwise be less likely to reach. Product placement often initialises a joint promotion but tie-in programs can also be conducted even without any product placement connection with the production, as is often the case with the majority of tie-in promotions by, for example, fast food restaurant chains and beverage manufacturers. (Balasubramanian 1994, 33; Roth & Romeo 1999, 20; Gunther 2000, 88; Carter 2001; Turcotte 1995; Shimp 1997, 516; Marsh 1995, 11; Stanley 1998b, 34; Jensen 1997, 52; McCarthy 1994, 30; Immonen 1998, 17; Smith 1998, 5, 306)

The objective of promotional tie-in programs can be divided into short-term sales-oriented objectives and to benefits derived over a long term that often consist of values contributing to enhancing the product image through a favourable association. This effect is likely to occur for both sides of the partnership. (Roth & Romeo 1999, 20; Stewart-Allen 1999, 8; Mitchell 1996, 82; Carter 2001; ISM Entertainment 1998) Promotional tie-in programs can also be used as a way to increase the likelihood of the product to appear in the final production. As the large majority of product placements are conducted without a direct monetary compensation products are more in danger to be left out, whereas products with promotional backing are more likely to appear in the final version, as jeopardising a possible promotional support for the coming release would not benefit the production company. In fact, many product categories are so competitive that placements are often not conducted unless there is a tie-in program backing the release. (Cowlett 2000, 29; Emery 2002; Turcotte 1995; ERMA 1998; Stanley 1998b, 34)

The success of a joint promotion is highly dependent on consumers' ability to favourably relate the two products that would not otherwise be associated with each other. Consumers must therefore be able to convey

some logic or meaning to the joining together of the products. A feasible connection between the two in a product placement context can be found e.g. from a film character using the product that is being promoted. The connection between two brands / products is often referred to with the term *perceived fit*. This perceived fit between the two products is critical considering the success of the joint promotions program. Therefore, selection of the partner with whom to conduct the promotions is critical in order to ensure positive perceptions of fit among the target audiences. (Roth & Romeo 1999, 20, 23; Stanley 1998b, 34; Gupta *et al.* 2000, 44) This goes together with the finding that implementation of a tie-in program makes a product placement more effective as the presence of the product is emphasised and conscious awareness of the placement is created. An additional aspect contributing to the success of a joint promotion is the issue of shared cost. This translates into both parties achieving full promotional impact with half the cost, as the cost is shared with the promotional partner. (Marshall & Ayers 1998, 16; Lucas 1995, 96; Balasubramanian 1994, 33; Warner 1998, 47; Stanley 1998d, 12; Russell 1998, 361)

Examples from promotional tie-in programs can be drawn from the higher end of the tie-in spectrum. The release of the sequel for the film "Jurassic Park" was supported with a massive \$250 million tie-in campaign of which \$220 million was provided mostly by the five major partners and the remaining \$30 million came from the production company of the film itself. In a similar fashion, five major tie-in partners provided \$98 million for the world-wide promotions for the James Bond film "Tomorrow Never Dies". As mentioned, these programs were conducted for major film releases and do not by any means reflect the size or the cost of an average promotional tie-in program. (Jensen in Immonen 1998, 25; Sargent *et al.* 2001, 29)

Joint promotions, with or without product placement, can also contain problems, like any other form of marketing communications. One of the main considerations with tie-ins is the long lead time that prevails in entertainment industry, let it be movies, computer games, or television shows. Long lead times require early and enduring commitment from the promotional partner but it also requires flexibility in scheduling as release dates are quite fluid and can change considerably from the original plans. This type of flexibility can be a tall order to many marketing organisations operating in the traditional business environment where much more rigorous schedules apply. (Stanley 1998b, 34) Also, despite tie-in promotions are often connected with a product placement, they should be considered as separate entities. Product marketer can have a strong influence on the design and character of the tie-in program, whereas influence on the placement execution is minimal. (Ibid., 35) With the involvement of two separate parties creative conflicts may take place, as the promotional message must be balanced between the two separate products. PPL and tie-in promotions are often advised to be organised and developed separately as the placement may not take place for a number of reasons, as explained in chapter 3.2.3. In order to avoid the most common pitfalls in joint promotions both parties should have similar target audience profiles, the partners' images should reinforce each other, and the parties have to be willing to cooperate instead of pushing their own benefits at the partner's expense. (Carter 2001; Turcotte 1995; Shimp 1997, 517)

The next two empirical research hypotheses concern the promotional tie-ins connected to product placement communications. In the light of what has been presented above the hypotheses are formed as following:

**”Promotional tie-in programs are applied in more than 50% of all product placements.”**

**”Tie-ins are conducted more often in connection with products (instead of services) in theatrical films (instead of other media).”**

### **3.4 Theoretical mechanisms of product placement**

The viability of product placement as an effective marketing communications method is greatly dependent on the general public’s attitude towards the practice. If the audience does not accept the practice to be included in the entertainment they enjoy, the reactions are bound to become negative towards the brands and products placed in these contexts. A number of audience attitude studies on the acceptability of product placement were conducted in the era when the practice was becoming more familiar to both academics and general public. In a study that is said to be the first attitude study on PPL Nebenzahl & Secunda (1993) found evidence for acceptability of product placement practice among the audience. PPL practice was considered positive by 70,1% of the respondents participating in the study, which leaves 29,9% of the respondents with negative attitudes towards the practice. The attitudes varied from considering PPL being a good idea and a good way to promote or sell products, to it being a bad idea and ineffective. PPL was also considered to add realism and contributing to the overall quality of the film, but also as misleading and distracting. The majority of 77,9% would allow product placement with varying degrees of restrictions or regulation and 22,1% would ban the practice. (Nebenzahl & Secunda 1993, 3-5) Gupta & Gould found results very close to these in their respective study (Gupta *et al.* 2000, 42; Gould *et al.* 2000, 44). The division of the Nebenzahl & Secunda study results is detailed in the following tables.

**Table 7:** Concepts mentioned in response to the open-ended cue "Product placement is..." (Nebenzahl & Secunda 1993, 5)

Concept	Number	%
<b>Total number of concepts mentioned</b>	<b>164</b>	<b>100,0</b>
<b>Total positive responses</b>	<b>115</b>	<b>70,1</b>
A good idea	35	21,3
A good way to promote or sell a product	29	17,7
A good way to advertise	19	11,6
A legitimate part of film-making business	11	6,7
Adding realism to the film	9	5,5
Other positive comments	12	7,3
<b>Total negative responses</b>	<b>49</b>	<b>29,9</b>
A bad idea	6	3,7
Will not be effective	10	6,1
Misleading	11	6,7
Distracting, bad influence on the film	11	6,7
Other negative concepts	11	6,7
<b>No response</b>	<b>34</b>	<b>-</b>

**Table 8:** Concepts mentioned in response to the open-ended cue "Product placement should be..." (Nebenzahl & Secunda 1993, 6)

Concept	Number	%
<b>Total number of concepts mentioned</b>	<b>113</b>	<b>100,0</b>
<b>Total positive responses</b>	<b>75</b>	<b>66,4</b>
Should be encouraged	17	15,0
Should be allowed	42	37,2
Should be used with discretion	16	14,2
<b>Of no consequence or no opinion</b>	<b>5</b>	<b>4,4</b>
<b>Total negative responses</b>	<b>33</b>	<b>29,2</b>
Should be allowed, but with restrictions	8	7,1
Should be banned	25	22,1
<b>No response</b>	<b>36</b>	<b>-</b>
<b>Question not included (clerical error)</b>	<b>27</b>	<b>-</b>

The Nebenzahl & Secunda study provided evidence to the conclusion that most consumers consider product placement as positive, with the exception to those who oppose it on ethical grounds. As to test the strength of the opposition the research contained a question asking the respondents how much more would they be willing to pay for an admission ticket in order to see movies without product placement. The results show that the majority would add nothing to admission prices. Whether this is due to already high

admission prices is unclear, but with this data a conclusion is made that some audience members with opposing views are prone to change their mind when considering economic realities. (Nebenzahl & Secunda 1993, 7-8; Gould *et al.* 2000, 43) A study conducted by Gupta, Balasubramanian & Klassen (2000) came up with very similar results on product placement perceived as contributing to realism, admission ticket pricing issues, as well as generally favourable attitude towards the practice of product placement (Gupta *et al.* 2000, 49, 51).

In support of these results Ong & Meri (in Immonen 1998) found audience not to consider product placement an unethical practice despite acknowledging the potential for payment in exchange for product visibility. In a similar fashion, a study by Baker & Crawford (in Immonen 1998) showed positive attitudes for PPL among 79% of the respondents and negative attitudes with 19%, while 2% remained neutral on the issue. Interestingly, and with quite a contradiction, 48% of the same respondents considered product placement a hidden form of advertising and 46% saw PPL as exploiting the audience. As a regulatory method 23% of the respondents would like an acknowledgement in the movies about the products placed in them. (Immonen 1998, 29) Gupta & Gould concluded in their study that placements of ethically-charged products (e.g. guns, alcohol, tobacco) are generally considered less acceptable than other products (Gupta *et al.* 2000, 42; Gould *et al.* 2000, 44). In a study on consumer evaluations of product placement d'Astous & Chartier (2000) compiled a set of descriptive terms of product placement practice from the participants. The terms provided exhibited emergence of six main categories: subtlety, length, integration (within the movie scene), personal judgement, brand awareness, and mention of the brand. Out of the original 120 terms provided terms were statistically narrowed down further, finally coming up with a set of terms, presented in a table below. (d'Astous & Chartier 2000, 32-33)

**Table 9:** Terms provided to describe the product placement practice (d'Astous & Chartier 2000, 33)

Aggressive	Dynamic	Original	Touches me
Amusing	Efficient	Passive	Unacceptable
Attention getting	Excellent	Related to the	Unintended
Bad taste	Has no place	film context	Unrelated to the
Brand is clearly present	Immoral	Shocking	scene
Couldn't miss it	Ingenious	Should be	Well integrated
Dishonest	Looks like an ad	forbidden	in the movie
	Obvious	Subtle	Well placed

In a study on consumer reactions to product placement strategies d'Astous & Séguin (1999) discovered consumer attitudes to vary according to the program type in which a product is placed instead of product placement modality. According to this finding marketers would not have to be concerned about the prominence or subtlety of a placement on the basis of audience reactions but instead to concentrate more on the program type and content, as well as the placement execution and modality that is deemed most effective from communications standpoint. Nevertheless, it is important to note that prominent product placements were evaluated more ethical than subtle placements, a result that might be somewhat a surprise but can be explained with the fact that prominent PPLs can not be accused of being hidden in order to influence the audience in a way subtle PPLs might. This finding has been supported later by d'Astous & Chartier (2000). Further, d'Astous & Séguin (1999), along with d'Astous & Chartier, found evidence to suggest that a strong linkage between the program content and the product enhances the attitudinal reactions of the public on product placements. Prominence and integration of PPL was also found by d'Astous & Chartier to have a positive impact on consumer

evaluations when a principal actor was present in the placement. (d'Astous & Séguin 1999, 900, 903-905; d'Astous & Chartier 2000, 38) Finally, DeLorme & Reid (1999) have reported audiences being aware of the purpose of product placement from the product marketers' viewpoint: branded props were thought to perform marketing-related functions such as reinforcing consumer confidence and reducing cognitive dissonance. PPL was also considered useful for everyday life in providing useful information for making or reinforcing purchase related choices (even when acknowledging the persuasion intent). (DeLorme & Reid 1999, 85)

#### **3.4.1 Efficacy of product placement: Brand recognition and recall**

The efficacy of product placement as a persuasive marketing communication method has remained unclear, at least scientifically unproven as the results have often been inconclusive. (Solomon & Englis 1994, 61; Law & Braun 2000, 1060; Russell 1998, 362; Gupta *et al.* 2000, 42; Brennan *et al.* 1999, 324) This is to say that the *potential* of PPL to persuade people is evident; proliferation of the practice provides credence on marketers' perception of value and belief in the efficacy of product placement, despite the lack of concrete evidence to prove this. Measuring the effects of PPL has been acknowledged to be difficult as the impression generated by it is said to be almost subliminal and also difficult to isolate from all other communications. (Balasubramanian 1994, 35; Shermach 1995, 2; Brennan 2001, 24; Turcotte 1995) Despite this argued subliminal effect, product placement has been recognised to differ from subliminal communications (advertising) in all research material, as the scientific basis and the definitions differ from each other to make them two separate entities. (Koberger 1990, 85, 87)

Although the efficacy of product placement has been accepted among the practitioners of the method the marketing communications professionals

are trying to determine how to measure the effects of product placement. There are no standard measures for the efficacy of the practice but some PPL agents and marketers have their own internal evaluation systems, although any profound testing or research is often neglected as testing costs multiply those of the actual placement several times over; marketers often consider the situation as a non-risk one and the results are often difficult to quantify. (Russell 1998, 357; Frutkin 2001, 8; Turcotte 1995; ERMA 1996) Obviously, this perception is false as the placements conducted are prone to affect the brand image of the product, and therefore the risks involved are apparent. Scientifically and academically speaking, robust and commonly accepted evaluation mechanisms are very scarce, actually non-existent. This is greatly due to realisation that evaluation measures have to match the intent why placement has been conducted. This means there is no one particular test that would fit for all evaluation purposes. For example, one can measure effects like top-of-mind awareness or brand accessibility, level of learning the brand name, consideration of purchase, product preferences, and so on. For evaluation of brand awareness an explicit (aided or unaided) recall test should be used, as recall is considered a crucial gauge of PPL efficacy, whereas for measuring purchase intent for the brand implicit choice measures would be most appropriate. Product placement professionals have indicated a preference for unaided recall and recognition tests as most suitable in determining the efficacy of the product placement practice, as aided recall tests conducted at exit surveys are considered having a high margin of error. One additional and serious difficulty in testing of PPL efficacy is that explicit and implicit tests have been found to provide different results with no correlation with each other, suggesting that prominence of the placement may not equal effective communication, as traditionally considered. (Law & Braun 2000, 1061, 1067, 1071; Immonen 1998, 8; Gupta *et al.* 2000, 42; Brennan *et al.* 1999, 325; Balasubramanian 1994, 36)

The initial step in order to clarify the efficacy of product placement is for audience to recognise, and also preferably recall, the products or brands placed in the entertainment context they are exposed to. Exposure to product placement is meant to enhance awareness of the product or brand in question. Awareness, defined as "*the prominence of a brand in memory*" (Babin & Carder 1996, 141), can be in the form of recognition of the product during the next product contact or in a more profound level recalling the product when necessary (e.g. considering options for purchase). Awareness of a product / brand also increases the salience ("share of mind") of that product in the particular product category, and this salience may hinder awareness of competing products and brands, as it is believed that people do not continuously expand their personal evoked brand sets. An increased salience of one brand may not only decrease prominence of competing brands but also may cause some brands to drop out from the evoked brand set altogether. Karhh has found evidence of brand salience being stronger among those exposed to product placement communications of that particular brand (Immonen 1998, 35). Also, in less familiar product groups effects of product placement were significantly stronger than in familiar product groups. (Ibid.; Babin & Carder 1996, 141; DeLorme & Reid 1999, 85) This is why product placement may act as a method for "pre-emptive competition avoidance".

Recognition awareness is considered easier than recall awareness, and recognition can be considered as a prerequisite for recall awareness: one can not recall something that has not been recognised. Babin & Carder studied audience's recognition of products and brands in films, despite the fact that studies on product placement recall had already been conducted several years prior to the study (e.g. Steortz, 1987) (Babin & Carder 1996, 141; Immonen 1998, 34). The results of the study showed recognition indeed being easier than recall. The recognition levels of the two groups each viewing a different movie nevertheless differed slightly from each

other. In the first group 50% of the products or brands placed in the movie were recognised by at least 30% of the audience (72% of brands were recognised by at least 20% of the audience). In the second group 33% of brands were recognised by 30% or more of the audience (47% recognition by 20% or more of the audience). The researchers concluded product placement to be an effective practice if the objective of the communication is to enhance brand recognition, but very little support was found for brand attitude change resulting from PPL. (Babin & Carder 1996, 141, 149-150; Gould *et al.* 2000, 43; Gupta *et al.* 2000, 42) This finding has been supported by Law & Braun (2000) who found recognition memory of a product being enhanced by product placement exposure. In similar fashion, Law & Braun also found an increase in recall levels, although not as high as with recognition, a finding yet again in line with the one by Babin & Carder. (Law & Braun 2000, 1067) Baker & Crawford (in Immonen 1998) have in turn measured a 50% recognition rate to a product that is not sold in the market where the test was conducted (i.e. the product in question was new and unfamiliar to the respondents). This finding suggests PPL to be potentially effective in new product launches. (Immonen 1998, 36) Viewers' ability to recognise products placed in an entertainment context has also been proven by Immonen, who found statistically significant recognition levels among the treatment group of the study compared to recognition levels in the control group (Ibid., 68-70).

In the first breakthrough study on product placement efficacy Steertz conducted an aided day-after recall test where respondents were assisted with a scene description and the product group in question. The results showed a 32-38% recall of product placements with individual results varying between 0-93%. The result can be considered encouraging as television commercials are recalled in similar fashion on average with a 20% accuracy. (Ibid., 34; Gupta *et al.* 2000, 42; Balasubramanian 1994, 36; Babin & Carder 1996, 141) In support of Steertz Gupta & Lord found

prominent placements to induce higher levels of recall than television advertising (Gould *et al.* 2000, 43). In another (unidentified) study the recall of product placement was found to be 2,5 times better than in television advertising (Solomon & Englis 1994, 60). Interestingly, Babin & Carder conducted an aided recall study that showed recall awareness levels being significantly higher than in a control group for 25,6% of the brands in question, a result that would back the notion of product placement's efficacy on recall awareness being lower than in recognition awareness. (Babin & Carder 1996, 142, 147, 150) This is further supported by Stratton (in Immonen 1998) who reported an average unaided recall of 4 products and recognition of 10 products out of total of 23 products placed in a single film. By a single product unaided recall was at best 77% and recognition full 100%. Ong & Meri (in Immonen 1998) have reported very similar recall levels as the highest recall peaked at 78%, while at the same time some products were not recalled at all. (Immonen 1998, 34-35) d'Astous & Chartier (2000) have in turn observed a recognition rate of 74,6% and a recall rate of 21,3%, yet again reinforcing the prior notion of efficacy (d'Astous & Chartier 2000, 37). As mentioned earlier, Law & Braun (2000) found PPL to be effective in increasing both recognition and recall awareness levels, with recognition levels reaching 56,6% and recall being 25,2%. In addition to this, Law & Braun also discovered a product placement effect on implicit product choice: products with placement exposure were chosen more frequently than products that were not placed (36,8% vs. 28,2%). (Law & Braun 2000, 1067) When comparing the results of recognition and recall awareness studies it may be helpful to apply the PPL industry standards where a 20% audience share being aware of a product or brand in a film is considered "effective communication", and an awareness level of 30% is considered "a very successful placement" (Babin & Carder 1996, 147; Brennan *et al.* 1999, 326-327).

### **3.4.2 Factors affecting recognition and recall of product placement**

The varying results of the studies discussed above can be partly explained by significant differences in research methodology in each case. Some studies have been conducted with control groups in order to minimise any carry-over effects from prior exposure, most studies have used different films as test vehicles, which means different executional tactics for each placement, the modalities of the placements are different, treatment group demographics may vary (although in most studies both treatment and control groups consist of college students) and also the location and timing of placements on the films vary significantly. (Babin & Carder 1996, 142) Steertz took the different modalities of product placement into account in her study and found that placements combining visual and verbal elements were recalled best (on average 57% recall), prior to verbal placements (51%) and background visual placements (8%) (Immonen 1998, 34; Balasubramanian 1994, 36; Russell 1998, 358). Ong & Meri, along with Sabherwall, Pokrywczynski & Griffin, have reported results concurring with these ones also with unaided recall (Immonen 1998, 35; Gupta *et al.* 2000, 42; Law & Braun 2000, 1063). Differences in placement execution and modalities were addressed also by Babin & Carder as prominence of the placement was considered to influence the recognition levels. Verbal mentioning of the brand resulted in a significant impact with an 87% recognition in this particular study. The two films used in the study differed by modalities and timed location as the first film contained mainly background visual (creative) placements during the first one-third of the film, whereas the second film contained placements more evenly throughout its duration and with more central modalities (verbal and plot placements). (Babin & Carder 1996, 149-150)

Brennan, Dubas & Babin (1999) have also provided evidence supporting the importance of product placement mode to recognition levels, with more prominent placements receiving significantly higher mean recognition

scores than more subtle and background placements, while discovering the length of the exposure time of the placement to have no correlation on recognition (when limiting the sample to placements with exposure times of 10 seconds or less a significant positive correlation between the length of exposure and recognition levels was discovered, but only with prominent placements). Brennan *et al.* also applied PPL industry standard 20% level of recognition to illustrate the recognition effectiveness in this particular study. With this classification only 28% of the background / subtle placements were effective, whereas 87% of more prominent / integrated placements were classified as effective. (Brennan *et al.* 1999, 324-325, 330-331) Prominence of PPL was found to have a significant positive effect on recognition memory also in studies by Gupta & Lord, and d'Astous & Chartier (2000), whereas statistically prominence of placement, quite surprisingly, has a significant negative impact on recall. This may be due to the test situation as the participants may have processed less prominent placements more intensely than in normal viewing situation, where prominence has been shown to increase recall. Further, the results by d'Astous & Chartier also indicated the degree of integration of a placement within the content, although having a positive impact on consumer liking and being less likely to be perceived as unacceptable, to have a negative impact on both recognition and recall levels. In turn, the presence of a principal actor in a product placement has a positive impact on both recognition and recall levels, along with consumer evaluations. The same effect is achieved when PPL is appreciated by the audience, but when PPL is considered unacceptable recall levels are not impacted but recognition levels will deteriorate. (d'Astous & Chartier 2000, 36-38; Law & Braun 2000, 1063; DeLorme & Reid 1999, 84)

Contradictory results on the effects of different product placement modes have also been presented by Law & Braun (2000), who examined the effects of PPL modalities on recall, recognition, and choice measures.

Modality effect on recall was found consistent with previous results: audio-visual placements were best recalled with 49% recall level vs. 20% recall of visual / seen-only placements and 9% recall of audio / heard-only placements. In recognition audio-visual PPL was still on top (87% correct recognition), but audio / heard-only (54%) was now ahead of visual / seen-only placements (37%). Most interestingly, the implicit choice test turned the relations completely around: visual / seen-only placements were most influential with 47% of the group exposed to a product later chose that product, while audio / heard-only placements created choice level of 34% and audio-visual placements were least chosen with 27%. In other words explicit memory tests (recognition and recall) and implicit choice tests provide different results on effectiveness of product placement. The conclusion drawn by Law & Braun from the results is that applying only conventional explicit measures of recognition and recall may mislead the marketer about the efficacy of PPL, as the results depend strongly on the measures applied. (Law & Braun 2000, 1063, 1068-1071)

Steertz also classified age groups according the ability to recall PPL. The best recall was in 24-29 age group with 37%, and the lowest recall in 42+ age group with 12%. In other age groups from 12-41 years average recall varied between 28-36%. (Immonen 1998, 34) An interesting addition to differences in demographics comes from Immonen who found a difference in product placement recognition between men and women, men being able to recognise more products. Recognition levels also vary by age groups in a similar fashion to recall awareness levels: younger audience groups are able to recognise brands more effectively than older audience members. On the other hand, educational background does not affect recognition levels, although Immonen found data suggesting otherwise, but due to a small sample size on this account the result was statistically insignificant. Further, recognition levels seem to increase by the frequency of seeing movies: audience attending cinema more than 6 times a year yield higher

recognition levels than those attending cinemas 6 times or less a year. Curiously, Immonen found evidence suggesting that having a strong positive or negative opinion on the film has a positive effect on brand recognition. This means, having no opinion or finding a film insignificant would deteriorate audience recognition levels. One of the main factors affecting audience's product / brand recognition might be the importance of brands to people: those who find brands important are also more capable of brand recognition. (Immonen 1998, 68-79, 86) Immonen's findings are in line with those of Gould *et al.* on demographic factors influencing product placement efficacy and attitudes (Gould *et al.* 2000, 55).

### **3.4.3 Product placement as an implied celebrity endorsement**

Celebrity endorsement refers to activity where a well-known person with (preferably) positive character attributes is used as a spokesperson for a particular product that is considered suitable with this celebrity's personality or other qualities (Shimp 1997, 282). This suitability has been expressed as the match-up hypothesis which suggests that the characteristics of a product need to match with the image conveyed by the celebrity. In addition to celebrity endorsements the match-up hypothesis serves also as a basis for successful product placements: the product must fit the character and the storyline. In communications based on celebrity endorsements a consumer attends to the message delivered by a celebrity with whom the consumer identifies with in some way. The consumer constructs meaning from the message as if the message is coming directly from the celebrity. (Bosselmann 1994, 40; Russell 1998, 359-360; Shimp 1997, 280, 283; Pickton & Broderick 2001, 188-189; Immonen 1998, 42-43) Despite knowing the celebrities are being paid for endorsing products the practice has been and continues to be lucrative, as the association of the product with a celebrity seems to have a powerful communicational effect in making the message meaningful. (d'Astous & Chartier 2000, 34)

Aronson (in Hackley & Kitchen 1998) has considered celebrity endorsements as a form of "cognitive shortcuts" people use in order to rationalise the surrounding world, and especially marketing communications messages they are exposed to on a daily basis (Hackley & Kitchen 1998, 4).

In product placement, the context of the message is less identified with a single individual, but instead is associated more with the production (e.g. motion picture), the producers, the director, and with the cast. All these parties are contributing in giving symbols (products and brands) meaning for consumers. (Hackley & Kitchen 1998, 4-5) Products are paired with characters (played by famous actors / actresses) who may provide either explicit (use of product or verbal acknowledgement) or implicit (background presence in the set) endorsement for the product. Although the celebrities in product placement are playing a character it is conceivable to consider the actors themselves endorsing the product. This is why product placement is considered *implied* celebrity endorsement. (Solomon & Englis 1994, 61; Shermach 1995, 3; Buss 1998, 29; Cebrzynski 1999, 6; Cowlett 2000, 29; Dryer 1999, 39; Law & Braun 2000, 1060; Pickton & Broderick 2001, 501)

Additional benefits from implied endorsements are that they are often made by major actors and actresses that usually do not appear in any commercials, and this type of endorsement is much less expensive compared to direct endorsement, and also, in case the image of the celebrity is compromised in some way, the tie-in is loose enough not to cause excessive harm to the brand. (Turcotte 1995; Bamrud 2001; Linnett 2001, 3) As the endorsement is presented in a form of entertainment the persuasive impact of the communication may be enhanced, as the audience is emotionally more susceptible to entertainment stimuli and counterarguments are not generated as easily against the endorsement

(d'Astous & Chartier 2000, 34). A variety of research has also suggested that celebrity endorsements make marketing communications messages more believable, create a positive attitude towards a particular brand or product, enhance message recall by consumers, aid consumers in brand recognition, and create a distinct personality for the brand. (Jowett & Linton 1980, 90; Solomon & Englis 1994, 61; Amis *et al.* 1999, 254)

#### **3.4.4 Involvement as a factor of product placement efficacy**

As mentioned in chapter 3.2.4.2 product placement is virtually incapable to carry any detailed product information in its communication, an exception to this being the possible use of a functional product on screen demonstrating the capabilities of the product. Because of this incapacity to deliver product information a majority of product placements rely mainly on personal relevance and emotional components, in other words, affective processes instead of cognitive aspects. This has led to common understanding about product placement functioning through a low-involvement process, where the viewer's perception, processing capabilities, defences, and doubtfulness remain on a lower level in comparison to, e.g. when reading a print ad. (Balasubramanian 1994, 38; Russell 1998, 359; Immonen 1998, 41) In an entertainment context viewer's involvement may possibly vary as television shows, theatrical movies, and computer games, for instance, can be considered to require different levels of involvement, which may be manifested by physiological and emotional symptoms, like e.g. increasing heartrate, sweaty palms, crying, laughter, etc. This type of involvement is caused by two main factors: displacement of attention and identification. (Jowett & Linton 1980, 91)

Displacement of attention refers to viewer's capability to consciously ignore the aspects of technique and style, while concentrating solely to the

storyline and narrative events (Ibid.). Identification in this context can be defined as "putting of oneself in the place of" or "empathising with one or more characters in the movie" (Ibid., 92), and means viewers usually identify themselves with the characters, cast members, storylines, and plot situations. (Koberger 1990, 106; Shimp 1997, 289) The identification process takes place with anyone that is appealing or pleasant in the eyes of the audience, also with non-celebrity actors due to characterisation of an individual in realistic situations and settings, which provide direct relevance to and identification with the viewer's life (Jowett & Linton 1980, 92). As product placement is usually tied with characters and storyline with a varying degree it also receives its share of viewer's involvement. The argument for PPL being a low-involvement process can be justified as products are used as narrative aids in entertainment productions. This lends credibility to a conclusion that brand attitudes, and possibly purchase decisions, of consumer products that are processed through a low-involvement state can be influenced with product placement communications.

There is evidence suggesting increasing levels of involvement due to recognition of familiar products being used in films and television shows. More importantly, familiarity and prior experiences with placed products have been noticed to enhance movie enjoyment among the audience. The recognition factor enhancing the audience involvement has been shown to reinforce empathy and positive feelings toward a character involved with the products, along with the situation and the whole production, while providing reassurance on the realism of the characters' lifestyles, personality, and role in the plot. (DeLorme & Reid 1999, 81-83; Russell 1998, 359; Gould *et al.* 2000, 43)

Based on the involvement concept several marketing communications planning tools have been developed. One of the best known ones is the

Foote, Cone & Belding planning model that combines the elements of the traditional response hierarchies and their variants with the elements of low and high involvement. (Belch & Belch 1995, 175) The FCB planning grid, exhibited below, is used as the main framework for the empirical study of this thesis, presented in chapter 4.

The FCB planning grid combines the previous theories with an added dimension of brain specialisation theory, which suggests that left and right brain hemispheres are capable of rational, cognitive thinking, or respectively, more visual, emotional, and affective or feeling functions. Based on these functions the FCB grid presents four marketing communications planning strategies in four quadrants — informative, affective, habitual, and satisfaction — along with appropriate variants from alternative response hierarchies. (Ibid., 174-175; Sirgy 1998, 44, 152-153)

	Thinking	Feeling
High involvement	<p><b>1. Informative (thinker)</b></p> <p>model sequence: <b>learn-feel-do</b> (economic)</p> <p>e.g. house, car, new products</p>	<p><b>2. Affective (feeler)</b></p> <p>model sequence: <b>feel-learn-do</b> (psychological)</p> <p>e.g. jewelry, cosmetics, fashion apparel</p>
Low involvement	<p><b>3. Habit formation (doer)</b></p> <p>model sequence: <b>do-learn-feel</b> (responsive)</p> <p>e.g. food, household items</p>	<p><b>4. Self-satisfaction (reactor)</b></p> <p>model sequence: <b>do-feel-learn</b> (social)</p> <p>e.g. candy, alcohol, cigarettes</p>

**Figure 16:** The Foote, Cone & Belding planning grid (Belch & Belch 1995, 175)

The *informative strategy* in the first quadrant of the FCB grid is meant to be used for high-involvement products and services where rational thinking and economic considerations play the main role, and the standard learning

hierarchy response model is appropriate. The *affective strategy* is used for high-involvement products that also have a strong affective quality, i.e. the purchase decision is often based on the feeling about the product. The *habit formation strategy* is for low-involvement products that require a thinking process after a trial purchase in order to facilitate learning. Therefore the response process in the habit formation strategy is a basic behaviourist learning-by-doing model. The *self-satisfaction strategy* goes together with low-involvement / feeling products where self-indulgence and social motives are prevalent. The response process hierarchy is do-feel or do-learn since experience about the product is an important part of the learning process. (Ibid.)

The low-involvement processing of product placement communications does not yet explain the differences in recognition and recall levels between different modalities of PPL that were presented and discussed in chapter 3.4.2. It has become evident through prior research that different product placement modes (visual, verbal, usage) require different processing codes. In a study on transformation and elaboration of stimulus information Allan Paivio (in Russell 1998) discovered a difference in coding processes for image stimuli and verbal stimuli. Processing of imagery turned out to be a parallel-processing system, whereas verbal stimuli would trigger serial processing. This finding and classification meant visual images and verbal units to involve different memory codes. (Russell 1998, 357) This coding redundancy hypothesis has clear implications for product placement, as Paivio states that "*memory increases directly with the number of alternative memory codes available for an item*" (Ibid.). With different processing codes for verbal and visual placements, varying combinations of each provide varying results in recall and other measures of PPL efficacy. This leads to conclusion that a placement with both verbal and clear visual elements (e.g. product usage) provides an opportunity for dual coding, and therefore more means for creation of memory effects. (Ibid.; Law & Braun

2000, 1063) This type of findings have been discovered in the variety of recognition and recall tests discussed in chapter 3.4.1.

Paivio also suggested visual stimuli to be superior over verbal stimuli, when not simultaneously available. This would naturally also imply superiority of visual placements over verbal placements. (Russell 1998, 358) This suggestion has been refuted with the social learning paradigm, according to which, *"most of the cognitive processes that regulate behaviour are primarily verbal rather than visual"* (Bandura in Russell 1998, 358). In the end, these differences between theories provide a possibility for product placement effectiveness as likely to be a function of individual processing styles. Differences in individual processing styles have been identified in consumer behaviour research as a determining factor of visual and verbal message efficacy. Therefore, a person with a propensity towards visual style of processing will allocate more attention to visual stimuli, hence noticing and recalling visual placements better than a person with verbal or audio processing style, and vice versa. (Russell 1998, 358; Gould *et al.* 2000, 42)

Based on the issues discussed above the following research hypothesis for the empirical study has been formed:

**"Product placement is most commonly practiced with products requiring low-involvement processing, and less with high-involvement products, especially with the "think" type of products."**

### **3.4.5 Image transfer and brand alliances**

An important feature contributing to product placement efficacy is the structure of two separate business entities that are the main parties in creation of product placement communications: the company marketing a

particular product and the entertainment production company in charge of producing a movie, television program, computer game, or any other entertainment piece. These two entities that are integrated into one regularly cause a communication effect called image transfer. Image transfer has been defined as *"a bi-directional influence and benefit from an association between two products representing different product categories"* (Bosselmann 1994, 72). In the case of product placement communications the product in question is associated with the entertainment production, e.g. a motion picture. The product gains image benefits from the movie (e.g. popular cast, respected director and producer, interesting topic and storyline, technical qualities, etc.) and the movie benefits in addition to realism factors and character development from a popular or otherwise interesting product and the image values the product may possess. The theory of image transfer means that product placement can be used for enhancement or alteration of product image, from both ends of the association. The functioning mechanism of image transfer is therefore very closely connected to the celebrity endorsement theory and the match-up hypothesis. (Gunther 2000, 88; Brennan 2001, 24; Russell 1998, 360; d'Astous & Séguin 1999, 899; Bosselmann 1994, 72)

An interesting addition to image transfer theory comes into play in a situation where one product has a significantly stronger image than the second product in question. The image transfer still occurs as discussed above, but now the product with weaker image values benefits more clearly as the values of the stronger brand are transferred to it through the association. The mechanism works here in a sense that if the product with the better image has chosen to be associated with the weaker image product this product can not in fact be that bad after all. Consumer research has found evidence that associations with one object affect evaluations of a second object when both are arranged together temporally or spatially. (Rao *et al.* 1997, 3, 4) A possible explanation to this is the consumers' need to

find some logic or meaning to the association of the two products. The balance theory, according to Erdogan & Kitchen, states that "*when a belief may be unbalanced and unstable about two objects, the human mind unconsciously tries to link the lowly valued object (product) with the highly valued object (event)*" (Erdogan & Kitchen 1998, 370). The balancing effect has been found to work effectively with sponsorship marketing and is applicable to product placement communications as well. (Roth & Romeo 1999, 20; Erdogan & Kitchen 1998, 370-371)

Image transfer and balancing effect require two parties (products) as a default in order to function. As the products in question are closely associated they can be considered as brand allies. Brand alliances are often formed in order to gain access to certain markets or market areas, to access certain proprietary technology, delivery channels, or to circumvent regulatory barriers. In addition to these reasons brand alliances can be formed in order to benefit from the affect attached to another brand. As discussed, if a brand name is not able to credibly communicate high quality of the product, an addition of a second, more credible, brand name (a brand ally) may successfully convey high quality to potential customers. Brand names are important in marketing as they are able to enhance consumers' perceptions of product quality by carrying meanings that consumers value. Additionally brands identify the manufacturer more precisely, and this information is considered to limit any tendency by the product manufacturer to deliver low quality as it would have an immediate and enduring impact on the company's future sales and profits. When applied to product placement communications brand alliances can be seen functioning bidirectionally, as mentioned previously. A product can be seeking an ally from a major entertainment production to strengthen its unobservable quality (in a similar fashion to an unknown product being sold through a reputable retail), or a reputable brand may provide a variety of input for a production that is on the same or a slightly lower level or

quality. (Rao *et al.* 1997, 1-7) As the quality of an entertainment production is a very subjective matter and even quite unobservable prior to consumption the quality is often communicated with the people involved with the production, i.e. the producers, production company, director, and cast, among others. However the quality is communicated the quality of the product seeking an ally must in any case be adequate enough to be able to deliver the promise of quality communicated with the brand ally.

### **3.4.6 Von Restorff effect**

Product placement recall and the factors contributing to recall and recognition levels were discussed in chapters 3.4.2. One theoretical mechanism affecting brand recall, and hence, effectiveness of product placement communications stems from memory research literature and has become known as the von Restorff effect. (Balasubramanian 1994, 36) The von Restorff effect has been summarised by Lynch & Srull (1982) as following:

*”Information that is novel or unexpected seems to capture one’s attention, is processed more extensively and subsequently is much more likely to be recalled than information that is redundant or expected to appear in a given context. For example, von Restorff (1933) found that almost any technique that served to increase the novelty of particular items or led them to be unexpected enhanced the subsequent recall of those items. This has become known in the memory literature as the von Restorff effect.”* (Lynch & Srull in Balasubramanian 1994, 36)

The von Restorff effect in product placement is based on the premise that audiences do not anticipate product-related messages while watching a movie, or enjoying some other form of entertainment. Therefore, the

relevance of the von Restorff effect stems from the surprise factor that is generated with product placements. While carefully integrated into the story, often in a relevant manner, product placements will momentarily appear novel and unexpected to an audience concentrated on the content and the story. To accompany the novelty or surprise factor of product placement, as explained with the von Restorff effect, the mere exposure theory states that an exposure to a previously unfamiliar stimulus will change a person's attitude more positive toward this particular stimulus. (Balasubramanian 1994, 36; Immonen 1998, 40)

### **3.4.7 Persuasion theories**

To assess the persuasive impact of product placement communications three theoretical concepts can be applied: the attribution theory, the classical conditioning theory, and the modeling paradigm. The following will discuss the properties of each.

#### **3.4.7.1 Attribution theory**

The basis of the attribution theory is that the persuasiveness of a message is adversely affected if the recipient is biased toward the message communicator. For example, if the recipient feels the communicator's willingness to convey honest or accurate information is compromised, the persuasiveness of the message is immediately diminished, and simultaneously the communicator can be regarded as insincere and manipulative by the recipient. In the case of masked-spokesperson messages the communicator appears to have nothing to gain from the persuasion attempt, and therefore recipients are unlikely to perceive a reporting bias and conversely likely to attribute trustworthiness to the

spokesperson. This would appear to be the case with product placement, as the filmstars / the cast providing implied implicit endorsement of the product in question are being paid for acting in the film by the production company, instead of getting paid by the product marketer for the product endorsement. In cases of explicit celebrity endorsements payments for product endorsements are common knowledge and audience may be more prone to exhibit a reporting bias. (Gupta *et al.* 2000, 43; Balasubramanian 1994, 36)

#### **3.4.7.2 Classical conditioning theory**

Perhaps the most often cited persuasion mechanism related with product placement is the classical conditioning theory. The concept of PPL relies on the pairing of a branded product with a host entertainment production. This pairing of stimuli triggers classical conditioning, which is generally accepted as a mechanism relevant for understanding and producing marketing communication effects. The conditioning is based on the transfer of responses between different stimuli. Pavlov's famous experiments lead to the conclusion that a repeated pairing of a conditional stimulus (CS) with an unconditional stimulus (US) will cause the CS to trigger a conditioned response (CR) in an unconscious, automatic fashion. More specified and directly applicable support on conditioning in product placement communications has been provided by Lewicki (in Russell 1998), who found support for the hypothesis that humans do acquire information non-consciously and store it in long term memory, without being aware of the information source. This would mean that background visual placements are perhaps conducted by relying on non-conscious linkage between stimuli, and therefore the positive pairing of the product with the content would be processed non-consciously. (Russell 1998, 360)

According to this mechanism product placements that can be recalled by the audience are not the only ones that can be considered effective, but instead non-recalled placements would also be effective, although processed non-consciously. The pairing of a product with a positive stimulus such as an actor or the whole production itself should in general have a positive influence on consumer reactions. It has been suggested that the conditioning impact with PPL might be even greater than normal as the audience is not particularly engaged in product-relevant thinking, i.e. low-involvement processing is more prevalent. The environment of product placement (i.e. movie, TV show, game...) with its long duration also enables repetition / reinforcement of the paired-association in a cost-effective and natural fashion. (d'Astous & Chartier 2000, 34; Gupta *et al.* 2000, 43; Balasubramanian 1994, 36; Law & Braun 2000, 1062)

The effect generated with classical conditioning is dependent on the properties of the stimulus that triggers conditioning. Staats (in Russell 1998) has exhibited that the pairing of positive words with a person would increase the degree of positive reinforcement associated with that person (Russell 1998, 360). The effect functions also conversely, i.e. if the stimulus is associated with negative emotions, a negative affective transfer can be generated. This is in line with celebrity endorsement theory, and therefore it can be concluded that most of the product placement process is driven by affective conditioning. This is supported by Zajonc's (in Russell 1998) proposition that affect does not require extensive cognitive processing. (Ibid.; Law & Braun 2000, 1073; Balasubramanian 1994, 37)

There are some potential limitations to the application of the classical conditioning paradigm with product placement communications. In some cases placements are so intense that audience, or some members of it, may become conscious of its presence. It has been suggested that classical conditioning does not apply in cases where the audience has prior

knowledge of the placement or is familiar with the product. The intensity of prominent product placements that are integrated into the story will often make it difficult for the audience not to become aware of the communicational effort. In addition, combining PPL with a promotional campaign usually ensures that a level of consciousness is reached. In this situation classical conditioning would not apply but the conscious awareness of the product's presence would instead make the placement more effective. On the other hand, there is some evidence suggesting that individuals with an explicit memory of seeing an object do not experience the same positive feelings as those who are unaware of that exposure. This evidence would in turn advocate for use of more subtle product placement techniques instead of prominent placements. (Russell 1998, 361; Law & Braun 2000, 1062)

The question of whether the audience is aware of the persuasion attempt taking place or not with product placement is an interesting one, as prior knowledge may influence the processing of the message. Friestad & Wright (in d'Astous & Chartier 2000) have suggested that people develop naturally "*persuasion knowledge*" that constitutes of "*more or less elaborate mental representations of marketers' persuasion tactics, and that this knowledge may impact consumer information processing*" (d'Astous & Chartier 2000, 39). Persuasion knowledge (i.e. being aware of the persuasion attempt) may lead to counterarguing, message scrutiny and / or message rejection. With traditional marketing communications methods (e.g. advertising) persuasion awareness has been recognised by the audience, and persuasion knowledge is gradually increasing. At the moment product placement still enjoys significantly lower levels of persuasion awareness, but with the growing popularity and media exposure on the activity it is likely to lose some of its efficacy due to persuasion knowledge. (Ibid.)

### 3.4.7.3 Modeling paradigm

A persuasion mechanism directly applicable to product placement, commonly known as the modeling paradigm, stems from social learning theory and is based on the premise that individuals learn by observing others (process also known as vicarious learning). Seeing actors in character benefit from the consumption or use of a product in one way or another, the audience encounters model behaviour that allows the audience to vicariously experience the product or brand featured in the scene. In turn, this experience helps the audience to convey meaning from the character and relate it to the placed product during the viewing experience and later at the time of possible personal use or consumption of the product. Modeling paradigm does not only apply to what products certain character types consume or use but also *how* to use them. This can be seen, as certain products lend themselves extremely well for storyline purposes. For example, mobile phones have proliferated since the 1990s in movies and television shows, and not just for their looks but instead they are more often than not used for purposes of moving the storyline (e.g. lengthy conversations over the phone that may present climactic value). Placements with functional products like these provide product demonstrations and hence facilitate learning. Therefore, PPLs reinforce product use and help individuals vicariously acquire brand preferences and models of consumption behaviour. (Gupta *et al.* 2000, 43; Balasubramanian 1994, 37; Pickton & Broderick 2001, 192, 271; Russell 1998, 361)

The three persuasion theories have provided a basis for the following two research hypotheses for the empirical study in chapter 4:

**”Visually attractive and functional products are most popular for product placement implementation.”**

**”Services apply product placement communications less than product marketers due to difficulties with making the service tangible for consumers by visualising the content of the service.”**

### **3.4.8 Requirements for persuasive impact through product placement**

This paper has established that product placement is not a method designed for driving sales explicitly. There are nevertheless occasions when PPL can provide direct influence for purchase decisions, but in these occasions certain conditions must prevail, especially with the recipient of the communication. Product placement may turn out to be a very effective marketing communications method when a recipient has a category need for a product prior to being exposed to PPL communication message. Depth interviews conducted by DeLorme & Reid (1999) on moviegoers’ experiences with product placements and proprietary interview studies conducted by the PPL agency Cinemascore have suggested increased levels of brand recognition, recall, and especially, purchase intent among audience members with a prevailing category need for the product class in question prior to PPL exposure. (DeLorme & Reid 1999, 84-85) According to Cinemascore, interest toward a product of a particular product group (i.e. category need) was reported as the main reason for spotting out a product placement twice as often as actual ownership of that product (Immonen 1998, 38). In a similar fashion, brand switching among category users (who naturally have a prevalent category need) was reported by the respondents of the study. Further, according to the same feedback, category need can be assumed to enhance the ability to recognise even the more subtle placements that the majority of audience without a category need would not be able to spot out. (DeLorme & Reid 1999, 85)

Product placement is also considered to benefit from social reinforcement, as, according to Zajonc (in Russell 1998), *”almost any behaviour can be*

*acquired, maintained or extinguished by means of a carefully planned social reinforcement*” (Russell 1998, 361). This means that social learning can take place even by merely observing the behaviour and attitudes exhibited by models. Therefore, in the very same fashion as advertising constantly depicts positive consequences following the product use, product placement bears transformational power in positioning of a product in a positively reinforcing situation. This power correlates directly with the salience of character or story line development among the audience members. In other words, the individuals that feel most connected with the characters and the content of a program would be affected most by product placement. (Ibid.; Law & Braun 2000, 1072)

Russell (1998) has summarised the transformational power of product placement communications to rely *”on a conditioned transfer of affect motivated by the influential role of television and cinema”* (Russell 1998, 362). What comes to product placement in relation to integrated marketing communications theory is that there are several issues raised by the academics and practitioners of PPL and IMC that need to be addressed. To start with, a number of research findings suggest that practitioners should acknowledge the potential long-term memory effects created by product placement communications. PPL has been acknowledged by the audience as a potential contributing factor in long-term influence. As brand attitudes develop over a lengthy period of time PPL is able to play a valuable role in a cumulative process of strengthening and reinforcing prevailing brand attitudes. In addition, product placement can create associations for the brand that often are valuable in creating brand image. (DeLorme & Reid 1999, 93; Law & Braun 2000, 1072)

The apparent long-term nature of effects makes the effects of an isolated PPL exposure more difficult to define and measure, and perhaps isolated PPL exposures become insignificant in comparison to the overall IMC

related product placements. The recent emergence of the IMC concept should provide encouragement to examine possible synergies between product placement and other types of brand communications in the consumer environment, in other words the brand contact concept as a whole. (DeLorme & Reid 1999, 93) Brand contact concept refers to all possible ways consumers are in touch with the brand, e.g. through marketing communications, in-store information, news stories, and of course, entertainment. It has become increasingly difficult to separate one influence from another, and therefore product placement can not be considered to operate in a vacuum without consideration of other communications exposed to, perceived, and processed by the audience. (Ibid.)

Finally, it has been suggested by the academic scholars involved with product placement research to gradually shift the research emphasis from individual brands to particular entertainment entities and to the treatment of brands within these boundaries, along with differences among audience groups instead of a uniform influence of PPL. (DeLorme & Reid 1999, 93; Gupta *et al.* 2000, 51) Also, in general PPL research has been somewhat plagued by methodological problems and limitations, as manifested by indications of prior knowledge of the research topic or the use of artificial stimuli in test situations, to name a few. (d'Astous & Chartier 2000, 39; Gupta *et al.* 2000, 51-52) The major complication with product placement research is the continuous lack of all-conclusive evidence on efficacy of the practice, despite the strong, yet often contradictory, partial evidence and the increasing implementation of the practice in the market place. (Russell 1998, 362; Gould *et al.* 2000, 43)

### **3.5 Ethics of product placement**

All business practices should be examined also for their ethical robustness in addition to the implications for the practitioners. As marketing, and especially marketing communications, is mainly directed towards consumers as an attempt of persuasion, it is important to consider the ethical basis of these actions. In the discussion on audience attitudes and perceptions of product placement practice in chapter 3.4 it was mentioned that the majority of audience accepted the practice except for those in minority who opposed it on ethical reasons. (Nebenzahl & Secunda 1993, 7; Gupta *et al.* 2000, 45, 49, 51; Gould *et al.* 2000, 43, 44) This chapter illuminates the potentially compromising aspects of product placement that cause a number of people to oppose the practice, and also whether this opposition is duly justified on the basis of facts.

It has been established in research studies that audiences of entertainment productions approve of and even like neutral product placements that form a relevant connection with the characters and the storyline. According to the depth interviews conducted by DeLorme & Reid (1999), and an earlier study by Sandler & Secunda (1993), audience members have also indicated that they do not consider PPLs deceptive, manipulative, nor harmful. (DeLorme & Reid 1999, 80-81; Sandler & Secunda 1993, 76) On many occasions the increasing use of the practice has nevertheless resulted in somewhat blatant and badly executed placements that have given a bad name to the practice. An additional problem is the difference in practices between e.g. theatrical films and television shows, not to mention computer games and other forms of contemporary product placement. In the majority of television production markets product placement in exchange for a payment is strictly prohibited, whereas with theatrical movies rules are much more flexible and more difficult to follow. (Buss 1998, 33; Stanley 1998a, 32-33; Balasubramanian 1994, 34-35; Pickton & Broderick 2001, 525) The fact is that movie audiences have no certainty over whether the placement they are being exposed to is conducted for payment or because it

has served the production for artistic reasons. (Brennan *et al.* 1999, 335) As there is still an ongoing debate over this issue even among the practitioners and researchers of PPL who both are dedicated to this issue, how could one expect the audiences not to become suspicious over the practice.

More suspicion over the ethical robustness of product placement comes from the suggestion that PPL would work most effectively when the recipient is not explicitly aware of the persuasion. As product placement communications are based on an unavoidable mechanism where the provider of products (the "sponsor", so to speak) is not identified during the communication (unlike in advertising, for example) the captive audience may in fact remain unaware of the persuasive communication attempt. (Law & Braun 2000, 1062; Gupta *et al.* 2000, 44) This type of rationing has fuelled individuals and critical consumer groups to argue against the "hidden-but-paid advertising". This in turn has raised concern over the blurring boundaries of program (editorial) content and promotional messages, as the audience can not stay outside the reach of commercial persuasion practically anywhere. (Sandler & Secunda 1993, 73, 78; Gupta *et al.* 2000, 44; Reid 2001, 15; DeLorme & Reid 1999, 73; Shimp 1997, 57; Gould *et al.* 2000, 43, 44) These concerns have been attributed to the increasing sophistication of the consumers. According to Will Barton Catmur, "*as consumers have become more understanding of media and advertising, it is natural for advertisers to work harder to make an impact... hence, product placement and the sponsorship of television programming are on the increase, and because consumers are mediasavvy, these are more acceptable*" (Catmur in Shelton & Curtis 1998, 29).

Some PPL-critical parties have demanded a notification of product placements in the title credits of the production in question or even at the specific moment the products appear on screen. (DeLorme & Reid 1999, 72-73; Gupta *et al.* 2000, 44) These suggestions have been categorically

opposed to by the entertainment industry, industry regulators, and most consumer groups as well, as they are considered to draw too much attention to the individual products instead of the content itself. Product placement notifications have also been considered as a question of artistic integrity as in most cases products are used according to the script and by the request of the director. (Turcotte 1995) Artistic integrity has also been used as an argument by the PPL-critics as well: product placements have been used excessively which has turned all entertainment into just lengthy advertisements. (DeLorme & Reid 1999, 72-73)

The opposition of product placement generally regards PPL as a deceptive practice that has a causal relation with purchase behaviour. (Sargent *et al.* 2001, 29; Gould *et al.* 2000, 46) As discussed throughout this paper product placement does not sell products *per se*, as it is a communications method for creation of brand equity and brand awareness. The ultimate objective behind any marketing communications is sale, but product placement can have an explicit influence to sales only if the person exposed to PPL has a prevalent category need for the product as explained in chapter 3.4.8. As if to reinforce Catmur's views DeLorme & Reid (1999) found entertainment audiences, especially moviegoers, more clever and sophisticated in their understanding about the product placement practice, being active interpreters, instead of passive, naive, and unaware of the persuasive intents, as the critics would like to believe. The audience in the study was not uniformly influenced by product placements (implying support for the requirement of category need, as suggested, among other personal factors to influence purchase decisions), and in addition were very aware of the persuasion attempts. (DeLorme & Reid 1999, 92)

Beyond the scope of audience attitudes the new technology-driven possibilities for executional practices of product placement may turn out to be problematic and a cause for concern. Virtual product placement, as

discussed in chapter 3.3.2, has provided the opportunity and the means to place products with computer-generated imagery into scenes in post-production after the actual filming. In addition, virtual imagery, albeit not necessarily products as much as logos and advertisements, can be fitted even into live programming, such as sports and other event coverage. Most active advocates of V-PPL technology are playing with the idea of placing and replacing products for re-runs of the programming and according to the market area, hence providing flexibility to sell the same programming over and over again. (Friedman 2001a, 3; Beeler 2000, 93; Ross 1999, 1; Advertising Age 1999, 30) In all honesty this type of behaviour would destroy the original idea behind product placement practice, that is the realistic portrayal of a time period with the contemporary products of that specific era, and in addition would cannibalise the entertainment programming and turn them completely into vehicles for commercial messages, as already argued by the opponents of PPL. Even more alerting is the use of virtual imaging in news programming, as already discussed (Donaton 2000a, 24). As news are by definition reporting of real world events, any tampering with the delivered images will affect the credibility of the news.

Probably one of the most controversial issues in the product placement practice is the placement of the so called ethically-charged products, that is cigarettes, alcohol, and guns (drugs are not considered part of this group as they are illegal, and therefore restricted from this ethical debate). Although each of these products are very useful in character portrayal they are also considered problematic as in real life they are a major source of negative effects known to everyone. One aspect bending the ethical boundaries of ethically-charged PPLs is the strict marketing regulation of these products. (Palmer 1998, 48; Cowlett 2000, 29; DeLorme & Reid 1999, 73; Gould *et al.* 2000, 44, 46) For example, cigarette advertising along with all other marketing communications is categorically prohibited in many countries.

The European Union will enforce a Union-wide cigarette advertising ban as of 2006, and a majority of member countries have had prohibitions in effect for several decades. Alcohol regulations are less severe, although major restrictions apply in many markets. Internationally distributed media like filmed entertainment and sporting events provide an opportunity to circumvent advertising bans as regulation in entertainment productions, especially in theatrical films, is nominal due to artistic freedom and freedom of expression rights. (Balasubramanian 1994, 35; Sargent *et al.* 2001, 31; PR Central 1996; Koberger 1990, 96, 108; Gupta *et al.* 2000, 44)

Prior to the voluntary internal regulation of cigarette PPLs by the tobacco industry in the late 1980s, it was commonplace for studios and production companies to receive a payment for placing cigarettes or other tobacco products in theatrical films. One of the most famous cases is the \$350 000 payment by Philip Morris to include Lark cigarettes in the James Bond film "License to Kill" (Balasubramanian 1994, 35; Peg.apc.org 1999; Immonen 1998, 28) (receiving only few seconds of easy-to-miss airtime, as the cigarette box is shown as a triggering device), although it was not by any standards the first or the most blatant promotion of cigarettes in an entertainment context. As mentioned in chapter 3.2.1, Philip Morris paid for the stars of the 1950s comedy show "I love Lucy" \$30 000 per week to smoke their cigarettes in the show (Goodale 2001, 13; Sandler & Secunda 1993, 74). The growing health consciousness of the public in addition to increasing ethical debate over marketing of tobacco products finally drove the tobacco industry to stop the payments for product placements in 1989. (Palmer 1998, 48; Sandler & Secunda 1993, 78; Peg.apc.org 1999; Turcotte 1995) Interestingly, studies on tobacco product placements show that this voluntary ban of PPL payments with tobacco products did not show in the number of tobacco placements like one would expect, but instead product placements involving cigarettes or any tobacco products remained on the same level before and after the payment ban, although placements with an

actor-endorsement (i.e. tobacco products shown in context with an actor; basically smoking) were found in 6% of films after the ban, compared to 1% before the ban. (Sargent *et al.* 2001, 29-31; Lamb 2001, 9; Brown University 1996, 3) This illustrates filmmakers' and other entertainment producers' fondness of using smoking, voluntarily and without any compensation or free products, as a character trait, more often than not as a negative aspect of one's character (Marketing News 1999, 45). Entertainment industry may also feel more free to contain smoking and cigarettes in productions now that the table is clean of any ties with the tobacco industry itself. Characters who smoke are also a realism factor: millions of people smoke in real world, and therefore entertainment often needs characters who smoke.

In their study on tobacco product placements Sargent *et al.* (2001) state that *"...use of tobacco by an adolescent's favourite actor has been associated with the smoking behaviour of the adolescent"* (Sargent *et al.* 2001, 29, 31). As this issue was not the research topic in this particular study the statement is difficult to prove one way or the other. Reporting on the same study, Lamb (2001) says that *"when actors are shown smoking a particular brand, viewers' attitudes toward tobacco use become more favourable"* (Lamb 2001, 9). Both of these quotes are problematic as they are confusing brand attitudes with product use. With the logic provided by Sargent *et al.* and Lamb all fans of motorsports should be cigarette smokers, as their favourite drivers are in close association with tobacco brands. Again, one must not forget the basic requirement of a prevalent category need in order for a person to be influenced to use a product by product placement communications. The statistical association between adolescent smoking and their favourite actor smoking on screen can be regarded as this type of influence, where a person already has a category need for tobacco products, that may have been triggered in numerous ways, and as such PPL serves only as the influence for which *brand* of product to use in order to fill that

prevalent category need. This view gains support from Babin & Carder (1996), among others, who found product placement to increase brand awareness but no corresponding influence on brand attitude. (Babin & Carder 1996, 150; Brennan *et al.* 1999, 334) However, Pechmann & Shih (in Marketing News 1999) have found some support for the so called "Forbidden Fruit Thesis" according to which smoking scenes positively arouse young viewers and enhanced their perceptions and attitudes of smokers' social stature. These effects were not very strong, though, as the attitudes were easily changed and the effects therefore nullified with anti-smoking messages after the exposure. (Marketing News 1999, 45; d'Astous & Chartier 2000, 32) Also, no support was found for the "Excitation Transfer Theory" that claims the positive arousal evoked by movie scenes to transfer to smokers who are depicted in those scenes (Ibid.).

Studies on audience perceptions and attitudes about product placement have indicated that audiences consider placements of ethically charged products less acceptable than placement of other products (Gupta *et al.* 2000, 42; d'Astous & Chartier 2000, 32; Gould *et al.* 2000, 44). Products with a negative content or an ethical charge have also been found not to deliver a positive emotional transfer as anticipated by the product marketers. Consumers may therefore alienate such placements, and the possibility for positive reinforcement and subsequent positive transformation will be cancelled. (Russell 1998, 360-361; Gould *et al.* 2000, 43, 44) These findings may act as a market correction mechanism by suggesting to limit the use of ethically charged products in entertainment contexts only to when it serves the storyline or character portrayal purposes. Applied to all product placements, those concerned with the ethics of product placement should concentrate more on the modality / type of PPL instead of the length and amount of product exposure (Brennan *et al.* 1999, 334). Even this concern should be related with the knowledge that, as mentioned above, the enhanced awareness generated by product

placement does not result in more favourable attitudes towards the placed products.

The final aspect of this brief discussion on the ethics of product placement concerns the possible effects of PPL on children. It has become common to include real-life products as practical examples in school books in addition to more conventional PPL vehicles discussed in this paper. Real products are used as a technique to grab the attention of the youth and also in order to provide something concrete in a teaching situation. (Labi 1999, 44; Shimp 1997, 57) The educational material aside, youth markets are targeted with product placements in popular movies, TV shows, games, and other forms of entertainment. According to Vollmers (in Immonen 1998), the commercial intent of product placement is understood by the children as they grow older, as expected. In the age group of 8-year-olds no one understood the meaning of product placement, and even among 10-year-olds only 8%. Instead, in the 12-13 age bracket as many as 92% were able to explain the meaning and the purpose of product placement communications correctly. (Immonen 1998, 29) Unaided recall studies conducted with children show scores similar to those of adults: products with several exposures and that are expressed verbally were recognised most. In addition, an actual product was always recalled better than an advertising billboard or a logo sign. (Ibid., 37) According to these results young teenagers can be considered roughly the first age group among children that can be considered safe from the possible negative effects of product placement.

## **4. EMPIRICAL STUDY**

As an empirical study for this thesis a review of articles published in trade press on product placements and associated promotional tie-in programs was conducted. The objective of this review was to illustrate the relation between product placement and tie-in programs and whether these two are commonly deployed in association with each other. Also, the review showed which type of products are most applicable and common in the product placement practice, or if put in other words, for which types of products is product placement a viable marketing communications tactic. Beyond this review section, a set of companies have been examined in closer detail in order to illustrate the relation of product placement communications to other marketing communications tactics deployed by these companies.

### **4.1 Background and methodology of the review**

The conducted article review contained 138 trade magazine and newspaper articles which were selected primarily (131 articles) by conducting a random sampling from articles retrieved by article databases. The remaining seven (7) articles were accidental occurrences from the Internet (2) and traditional newspapers (5) that were taken into account despite of not containing any additional data that could not be found from the main article file. For the articles retrieved from the article databases a query of search phrase "*product placement*" was entered to ABI / ProQuest and EBSCO databases. Applicable articles — that is, articles that matched the original query — were selected to serve as research and reference material for this thesis and the articles were not read beyond the abstract prior to the selection. A large number of articles served both as reference material for the theoretical study as well as a source of empirical data and due to the

former these articles are included in the reference listing at the end of the paper. Some of the articles were unsuitable as reference material for the theoretical study but were used for the empirical section, and therefore are not included in the list of references.

The selected articles span the time frame from 1994 to 2002 with the majority of the articles being from the time period between 1996-2000. The 138 articles reviewed contained a total of 156 different brand names (Appendix I) that were mentioned due to their actual deployment of product placement. Any rumours of possible PPLs expressed in the articles were neglected as unproven. The frequency of brand appearance in the articles was not recorded. Therefore, a majority of the brands recorded in the data were in fact mentioned several times but each brand was treated equally in a sense that a single appearance put the brand on the same level with the brands frequenting in the press. The study also concentrated more on the product classes instead of individual brands and therefore the issue of frequency was not important. Each brand was classified according to the same variables. The product type was decided according to the type of response process evoked by communication based on the Foote, Cone & Belding communications planning grid. The appropriate quadrant in the FCB grid was decided by assessing each brand — although subjectively but with an aspiration to utmost objectivity — in two dimensions: thinking (-10 - 0) vs. feeling (0 - +10) on the horizontal (x) axis and high involvement (+10 - 0) vs. low involvement (0 - -10) on the vertical (y) axis. With these two values each brand was given a position on the grid. Due to the subjective assessment a slide of two points to each direction should be granted as many brands possess several properties (image factors, several products under one brand etc.) by which they should be assessed, thus making the evaluation ever so difficult. Following the FCB classification each placement was classified according to whether a tie-in program was included to support the placement or not. This variable shows directly how

common large scale promotional tie-ins connected with PPL actually are. Each brand / placement was also classified according to the product placement media applied. Here a division between television and theatrical film was conducted. Other media (e.g. computer games etc.), in case there were any, were indicated as a letter (G = computer games; N = Internet / virtual entertainment) marked on the TV category. Brands were also divided to physical products and services. In some cases the division was not clear or a brand might conduct both properties, so these categories are not mutually exclusive, in accordance with the media possibilities which may all be used by a single brand. Finally, each brand was given a numeral value indicating a product class (Appendix II).

For this empirical study the following working hypotheses were formed (as presented in chapter 3):

**H1:** Product placement is most commonly practiced with products requiring low-involvement processing, and less with high-involvement products, especially with the "think" type of products.

**H2:** Visually attractive and functional products are most popular for product placement implementation.

**H3:** Theatrical film is the most popular medium for product placement due to its less regulated environment and global market potential, television is the other favourite.

**H4:** Services apply product placement communications less than product marketers due to difficulties with making the service tangible for consumers by visualising the content of the service.

**H5:** Promotional tie-in programs are applied in more than 50% of all product placements.

**H6:** Tie-ins are conducted more often in connection with products (instead of services) in theatrical films (instead of other media).

## **4.2 Results and implications of the review**

The main objective for evaluating each brand name found in the reviewed articles was to study whether any particular patterns would emerge that could explain which types of products or product classes communicate their message and benefits with product placement communications more than others. In order to illustrate this all brands were placed on the FCB grid according to their respective values. Figure 17 serves as the basis for this empirical study as it shows all 156 brands on the grid in their evaluated positions.

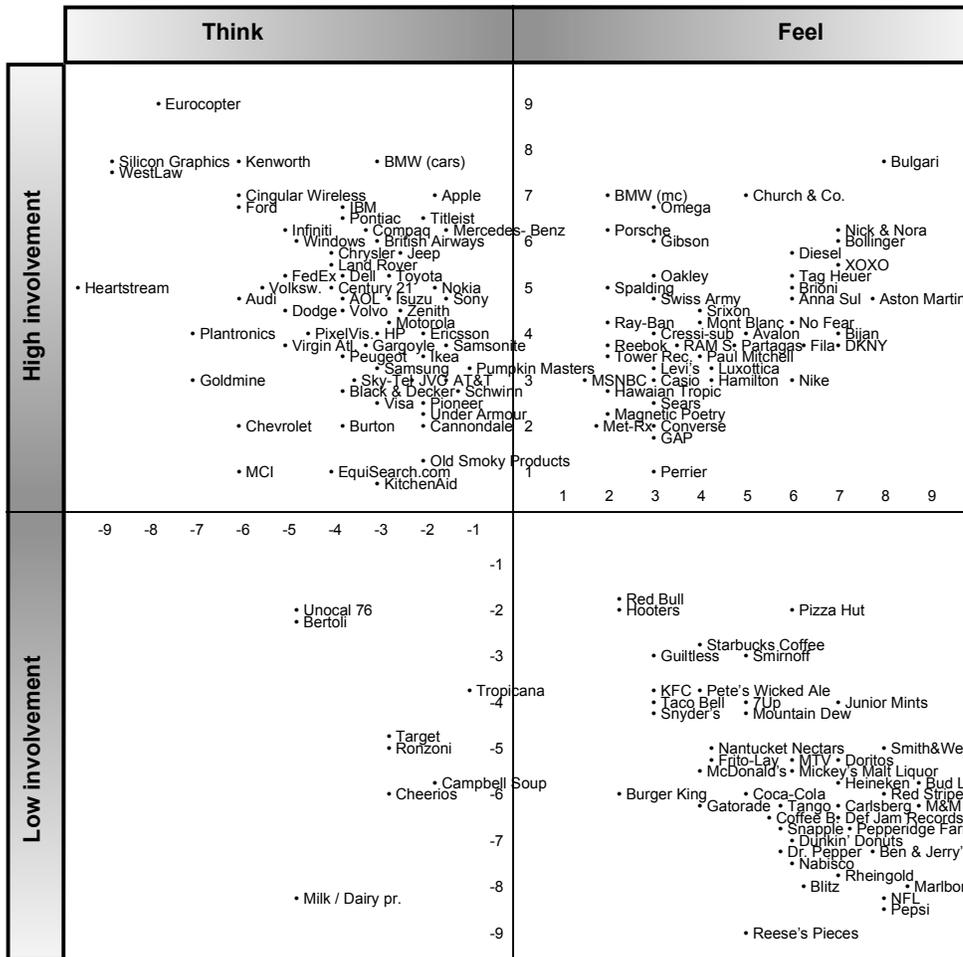


Figure 17: Division of reviewed brands on the FCB grid

#### 4.2.1 General division of brands

The grid containing the 156 evaluated brands can be divided into factors that will offer insight to product placement implementation in different product categories. Except for the "think / low involvement" quadrant the brands in question spread across all quadrants in a surprisingly even fashion. The division of brands in the four quadrants is:

Think / High involvement = <b>61</b>	Feel / High involvement = <b>44</b>
Think / Low involvement = <b>8</b>	Feel / Low involvement = <b>43</b>

Based on the knowledge gained from the theoretical part of this thesis an underlying assumption was that product placement would perhaps be more diligent and meaningful with products that would require low-involvement processing due to the state in which the audience follows the entertainment production in question. The numbers above may turn this assumption into a fallacy, at least according to product marketers who place their products into this context. Before the review was conducted the basic assumption was that both "low involvement" and both "feel" quadrants would take the majority of the brands found in the review. In other words, the three quadrants except for the "think / high involvement" would dominate, and additionally, low-involvement product brands would contain the majority of the review, as suggested by the previously presented theory.

On both counts the assumptions were incorrect. Surprisingly the "think / high" quadrant that was considered to be most insignificant turned out to be most dominant section of the grid with 61 brands out of 156 representing this quadrant. Following the wrong assumption the "think / low" quadrant was in truth a full 180° from expectations with its total brand representation of 8. This also affected the low-involvement total, which

was only 50% of the high-involvement total. The division of "think" vs. "feel" and "high involvement" vs. "low involvement" achieved directly from the quadrant totals is:

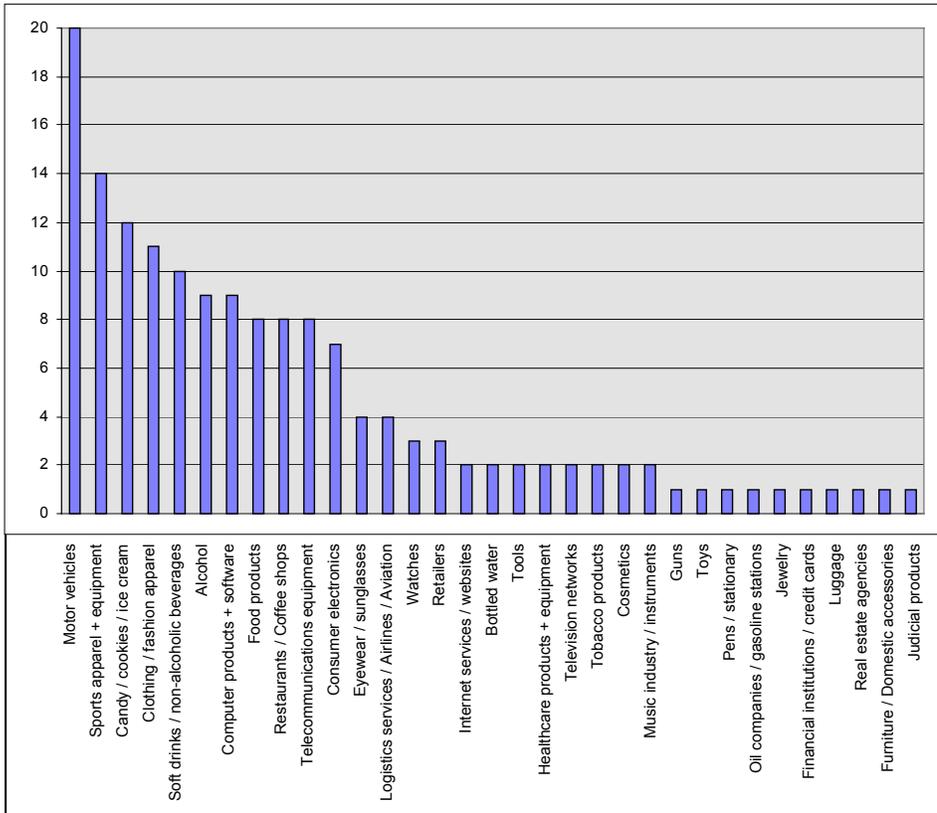
	High involvement = <b>105</b>	
Think = <b>69</b>		Feel =
<b>87</b>		
	Low involvement = <b>51</b>	

What conclusions can be drawn from these numbers? If high-involvement products are generally those that contain a financial risk, that is, they are expensive, one can not help but think that marketers try to create positive emotional associations to their products with an entertainment context in order to reduce any hesitance that may take place in accepting the product into the evoked brand sets (that is, the "short list" of brands in each product category) of consumers. This factor seems to dominate especially on the "think" side of high-involvement products, although it would seem even more suitable for the "feel" products where factual reasoning of product benefits is overthrown by positive feeling and desire for a particular product. From the entertainment production point of view high-involvement products are often visually attractive, viable for storytelling purposes, and of course, being expensive in strong demand for product placement opportunities as production costs can be reduced this way. This explains why the most popular product categories in this review were motor vehicles, fashion clothing, sports equipment, and computers.

Considering the division between "think" and "feel" products the ratio of 69:87 seems to be more like what could be expected with the "feel" side having a slight advantage. The ratio would be more even in case the "think

“think / low involvement” was more up to par with other quadrants instead of now being significantly smaller than the rest. Even with the current situation the two sides are yet again surprisingly close to each other in size, as one could expect the “feel” products to dominate the product placement practice with a clear margin due to the emotion-driven vehicle (entertainment) and media (TV, movies, games) in which the products are presented. As a conclusion of these findings, H1 is not supported.

The unexpected results and imbalance within the grid can be associated with a potential methodological error: The “think / low involvement” quadrant consist mainly from important everyday products we use, such as food stuffs, household items etc., and which are used very much in the product placement practice. Nevertheless, these products may not be *reported* in the press as much since these products may not provide that many interesting storylines or promotional tie-ins, and therefore this type of review would neglect these brands altogether. These same factors apply inversely: other quadrants may be inflated due to interesting story points. The methodology applied in this review study does nevertheless minimise the effects of extensive press coverage as one brand is counted for only once. Leading from these factors, this type of study would perhaps be best served if an additional review study of brands in the entertainment media would complement the findings of this type of review.



**Figure 18:** Division of brands by product category

Following the division of brands into their respective quadrants on the FCB grid a further division of brands can be made according to the product categories the listed brands represent. As exhibited in Appendix II, the 156 brands have been divided into 33 product categories with each category containing brands between a minimum of one in the smallest categories and a maximum of 20 brands in the largest category. Categories do therefore differ in size significantly: only 15 categories contain more than two brands, the remaining 18 categories containing only 26 brands in total.

A breakdown of categories according to the FCB grid quadrants showed a similar pattern as with individual brands. Although a division of product categories is even more problematic than with individual brands, as a single

category may in fact contain brands from different quadrants of the grid, the division of product categories turned out to be:

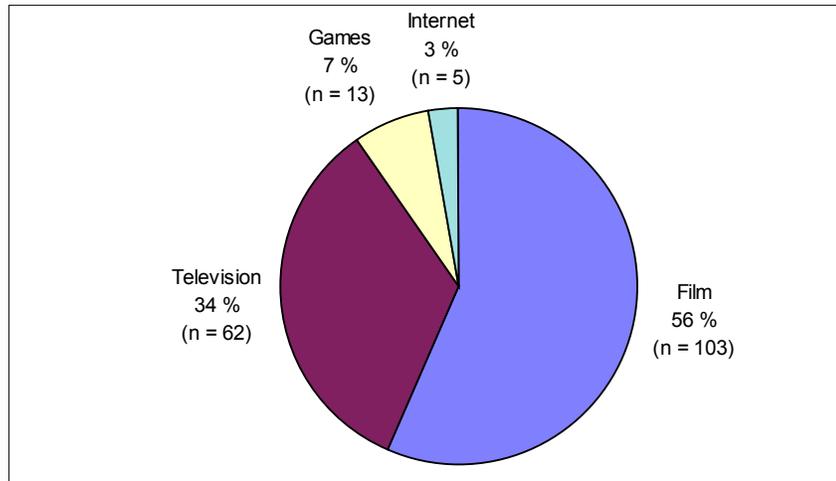
Think / High involvement = <b>11</b>	Feel / High involvement = <b>10</b>
Think / Low involvement = <b>2</b>	Feel / Low involvement = <b>10</b>

Taking into account only the top 11 product categories which contained at least seven brands each the division alters slightly. The "think / high" (4 categories) remains on top but shares the position with "feel / low" (4), whereas "feel / high" loses ground (2) compared to the aggregate total. The "think / low" keeps its position with only one product category in the top 11 class. All in all the differences from one quadrant to another are very small and allow very little support for one particular product type or product class to stand out from the rest in the practice of product placement communications. But examining the division of product categories does nevertheless offer adequate support for H2, which is therefore accepted.

#### **4.2.2 Division of product placement media**

Broadening the perspective wider from product categories into product placement media alternatives shows results that are in line with expectations. Theatrical films dominate the product placement practice with more than a half of the brands in this review appearing in movies. Television shows take the second position with a clear margin to both directions with one third of the brands appearing on television. Computer and console games and Internet entertainment grab an aggregate share of 10 per cent of product placements. Figure 19 shows the media shares with the exact amount of brands associated with each media. It is important to remember that in this situation the total amount of brands is not 156 but instead 183 as several brands appear in more than one media, and a few

brands appear in all the media listed for this study (see Appendix I for details).



**Figure 19:** Product placement media shares

The reasons behind this type of division in product placement media are exceptionally clear. Theatrical films attract brands for product placement mainly because of their technical quality in placement execution and worldwide product exposure in addition to long shelf-life of the placement. From the opposite perspective, film producers can take many liberties and risks with product placement and portray any kind of product they wish, with respect to product marketer's placement guidelines, as the regulation is practically non-existent (excluding tobacco products and other carefully regulated products) compared to that of television medium. Television product placement, on the other hand, does suffer from more strict regulation along with producers' fear of upsetting advertisers who do not wish to see their competitors being shown in the content of a particular show. These factors diminish television's attractiveness as a PPL medium but much of this can be compensated with the possibility of a weekly repeated product exposure. If a product becomes a permanent fixture close to a character's persona or activity repetition is very likely.

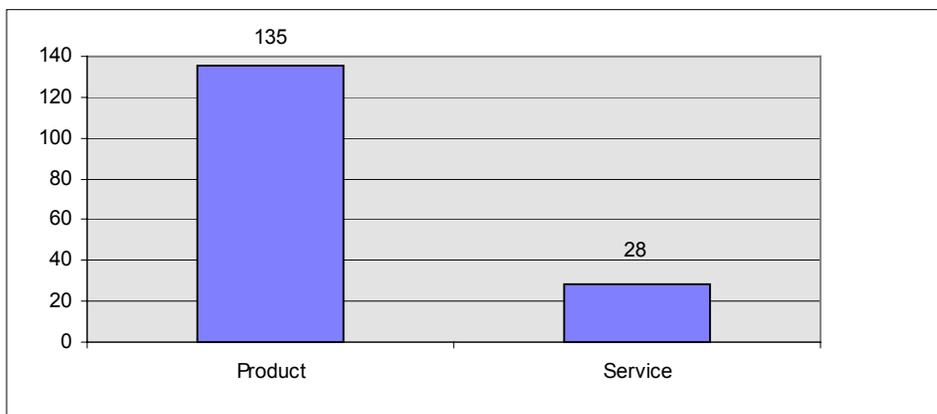
A future challenge for the two media leaders comes from computer and console games which are attracting product placement at an increasing pace. High-resolution photorealism-approaching graphics enable real product placement instead of mere advertising billboards of the past days. Repetitive playing of a game combined with increasing integration with a feature film format (i.e. games are becoming more like interactive movies) and attractive user demographics make games a real opportunity for product marketers.

The same can not be said of the fourth product placement medium on the list, the obscurely defined Internet entertainment. This product placement medium raised its head in the reviewed articles but also showed signs of fading away in the same material. The medium that tries to combine the format of television shows with new global and unrestricted delivery channel turned out to be a passing fad as most of the producers of this type of entertainment realised the production costs are considerably high even if the characters are computer-generated. Most importantly, audience apparently failed to find this type of entertainment from the vastness of the Internet, possibly to great delight of other, more traditional media. In summary, H3 is supported.

#### **4.2.3 Products and services as product placements**

The term *product placement* conveniently obscures the fact that many of the brands reviewed in this study are in fact services instead of physical products. Some brands also contain both a product and a service element and it is difficult to say which is more correct classification for the brand. Therefore, in these occasions a dual classification has been applied and a total of 163 brands was listed, with a division of 135 product brands and 28 service brands. The dominance of products in this case is self-evident:

products can be acknowledged visually with more ease than services. This is why service companies that have deployed product placement in their communications also have a clear tangible product quality connected to the service. This tangible quality comes in forms such as, for example, airplanes and terminals for an airline, delivery trucks and corporate-coloured parcels for parcel delivery companies, corporate logo appearing when using the service for Internet service providers, and so on. Services are often used as product placement in a direct barter deal: e.g. an airline may handle the logistics of a film crew and equipment in exchange for some exposure in the final production. The research evidence provides strong support for H4.



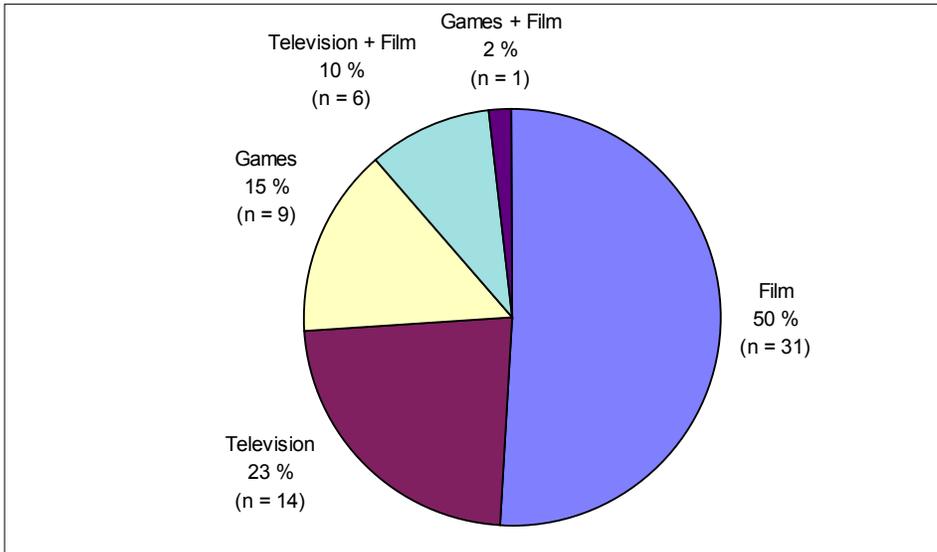
**Figure 20:** Product vs. Service in product placement practice

#### **4.2.4 Product placement and promotional tie-ins**

Perhaps the most interesting facet in this article review was to determine how common promotional tie-ins are in connection with the product placement practice. This part of the study would clearly indicate the level of integration in marketing communications in the sense that any product placement that contains a promotional tie-in which would require

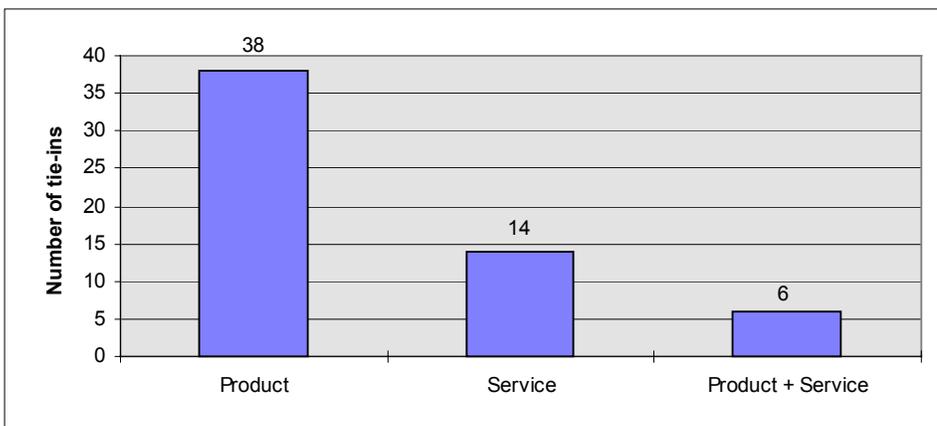
multidisciplinary use of marketing communications tactics would also require integrated communications planning methods. The figure below shows the division of product placements with and without promotional tie-ins: Out of 156 brands 47 applied also tie-in promotions in connection with a placement, whereas the remaining 109 brands resorted only to product placement. The result can be interpreted in two ways. The share of PPL + tie-ins is somewhat larger than expected prior to the review. This is perhaps mostly due to the nature of the review as discussed earlier: There is a bias to report a placement deal that contains a tie-in promotion than a regular placement which are so very common nowadays.

On the other hand, the second interpretation could suggest a disappointingly low level of tie-in promotions, especially when it comes to audience census. Prior to studying the topic of this thesis, a working hypothesis on this particular case was that at least 50% of all placements are connected with a promotional tie-in program. This expectation was based on the idea that any use of the theme in which the product would be placed would constitute a promotional tie-in. In a similar fashion, a majority (although not quantified in this study) of the tie-ins in this review often contained point-of-purchase material and a promotional offer but very little beyond that. The idea of every second PPL containing a tie-in may be explained with the fact that many movies and other entertainment forms contain often more than one product placement but a tie-in may only take place with one brand or not at all. This may raise the impression of excessive tie-in promotions in connection with product placement. The H5 hypothesis is not supported.



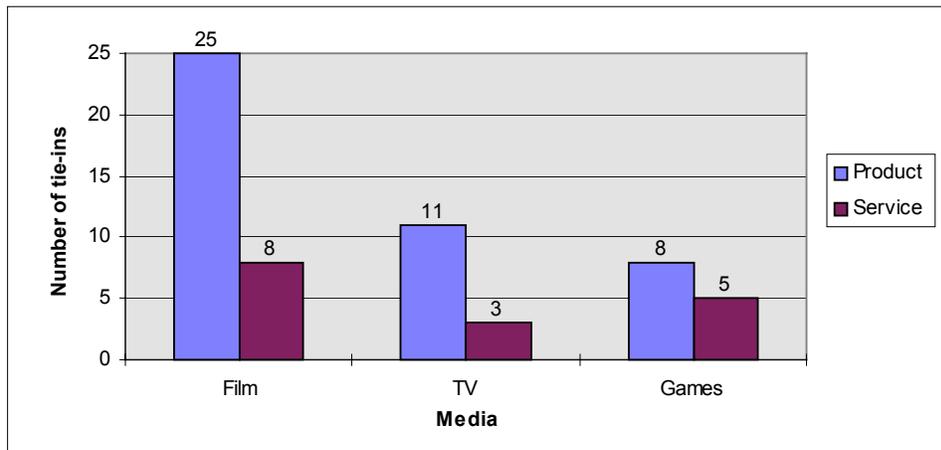
**Figure 21:** Division of product placements with promotional tie-ins by media

From the media point-of-view films are the leading medium for product placement with promotional tie-ins. Out of 47 brands 31 apply product placements in films compared to 14 brands in television shows and nine brands in games. Again, the total amount exceeds 47 as some brands appear in more than one media: six brands appear in both films and television, and one brand in both games and films.



**Figure 22:** Promotional tie-ins with products, services and product-service hybrids

Comparing the tie-in activity according to the product-service classification shows products leading with 38 tie-ins but services take relatively a larger share than what the comparison of products and services in product placement would suggest with 14 tie-ins. In six tie-in cases the brand was given a dual classification with both a product and a service capacity. Breaking the tie-ins down further according to product placement media options gives service brands with tie-ins eight appearances in films, three in television shows and five in games. With products the same media division is 25 for films, 11 for television and eight for games. With all figures overlap between categories does take place. H6 is supported on both accounts of the hypothesis.



**Figure 23:** Promotional tie-ins for products and services in different media

As a curiosity the brands reviewed in this study were divided into regular disposable consumer products and consumer durable products. The reviewed material contained a majority of consumer durables with 98 brands representing this category. The remaining 58 brands were therefore regular consumer products. This result suggests that consumer durables

have more often something to give for the entertainment production as durable products are also functional products that can be used as important plot devices. Therefore products such as cars, computers and telecommunications equipment are often used in product placement.

#### **4.2.5 Brand evaluation by size and product type: IMC planning perspective**

A rough arbitrary and subjective evaluation was also made on whether reviewed brands could be described as large or small in order to discover which type of companies would implement and benefit more from product placement communications. This evaluation turned out to be somewhat demanding as it is difficult to find a common denominator by which the evaluation should be made. Should each brand be considered for their own merit or should they be evaluated by manufacturer which may be a large corporation, although the brand in question may have a small market share. How should car manufacturers be compared with design clothing manufacturers? Or computers with bottled water? Brands could be evaluated within each product category but that would not make a big difference as even the smallest car brand is owned by one of the largest corporations in the world whereas the leader in some less dominant product category may be exceptionally small player compared to other brands. As an absolute comparison of size by revenue, profit, employee level, or market share is impossible to conduct within the time frame for this study, and as it would be extremely difficult anyway, a subjective evaluation of brands by their global market position was made. A brand was classified as large if it is available in the main international markets — Europe, North America and Asia — or whether a brand was deemed to be the market leader in one of the markets. Conversely, a small brand operates in fewer market areas and is not a category leader. With this classification the division of brands was 87 large brands and 69 small brands. The finding would suggest that small companies or small brands have found product

placement as one solution with their limited marketing resources, and also that large companies or brands do not necessarily take all the best product placement opportunities away from the smaller players. But as mentioned, this classification is fraught with difficulties, and extensive conclusions based on these findings should therefore be avoided.

Based on the findings of the article review presented in chapter 4 some linkages can be drawn between product placement communications and the integrated marketing communications process. As indicated in chapter 2.3 different IMC planning models can be considered specialised for certain type of companies, as the emphasis, content and extent of the planning models seem to differ from one another. The main attributes for each IMC planning model, as described in chapter 2.3, can be listed in a nutshell as following.

<b>Planning model</b>	<b>Emphasis and suitability</b>
Generic IMC model	General, comprehensive, extensive, unbiased
Moore - Thorson	General, incomplete
Schultz <i>et al.</i>	For well established and large companies
Sirgy accepted tools, companies	Business planning model, familiar and suitable for small and start-up companies
Percy	B-to-B marketing communications and services

As the reviewed brands were roughly divided into large and small companies with 87 brands belonging to large companies and the remaining 69 to small companies the analogy drawn from the IMC planning model descriptions above would suggest that the large companies would adopt the Schultz *et al.* IMC planning model and the small ones would implement the Sirgy model or the generic IMC planning model. As a basis this suggestion is fine but as each brand and company consist of numerous factors that shape each brand and company into a unique entity the suggestion becomes

more difficult. Should all 28 service brands found in the review adopt the Percy planning model even if some of them were global brands in a large corporation or should the Schultz model take its place instead? What if the service is provided by a small company? Apparently in many cases strict following of one single planning model may not meet the requirements set by a company in need for guidance in its communications planning. Therefore these planning models discussed as the basis of an IMC planning process should be treated as rough building material that should be moulded into one unique IMC planning model that suits the needs of that one particular brand and company in question by adopting suitable elements from whichever model necessary.

### **4.3 Product placement case examples**

The following chapters will introduce practical cases of product placement that may convey more precisely the motives, strategies, and achievements by different companies deploying PPL in their marketing communications. When applicable, consideration has been given to how product placement communications have been integrated into other elements of marketing communications and whether an IMC approach has been adopted in these particular cases.

The companies whose product placement activities are discussed have been selected in order to illustrate products representing different product groups applying product placement in a variety of PPL media vehicles with differing PPL modalities, and also with varying contractual and exposure time frames. The product placement media in the case discussion will range from television to theatrical films without forgetting computer games and possible other non-traditional media vehicles. Product placement modalities will concentrate more on product use by a character and verbal acknowledgements instead of mere background visuals. Consideration will

also be given to organisation of PPL practices, that is, outsourcing versus an in-house operation. In addition to the three main case examples another set of interesting, unique, or otherwise valuable PPL cases will be discussed in a shorter form at the end of this chapter.

#### **4.3.1 Apple Computer**

If product placement exposure was a direct indicator of market share Apple would surely be the most popular computer brand in the world. Due to the dominant position of personal computers based on Microsoft's Windows operating system Apple has remained a small but persistent player in the field known for its user- friendly, technologically advanced and innovative products. Being small in comparison to its rivals in the PC industry has pushed Apple to make the best of its limited means in its marketing communications. In order to maximise the communications impact Apple has taken a strategic approach with alternative marketing communications media such as product placement, and has in turn become the dominator in computer product placement with more than one hundred product placements conducted annually, and more than 1500 placements since the birth of the Apple Macintosh computers in 1984. (Tanaka & Peyser 1998, 58; Grollman 2001; Graham 1998; PR Central 1996; Dignam 1996, 12)

The amount of placements conducted by Apple does not imply a lack of focus in the operation. According to Mike Grollman, product placement manager at Apple, the company always emphasises relevant exposure with mainly targeting creative people who would be Apple users in real life. The company has taken its products where the potential customers spend their leisure time, that is, instead of computer showrooms to television shows and movie screen. In the context of television shows Apple wants to be associated with positive values and a suitable lifestyle that is compatible with Apple's image portrayed to the right audience composition, thus

receiving a synergistic effect with the placements and at the same time discarding any inappropriate associations for the company's products. Although exercising a no-payment policy for its placements Apple nevertheless demands its brand to be identifiable on screen. This can be considered a form of compensation for receiving the products for free to use in the production. Identification and recognition of the company's products has been Apple's strength in product placements as Apple products have often been designed in a very individual manner that has made them stand out from the competing products, the iMac (both 1st and 2nd generation) and the iBook being perfect examples of Apple's brave designs. (Grollman 2001; Tanaka & Peyser 1998, 58; Dignam 1996, 12; Kondo 1995, 6)

Although not discriminating theatrical films as a product placement medium *per se* Apple has nevertheless become more familiar through its placements in a variety of television shows. From the marketing communications point of view the tactic is based on the premise of repetition; once the product is placed in an episode of a continuing show it is strongly bound to be placed there again, especially if the product is part of a main cast member's belongings, such as a computer in this instance. Also, television shows reach more or less the same audience on a weekly basis, first in original programming and later in syndication reruns. Apple has therefore adopted the stand that television placements are potentially more effective than placements in theatrical films, although continuous exposure *per se* is not considered the objective instead of right type of exposure. (Grollman 2001) From the entertainment producer's side the point is just as compelling: Apple computers are good for character portrayal. Apple has been considered as "*the computer for the rest of us*" (the Macintosh slogan in the early days), that is, a more user-friendly computer with softer values than the IBM / Windows-based PCs, (Kahney 2002) therefore somehow being able to tell more about the person using it than an ordinary PC.

Perhaps this is due to the fact that Apple computers are used more in creative work, such as advertising agencies, graphics industry, and recording studios, to name a few. There is also a possible positioning and taking sides between the underdog (Apple) and the leader (PC), passion and image (Apple) vs. practicality and compatibility (PC), and so on. Whatever the truth may be a division into "Mac people" (Apple) and "PC people" has become familiar in the western popular culture. This division has also been illustrated in many Apple's product placements that have been integrated in the storylines. (Tanaka & Peysner 1998, 58; Graham 1998; PR Central 1996)

An example of this type of storyline PPL integration can be found in the following transcript of a dialogue taken from the television drama series "Dawson's Creek". The scene presented here contains both visual and verbal product placement, and as such is a good example of type of PPL Apple has been able to achieve on numerous occasions. What is special in this particular scene is that the division of "Mac vs. PC" also serves as an analogy for a young person's struggle to find his independence and severing the ties with his childhood as he is about to leave home to go away to college.

**Table 10:** Example of verbal product placement / product as a character trait

<p><b>"Dawson's Creek" (2001) — Season 4, Episode 23</b> <b>Scene description:</b> Dawson and his father Mitch buying a computer for Dawson who is about to leave for college. Located in a computer store.</p> <p>Dialogue:</p> <p><b>Mitch:</b> This baby does it all, Dawson. 850 megahertz P III processor, 128 megabytes of RAM, 32 gig' hard drive, DVD, 56K modem...What more could you want?!</p> <p><b>Dawson:</b> Mmm...Mac, maybe?</p> <p>[Camera takes a shot of a counter displaying various Apple equipment]</p> <p><b>M:</b> What?</p>
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**D:** It's become obvious to me that in life you're either a Mac person or a PC person, and the choice defines you...Let me put it this way: Beatles or Elvis?

**M:** Beatles!

**D:** See, exactly! This is no different.

**M:** Dawson, I've done all the research. The "T-21" [= generic brand for a laptop PC] is by far the best buy and that's what we're getting!

**D:** In that case I'd just prefer you didn't get me a laptop.

**M:** You need a laptop for school, Dawson, I'm getting you a laptop.

**D:** Dad, I appreciate that you wanna do this for me but it's not fair if you only wanna do it on your own terms.

**M:** Not fair? A father wants to spend thousands of dollars on his son and somehow it's not fair?!

**D:** Why would you want to spend thousands of dollars on something I don't even want?

**M:** Because it's something you need! It's practical, it's functional, it'll last you for years.

**D:** It's not what I want!

**Store clerk:** Can I help you?

**M:** Yes, we'll take the T-21.

**S.C:** Excellent choice. I'll bring it right out.

**Scene description:** Dawson walks into the house and finds a brand new Apple PowerBook waiting on the table. The camera moves from Dawson to the open laptop with the Apple logo on the cover clearly recognisable for 3 seconds as the camera moves gradually back to Dawson, simultaneously panning wider to bring Mitch to the scene also.

Dialogue:

**M:** Not the most practical choice, mind you, but I gotta admit, it sure as hell looks cool!

**D:** Cooler than the T-21?

**M:** Hardly. But hey, to each is own.

...

...

From the numerous motion picture PPL done by Apple one could pick out for example such successes as "Mission Impossible" and "Forrest Gump". In the former Apple equipment was prominently present especially in the scene where the leading man played by Tom Cruise hovers with ropes from the ceiling above Apple computer terminal. The case of Forrest Gump is much more intriguing. There are no Apple computers to be seen in the whole film, but instead just the colourful Apple logo that can be seen in a letterhead that was seen in a context of a joke included in the story that

Forrest had become a millionaire because he had invested in what he thought was a fruit company. The original idea for this came from the producers of the film and Apple only gave the permission to use the logo. Millions of people first saw in theatres and after that on home video and cable distribution followed by television, and according to depth interviews by DeLorme & Reid people also recognised the Apple logo and understood the joke. (Graham 1998; Kondo 1995, 8; DeLorme & Reid 1999, 82)

One factor affecting positively to Apple's product placement success has been widely attributed to Apple's in-house management of product placement processes. This means the company does not employ an external specialist PPL agency to conduct the process, but rather holds the strings on all occasions within the company. This has been a natural but acknowledged decision as all marketing communications is managed by the company itself. Keeping all marketing communications in-house has provided product placement a very integrated position in Apple's marketing communications planning. According to Mike Grollman of Apple, in-house operation of product placement communications offers mainly positive aspects: it enables the company to build upon long relationships with the relatively small circle of people in the field and also, as mentioned, gives the company better and more direct control over the process, which also translates into quick reactions to possible last-minute changes. In general terms, beyond Apple, Grollman considers the overheads generated from the in-house operation to be the main restrictor for smaller companies for which the cost may be too high to build up and maintain own operation. Other negative aspects in product placement practice are mainly the uncertainties: not all placements are successful or well-executed and the product may also end up edited out from the final production. The uncertainty can be considered as the nature of the beast and when you are aware of that you can live with it. (Buss 1998, 31-32; Kondo 1995, 7; Tanaka & Peyser 1998, 58; Grollman 2001)

The product placement process itself is initiated by a producer of an entertainment production who approaches Apple in order to discuss product placement opportunities in a particular production. Apple receives the main background information from the script, including the portrayal of characters and the product in question. At this point in the process the company needs to define its image positioning. It is noteworthy that Apple currently practices product placement in strict isolation without any integration with other communications methods outside the planning stage. Integrated campaigns have nevertheless been used in the past, e.g. with "Mission Impossible". In a similar fashion with integrated campaigns, Apple has also kept away from tie-in promotions. This has been a conscious decision and a company policy as, among other things, Apple's individualistic and special image is difficult to match successfully with another product. Even without integrated campaigns or tie-in promotions the question of product placement efficacy remains the same. Apple claims it does not implement or follow any measures of efficacy, mainly because it costs much more to conduct this type of research in comparison to the practice itself, as Apple only bears its overhead costs from the product placement practice. (Grollman 2001) Whether the claim for not measuring the PPL efficacy is true or not is difficult to say. It is commonly agreed that measuring product placement efficacy is indeed difficult, but it would also be understandable if the company was willing to stay quiet of any proprietary research results.

Apple has found the entertainment industry to be very powerful and useful for promotional purposes. Consumers have also been found to be very clever and perceptive: they know when they are being sold and if PPL is conducted too blatantly and with bad taste it may back-fire causing negative effects to the product. But with the experiences received by Apple

Computer product placement can be recommended as a viable marketing communications method. (Grollman 2001)

Marketing communications have been a driving force for the Apple brand. The brand has become so powerful that Apple has been considered a marketing company that just happens to manufacture computers. This drive took off most evidently in the late 1980s and early 1990s as Apple increased its marketing communications budget from \$15 million to \$100 million. The company has used advertising in its variety of forms from newspapers and magazines all the way to television ads, starting with the memorable "1984" ad for the first Macintosh, as mentioned earlier. The recent redesigning of the company logo into a monochrome version that replaced the old rainbow-coloured apple and the colourful and individualistic product designs have all worked in favour of the brand along with clear unification of marketing communications messages (Kahney 2002). Apple has exhibited strong integration in its marketing communications that has been amplified further with recent campaigns that deploy print and media advertising combined with a strong presence on the Apple website that serves the company's visual identity with great detail. (White 2002; Kahney 2002)

#### **4.3.2 BMW**

Unlike Apple with its numerous product placements BMW has made its mark in the history of product placement basically with a limited and very focused series of placements in three major films. In the middle of 1990s BMW struck an important and uncommon long term product placement deal with the production company of James Bond films, Eon Productions, that spanned the next three films in the legendary James Bond saga, currently running at 20 films in the last 40 years. The announcement of Bond's new car stirred the movie fans around the world and the issue was

publicised and discussed widely in media around the world. The media coverage was somewhat expected as ever since the birth of the Bond franchise in 1962 special-equipped cars the agent was driving became an important part of the fascination of the stories. Although James Bond drives many different brands of cars throughout the series of films the specially equipped and armoured cars were almost without an exception of British origin, fitting perfectly with the character of Bond. Having driven such prestigious cars as Aston Martin DB5, Lotus Esprit, and later Aston Martin V8 Vantage, it was considered a shock among some of the hardcore fans of Bond to find the character stepping into a German car, even if it was yet another prestigious brand such as BMW. To lighten the blow the change of car could be considered a part of the renaissance taking place with James Bond with the new actor Pierce Brosnan taking over the character, along with the next generation of producers and directors as well. (Perini 1995, 8; Enbom 1995, 15; Palmer 1998, 48; Lemmons 1996, 17; Stanley 1995, 9; Etelä-Saimaa 2000; Evenson 2000, 119; Brennan 2001, 24; Russell 1998, 357)

The 1995 film "GoldenEye" became the most successful Bond film ever and it spurred the publicity of Bond's new BMW Z3 Roadster into overdrive. Car magazines never failed to mention that the new BMW was also the new "Bond car", thus providing free publicity for the film. (Enbom 1995, 15) BMW also used images from the film in its \$15 million marketing campaign for Z3. The GoldenEye / Z3 campaign is widely considered the ultimate product placement and cross-promotion success and the launch of the second wave in the contemporary product placement practice, after the E.T. / Reese's Pieces success kicking off in 1982. (Stewart-Allen 1999, 8; Shermach 1995, 1; PR Central 1996; ERMA 1996) Interestingly, the car itself received only some 30 seconds of screen time, albeit with a verbal mention by Q (the special equipment and weapons officer of the Secret Service) in an introduction of the car to Bond.

Otherwise, the car was driven only once in the movie in a somewhat trivial scene, but that didn't eschew the success of the campaign. Although it is again extremely difficult to isolate the effects of the PPL campaign from the rest of the marketing communications executed for the launch of Z3 the car became a huge success. The Promotional Marketing Association of America even awarded BMW / "GoldenEye" tie-in as the best promotion of 1995 (Marshall & Ayers 1998, 16). It is very likely that the car would have been a success even without the Bond connection but that very connection made the Z3 Roadster basically a household name globally and gave it enormous levels of publicity by the time the car was launched some three months after the film's premiere. (Goldman 1997, 62; Stanley 1995, 9; Brennan 2001, 24; Marsh 1995, 11; Halliday 1997, 53)

Some two years later in 1997 Bond returned to movie screen in "Tomorrow Never Dies". BMW provided Bond with a current 750iL model luxury sedan and also a brand new BMW R1200C custom-styled motorcycle. The film showed Bond driving the 750iL from the backseat with a remote control device built into an Ericsson concept mobile phone (another major PPL partner in the film). (Stewart-Allen 1999, 8; Enbom 1997, 53-54) BMW contributed to the movie magic of the scene by building a customised version of 750iL where the driver is located below the window level so that the car seems to move without the driver. The main product placement for BMW in this film was nevertheless the R1200C motorcycle that was to be launched in conjunction with the film's release. The motorcycle used in the film was used as a production model, that is, it was used in a chase scene as Bond's and his female companion's getaway vehicle that they come across with by accident. The R1200C is prominently displayed in a lengthy chase scene and it is driven hard in a manner that accentuates the bike's chassis and engine performance, despite it not exactly being a high performance bike. An additional twist to the scene comes from the bike riders being tied together from the wrists with

handcuffs, which naturally results in some acrobatic maneuvers with the bike.

Compared to the publicity levels BMW received with "GoldenEye" this film generated perhaps less media coverage, which is natural after the success of its predecessor. The R1200C nevertheless received the similar labelling as the "Bond bike" in a same fashion with Z3 in the previous film. And despite being slightly behind on the publicity level the value of "Tomorrow Never Dies" for BMW has been calculated as more than \$100 million. (Le Maistre 1999, 40; Cowlett 2000, 29; Gupta *et al.* 2000, 41)

For the 1999 Bond release "The World Is Not Enough" BMW upgraded Bond's "Q-equipped" car with the new Z8 model that in comparison to the smaller Z3 was a more brutal, classic, exclusive high-performance roadster. This time the car also had a more important role in action scenes than the Z3 did, to the extent that the car was eventually destroyed in combat. Again, BMW came up with customised versions of the car, thus avoiding the destruction of an expensive car. BMW provided the production crew with the real car used in the driving scenes, but in addition to this the factory also provided some mock-up versions of the car that were used in scenes where the car was depicted to be cut in half. (Enbom 1999, 13) Needless to say that without a commitment from the car manufacturer the destruction scene would have been considerably more difficult, and without any doubt several times more expensive than it was now. It is safe to say that the customising costs and the reported \$20 million promotional budget provided by BMW for "The World Is Not Enough" and the new Z8 tie-in alone made a payment for the product placements in these two films, and perhaps even with "GoldenEye", obsolete. (Bernstein 2000, 13; Friedman & Halliday 1999, 8; Stanley 2000, 13)

Being part of films that attract a remarkably wide audience demographics provided BMW an opportunity not only to introduce new products for its customers in a new entertaining manner, but also enabled the company to build its brand among the younger audience that may not yet afford to buy a BMW, but may instead be potential customers in the future. BMW has approached the younger Bond fans in the computer game "007 - Agent Under Fire" where the agent drives, of course, the BMW Z8, just like in "The World Is Not Enough". As acknowledged before, computer game PPL is an effective way to reach younger audience demographics and the impact may be more effective as games require more involvement from the player than mere watching of film. (Stewart-Allen 1999, 8) With the three films BMW executed three new-product launches and had a considerable impact on the film audience, the general public at large, the product placement industry, and even on industrial politics. (Ingrassia 2000, 17; Carter 2001) James Bond is such an icon of popular culture that the British car industry allegedly pressured and demanded that Bond should return behind the wheel of a British car. And indeed, in the 2002 film "Die Another Day" Bond heads out to the highway again with a British supercar and again with Aston Martin, this time in the new V12 Vanquish model. Even the villains in the film trust the British steel as their choice of wheels is another legendary British car, Jaguar, in its XKR form. (Etelä-Saimaa 2000; Ilta-Sanomat 2002, 26) Interestingly, the cars to be used in the new film were announced before the filming began but the name of the actual film was still kept a secret at that point.

BMW recently took its involvement in motion pictures beyond product placement as it produced a set of short independent films by a number of prestigious directors. Each of these short films were produced without BMW's control outside of inclusion of one of their cars in each film. (BMW Films 2002) In other marketing communications BMW is known to take advantage of a huge variety of communications methods ranging from

traditional television and print advertising to sponsorship in sports events such as ATP Tennis and America's Cup sailing, and on top of all a partnership with Williams F1 in the FIA Formula 1 World Championship. In all instances BMW emphasises the visual continuity of the BMW brand with the signature blue-white-black colours and the logo present in all visual material, even with the BMW-Williams F1 cars that carry the blue and white colours.

### **4.3.3 Nokia**

Whereas both Apple and BMW were well-known and respected brands well before any product placement communications had taken place by either company, the development and growth of Nokia has been in turn closely matched by Nokia's product placement activity. Although the main factors behind Nokia's growth into the world's leading mobile communications company lie somewhere beyond product placement communications PPL has nevertheless been an integral component in the company's successful marketing communications strategy since its emergence as a global player in its field.

In a similar fashion with Apple Nokia also started its product placement activity out of necessity dictated by budgetary restrictions. The company wanted its mobile phones into public awareness but with limited marketing funds wide reach of audience had to be achieved initially without any backing from major marketing communications campaigns. In 1995 Nokia had its phone placed in some television drama shows like "Melrose Place", but still at that time, although only just few years ago, the brand name was "greeked" into "Nokio" by the producers of the show concerned with legal aspects of television PPL practices. Encouraged by this experience Nokia hired a product placement agency on a retainer to place its products also in theatrical films as well as television shows. At the same time Nokia had its

first hit on the big screen with the surprise success of the comedy film "Clueless", where Nokia received prominent exposure with mere cost of five mobile phones (circa \$2000 at that time) that were used by the characters in the film. Nokia, with its focus on consumer marketing and individual industrial design, was now taking steps in its marketing communications that would give it yet another advantage over its main competitors, the market leader at the time, American Motorola, and the second place arch rival and Swedish neighbour Ericsson, neither company deploying product placement at that time. (Lucas 1995, 94; Wasserman 2000, 86; Gunther 2000, 88)

Nokia gradually started to appear in numerous television shows including the cult status-achieving sci-fi show "The X-Files" where the leading characters in their work as FBI agents resort to Nokia's equipment for communicational purposes on continuous basis. The X-Files was also transported into the movie screen and Nokia was as important as ever in the storyline. Other big-screen successes for Nokia at that time were films like "The Saint", "Mission Impossible", and "Armageddon". The increasing frequency of Nokia's product appearances in films and television shows illustrate in hindsight the growth of Nokia's marketshare in mobile phone markets. (Bamrud 2001; Ditlea 2000, 16) Well before the turn of the millennium Nokia had become the world leader in mobile phone markets with a 30% market share. The individual design and unique product features (e.g. downloadable ringing tones, changeable covers, large screen, etc.) set Nokia apart from its competitors and appealed in turn to producers and directors of the entertainment industry.

In 1999 Nokia achieved its biggest PPL success to date in the surprise science-fiction hit film "The Matrix" where Nokia's modified 8110 model (known as the "banana" among mobile phone enthusiasts for its slightly bent shape) had an integral role as a communications device between the

real and virtual worlds. The placement serves as a grand example of mutual benefit where monetary compensation is not required: Nokia provided the production with wireless communications services and in return received a role for its product. Despite the model used in the film was an old one modified merely with a sliding cover in resemblance of the upcoming 7110 WAP phone the film with its intricate plot and new generation special effects worked wonders on Nokia's street credibility. (Bamrud 2001; Ditlea 2000, 16) Nokia was now, if not before, contemporary, hip, youth oriented, and everything else a market leader would dream to be. This position was further strengthened by the following year's remake film of "Charlie's Angels" to which, in addition to good product placement, also a large tie-in promotions campaign was connected. Most recently Nokia has been seen in yet another science-fiction film, this time in "Minority Report", directed by Steven Spielberg with Tom Cruise playing the lead character. (Näveri 2002, 19; Finnigan 2000a, 10; Le Maistre 1999, 40)

As the competition has started to emulate Nokia's product placement practice (Ericsson in "Tomorrow Never Dies" in 1997, "Tomb Raider" in 2001 and Motorola in "Mission Impossible 2" in 2000, etc.) Nokia has taken another step further: product placement directly with celebrities. Admittedly, this is a much more expensive way to conduct product placement compared to the traditional method, as discussed in this thesis, but according to Nokia the result is good enough to offset the cost, as a visually interesting product can be seen in the hands of highly visible people. (Stanley 2000, 13; Bamrud 2001; Wasserman 2000, 37) In addition to this, Nokia will return to computer game PPL after the "X-Files" placement a few years ago in the upcoming "Sims Online" and "Kelly Slater's Pro Surfer" games. (Kuchinskias 1999, 49; Näveri 2002, 19) As an indicator for viability of product placement practice Nokia has made comparisons between PPL and a direct media buy in order to find out the cost efficiency of product placement. In these comparisons Nokia has found

the same media exposure time to cost 16 times more than with product placement, with the agency retainer fees and variable costs occurring from the practice included in the calculation. (Ditlea 2000, 16) Although this comparison does not take the executional and message delivery factors into account (traditional media enables marketers to forge their messages as desired; PPL message less controllable) Nokia has evidently found product placement to be very effective in its marketing communications.

In 2001 Nokia spent \$900 million (3% of sales) on marketing communications activities. The company conducts print and television advertising on a global scale in addition to which several sponsorship programs are also deployed (Nokia 1996; Guyon 2002), e.g. the title sponsorship for the Snowboarding World Cup. Outside the more traditional marketing communications Nokia has made the NokiaGame, a multimedia competition, an annual global event. As Nokia Corporation contains both consumer and business-to-business divisions the marketing communications discussed here has concentrated mainly on Nokia Mobile Phones.

#### **4.4 Additional cases**

This chapter will provide brief discussions on cases that may not be the most famous or applicable in describing successful implementation of product placement practice. Instead these cases will serve as pointers for illustration of accidental successes, innovative executional tactics, and also miserable failures in the practice.

##### **4.4.1 Federal Express (FedEx) in "Cast Away"**

The modern day Robinson Crusoe tale portrayed in the film "Cast Away" (2000), directed by Robert Zemeckis and starred by Tom Hanks, will be

remembered perhaps above anything else by its remarkable, some might say, over-the-top product placements. Tom Hanks plays a devoted Federal Express employee to whom being on time with the deliveries means everything. His values will change severely as he suffers a crash in one of the FedEx planes and finds himself stranded on a deserted island. The film is filled with FedEx literally from the opening shot and the parcel delivery company receives prominent exposure constantly throughout the film in forms of delivery cars, aeroplanes, flags, mugs, napkins, carpets, parcels, posters, verbal expressions, and even the chairman / CEO Fred Smith has a cameo role in the film. The prominence of the company in the film is a borderline case that may turn annoying to some viewers but the connection has its moments especially when the main character has to survive with the parcels that are washed ashore after the crash. Something can be interpreted from the company's prominence in the film by the fact that no domestic (American) cross-promotional activity coincided with the release of the film; that could have taken the placement definitely beyond suitability. FedEx did not even have a mention of the prominent film role in its own Web site, which is, to say the least, highly unusual. There probably was no need for this type of publicity as the company received more free publicity in all forms of press and media over the few days around the release of the film than it usually receives in a year. The prominent exposure can in turn be credited as a compensation for allowing the production crew to use its main hub and headquarters in Memphis, Tennessee, along with FedEx's facilities in Los Angeles, California as a location of filming, and for providing FedEx uniforms for the cast, and the company employees as extras. It is also conceivable that FedEx has participated in transportation of crew and equipment to the more distant locations where the film was shot, such as Moscow, Russia, and the Pacific Ocean. (Finnigan 2000c, 20; Beale 2001, 22; Carter 2001) In total FedEx received an amazing almost 9 minutes (or 540 seconds in terms more commonly used with measurement of product placement screen time) of screen time in the film, in all possible

forms and modalities, including 10 verbal expressions of the company name.

#### **4.4.2 Wilson in "Cast Away"**

The second prominent and storyline-integrated product placement in the same film is credited to the sports equipment manufacturer Wilson. While being stranded on a Pacific island the main character, played by Tom Hanks, finds a Wilson AVP volleyball in one of the FedEx parcels washed ashore after the plane crash. Incidentally he cuts the palm of his hand in a sharp stone and in frustration throws the volleyball away from his camp. A bloody handprint is pressed on the volleyball in resemblance of a human face. Gradually the volleyball turns into the man's imaginary friend with whom he discusses any and all situations occurring on the island, including the possibilities of getting away from there. Conveniently, the man begins to address his new friend by the name Wilson, hence making the volleyball an important member of the cast. Wilson's importance and prominence in the film can be seen from the screen time the Wilson AVP volleyball received in "Cast Away": with the Wilson logo present and recognisable the screen time totalled in full 80 seconds. Compared to the 540 seconds of FedEx the result seems meager but the volleyball itself is present in practically every scene in a 40 minute section in the middle of the film. In these 40 minutes the Wilson volleyball actually becomes a character and the total screen time for it is at the minimum 10 times as much as just the 80 seconds with the logo visible. It must be remembered that ordinarily a placement will last only few seconds in total and a 10-second placement is a huge achievement. Wilson's PPL in "Cast Away" is also enhanced by the amount of verbal expressions the brand receives as the main character addresses his friend by name. The name "Wilson" is mentioned verbally in total of 34 times in the 40 minute period the volleyball appears in the film.

It is difficult to come up with any other brand name that is also a man's name other than Wilson. Surely there are brands such as Miller beer and Johnson outboard engines but these names are more on last name basis and as plot devices these products are questionable, at least in this particular case. Therefore it is safe to say that this product placement opportunity was made to fit for Wilson without any competition. According to communications manager Molly Wallace at Wilson Sporting Goods, the role in "Cast Away" was indeed an accidental opportunity offered to the company by the production company of the film. Despite having practised product placement communications for over 10 years to date Wilson had not done any tie-in promotions to coincide with their PPL or otherwise integrated their marketing communications with their PPL. "Cast Away" was Wilson's first effort in promotional campaigns tied to the company's product placement. Incidentally the company played safe and began the planning process for a promotional campaign to coincide with the film's DVD / video release in the U.S. markets. The tie-in campaign included a release of a special edition Wilson AVP volleyball with the Wilson "face" printed on the ball with the film logo. Due to the traditional delay in international release dates of feature films the special edition volleyballs were on sale in Europe shortly after the film's release in Europe. The unconventional use of sports equipment and prominent brand exposure in the film provided Wilson with a good amount of international publicity as the film, Wilson, and the volleyball character became an interesting topic for all media from newspapers and magazines to television shows. (Wallace 2001)

In general Wilson has, according to Wallace, implemented product placement as a pure brand exposure device and as an extension to their limited marketing communications budgets. The company applies an in-house approach to the practice, in similar fashion to Apple, as discussed earlier, but with a flexible relationship with a product placement agency

that offers suitable placement opportunities without compensation, should an appropriate opportunity arise. The in-house approach to product placement has offered Wilson benefits again similar to those of Apple: relationship development with the product placement and entertainment industry professionals is more direct and gives these other parties an opportunity to deal with Wilson directly rather than through a third party. Additionally, in-house operation saves the company the agency fee, although some overhead costs are generated from the internal operation. If the operation is concentrated to coincide with the rest of the corporate marketing communications the share of overheads may be diminished. In line with the cost effectiveness dictated by the limited budgets Wilson also declines any form of payment for product placements. The main negative side of the in-house operation for Wilson is according to Wallace the lack of opportunity to see all the PPL propositions the specialist agencies get as they are in contact with the studios and producers on a daily basis. In line with the PPL industry practice, Wilson does not conduct any measurements of effectiveness on their placements outside the standard box office receipts and timing and scaling of the placements, or at least any proprietary information is not revealed. (Ibid.)

As an overall evaluation of product placement as a marketing communications method Wilson's communications manager Molly Wallace considers PPL to be a great tool when used appropriately. One must be aware that not every placement will generate effective exposure but every once in a while some of them are successful. The personal relationships derived from the in-house operation often ensure a placement in favour of a familiar operator and a good placement will expose the brand to millions of people and may in long term influence the audience next time they are in a market for sporting goods. According to Wallace the biggest fear with product placement practice is always the misrepresentation of the brand or product, but this can be prevented on most occasions with good

preparation and sufficient follow-up on the actual placement execution.  
(Ibid.)

#### **4.4.3 Reebok in "Jerry Maguire"**

One of the most prominent examples of failure in product placement is the sports apparel manufacturer Reebok's placement in the film "Jerry Maguire". In exchange for a prominent role in the film about the trust and friendship between a sports agent and his last remaining client in the rough world of sports industry Reebok agreed to provide Reebok products for the filming, reportedly worth over \$1,5 million. In addition to this a fake Reebok commercial was shot intended to be used at the end of the film. The uncertainty of the product placement practice materialised and the commercial was edited out from the final release version of the film. To make matters worse for Reebok the script included a scene where one of the main characters in the film, a veteran football player, in frustration over his endorsement contract negotiations with Reebok bursts out to his agent a derogatory exclamation "F\*\*\* Reebok!". Reebok had also designed a tie-in program to follow the release of "Jerry Maguire" but with the changed tone of the film towards the brand the finalised program had to be pulled out at the last minute, as the edited-out commercial was to be the centerpiece in the promotional tie-in program. As a result, Reebok filed a \$10-12 million lawsuit for breach of contract against Tri-Star Pictures, the studio that produced the film. Eventually the parties settled the dispute out of court, with undisclosed terms. As part of the settlement the scene was restored for video and later on DVD release. Even with this settlement Reebok can be considered a losing party as the issue was discussed widely in the media for years the lawsuit was pending. As such, Reebok brand suffered considerably and the case paved the way for the current practice where product placement and tie-in promotions are more likely to be kept apart and designed to work individually in case the support from the placement

can not be obtained for reasons described above. (Bamberger 2000, 28; Stanley 1998b, 34-35; Stanley 1999, 14; Kalisher 1999, 50; Marketing Week 1997, 5)

#### **4.4.4 Virtual product placement in "Crazy Taxi" computer game**

To round up the case studies it is feasible to take a look at the main potential growth area in the product placement practice: virtual product placement in computer games (see chapter 3.3.2 for other forms of virtual product placement). An intriguing and also an extreme example of games PPL can be provided from the game "Crazy Taxi", where the player is a taxi driver who has to drive the customers to their respective destinations by all means necessary and as fast as possible. Despite the anarchistic-feeling plot the game is done with a great sense of humour and is great fun with a nice addictive quality to it. The importance of "Crazy Taxi" to product placement industry stems from the destinations given by the customers of the taxi driver: among the generic destinations (train station, stadium, beach, used-car shop etc.) are also more specific destinations like Pizza Hut, Kentucky Fried Chicken ("KFC"), Fila Shop, Original Levi's Store, and Tower Records. All customers verbally express their destination ("*Take me to the Fila Shop...*", "*I wanna go to the KFC...*") and the destinations are all depicted with precision due to high quality computer graphics: the architecture of the stores and store signs are all almost photo-realistic in their quality. Although the placements in this particular game are all basically services (with all except Tower Records selling their own products in their stores) they nevertheless are product placements, as they are verbally mentioned (one main modality of PPL) and the external appearance of the locations are executed according to respective corporate designs. The amount of product placement in "Crazy Taxi" is so excessive that it practically turns into a joke, in a similar fashion as in many comedy films that make fun at the expense of the practice. This excessiveness has

also been reported to be comfortable for the fans of the game, in a fashion discussed earlier about the audience attitudes on PPL, and this can be interpreted yet again as a reflection of contemporary popular culture. As already mentioned, "Crazy Taxi" can be considered an extreme exception to games PPL as without the humour loaded in the game the PPL execution would be brutally blatant and appalling. Perhaps this line of thinking has been the actual strategy in the execution of the game and it has been successfully translated into good entertainment with the excessive PPLs working for the benefit of brand image. This type of product placement, in any case, does not always function in games PPL, as does not product placement in general, because of the same restrictions with genres and eras that apply to other forms of PPL (movies, television etc.) as well. (Raphael 2001; Emery 2002; Gunn 2001, 10; Evenson 2000, 120)

#### **4.5 Discussion: Product placement in relation to the IMC framework**

The article review conducted for this thesis indicated clearly the multitude of possibilities product placement communications can offer for different type of products and companies. It is extremely uncommon that companies with so unequal promotional resources and means can exist on the same field of practice as indicated by Figure 17. If the same type of chart was made about event sponsorship or broadcast advertising the list of brand names would contain hardly any unfamiliar brands. A marketing communications method where the marketing communicator has very limited control over both the message and the medium is somewhat unorthodox practice in the business world, to say the least, but it has nevertheless managed to convince marketing communications professionals of its potential.

For smaller brands that can not choose to use all and any media required but instead use whatever they can according to their resources product placement may provide more opportunities for media exposure unlike the variety of advertising forms that can be used selectively or not at all due to their cost. For the dominant global brands product placement naturally provides yet another opportunity to maximise the communications impact on the audience, but it most likely does not play such a crucial role to these companies and products as it does with the smaller ones. These points can explain for the most part the differences between the brands that deploy product placement in their marketing communications.

There are very few brands and products — if any — that have climbed to success with merely implementing product placement as a sole marketing communications tactic. But then again there are very few brands that succeed with a single marketing communications tactic in general. Therefore integrated marketing communications (IMC) as a planning process and as a message delivery strategy has been adopted by marketing communicators in an increasing fashion. The need for integrated marketing communications planning is required not only with product placement to the extent of deciding whether the tactic is suitable for the selected communications strategy, but even more so in cases when a product placement is accompanied by a promotional tie-in program — that are conducted in a selective fashion as exhibited by the article review study — in order to enhance the effect of the placement itself. Integrated planning ensures that any promotional cooperation with product placement does not contradict other marketing communications conducted by the organisation, but instead upholds and strengthens the overall message and, hence, the image of the brand. The IMC planning can be conducted in a systematic fashion with the IMC planning models and their modified variants providing appropriate guidelines, as discussed earlier.

As reported earlier in the empirical study, product placement practice is occupied in majority by products that require high-involvement processing by the audience and also by consumer durable products, which in most cases are also high-involvement products, as can be interpreted from the ratio of 105 high-involvement products and 98 consumer durable products. The popularity of product placement in these particular cases suggest that consumers require also emotional conviction in addition to rational decision-making in order to purchase the product. If this assumption was true it would certainly suggest that marketers approach their marketing communications from an integrated perspective. Another side to this aspect is also the known fact that high-involvement / consumer durable products are also visually attractive and at the same time often contain a function that can be used for a storytelling purpose in an entertainment context.

On the other side of the coin, the review showed products appealing to audience's feelings dominate over products that would require more thinking and rationality. This would suggest that feeling type of products would appear more convincing in an emotional arena of entertainment when it comes to creation of brand preference or the compilation of evoked brand set in consumer's mind in comparison to other marketing communications alternatives.

From the media point-of-view the review indicated a strong appreciation for liberties provided by theatrical films in comparison to other media, such as television. The more elaborate settings and storylines provide more opportunities for marketers and entertainment producers alike than other media alternatives, while longer lead times of the production also provide more opportunities for integrated marketing communications planning.

## 5. CONCLUSIONS

This research study has established and discussed the viability of product placement as a marketing communications method. The secondary research data (i.e. research results from studies conducted by other academics than the author of this paper) presented in the paper provides evidence for the efficacy of product placement as a marketing communications method. Product placement communications are, according to research results, recognised and recalled at rates often surpassing those of a traditional 30-second television commercial. Although direct comparisons between commercials and PPLs should not be done — due to differences in the purpose of communication as well as in the message elements, execution, and delivery mechanism — some understanding can be derived from these results. The low cost of the practice to marketers, added with incomparable diminishing cost-per-thousand (CPM) figures, has driven numerous marketers to implement PPL in their marketing communications. The wide repetitious use of product placement can be deemed as a sign of derived benefit for marketers. The empirical data in addition to the case examples discussed in chapter 4 confirm this suggestion. These benefits are likely to be in a form other than direct sales increase as for that to happen explicitly as a result of exposure to product placement communications a receiver must have a prevalent category need for the product in question as a minimum requirement for a sale to take place.

Bearing these factors in mind the article review conducted as the empirical study for this thesis brought about some curious and intriguing results. Some of the research hypotheses set for the empirical study turned out to be inconsistent with the findings and in the most radical case the result turned out to be completely opposite to the expected. The dominance of products requiring high-involvement processing by the target audience in a communications environment generally regarded more suitable for low-

involvement processing was an interesting and unexpected outcome. But if stated bluntly: low-involvement / think type of products are boring, which can hardly be said of their counterparts in the high-involvement / think category, those products generally being expensive and even exciting (although less so than on the feel side of high involvement) to the extent of being unreachable by a majority of the public. Another surprise in the empirical study came with the unexpectedly small amount of promotional tie-in programs conducted in connection with product placements. This finding could cause some concern among the product marketers as it suggests that the general public is perhaps getting slightly tired of promotional entertainment ties and feel they are used more than they actually are. The hypothesis in this case was nevertheless formed only by the author of this study and is not based on any general consensus found among the general public, but at the time the hypothesis was originally conceived the author of this text was a member of that general public without any particular knowledge of the topic under discussion, and the sentiment expressed in the hypothesis may bear some truth.

Product placement has been proven a robust communications mechanism when audience attitudes are concerned: the majority of general audience accepts the product placement practice and some audience groups even endorse it. In turn, some people find product placement deceitful and unacceptable in all conditions as the practice is considered to tamper with artistic values and to interrupt the entertainment experience, while trying to persuade the audience with commercial messages. Bearing this in mind, consideration was given to the ethical issues surrounding the practice. Placement of so called "ethically-charged products" in entertainment contexts is widely considered questionable unless they serve strictly as storytelling and plot development devices. In general, the practice of product placement can be considered to be ethically sound, especially as the general public (including children from 10-12 years of age) widely

recognises the purpose and motivation behind the practice. In addition, all applicable research results showed very little evidence on behalf of PPL exposure resulting in an enhanced brand attitude, despite the increased levels of brand recognition and recall. Higher brand recognition and recall levels pave the way for other marketing communications to enhance the actual brand attitude, thus confirming the need for integrated marketing communications planning and execution, while offering credibility for product placement as a legitimate part of the IMC framework.

In line with the topic of this study product placement was studied as a potential component of an integrated marketing communications (IMC) strategy. The results can be considered as two-fold and the interpretation depends on how one considers and defines IMC. At first glance IMC can be considered roughly as a uniform message by the communicator based on the same campaign platform, and being independent of the receiver characteristics or demographics. In practice this would translate into a marketing communications strategy based on the message elements derived from, for example, a prominent product placement. This type of integrated communications is, despite some prominent examples (see BMW and Nokia cases in chapter 4), in fact surprisingly rare. This is mostly due to the unpredictability of product placement in a sense that a placement may not in fact materialise for numerous reasons. This unpredictability is obviously a severe hindrance to tactical planning as missing one essential piece of the plan prior to campaign launch is bound to cause considerable harm for the efficacy of the communications. If, on the other hand, integrated marketing communications is considered more as a planning approach where the role of each communications method is clearly defined within the boundaries of desired brand image, and these methods can then be used when required, the role of product placement as an IMC tactic is different. The company may now define contexts in which it prefers its products to be seen if product placement is to be conducted. The "one voice - one message"

thinking would now be somewhat less rigid but would yet again be executed according to a pre-arranged IMC plan. What comes to IMC planning a variety of different planning models have been discussed in this study from which one can be implemented according to the level of integration desired by the organisation. The corporate organisation itself may require adjustments in case an IMC approach is adopted as all communications are often concentrated under one department and management.

To those unfamiliar with the intricacies of product placement the practice may seem as another form of sponsorship communications. As discussed the similarities between the two practices are obvious but at the same time the differences are also evident. As sponsorship is a more familiar practice than product placement to many marketing professionals, and even more so to laymen, the general properties of the practice can be conveniently drawn from those of sponsorship. The mechanisms of effect may differ slightly between the two and the practical side has very few elements to be shared but the research brought about an interesting cross-over of studies concerning both practices. With an acknowledgement of the various forms of both methods the two can be divided roughly by two factors: visibility element and compensation structure. Hence, as a rule of thumb: in sponsorship the sponsor receives brand visibility (corporate or product logo etc.) in an entertainment or other context in exchange for underwriting an agreed amount of the sponsored activity's costs, whereas in product placement a company's product receives visibility in exchange for letting an entertainment production use the product free of charge.

A striking yet common concern that came up in the majority of studies done on product placement is the universal lack of any comprehensive, robust, and widely accepted measuring mechanism for PPL efficacy. Outside any proprietary measures product placements are often still

evaluated only with some form of *ad hoc* scaling systems and on-screen times. The difficulty with product placement evaluation and measurement is the insertion of persuasive communication within another set of communication. Whereas advertising and television commercials can be isolated from all other communication for research purposes, product placement can not be removed from the context it is in. Also, the mechanism by which the effect transfers from the source to the receiver is so complex in its nature, yet the message is designed to be subtle, that to date no measures have been established. The difficulties of measuring one IMC component raise the question of how to measure a total integrated marketing communications strategy. Although more effort should be given to the development of comprehensive measurement system covering the total communication and its results, one can neither forget the effects created by each communications component. Individual measuring systems are after all necessary in order to discover which communications affect in which manner.

From the results of this thesis a conclusion can be drawn that product placement can be implemented as a part of integrated marketing communications strategy and its planning framework, and potentially with excellent results. By taking advantage of an IMC planning framework marketers may design possible tie-in programs that should coincide with product placement in a manner that would function individually in case the actual placement would fall through. The practice of product placement for marketers is simultaneously risky, unpredictable, and uncontrollable but also potentially rewarding, different, and contemporary. But has it already become too contemporary? In the last five years, during which this topic has been studied by the author of this thesis in a geographic region where PPL has not been practiced on a professional level, product placement has grown from a curiosity of entertainment and marketing enthusiasts and incidental articles in trade press to a widely known phenomenon discussed

by general newspapers and also by the general public. From a public policy and ethics standpoint any open discussion is always a bonus but it is also a disservice for all parties involved in the industry. Excessive and superficial interest on the practice in general draws attention away from the execution of a particular placement, and worse yet, away from the actual entertainment production it is part of. In summary, product placement is by its foundation an ingenious win-win marketing communications method that is in danger of becoming cluttered and ineffective, just like mass media advertising whose shortcomings raised product placement to its current position. Indeed, as mentioned earlier: *”The question is whether you can be clever enough to take the images and values of a multi-million-dollar entertainment production and wrap them around your product”*.

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## **APPENDICES**

**Appendix I:** Empirical data

**Appendix II:** Product categories

**Appendix III:** Product placement case questionnaire

**APPENDIX I: Empirical data [R.K.]**

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
7Up	5	-4	x		x		x		4
America Online (AOL)	-4	5	x			x		x	6
Anna Sul	6	5	x		N		x		17
Apple	-2	7	x		x	x	x		8
Aston Martin	8	5	x		x	x	x		3
AT&T	-2	3	x			x		x	20
Audi	-6	5	x			x	x		3
Avalon Spring Water	5	4	x			x	x		10
Ben & Jerry's	8	-7	x		x		x		5
Bertoli Olive Oil	-5	-2	x			x	x		12
Bijan Fragrances	7	4	x			x	x		25
Black & Decker	-4	3	x			x	x		14
Blitz Power Mints	6	-8	x		x		x		5
BMW (cars)	-3	8	x	x		x	x		3
BMW (motorcycles)	2	7	x			x	x		3
Bollinger	7	6	x			x	x		2
Brioni	6	5	x			x	x		17
British Airways	-3	6	x		x	x		x	28
Bud Light	8	-6	x	x	x		x		2
Bulgari	8	8	x			x	x		22
Burger King	2	-6	x	x		x	x	x	16
Burton Snowboards	-4	2	x	x	G		x		7
Campbell Soup Co.	-2	-6	x		x		x		12
Cannondale	-2	2	x		x		x		7

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
Carlsberg	7	-6	x		x		x		2
Casio	3	3	x			x	x		24
Century 21	-4	5	x			x		x	31
Cheerios	-3	-6	x		x		x		12
Chevrolet	-6	2	x	x		x	x		3
Chrysler	-4	6	x		x	x	x		3
Church & Co.	5	7	x			x	x		17
Cingular Wireless	-6	7	x	x	x			x	20
Coca-Cola	5	-6	x		x	x	x		4
Compaq	-3	6	x		x	x	x		8
Converse	3	2	x			x	x		7
Cressi-sub	3	4	x			x	x		7
Def Jam Records	7	-6	x		G			x	29
Dell Computer	-4	5	x		x	x	x		8
Diesel	6	6	x	x	G		x		17
DKNY	7	4	x		N		x		17
Dodge	-5	5	x		x		x		3
Doritos	7	-5	x	x	x		x		5
Dr. Pepper	6	-7	x	x	x	x	x		4
Dunkin' Donuts	6	-7	x	x	x	x	x		5
EquiSearch.com	-4	1	x			x		x	6
Ericsson	-2	4	x	x	x	x	x		20
Eurocopter	-8	9	x			x	x		28
Federal Express (FedEx)	-5	5	x			x		x	28
Fila / Fila Shop	6	4	x	x	G		x	x	17
Ford	-6	7	x			x	x		3
Frito-Lay / Doritos	4	-5	x	x	x		x		5
GAP	3	2	x	x	G		x		17

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
Gargoyle	-3	4	x		x	x	x		13
Gatorade	4	-6	x		x		x		4
Gibson	3	6	x		N		x		29
Goldmine Software	-7	3	x		x	x	x		8
Guiltless Gourmet Chips	3	-3	x		x		x		5
Hamilton	4	3	x	x		x	x		1
Hawaiian Tropic	2	3	x			x	x		15
Heartstream	-10	5	x		x		x		15
Heineken	7	-6	x		x		x		2
Hewlett-Packard (HP)	-3	4	x			x	x		8
Hooters	2	-2	x			x		x	16
IBM	-4	7	x		x	x	x		8
Ikea	-2	3	x			x	x		32
Infiniti	-5	6	x			x	x		3
Isuzu	-3	5	x			x	x		3
Jeep	-3	6	x		x		x		3
Junior Mints	7	-4	x		x		x		5
JVC	-2	3	x			x	x		24
Kentucky Fried Chicken (KFC)	3	-4	x	x	G		x	x	16
Kenworth Truck Co.	-6	8	x		x		x		3
KitchenAid	-3	1	x		x		x		24
Land Rover	-4	6	x			x	x		3
Levi's / Original Levi's Store	3	3	x	x	G		x	x	17
Luxottica	4	3	x	x		x	x		13
M&M / Mars	8	-6	x			x	x		5
Magnetic Poetry	2	2	x		x	x	x		11
Marlboro	9	-8	x			x	x		23
McDonald's	4	-5	x		G	x	x	x	16

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
MCI / Prepaid	-6	1	x	x		x		x	20
Mercedes-Benz	-2	6	x	x		x	x		3
Met-Rx	2	2	x	x		x	x		12
Mickey's Malt Liquor	6	-6	x	x		x			2
Milk / Dairy products	-5	-8	x	x	x		x		12
Mont Blanc	4	4	x		x		x		18
Motorola	-3	4	x		x		x		20
Mountain Dew	5	-4	x	x	x		x		4
MSNBC News	2	3	x			x		x	19
MTV (Music Television)	6	-5	x		G			x	19
Nabisco	6	-7	x			x	x		5
Nantucket Nectars	4	-5	x			x	x		4
NFL (National Football League)	8	-8	x	x		x		x	7
Nick & Nora Sleepwear	7	6	x		x		x		17
Nike	6	3	x			x	x		7
No Fear	6	4	x		G		x		7
Nokia	-2	5	x	x	x	x	x		20
Oakley	3	5	x			x	x		13
Old Smoky Products	-2	1	x		x	x	x		12
Omega	3	7	x	x		x	x		1
Partagas	5	4	x		x		x		23
Paul Mitchell	4	3	x		N		x		25
Pepperidge Farm Milano	7	-7	x		x		x		5
Pepsi	8	-8	x		x	x	x		4
Perrier	3	1	x			x	x		10
Pete's Wicked Ale	4	-4	x		x		x		2
Peugeot	-4	4	x			x	x		3
Pioneer	-2	3	x			x	x		24

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
PixelVision Technology	-4	4	x		x		x		8
Pizza Hut	6	-2	x	x	G	x	x	x	16
Plantronics	-7	4	x			x	x		20
Pontiac	-4	7	x	x	x		x		3
Porsche	2	6	x		x	x	x		3
Pumpkin Masters	-1	3	x		x		x		14
RAM Sports	4	4	x			x	x		7
Ray-Ban	2	4	x	x		x	x		13
Red Bull	2	-2	x		x	x	x		4
Red Stripe	8	-6	x			x	x		2
Reebok	2	4	x	x		x	x		7
Reese's Pieces	5	-9	x	x		x	x		5
Rheingold Beer	7	-7	x	x		x	x		2
Ronzoni Spaghetti	-3	-5	x			x	x		12
Samsonite	-2	4	x	x		x	x		30
Samsung Electronics	-3	3	x	x	x	x	x		24
Schwinn	-2	3	x			x	x		7
Sears	3	3	x	x		x		x	26
Silicon Graphics (SGI)	-9	8	x			x	x		8
Sky-Tel	-3	3	x	x		x	x		20
Smirnoff	5	-3	x	x		x	x		2
Smith & Wesson	8	-5	x		x	x	x		9
Snapple	6	-7	x		x		x		4
Snyder's Pretzels	3	-4	x		x		x		5
Sony	-2	5	x		x	x	x		24
Spalding	2	5	x		x	x	x		7
Srixon	4	4	x			x	x		7
Starbucks Coffee	4	-3	x			x	x	x	16

BRAND NAME	-10 - +10	+10 - -10	PPL	Tie-in	TV	Film	Product	Service	Category
	Think - Feel	High - Low inv.							
Swiss Army	3	5	x	x		x	x		17
Taco Bell	3	-4	x			x		x	16
Tag Heuer	6	5	x			x	x		1
Tango	5	-6	x		x		x		4
Target	-3	-5	x	x	x			x	26
The Coffee Beanery	6	-6	x		x	x	x		16
Titleist	-2	6	x			x	x		7
Tower Records	2	3	x	x	G			x	26
Toyota	-3	6	x	x	G		x		3
Tropicana	-1	-4	x	x		x	x		12
Under Armour	-2	3	x			x	x		7
Unocal 76	-5	-2	x	x		x		x	21
Virgin Atlantic	-5	4	x		x			x	28
Visa	-2	3	x	x	x	x		x	27
Volkswagen	-5	5	x			x	x		3
Volvo	-4	5	x	x		x	x		3
WestLaw	-9	8	x		x		x		33
Windows CE / Microsoft	-4	6	x	x		x	x	x	8
XOXO	7	6	x		N		x		17
Zenith	-3	4	x			x	x		24
<b>TOTAL</b>			<b>156</b>	<b>47</b>	<b>62 *</b>	<b>103 *</b>	<b>135 **</b>	<b>28 **</b>	
G = Computer game					<b>13 (G) *</b>				
N = Internet / Virtual entertainment					<b>5 (N) *</b>				

\* = Total 183; Brands may appear in several different media.

\*\* = Total 163; Some brands contain both product and service functions.

**APPENDIX II: Product categories in the empirical study [R.K.]**

<b>Product categories (by classification)</b>	<b>Brands in the category</b>
1. Watches	3
2. Alcohol	9
3. Motor vehicles	20
4. Soft drinks / non-alcoholic beverages	10
5. Candy / cookies / ice cream	12
6. Internet services / websites	2
7. Sports apparel + equipment	14
8. Computer products + software	9
9. Guns	1
10. Bottled water	2
11. Toys	1
12. Food products	8
13. Eyewear / sunglasses	4
14. Tools	2
15. Healthcare products + equipment	2
16. Restaurants / Coffee shops	8
17. Clothing / fashion apparel	11
18. Pens / stationary	1
19. Television networks	2
20. Telecommunications equipment	8
21. Oil companies / gasoline stations	1
22. Jewelry	1
23. Tobacco products	2
24. Consumer electronics	7
25. Cosmetics	2
26. Retailers	3
27. Financial institutions / credit cards	1
28. Logistics services / Airlines / Aviation	4
29. Music industry / instruments	2
30. Luggage	1
31. Real estate agencies	1
32. Furniture / Domestic accessories	1
33. Judicial products	1
<b>Total</b>	<b>156</b>

<b>Product categories (by size)</b>	<b>Brands in the category</b>
3. Motor vehicles	20
7. Sports apparel + equipment	14
5. Candy / cookies / ice cream	12
17. Clothing / fashion apparel	11
4. Soft drinks / non-alcoholic beverages	10
2. Alcohol	9
8. Computer products + software	9
12. Food products	8
16. Restaurants / Coffee shops	8
20. Telecommunications equipment	8
24. Consumer electronics	7
13. Eyewear / sunglasses	4
28. Logistics services / Airlines / Aviation	4
1. Watches	3
26. Retailers	3
6. Internet services / websites	2
10. Bottled water	2
14. Tools	2
15. Healthcare products + equipment	2
19. Television networks	2
23. Tobacco products	2
25. Cosmetics	2
29. Music industry / instruments	2
9. Guns	1
11. Toys	1
18. Pens / stationary	1
21. Oil companies / gasoline stations	1
22. Jewelry	1
27. Financial institutions / credit cards	1
30. Luggage	1
31. Real estate agencies	1
32. Furniture / Domestic accessories	1
33. Judicial products	1
<b>Total</b>	<b>156</b>

<b>Product categories (alphabetically)</b>	<b>Brands in the category</b>
Alcohol	9
Bottled water	2
Candy / cookies / ice cream	12
Clothing / fashion apparel	11
Computer products + software	9
Consumer electronics	7
Cosmetics	2
Eyewear / sunglasses	4
Financial institutions / credit cards	1
Food products	8
Furniture / Domestic accessories	1
Guns	1
Healthcare products + equipment	2
Internet services / websites	2
Jewelry	1
Judicial products	1
Logistics services / Airlines / Aviation	4
Luggage	1
Motor vehicles	20
Music industry / instruments	2
Oil companies / gasoline stations	1
Pens / stationary	1
Real estate agencies	1
Restaurants / Coffee shops	8
Retailers	3
Soft drinks / non-alcoholic beverages	10
Sports apparel + equipment	14
Telecommunications equipment	8
Television networks	2
Tobacco products	2
Tools	2
Toys	1
Watches	3
<b>Total</b>	<b>156</b>

**APPENDIX III:**

**Product placement in Integrated Marketing Communications strategy: Case questionnaire**

Company:

Please fill out the following information about you first!

Date:

Name:

Title:

E-mail:

Postal address:

1. What have been the main motives for your implementation of motion picture / television product placement?
2. How is product placement positioned in your marketing communications strategy?
3. Do you handle your product placements "in-house" or with an external product placement agent? What do you consider as pros and cons of these two approaches?
4. If an agent is used: Could you name the agent for possible reference purposes?
5. If an agent is used: Could you describe in general terms the contents of a product placement contract between your company and the agent (fee structure, guarantees, duration etc.)?
6. What background information do you usually have and ideally would like to have about the particular motion picture production when you are making a decision on a product placement deal?
7. How do you integrate product placement with other communication tools, i.e. do you support your product placement with advertising, promotional events, publicity, point-of-purchase materials etc.? Could you provide some examples of integration from previous campaigns?
8. How do you measure the effectiveness of your product placements? How do you value the exposure ratings your product receives from product placement (what is considered a success / failure)?

9. Have you implemented any tie-in promotions (or other co-operative promotions) in connection with product placements? What have been your experiences of tie-ins?
10. How do you regard the entertainment industry (movies, television, music, merchandising etc.) as a promotional channel for your products?
11. How did your product placement activity get started originally: "an active push" for product placement or just an "opportunity exploitation"? How many placement deals do you make annually and how long have you used this method?
12. Has there been any integration of sponsorship and product placement with your products? E.g. sponsoring a motion picture production with providing certain services and then receiving screen time for compensation? How often is monetary compensation used in product placement deals?
13. What have been the main positive and negative aspects in your experiences of product placement? Would you recommend it as a viable marketing communication method?

Company-specific questions: