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THE PROLIFERATION OF PRODUCT PLACEMENT AS A MEANS OF ADVERTISING COMMUNICATION

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Abstract: This paper will examine the growth and rebirth of product placement, a technique being practiced in the communication process of marketing. It will examine various models of product placement and present some reasons why it is ethically problematic in regard to protecting the consumer.

Keywords: marketing, consumer behavior, advertising, product placement

The purpose of advertising is to communicate a manufacturer's or brand's message to the consumer base. This message includes relaying the attributes and benefits of the product and its value to the consumer via words, symbols, pictures and sometimes price. Traditionally, we have seen the flow of this communication disseminated from the company through specific media bases (print, television, radio, billboards, and so on) directly to the targeted consumer.

NEW COMMUNICATION CHALLENGES

Today there is a multiplicity of channels from which consumers can and are receiving messages. Due to technological advances and a shifting emphasis from product centricity to consumer centricity, consumers get their information about products not only from traditional advertising methods, but through word of mouth, blogs, the competition, their own researches, and their individual past experience and brand communities, all of which are widely available to them. In many cases consumers sustain no direct contact with the firm as they make purchasing decisions.

This phenomenon shapes the way consumers look at products. It influences buying behavior and buying decisions, and subsequently changes the way advertisers, (whether independent or in-house) have to advertise. The strategy of selecting and purchasing prime time spots to advertise your brand and brand message to the consumer no longer proves effective. DVRs and TIVO allow people watching a program to fast forward and escape the intended message entirely.

The question for a company or brand becomes: what changes have to be made to better fit the communication model to our advantage? Without altering the model, the brand or company has no idea who initiates, receives, and interprets the message. More importantly, they don't know the full response to it. This confusion causes companies to play catch-up, to look for alternative methods to capture the consumer's attention, because they don't know what was said and how it was heard. The new model has resulted in a company's loss of communication control.

Reliance on a fully integrated marketing approach is always necessary to build customer awareness, loyalty, brand equity and market share. Because of this recent communication shift in advertising, now more than ever, a brand or manufacturer needs to perfect this fully integrated marketing approach. This means media, website, TV, direct marketing campaigns, product placement, celebrity endorsements,

sponsorships, etc. all have to work together and deliver the same coherent message to the targeted audience.

GROWTH OF PRODUCT PLACEMENT

One of the most recent changes in marketing is the emphasis placed on product placement. While this certainly is not a new phenomenon, its importance has grown tremendously. Product placement used to be seen as a supplemental way of getting a company's brand message or name across to the consumer. At one point, television shows and movies went out of their way to disguise the brand of soft drink an actor was drank, food that he/she prepared, cars driven, etc. However, placing a branded product in entertainment allows the consumer to identify more completely with the story line. As a result we have seen product placement appear in TV shows, movies and books. In an article from Brandchannel.com, PQMedia found that 24% of all product placement deals were free in 1975. By 2005, that amount was 3.4% (Manning-Schaffer, 2006).

A massive change has occurred. Product placement, originally considered simply an additional way to market now appears to be a key aspect of marketing strategy. Firms worldwide try to find new ways to not only engage consumers but to encourage consumers to form an emotional attachment to their product. Their goal is two fold, to get the message of the product to the consumer and to create a revenue stream. The revenue stream resulting from product integration is a two-sided phenomenon, as the brand benefits from additional exposure and sales of the highlighted product and the production company receives various types of compensation for placing the product. According to research compiled by PQ Media, the value of global paid product placement spending in television, film and other media is expected to climb from \$2.21B in 2005 to \$7.55 by 2010.

Two examples of product placement which prove the growth of this phenomenon- movies and television- are Procter & Gamble's Crest in the television show, "The Apprentice" and the appearance of GM's vehicles in the movie "Transformers." TVX tracked the placement of Procter and Gamble's (P&G's) Crest toothpaste during "The Apprentice," a popular TV series. The toothpaste's appearance scored the equivalent of 10.8 commercials, which would translate into \$4.2M cost for the company. The success of the show guaranteed viewers would take notice of the product (Manning-Schafel, 2006). In the recently released movie, "Transformers," the vehicles prominently placed in the film, not the actors, were the main feature. GM Corporation's Camaro, Solstice, Topkick and Hummer H2 had starring roles and took on various human characteristics, thereby allowing the viewer to connect with his or her favorite. This was a conscious team effort by GM and DreamWorks/Paramount. GM is currently seeking the younger demographic of 18 to 34 year old viewers for its vehicles and the film capitalizes on a toy grouping popular in the 1980's (Householder, 2007). The collaboration created a mutually beneficial match for the automotive maker and the story line. According to industry press reports, there was no direct payment for the vehicles being featured in the movie. Instead, the movie was promoted in GM's ads. The film's director directed five ads for the automotive giant (Householder, 2007).

LEGAL CONSTRAINTS

The amount of product placement allowed depends on the legal constraints of the country where the ad will run. Most often a nation will place bans on products directed toward children or the elderly, groups

traditionally seen to be most vulnerable. According to the Brandweek article, the United States, by far, exhibits the most product placement, followed by Brazil, Australia, France and Japan. In the EU, there are differences in the prevalence of product placement. Spain commonly uses this practice while Germany is a critic of its application (Laitner, 2007). Paid product placement is expected to grow substantially in Europe due to relaxing regulations and the passage of the “Television Without Frontiers” directive, despite the fact that numerous European consumer groups have called for its ban. (Carvagil, 2005, 2006). The marketplaces of China and India are considered to be two of the key growth markets for this venue, due to increased brand awareness by the consumer base and marketing firms looking to diversify their mode of promotional activities in those countries. This method of reaching the consumer leads to the establishment of an emotional attachment between the customer and the product or brand resulting in the ability to create buzz and ultimately, increased market share.

CELEBRITY PRODUCT PLACEMENT

The intended impact of product placement has increased with the combination of celebrity placement. Brands and marketers have long used celebrities as spokespersons for their wares, some more successfully than others. Celebrity product placement differs from celebrity endorsement as with the latter, consumers realize they are seeing an advertisement in which the celebrity is compensated. With celebrity product placement, free products are distributed with the expectation that the celebrity will be seen using the product, thus leading to increased sales of the brand. This process of combining a celebrity with a brand becomes an additional impetus for the targeted customer to identify with and purchase the highlighted item. How does this occur and how does this serve as an added endorsement? Since the celebrity is seen wearing or using the product, it appears to the consumer that this product was the choice of the celebrity. Companies have gone to quite exorbitant lengths to capitalize on this. At the Academy Awards, last year, two gift bags contained products worth over \$110,000 each. Products such as Gucci sunglasses, Sprint phones, and Lacroix watches were enclosed (Holiff, 2005).

VIRTUAL

Product placement can appear and influence customers in an even more understated fashion. Walt Disney advertised “little Einsteins” DVDs for preschoolers on the paper liners of examination tables in pediatricians’ offices, according to Louise Story’s article (2007). Supply Marketing gave doctors free supplies in exchange for the use of branded products. While a pediatrician is not a celebrity in the traditional sense, he is seen as someone of authority by those utilizing his services, and thus perceived to have sound judgment. The doctor’s use of liner promoting Disney reminds the patient and caregiver of the company’s offering. Brands such as M&M’s, Skittles, Hershey Kisses, and Oreo, among others, have created learning books for children (Neer, 2007). While none of these brands are experts in education, using their products as learning tools for young children reinforces the brand in the child’s mind.

Product placement has now extended from the traditional entertainment venues of TV and film into the virtual world via Ad-placement in video games. These ads serve as a means to have the game player constantly see the brand’s name or logo while engaged in play. As most video games are played and replayed and consequently become favorites of their owner, this method of product placement serves to constantly reinforce the brand’s name in the consumers’ mind and thus build brand equity for the firm.

This, in turn, causes an individual player to achieve what every marketer covets, a customer's emotional connection to the brand.

REVERSE PRODUCT PLACEMENT

In addition, what seems to be emerging is a type of reverse product placement. Fictional products placed in games have emerged into the real world. "Square Enix, publisher of the Final Fantasy video game franchise partnered with Suntory to market an energy drink, Potion, in Japan, with the intention of carrying through an idea directly taken from the game, where characters drink a 'health potion' which restores their strength" (Edery, 2006, p.1). Should marketers take heed of this trend and act on it, endless marketing opportunities could present themselves and firms could save a tremendous amount of resources in market research and product development, among other brand equity activities.

It is undeniable that marketing has become driven by consumer interaction, and the customer, as a result, demands and expects this. Many video games today, WWE SmackDown vs. Raw and Tony Hawk Skateboarding, for example, allow the player to construct a wardrobe for his or her character. Noticing this trend, brands have positioned themselves in video games. "In Def Jam: Icon, a player who's earned enough cash can outfit his character in a pair of distressed Phat Farm jeans, a baby blue Ecko T-shirt, Air Jordan high tops, and a yellow Puma running jacket" (Healy, 2007).

In addition to building brand recognition and loyalty, the consumer's selection of specific styles and colors allows the manufacturer to assess the popularity of a particular item before or while launching it. It also augments the power of the consumer. Once the player has selected or created apparel for the game's character, he or she feels that coveted sense of ownership, which can translate into a sales transaction in the store. In addition, the player/consumer can subsequently place this character on a blog, thus gaining additional free product placement for the manufacturer when other bloggers view it. In all these scenarios, the consumer is never evaluating the benefit of using the product. The consumer is reacting to the setting in which the product is displayed and used by an authoritative presence. The consumer is reacting in an emotional manner.

ETHICAL CONSIDERATIONS IN MARKETING

The question which arises is how ethical is this? How much attention does the consumer pay to the identification of paid product placement if companies were forced to comply as a form of legal regulation? How can country norms be taken into consideration? How aware are consumers that the product they see in their favorite film or TV show or video game, with their favorite actor using it, is not necessarily something that celebrity would select or use if left to their own devices? Consumers are, to a degree, a predictable group in terms of shopping behavior despite all the talk about shifts in consumer power. To some degree they still take their cues from ad messages and campaigns they constantly encounter and absorb. A recently conducted study by Yankelovich, a market research firm, states that a city dweller sees over 5000 marketing messages per day (Story, 2007). Certainly in industrialized societies, where consumers are plagued daily or even hourly with a myriad of marketing messages, a new technique to try to reach them has to be quite startling and more importantly, engaging, in order to grab their attention, spur them into action and result in increased sales for the company. Product placement helps to achieve this.

Consumers have transitioned from traditional print ads to celebrity endorsements with ease. These methods are no longer new or noteworthy. They no longer work to engage the consumer. Both methods have served to spur on a purchase. In print ads, copy was written to relate exactly what the manufacturer or brand wanted to relay to the consumer. Celebrity endorsement allowed the consumer to think that a person of authority, a popular, well known person, gave approval to this product. This approval served as validation for the consumer in making the purchase. Does paid product placement continue this process? And if it does, is it really adhering to marketing ethics?

The American Marketing Association states that it “commits itself to promoting the highest standard of professional ethical norms and values for its members. In this role, marketers should embrace the highest ethical norms of practicing professionals and the ethical values implied by their responsibility toward stakeholders” (AMA, 2004). It continues “We will represent our products in a clear way in selling, advertising and other forms of communication; this includes the avoidance of false, misleading and deceptive promotion” (AMA, 2004). The Direct Marketing of Asia Association echoes this credo by stating, “Representations which, by their size, placement, duration, or other characteristics are unlikely to be noticed or are difficult to understand, should not be used. And all offers should be clear, honest and complete so that the consumer may know the exact nature of the what is being offered” (Direct Marketing of Asia Association, 2007).

These views are repeated by the European Association of Advertising Communications which claims to “promote honest, effective advertising, high professional standards, and awareness of the contribution of advertising in a free market economy and to encourage close co-operation between agencies, advertisers and media in European advertising bodies” (European Association of Advertising Communications, 2007). What these three organizations have in common is the concrete adherence to protecting the consumer. Does paid product placement protect the consumer? Does it adhere to these ethical standards? Should it be seen simply as a natural progression in advertising?

It would seem to be ethically problematic as the consumer is not even aware that what he is seeing is actually a well thought out and calculated advertising method. He or she is basically unconscious to what is happening and is being conditioned to respond to a very subtle pitch. The message is not in any of the traditional forms the consumer is used to seeing. There is no print media in which the ad is positioned, no catch phrase in the copy to read, no jingle heard in the background.

The impact of product placement on audiences will vary, of course, depending upon their level of sophistication, familiarity with ad campaigns, and longevity in making purchase decisions. Consumers in developing nations (especially those who engage in aspirational buying) as well as children are two groups with limited purchasing patterns, therefore, calling the technique of product placement into question. In the example of the Suntory /Square Enix partnership to launch the drink Potion, the consumer makes a decision to purchase the beverage based on having seen fictional characters in a game restored to health after the consumption of the Potion drink. Yet, these characters have no credibility. They are not real and the positive results of the characters’ ingestion of the health potion are virtual. Still, the consumer, who in many cases can be a child, without a long history of purchase decision-making, is not assessing this. The child is reacting only to what he or she has seen happen within a game setting and this is what urges him or her on, creates the desire, and drives him or her to make the purchase. Suntory launched two versions of the drink. One was contained in a regular bottle; the other packaged with a

Final Fantasy XII “art card.” The latter reinforces the connection for the consumer (Edery, 2006). The firm continued this practice, with the release of a limited edition drink, Final Fantasy VII 10th edition, to celebrate the 10th anniversary of the game’s release.

It would seem that this practice of advertising and promotion does not fall within the guidelines each of the previously mentioned marketing associations claim when they state their goals are to present products clearly when selling and advertising, to have advertisements be easily understood by the consumer base, and to have the consumer base know exactly what is being offered. Whether and how this can be better regulated becomes a question for individual countries and governments to make as each country’s culture, norms and consumers’ purchasing patterns differ.

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