# CHAPTER-2

COVERT ADVERTISING—A CONCEPTUAL STUDY

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CHAPTER – 2
COVERT ADVERTISING – A CONCEPTUAL STUDY

2.1 MEANING OF COVERT ADVERTISING

Covert advertising is a unique kind of advertising, in which a product or a particular brand is incorporated in some entertainment and media channels like movies, television shows, or even sports. There is no commercial advertising as such in the entertainment, but the brand or the product is subtly (or sometimes evidently) showcased in the entertainment show. Product placement is a technique of ‘covert advertising’. A product placement is the inclusion of a product, brand name or the name of the firm in a movie for increasing memorability of the brand and instant recognition at the point of purchase. It is an advertising technique in which the companies pay a fee or provide service in exchange for a prominent display of their product. Product placement occurs with the inclusion of a brand’s logo in shot, or a favourable mention or appearance of a product in shot. For example, Airtel data card used by Aamir Khan in the movie 3 Idiots.

Product placement refers to the practice of including a brand name product, package, signage or other trademark merchandise within a motion picture, television or other media vehicles for increasing the memorability of the brand and for instant recognition at the point of purchase. Product placements are commercial insertions within a particular media program intended to heighten the visibility of a brand, type of product or service. These insertions are not meant to be commercial breaks rather an integral part of the medium so that the visibility of the brand increases. Attempts are made for the viewer to read the product or the brand as a quality of the characters using and approving it. Researchers have shown that viewers like product placements (unless there are too many) because

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1 Galician, “HANDBOOK OF PRODUCT PLACEMENT IN THE MASS MEDIA (page.1)
they enhance realism, aid in character development, create historical subtext, and provide a sense of familiarity. For marketers, the availability of a captive audience with greater reach than traditional advertisements, and the advantage of showing brands in their natural environment provide motivation for product placements. Brand placements are frequently used in Hollywood films and have subtly, of late entered in to Indian films. Product placements are different than the celebrity endorsement advertisements in many ways. The celebrities endorse products and brands with commercial reasons, which normally appear during breaks in television programs or in the cinema halls. The phenomenon of zipping and change in the television usage behaviour due to surfing during commercial breaks has reduced the effectiveness of the television commercials.

Similarly the commercials on cinema halls are found to be of low involvement as the audience takes them as blocks between the reasons of visiting the cinema hall and the time available to them for entertainment. So the brand communication and the entertainment products are viewed differently by the audience in both the media. Brand placement provides an opportunity where the involved audience gets exposure to the brands and products during the natural process of narration of the movie or television commercial. We have taken the issue of the movie as area of research because compared to television, movies are found to be of higher involvement. The audience can undertake multitude of working while observing the television program at a home setting which may affect the degree of attention span of the audience and hence reduce the overall effectiveness of the medium for enhancing brand memory. Quite contrast to this is the movie going behaviour where the audience makes a voluntary choice for viewing (exposure) at a cost (financial, time and opportunity cost) for the purpose of entertainment. So he is more receptive to the information provided to him in the movie hall setting which also includes the dissemination of the product information.
Further to this in a television viewing, the audience has a choice to shift the channel, as the programming is an involuntary exposure due to fixed schedules, content and timing. This involuntary exposure makes the audience to have a choice of voluntary viewing of the program of his choice and then he or she may switch to another channel. It has been observed from research that brand recall for commercials shown during the television programs with higher level of TRPs are very poor due to the channel switching behaviour. High level of media clutter, similarity of programming across channels, channel switching behaviour are the factors responsible to generate sufficient level of research interest among researchers at the practice of brand placements in movies.

The 98:02 pareto ruling Hindi film industry also has made this practice more acceptable to Indian film producers. Increase in the number and level of brand placements in Indian films stand as a proof to this proposition. The 98:02 pareto talks about the number of Hindi films that are able to become success and cover up the costs and earn net revenue for the film producers. Though there is not enough data available to substantiate the loss of revenue in Hindi films in various years but the performance of movies in the box office can be taken as an indicator for the proposition that 98% of the Hindi films flop in a year and the producers are not able to get revenue for their investments. The basic objective of permitting product placements in movies is to cover up the possible level of production cost before the movie is released. Due to the informal and non-standardisation nature of the business practices in Hindi film industry, there is no standard tariff that producers can charge to the brand managers for product placements in their movies. This practice lives the producers and the brand managers to negotiate different levels of pricing, depending upon the past success of the producer and the level of placement permitted by the producer in the movie. But the research indicates that product placement practice is a potential tool for brand communication. Indian film and advertising world needs to standardise the tariff structure for the product placements.
So we can summarise the above discussion by concluding that product placements are emerging as useful additional form of marketing communication. They score over traditional advertising for three reasons viz: goodwill gains by associating with a popular program, purchase of large portion of commercial time within the programme prevents communication interference from competition and integration with program reduces likelihood of zapping. There are number of examples of increase in brand performance after the product’s appearance in Hollywood movies. When agent James Bond made top secret calls on an Ericsson mobile phone in 1997 in the movie Tomorrow Never Dies, the Ericsson trademark got a real upward boost in visibility and market share. More recently equisearch.com, a web site targeted to equestrians, credited its 40% increase in web hits and quadrupled sales revenue over a two month time span to a brief appearance of the brand’s name in the movie The Horse Whisperer.  

In the past, as long as in 1982 the alien creature in the movie ET The Extraterrestrial, was lured from its hiding place with Reese’s pieces candy, brand sales increased by 65% just three months following the movie’s release. Though there has been a longer history of brand placements in Indian films but not enough research has been conducted to prove its effectiveness. The earliest reference of a brand placement comes in the 1940 classic Chalti Kaa naam Gadi with the brand Coca Cola. The movie Dilwale Dulhanyian Le Jayenge of the 1990s was a successful story of launching of Stroh bear in Indian market. Today, product placement is used as an often used strategy for the advertisers in Hindi films. The practice of product placement has proliferated due to the high level of message clutter in traditional advertising media. Product placement gives marketers an alternative means for gaining product exposure through a media context where targeted audiences may be particularly receptive. This audience receptivity means the difference between reaching sales and profitability objectives or falling short of them entirely.

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1 Buss, Dale D, Making Your Mark in Movies and TV, Nation’s Business, 28, 1998
Consumer’s beliefs towards product placement activities have been found to influence their acceptance of the placements in general. A few number of research studies have also attempted to establish a correlation between audience beliefs towards product placements activities and their purchase intent following exposure by comparing the effects across the cultures. However opportunity exists about the nature of the relationship between product placements beliefs and subsequent behaviours as well as variables that can predict behavioural out comes\textsuperscript{1}. Increase in product placements and institutionalisation of the industry indicate that advertisers are using the technique to sway consumer’s brand attitudes. The type of placements should look natural to the narration as consumption symbols are often used to enrich the plot, theme and characters of popular culture texts. Some consumers may feel that the use of brand names in popular culture simply reflects the increased commercial content of a culture or the producer’s efforts to enhance the realism of their film.

However in case where the brand takes a major role in the story of the film as in the movie Friends or where its presence in the movie might look suspect (Indian Film Yadein), audience may realise that it was placed there to affect their judgments and they may counter argue them just as they do to the traditional advertising messages. Critics have already voiced their concern about the increasing embeddedness of marketing efforts within popular culture and the intensifying commercialization of films. Though product placements are gaining ground in Indian films and have taken quite a substantial progress in American and European films, there is less or no research done to find out its effects on audience. Different studies found preliminary support for the impact of mode and prominence on recall and recognition of brands placed in films.

For this study, Product Placement (PPL) is defined as the placement of a brand or a firm in an entertainment vehicle by different means and for promotional purposes. The vehicles used for promotion include traditional media

\textsuperscript{1}Handbook of Product Placement in the Mass Media: New Strategies in Marketing Theory, Practice, Trends, and Ethics, Mary-Lou Galician, 2004
like films and television programmes, as well as books, computer games, web sites\textsuperscript{1}. Product placement is classified into 4 types viz.

a. that provides only clear visibility (product/brand name shown);
b. that is used in a scene;
c. that has a spoken reference; and
d. that provides hands-on use and mentioned by a main star.

Russel\textsuperscript{2} has classified them along three dimensions: visual, auditory and plot connection.

The first dimension is visual which refers to the appearance of the brand on the screen. This is called screen placement also which can have different levels, depending on the number of appearances on the screen, the style of the camera shot for the product and so forth.

The second dimension called auditory refers to the brand being mentioned in a dialogue. This is also called script placement which has varying degree depending on the context on which the brand is mentioned, the frequency with which it is mentioned and the emphasis on the brand name through the tone of the voice, place in the dialogue, character speaking at the time.

The plot connection dimension refers to the degree to which the brand is integrated in the plot of the story. Whereas lower plot placements do not contribute much to the story, higher plot placements constitute a major thematic element, taking the major place in the story line or building the persona of the character. A mere mention of the brand or a brief appearance of the product on the screen is taken as a lower plot. However when character is clearly identified with the brand like Saharukh with Santro Zip drive in the movie \textit{Phir bhi dil hai Hindusthani} or James Bond with his Aston Matin, then his BMW Z3 or where the brand becomes the central part of the plot like Coca cola in \textit{Taal}, Pottery Barn episode of Friends can be called higher plot placements\textsuperscript{3}.

\textsuperscript{1} By MOTOKO RICH FEB. 19, 2008 In Books for Young, Two Views on Product Placement,
\textsuperscript{3} Zeime, G, Bonds Mission Successful retrieved April 23rd, 2004 from the web site,
Majority of the research on product placements measure the effectiveness of product placements in terms of how well they were remembered. This high level of reliance on brand recognition and recall measure presumes that the effects for memory are similar to the effects of attitude. The absence of correlation between memory and attitude measures are found in persuasion literature that challenges this assumption and suggest that memory and attitude measures are not always linear. Since recall is a poor predictor of persuasion, research on product placements should investigate both memory and attitude effects\(^1\). One of the popular methods of classifying the placements was a combination of level of integration and explicitness. They define three types of product placements as follows

Implicit PPL: An implicit PPL is one where the brand, the firm or the product is present within the program without being formally mentioned. It plays a passive, contextual role. In the implicit PPL the logo, the brand name, or the name of the firm appear without a clear demonstration of product benefits.

Integrated Explicit PPL: A PPL is integrated explicit whenever the brand or the firm is formally mentioned within the program; it plays an active role. In this type of PPL, the attributes and benefits of the product are clearly demonstrated.

Non Integrated explicit PPL: A non-integrated explicit PPL is one where the brand or the firm is formally expressed but is not integrated within the contents of the program. The sponsor name may be presented at the beginning, middle or end of the program, or it may be part of the program title.

\(^{1}\) Kogan Page, 2006, Brand Rejuvenation: How to Protect, Strengthen & Add Value to Your Brand to Prevent it from Ageing
Let us look at the issue of the effect of sponsorship on the brand. The effect of sponsorship is expected to be the transfer of the programme image to the sponsor. Studies have shown the importance of a strong link between the sponsor and the sponsored event or entity. In other words, a strong program-sponsor congruity increases the credibility and consistency of the PPL. The type of movie (soft romantic, action, adventure) may also have an impact on consumers' reactions toward a PPL.¹

PPLs in programs expected to provide objective information might lead to negative reactions. Studies examining the impact of product placement (presence versus absence) on brand awareness have indicated that not all product placements are equally effective. Prominent product placements that are highly visible induce a significantly higher level of awareness than subtle product placements. From the previous discussion about the brand recognition and comprehension versus brand recall and its effect on purchase behavior, it seems brand recognition as a measure is more objective in character than brand recall. Recognition describes the form of memory that requires a person to judge whether or not a stimulus, located in a set of distracting stimuli. Unaided recall exists when people retrieve information from memory without any assistance.

Recognition is considered a measure of unaided recall, and more important than aided recall. Gupta and Lord² have studied the impact of product placement on brand recognition: the impact of various product-placement categorization (prominent vs. subtle) and product-placement mode (visual, audio and audio-visual). They report a significant advantage for both audio and visual prominent PPLs over subtle visual placements. False recognition occurs when a subject incorrectly reports recognizing a brand as having been placed in a movie; this might be due to the fact that subjects tend to falsely recall familiar brands.

Since there are very less evidence of work carried out on product placement in Indian movies, this study is designed to provide direction to further studies in this area, and consequently exploratory in nature. The Indian film industry is the largest in the world in terms of number of movies produced. A total of 1969 feature films were produced in 2014. Since a majority of the movies are produced in Hindi, The researcher decided to restrict the study to Hindi films produced in the recent past and having popular appeal.

Due to the changes in the marketing communications environment 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. Product placement 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.

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. 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.
Leveraging on the entertainment value, emotional quotient of the film and its psychological impact on viewers has led the advertisers to utilize this medium. The phenomenon is gaining momentum due to its clutter free feature and advantages of celebrity endorsement for the product or brand in a movie. A few firms get product placement at no cost by supplying their product to the movie company (Nike does not pay to be in movies but often supplies shoes, jackets, bags, etc). Advertising is often not believed because consumers know that the producer or manufacturer of a product or service paid for the advertisement. There is however, a perception with the general public that products in films or broadcast programmes are for real. Branded product placements of well-known names contribute to this perception. The placed products represent a time frame in the sequence of events as it enfolds or develops on the screen or in their television programmes. As such it is assumed that these placed products are perceived as credible and true to real life experiences.

Movie audiences can be viewed as ready-made target groups, especially if a movie clearly represents a certain genre (e.g. Action, Comedy, Romance, 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. People are no longer interested in advertisements be it in any form i.e. radio, television, banners or magazines, they mostly try to skip the commercials.

Product placements are commercial insertions within a particular media program intended to heighten the visibility of a brand, type of product or service. Attempts are made for the viewer to read the product or the brand as a quality of the characters using it. In product placement a product is featured, used, mentioned or seen in a movie in a manner that provides the product with
a positive image and role in the movie. 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.

Covert advertising is different from celebrity endorsement. The celebrities endorse products and brands with commercial reasons, which normally appear during the breaks in television programmes or intervals in cinema halls. Brand placements provide an opportunity where the involved audience gets exposure to the brands and products during the natural process of narration of movie or television commercial.

The elements that can be placed are as follows

- Products, Services, Concepts, and Clothing.
- Promotional Items like hats, t-shirts, jackets, coffee mugs, bags, and decorative items.
- Point-of-purchase items like merchandise and displays.
- Signage: banners, posters, neon signs, and billboards.

The high cost of conventional media accompanied by the growing clutter had made product placement an exciting and viable opportunity. Marketers combine product placements with special promotions to publicize brands entertainment tie-ups. Product placement is increasing into movies, TV programs, and computer games. Marketers are looking for distinct source of media vehicle to reach their target audience to increase the impact of its message and hence increase the brand recognition. Movies have become one of the effective medium to reach out consumers. Product placement in movies has become a trend all over the world and India is also impacted by it. Movies as a medium give an excellent opportunity to marketers to place their products in movies and potential to connect emotionally with consumers.
In India the product placement in movies existed since late 50’s. The famous product placement in Hindi movie was the yellow coloured Rajdoot bike in the movie *Bobby*. Indian film producers, advertisers and corporate began to show interest in the advertising technique. They began to use it as a part of their integrated marketing communication strategy. The marketers and movie producers now frequently use placement as the promotion medium for products or brands. They communicate the product properties to targeted customers by the way of involving the actors or actress with marketing use of the product or with mention of the brand to eliminate the audiences’ resistance and also enhance consumer preference for the product or brand.

The goal of product placement is to add realism to the scene, give subtle exposure to the brand, and influence consumers in an unobtrusive manner. A number of companies pay to have their products used in movies and TV shows. For example, in the movie *Dabangg 2*, Salman Khan uses Rayban sunglass and Vodafone logo was displayed on the mirror of living room of the reality show *Bigg Boss 6* on Sony TV. Essentially, this form is advertising without an advertising medium. Often, the audience doesn’t realize a product promotion is going on. Viewers tend to see brand names in films as lending realism to the story. Yet the impact on the buying public is real.

2.1.1 Conceptual Model

**Figure – 2.1. : Conceptual model of Covert advertising relating to purchase**

![Conceptual Model](image)

Source: Effectiveness in Covert Advertising- Chaitra Bocheer K. S, 2013
The conceptual model of covert advertising is developed to understand the factors’ driving the purchase decision. Covert advertising is the act of embedding a brand or product in entertainment and media. Covert advertising is done through a technique called product placement. A product placement is the inclusion of a product, brand name or the name of the firm in a movie for increasing memorability of the brand and instant recognition at the point of purchase. By placing the brand in the movies, marketers create a brand image. The success of the covert advertising effectiveness is known when marketers make viewers recognize and recall the brand featured in the movies. Brand recall is of critical importance since customers will not consider brand if they are not aware of it. Attractive and charming product placement makes the viewer recognize and recall the brand and builds an emotional association with the viewers. Brand associations become handy to check the consumer’s attitude of the brand. Attitude towards a brand is highly influenced by its visual presentation.

A brand’s visual identity is the overall look of its communications. Brands’ having lifestyle and positive image and when it is used by the viewer’s favourite actors in the movie psychologically connects the consumer's self-expression and personal identity. Brands whose value to consumers comes primarily from having identity value create positive attitude towards the brand. The positive attitude behavior leads the viewers to make a purchase decision.

2.1.2 Operational Definitions of the Variables Used in the Study

**Covert Advertising:** Covert advertising is the act of embedding a brand or product in entertainment and media. In this work, covert advertising is used as a communication tool to evaluate the products/brands placed in Bollywood movies.

**Effectiveness:** Effectiveness is the capability of producing a desired result. When something is deemed effective, it means it has an intended or expected outcome, or produces a deep, vivid impression. In this thesis,
effectiveness is used as a parameter to measure the impact of covert advertising in Bollywood movies.

**Bollywood Movies:** Bollywood is the informal term popularly used for the Hindi language film industry based in Mumbai, Maharashtra, India. Bollywood is formally referred to as Hindi cinema. The Hindi Film Industry has seen various genres till date. The genres like action, comedy, family melodrama, Fantasy and romance movies of Bollywood are taken into consideration in the research.

**Product Placement:** It is an advertising technique used by companies to subtly promote company’s brand/products through appearances in Bollywood movies. This thesis is used to analyze how brand/products are exhibited and arranged in the Bollywood movies to persuade the customers to purchase the marketers products.

**Brand:** Brand is the "name, term, design, symbol, or any other feature that identifies one seller's product distinct from those of other sellers". The word "brand" in this research is referred to the company name that is strongly identified with a brand or company's symbol, logo, or any other feature of the company placed in Bollywood movies.

**Brand recognition:** The extent to which the general public (or an organization's target market) is able to identify a brand by its attributes. In this thesis brand recognition is the extent to which the movie viewers are able to identify a brand by its attributes in the Bollywood movies. Brand recognition is most successful when people can state a brand without being explicitly exposed to the company's name, but rather through visual signifiers like logos, slogans and colors.
**Brand Recall:** A qualitative measure of how well a brand name is connected with a product type or class of products by consumers. Recall is one measure marketers use to gauge the effectiveness of advertisements. In this article recall measure is done through asking respondents whether they recall the products/brands names featured in the Bollywood movies which they watched.

**Attitude:** A learned predisposition to behave in a consistently favorable or unfavorable manner with respect to a given object. In this research attitude is the behavior of the bollywood movie viewers towards the brand featured in the Bollywood movies.

**Actor:** In this work, actor is performing artist who portrays characters in Bollywood movies who is most liked and preferred above all others due to glamour, image and talent. "Actor" in this thesis is used to refer to both men and women.

**Lifestyle Brand:** Lifestyle is the way a person lives and the constellation of products and services used to support the person’s existence. A lifestyle brand is a brand that attempts to embody the values and aspirations of a group or culture for purposes of marketing.

**Positive brand image:** It is the impression in the viewer's mind of brand's total personality (real and imaginary qualities). The brand’s positive image is used to create a seamless identity that consumers can simply purchase without having to think deeply about each individual purchasing decision.

**Traditional Advertising:** Traditional advertising refers to mass media that delivers commercial messages to mass audiences for the purpose to sell an organization’s products or services. Mass media is "paid media". The traditional advertising media referred in this thesis are broadcast and print media.
**Purchase:** The consumer's act of choosing to buy a product, in this thesis, viewer becomes the consumer when he/she purchases the brand observed in the Bollywood movie due to attractive and influencing appeals of the brand in the movie.

### 2.2 COVERT ADVERTISING IN BOLLYWOOD MOVIES

The Indian film industry, like its Hollywood counterpart, has also been resorting to covert advertising for quite some time. The outcome has been akin to the curate’s egg – good in parts. Incidentally, it has been the case with Hollywood too, although it is cold comfort. Some such instances of covert advertising are discussed in the following paragraphs:

- In a scene from the film *Shree 420* when Raj Kapoor, the protagonist, enters Mumbai for the first time, a large Coca-Cola banner was visible right above his head. In the movie, *An Evening in Paris*, Coca-Cola was featured more than once.

- Way back in 1973, the black-and-yellow Rajdoot motorcycle was placed through Raj Kapoor’s film *Bobby*.

- The BSA SLR bicycle was assigned a significant role in the film *Jo Jeeta Wohi Sikandar*. Eventually the bicycle became a favourite of school-going and college-going youth.

- In the film *Taal*, the audience got to see the heroine and hero (played by Aishwarya Rai and Akshay Khanna respectively) share a bottle of Coke. The underlying element of romance associated with the placement of the product (Coke) led many dating youngsters in the country to share Coke in parks, restaurants, colleges, etc. to advertise their love for each other.
• In the movie *Dilwale Dulhania Le Jayenge*, the hero Shah Rukh Khan makes a casual mention of a beer brand (Stroh’s) and actually downs a can of it.

• In *Love Ke Liye Kuch Bhi Karega* the main character is seen holding a ball with the Mac “M” on it.

• In Sooraj Bharjatya’s film *Hum Saath Saath Hain*, Coca-Cola was exposed rather heavily. The film’s promos reverberated with the theme Coke Presents *Hum Saath Saath Hain*.

• *Dil To Pagal Hai* featured several brands such as Pepsi, Levis, and Killer jeans.

• New Zealand as a destination was positioned well in the movie *Kaho na pyaar hai*. Infact such was the impact it became a popular holiday destination after that.

• In the Shah Rukh Khan, Rani Mukherjee starrer *Chalte Chalte*, the hero shah Rukh Khan drives a Hyundai Santro and uses Castrol oil for the car’s engine.

• The film *Road*, shot mostly on roads with the lead characters driving the 24cars, featured Tata Motors Safari 4-wheel SUV.

• The heroine of the movie *Aaja Nachle* uses Tata Indigo to commute home from the airport when she arrives in India from a foreign country. Even when she commutes back to the airport in order to return to the foreign country she arrived from, she uses Tata Indigo. One does not know whether using the Tata Indigo was a pre-planned product placement exercise or a serendipitous development. But one does know that it went well with the audience since the Tata Indigo is used in India’s metros as luxury taxi by
fleet operators -- to drop passengers at the airport or pick them up from the airport. The audience, particularly that part of the audience residing in metros, easily related to Tata Indigo, given its real-world appeal.

- The film *Boom* features 400 carats of real diamonds in its opening scene, courtesy, the Diamond Trading Company.

- McDowell’s second-largest brand McDowell No 1 was associated with Raveena Tandon’s home production *Stumped*. The underlying theme was McDowell Presents Stumped all the way.

- Films such as *Fashion and Dostana* included several brands that were integral to the movies themes. Fashion featured products such as Sunshine and Kimaya, which the protagonist, who is a model, endorses. The storyline of *Dostana* included one of the main characters working for the magazine Verve.

- *Lage Raho Munnabhai* featured Worldspace, Indian Oil Corporation, Go Air, MSN, Good Day, Kurkure, Bright Outdoor and Reliance Communications.


- *Phir Hera Pheri* effectively delivered Dominos,, consumer promise of pizza delivery within 30 minutes or free by creating a comic scene around this notion. Lenovo used clips from the movie Corporate in the form of a commercial.
• Kotak Life Insurance tied up with the film Babul for an in-film insertion as well as an ad commercial.

• Mountain Dew’s tag-line is integrated into the title of a film—Mission Istanbul – Darr ke aagey Jeet hai. This is the first time that a brand is incorporated in the film and its tagline incorporated in the film’s title.

• Bum Bum Bole revolves around a pair of shoes. The lead character is a small-town boy who bends the rules and wins against all odds a theme that resonates with Adidas slogan—Impossible is nothing.

• Louis Philippe, a clothing line for men associated with the movie Don, developed its—Don line of clothing and promoted it with the tagline “inspired by Don”. The Louis Philippe collection was, in turn, promoted in the film.

• Namaste London, which revolves around a wedding. The producers brought in Bharatmatrimony.com for associative marketing via a multimedia campaign.

• Ta Ra Rum Pum, a film on car racing, sketched brand associations with Goodyear and Castrol. Both associations were relevant to the theme of the movie.

• Bagpiper, a McDowell brand, was associated with the Vivek Oberoi starrer Dum.

• Similarly time and again we have witnessed so many brands like ICICI, Yamaha, Pepsi, Lays in movies Aakhein, Baghban, Dhoom, Khushi and Krissh.

• The maker of Zandu Balm pain reliever rub and Boro Plus anti-septic cream has had its brands present in some Bollywood super hits such as Dabang.
• Sonam Kapoor used loreal products in Aisha and Kareena Kapoor had a sony vaio laptop in Bodyguard.

• In Heroine, Lakme, Head and Shoulders and Monarch Universal are the brands Kapoor endorses and brands such as Cera, Rupa, Jealous 21 and the likes too have now associated with the film for in-film and other media associations. Lakme has launched Heroine branded make-up under the Absolute range endorsed by Kareena Kapoor.

• McDowell’s strong beer Zingaro was associated with the Pooja Bhatt- produced Jism.

• In Cocktail online shopping address myntra.com was effectively emphasised. In Dabang 2 the product name fevicol features in a song.
2.3 IMAGES OF COVERT ADVERTISING IN BOLLYWOOD MOVIES

Figure – 2.2 : Audi in the movie ‘Bodyguard’

![Audi in the movie 'Bodyguard' Image](image1)

Source: Online

Figure – 2.3 : Benz in the Movie ‘Vivaah’

![Benz in the Movie 'Vivaah' Image](image2)

Source: Online
Figure – 2.4: Mahindra Flyte in the movie ‘3 Idiots’

Source: Online

Figure – 2.5: Royal Enfield in the movie ‘Jab tak hai jaan’

Source: Online
Figure – 2.6 : Coca Cola in the movie ‘Once upon a Time in Mumbai’

Source: Online

Figure – 2.7 : Pepsi in the Movie ‘Rab ne banadi Jodi’

Source: Online
Figure – 2.8: Apple in the movie ‘I hate luv storys’

Source: Online

Figure – 2.9: Compaq in the movie ‘Patiala House’

Source: Online
Figure – 2.10: Usha in the movie ‘Jannat 2’

Source: Online

Figure – 2.11: LG in the movie ‘Vicky Donor’

Source: Online
Figure – 2.12: Lakme absolute in the movie ‘Heroine’

Source: Online

Figure – 2.13: Streax in the movie ‘Force’

Source: Online
Figure – 2.14: Maybeline, Shopper Stop and Tagheuer in the movie ‘Om shanti Om’

Source: Online

Figure – 2.15: Nike in the movie ‘Chak de India’

Source: Online
Figure – 2.16: Cafe Coffe Day in the movie ‘Mera pehla pehla pyar’

Source: Online

Figure – 2.17: Pizza Hut- in the movie ‘Main hoon na’

Source: Online
Figure – 2.18 : Tide in the movie ‘Krrish’

Source: Online

Figure – 2.19 : Discovery channel in the movie ‘Jab tak hai jaan’

Source: Online
Figure – 2.20: HDFC and PVR cinemas in the movie ‘Ek deewana tha’

Source: Online

Figure – 2.21: Vodafone in the movie ‘Wanted’

Source: Online
2.4 HIT RATE OF COVERT ADVERTISING IN BOLLYWOOD MOVIES

As explained previously as well, it has not been hunky-dory all the way for covert advertising in Bollywood movies. There have been failures and successes. Unbelievably, the placed products have succeeded although the films that featured them did not. Conversely, the placed products have underperformed although the films that featured them over-performed. Such interesting instances are discussed in the following paragraphs. In the following paragraphs, the successful brand placement exercises are explained:

• Rakyesh Omprakash Mehra’s *Rang De Basanti* was a successful branding exercise. The campaign was an assortment of *RDB* Coca-Cola bottles and cameos involving Airtel, LG, Berger and Provogue in various proportions. Coke launched Coca-Cola bottles depicting the title of the film and Amir (the hero of the movie) and released a trailer of the movie that was an abstracted version of shots from the film and Coke’s Piyo Sar Uthake campaign. The campaign turned out to be a positive sum game in that the movie as well as the brand profited from the exercise.

• Rakesh Roshan’s *Krrish* featured the Singapore Tourism Board, Sony, John Players, Bournvita, Tide, Hero Honda, Boro Plus, Lifebuoy, HP, Acron Rangeela, Hansaplast and Lays. It was followed by merchandising of Krrish masks, lunch boxes and water bottles. The merchandising clicked leading to success of the product placement exercise.

• In *Don*, Farhan Akhtar promoted Tag Heuer (watches), Motorola, Garnier, Citibank, Oakley sunglasses and Louis Philippe outfits. Although too many products were covered, the subtlety underlying the placement exercise ensured that the target audience was not frustrated.
• Sanjay Gandavi’s *Dhoom 2* promoted Coke, Pennzoil, Pepe, Sony, Disney Channel, Sugar Free, McDonald’s, Speed, and Suzuki Zeus. Coke’s two brand ambassadors were featured in a movie for the first time. The cool couple sipping the coolest drink did the job for Coke! Coke organised a special campaign for Dhoom 2 where Hrithik Roshan encouraged youngsters to take a swig and go dhoom.

• Ravi Chopra’s *Baabul* featured brands like Audi, Kotak Insurance, Eros Jewellery, Nerolac and Taj Mahal Tea. The spirit of Baabul was celebrated with ‘Kotak Life Insurance’. The music release and the fashion show organized by Baabul producers also helped in placing the product successfully.

• Farah Khan’s *Main Hoon Naa* featured Reebok, Café Coffee Day, Frito Lays, Levis, LML. The movie exploited branding to the hilt. The story of the movie was youth-centric and the youth-centric brands were lapped up by the audience. Seamless integration of the products with the storyline ensured that the promotion was not overdone. The promotion was in perfect alignment with the life-style of a modern, metro-bred, college-going student.

• Similar seamless brand integration was conspicuous in BR film’s family drama *Baghban*. ICICI Bank, Tata Tea, Archies, Ford and Tide were amongst the brands placed through the movie. *Baghban* demonstrated that multi-brand placement can be achieved effectively and unobtrusively.

In the following paragraphs, the unsuccessful brand placement exercises are explained

• *Ta Ra Rum Pum*, being a film centred on racing cars went for the overkill while trying to place the brands. The superfluous (from the perspective of the audience) close-ups and zooms frustrated the audience no end. The gulf between the storyline and the products placed, like Castrol, Goodyear and Chevrolet stood out like a sore thumb.
• *Salaam E Ishq* was another movie that attempted product placement. The hero of the movie John Abraham decides to gift a diamond set to his lady love (played by Vidya Balan) on the all-important occasion of anniversary. The diamond set presented is from the Ira Jewellery stable and the director of the film botches up the product placement exercise by zooming in on the brand, relegating the diamond set to the background.

• In the movie *Victoria 203*, the product placement turns out to be more voluble than sensible with the characters harping on the virtues of buying Gitanjali Diamonds and giving a rundown of the people behind the company, namely the Choksi family. The audience would have none of it.

• In *Virruddh*, Sanjay Dutt and John Abraham try to hammer the virtues of Elf Oil and Western Union Money Transfer into the audience. Neither Elf Oil nor the services of Western Union Money Transfer connects to the storyline which is centered around the trials and tribulations a family, bereaved of its son, undergoes.

• The product placement exercise in *Koi Mil Gaya* turned out to be too pedestrian. The mother (played by Rekha) blatantly insists that her son (played by Hrithik Roshan) have his glass of Bournvita. In another scene, the son replies “Bournvita” when asked, “coffee, tea, Bournvita or me”. Towards the end of the movie, the hero hams it up by sipping Coke with his classmates before riding off into the sunset, with Preity Zinta riding pillion on his Hero Honda motorcycle.

• The incongruity between the storyline and the product being promoted stands out in *Yaadein*. Even as the movie pontificates on the need to stay away from materialism, it almost projects the hero of the film, Jackie Shroff, as a hedon. Coca Cola is ubiquitous and the Coke logo sits cutely on Jackie Shroff’s key chain. The blatantly heaped praise on Pass Pass, the mouth freshener, leads the audience to believe that it is being taken for granted by the producer of the film.
2.5 REASONS CONTRIBUTING FOR THE PREVELANCE OF PRODUCT PLACEMENT

Since traditional marketing has proven to be the less feasible approach to take when promoting ideas and brands these days, increasingly more marketers are making use of branded entertainment strategies. Be it films or television shows, branded entertainment is far more effective when it comes to reaching a mass audience or even as part of customized campaigns to target specific audiences. Even though some critics believe that this type of marketing blur the lines between media content and reality, there is no doubt that these advertisements are thriving both in the non-paid and paid forms\(^1\). Of course, all the companies would want to take advantage of this medium to increase revenue.

Branded entertainment and product placement are being used extensively in fast emerging marketplaces such as China and India. It is said that India is in the top five of the overall rankings worldwide for product placements initiatives and they are predicted to become stronger in the coming years to match up with the companies in the USA. Bollywood is partly responsible for this phenomenal development as they have accepted branded entertainment efforts and are even joining forces with top brands such as Sony and Reebok.

Generally speaking, although the marketers are placing products subtly in advertisements, the ultimate goal is definitely to create a perception amongst viewers to help increase the company's bottom line. This is why product placement and branded entertainment is now the preferred choice to improve brand awareness. This marketing strategy is worth considering if you are looking for a way to stand out and achieve success in this competitive market.

\(^1\) Peter Mayle, Up the Agency: The Funny Business Of Advertising, 1994
2.6 COMMANDMENTS FOR THE SUCCESS OF PRODUCT PLACEMENT

The success of product placements depends on few tenets, these are as follows

a) A product being used by characters in the movie is better than simply advertising the product in the movie

b) The products may be promoted by being used by other important cast members in the movie and not necessarily the lead actors.

c) Audiences want to identify themselves with certain movies and characters, hence “lifestyle” products benefit more from product placements rather than daily-use products.

d) The target audience should be aware of the product that is being placed in a movie. If this is not the case, the placement, is rendered useless.

e) People have good brand recall of products/brands seen in movies, thus this form of advertising creates awareness amongst the people. When the brand/product looks out of context and forced upon the plot, then it leads to irritation in the mind of people.

2.7 TYPES OF PRODUCT PLACEMENT

Product Placement can be categorized in under two types. They are as follows

1. Active placement- means the product is actually used and talked about by the film stars in the movie. In the movie Chalte Chalte actor Shahrukh Khan acts as a truck driver, he uses Castrol GRB engine oil for his trucks.

2. Passive placement- means the product or signage is visually placed in the background in some scenes or song sequence of the movies. ICICI bank is featured in the movie Baghban.
2.8 CATEGORIES OF PRODUCT PLACEMENT

The elements of product placement can be categorized under the following heads

1. **Corporate placement:** To improve company reputation. Example - Taj Hotels used for grand parties in movies, Lenovo used in game shows like *KBC*.

2. **Generic Placement:** To demonstrate the characteristics of a product without a particular brand name. Example: Sunglasses and Shades used in *Men in Black*.

3. **Service placement:** To present public or private institution. Showing a particular Bank (like ICICI in *KBC*) or a particular restaurant in a particular movie.

4. **Idea placement:** To include facts, opinions or statements in a plot. Before *Dabangg 2* got released, discussion of the movie was done in a television serial *Saath Nibhana Saathiya* is an indirect promotion for the movie.

5. **Historic placement:** To illustrate the long tradition of a brand. For instance using the Indian postal services in a movie or using AIR INDIA as traditional players in the field of mails and aviation respectively.

6. **Negative placement:** To present a competitor’s product in a negative context. It is generally not intentional. For instance if a particular flight crashes in a particular plot in the movie, it is not intentional.

7. **Innovation placement:** To introduce a new product. Example - Swift Car was introduced in the movie *Bunti aur Bubli*.

2.9 MERITS OF PRODUCT PLACEMENT

Product placement has become popular for a variety of reasons, the reasons which makes product placement attractive are as follows:

**Realism effect:** Advantage to having your product featured in a TV show or movie is that it can be used in a real-life scenario, which can call attention to the several features of a product that a short commercial spot
doesn't have time to do. The introduction of products and brands in films and TV shows is carried out with the intention of reproducing real life settings in which the products and brands appear in everyday situations of normal use. In this way, product placement allows us to attribute the implication of reality to the film, without interrupting the natural flow of the scene itself, but rather improving and enriching it with further elements. Therefore, product placement can integrate perfectly into a film and be quite naturally accepted by the public.

The viewer can’t ignore the placement without missing the plot in films or TV shows. Consumers feel that products integrated into a show have a higher perceived value than similar products advertised during the same show. **For example:** Shah Rukh Khan carries Samsonite co.’s backpack in the movie ‘MY NAME IS KHAN’, consumers felt the product was well integrated in the storyline of the movie because, the movie stresses on Shah Rukh’s journey to meet USA president.

**Active audience interest:** One feature of product placement is its effect on the active interest of the audience and the opportunity to exploit the emotional involvement of the public exposed to its message. The attention with which people follow the development of the scenes of a film or in TV shows and the emotional involvement which makes them participate in the action and the scenes being played out cannot be matched by any other form of corporate communication media.

**For example:** *Dance India Dance* is a reality show aired on Zee TV intended to bring out the dancing hidden talents of the Indian youth, Remo Fernandes famous choreographer and director of bollywood movie was one of the judges of *Dance India Dance season 3* and in one of the show he had worn a jacket from Diesel company. It was easy for the company Diesel to capture the attention of the viewer’s because the viewers were emotionally attached to the dance and the comments by the judges to the contestants and had to notice the jacket worn by Remo.
High audience segmentation: Product placement also permits typological segmentation of the public it reaches. Every film has its own particular identity and this is usually quite evident even in the advertising trailers, which aim to attract specific sectors of the public. So product placement has a highly segmented tool available.

For example: Chakde India is a movie based on sports, Puma shoes is shown used by the Indian women hockey players in the movie.

Wider opportunities for presenting different product categories: Product placement also offers the opportunity to show product categories normally banned from advertising communication. The make-believe world of cinema or TV shows is, in this case, allowed a much broader margin of freedom compared to what may be permitted in traditional corporate communication such as advertising.

For example: Madhur Bhandarkar’s Fashion recovered approximately 40% of its budget within film advertising. It had likes of Kimaya, Cellucom, Sunsilk, Lenovo, Reebok and LG among others. Thus the producers are also roping in multiple brands to advertise in their films.

Advertising fragmentation: With the addition of hundreds of new television stations, advertisers find it harder and harder to communicate to their target market simply because there is no information of what their target market will be watching during prime time any more. Advertising budget was often wasted on expensive commercials that used to reach millions, but now the market is so fragmented that you do not know who you are reaching. Also, an important deterrent of traditional advertising through commercials is the popularity of TiVo and similar DVR (digital video recorders). These devices allow viewers to skip the commercials altogether and never see the ads that have been paid to play. This is requiring the advertising agencies and marketers to become creative in their forms of advertising.
**Longevity and low cost:** Movies have a longer life because you can record the movie on TV or you can purchase the CD of the movie. Product placement is the form of advertising that has a diminishing cost due to its longevity. With the average 30-second spot costing Rs.50,000 - Rs.4,00,000 or more for a product to be advertised, product placement is a minor expense.

**Perceived Endorsement:** The product/services will be linked with the stars/characters on the show or in the movie. Since people can see the product in use by their loved celebrities, it gives the product some sort of status and an endorsement. The viewers think that if their favourite actors are using it, then they must like it and it must be good. And it significantly increases brand awareness of the brands used by their hero/heroine.

**For example:** In 3 Idiots movie, Airtel Internet data-card and its signature tune were ‘placed’ during an important sequence while Sharman Joshi is in hospital and Aamir tries to connect to Web cam chat through this data-card.

**Rise in manufacturer-sponsored TV shows:** Today, there is a growing trend of manufacturer-sponsored television shows. This means that a certain company chooses to sponsor or co-sponsor the entire show. The most notable example of this happening is the popular reality show, Amul Voice of India on Star Plus channel. Regular viewers know that the show is sponsored by Amul.

### 2.10 DRAWBACKS ASSOCIATED WITH PRODUCT PLACEMENT

Though product placement has several benefits but it is not free from pitfalls\(^1\). The controversies and inefficiencies associated with the practice of product placement are as follows:

**High absolute cost:** While the CPM (Cost per thousand) may be very low for product placement in movies and shows, the absolute cost of placing the

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\(^1\) George Silverman, The Secrets of Word-of-mouth Marketing: How to Trigger Exponential Sales Through Runaway Word of Mouth, 2001
product may be very high. Although only a small percentage of placements are paid for directly, the increased demand by the studios for cross-promotions drives costs up considerably.

**Time of exposure:** While the way some products are exposed to the audience has an impact, there is no guarantee viewers will notice the product. Some product placement is more conspicuous than others. When the product is not featured prominently, the advertiser runs the risk of not being seen.

**For example:** Metro special face tissue pack was featured in *Dance India Dance 3*, unfortunately the product was exposed less than a second which couldn’t draw the attention of the viewer’s strongly.

**Limited appeal:** The appeal that can be made in this media form is limited. There is no potential for discussing product benefits or providing detailed information. Rather, appeals are limited to source association, use, and enjoyment. The endorsement of the product is indirect, and the flexibility for product demonstration is subject to its use in the film.

**For example:** Hrithik Roshan wears a T-shirt in the marathon in *Dhoom2* movie, which carried the name of Sugar free company. But there was no scope for discussing the benefits of Sugar Free product.

**Lack of control:** Marketers may have a lack of control over how products are portrayed or incorporated into a scene or storyline. Products may end up being misused, ignored, criticized, associated with questionable values, or used unethically. This can be especially true in reality shows. So, advertisers must exert greater control over product or brand appearances to ensure their prominence. Most appearances are visual or verbal but rarely both. In addition, most brands are portrayed neutrally and for less than five seconds¹.

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Consumers feel manipulated: They think that this type of “advertising” is sleazy because it’s not honest. At least in a commercial, the advertiser admits that it’s an advertisement. However, with product placement, the consumers feel that the advertiser is trying to “put one over” on the consumer.

Consumers are intelligent: They know that these brands are paying big bucks to have their products “placed” into the entertainment. They are skeptical and do not buy whatever message the advertiser is trying to get across.

Negative placements: Some products may appear in movie that are disliked by the audience or create a less than favorable mood.

For example: Two-wheeler Mahindra Flyte made its debut in Bollywood with '3 Idiots' with a few scenes involving Aamir Khan riding the bike with two pillion riders—Sharman and Madhavan, was not a good placement for Mahindra Flyte since it showed triple riding.

Diminishing ROI: Product placement costs are skyrocketing and it’s extremely difficult to measure the effect. So, many advertisers are thinking whether it’s worth it or not because no audience measurement is available except from the providers. Potential advertisers often have to make decisions based on their own creative insights or rely on the credibility of the source.

2.11 PRODUCT PLACEMENT MANAGEMENT

Product placement usually involves a promoting company and a movie production company. The former aims to place a specific product or brand in a given context, while the latter searches for correct remuneration in return for granting visibility to the ‘placement’. Depending on the activities performed, the operational aspects of the placement can vary. First of all, some initiatives are limited to the placement of the promoting company’s product or brand in the film, but they may also extend to their management in collateral activities.
such as advertising posters or the promotional trailers that launch the film. These initiatives create products that are separate from the film because they are conceived specifically to market it. The trailers are destined to have more visibility than the film they promote, and they are communicated by numerous media and address a far broader target than the audiences who will actually watch the film.

In addition to the actual ‘placements’, the parties may agree to develop licensing activities or other types of promotional programmes. Through licensing, cinema production houses grant other companies the right to exploit characters or images from a film, in exchange for the payment of royalties. In numerous legal systems, this activity is regulated by a precise contract and allows the companies involved to develop and market products (and occasionally services too) that reproduce characters or settings from the film. This form of licensing is very widespread in the world of children’s films (particularly cartoons), and it may take place with or without the placement being defined. In the first case in particular, licensing defines an additional element compared to product placement and helps to stabilise relations between film production and the company promoting the placement.

A product placement can also be associated with other forms of promotion, usually described as cross promotion or back-end promotion, through which promoting companies back the distribution of the film in which the product is placed, giving visibility to the film and to the association it establishes with the product (or brand). In these cases, the purpose of the communication is to inform the public of the existence of a precise product placement, for example, by proposing the main scenes from the film in which the placement occurs, or by referring to characters from the film in association with the product to be promoted.\(^1\)

\(^1\) Jacob Goldenberg, David Mazursky, Creativity in Product Innovation, 2002
The benefits of cross promotion are felt in particular by the promoting company which can thus make its association with the film known to the general public, drawing on its recognition and image on the market. On the other hand, film production companies also exploit the advantages of the communication created by the cross promotion, obtaining greater visibility for the film, which is promoted at the expense of the promoting company.

Depending on the frequency with which this tool is employed, the companies involved may create organisational units whose purpose is specifically to manage it. In the case of cinema production, ‘Executive Studios’ are created to systematically manage placements within the films produced. It will therefore be the Executive Studios that analyses the screenplay, look for placement opportunities and contact any promoting companies that might be involved. Promoting companies that invest regularly in placements can set up special units themselves, as Anheuser-Bush, Ford, AT&T, Kodak and Coca-Cola (the ‘heavy spenders’ in this market) have done in the United States, to analyse studios’ proposals and to collaborate actively on the definition of the best positioning solutions.

‘Product placement agencies’ slot in between these players: they are professional structures that specialise in activating and managing this type of corporate communication tool. These agencies first appeared in the second half of the 1980s, in the Hollywood area, and they replace the specialised units of promoting companies and production houses, or work with them, dealing with the operational aspects of the placement process. Their activities start from an examination of the film in production, envisage the identification of potential placements of brands and products, and continue with the selection of promoting clients. They manage the placement on their behalf, draft the contract and protect the customers’ interests when the scenes in which the product or brand will be placed are recorded.
The agencies can be contacted directly by promoting companies looking for a placement or by production companies wishing to identify possible promoters, when the producers are not in a position to manage the relations that would result from it. The product placement market is founded on the existence of finite and stable relations between parties that know each other and can establish trusting relationships. In many cases, it is the bonds of friendship and acquaintanceship, rather than specific contract clauses that enable a contract to be developed and respected.

2.12 PRODUCT PLACEMENT: CONTRACTS AND METHODS OF REMUNERATION

In its most evolved forms, the agreement behind a product placement is defined in a contract drawn up between two parties, which establishes the fee that the promoting company undertakes to pay to the film production company and to any other involved parties. The fee may translate into a monetary contribution to the production or the supply of goods and materials useful for the scenes or to support the cast and the operators.

This remuneration represents the main product placement cost for the promoting company and revenue (or lower cost) for the film production company. It is usually defined on the basis of the marketing plan for the launch of the film in cinemas, and its subsequent distribution through other channels (purchase of rights by television networks, home videos, etc.). Compared to other, similar experiences, this plan creates expectations regarding the success of the film, and therefore its prospects for distribution. One element common to many product placement contracts is the ‘transparency clause’ which obliges the parties to consent to the disclosure of the contents of the agreement to external parties (for example journalists, television networks, government agencies, and so on).
Product placement contracts can be terminated if certain events envisaged during the development of the agreement occur or do not occur\(^1\). The most frequent cause of the termination of a contract is the director’s decision to eliminate the scene that was to contain the placement. In other cases there may be disputes regarding failures in respect to particular contract clauses, which can result in lengthy and costly legal proceedings.

Well-known professional figures are employed to limit the possibilities of contract default, and the cinema production companies and sponsor companies are generally involved. The higher the envisaged contribution to the production of a film by a promoting company, the lower the probability for the company that the director will cut the scenes in which its products or brands will be placed. As a result, because it can trigger larger economic commitments than placement alone, cross promotion provides a guarantee for sponsor companies that the agreed product placement will actually be implemented at the production stage.

The remuneration of a placement, established when the contract is drafted, may be defined on the basis of one of the following alternatives, or a combination of them:

a) Reduced costs for the film production house; cross promotion; a fee.

b) In the first case, the promoting companies make specific goods or services available to the production companies so that they may be employed in the production and/or used by the film crew.

c) In cross promotion, on the other hand, the cost of the placement is negotiated in the form of participation in the promotion of the film, for example the communication to promote the film (and the related product

\(^1\) Sam Deep, Samuel D. Deep, Lyle Sussman, Sandler Sales Institute, Close the Deal: Smart Moves for Selling, 1999
placement) at the promoting company’s points of sale. In this sense, some product placement specialists maintain that promotions are the real remuneration for this communication tool, because they can be transformed rapidly into increased sales for the sponsor companies and the film studios.

d) Payment of a fee envisages monetary remuneration by the promoting company to the film production company, but it is actually applied less frequently. For example, it is unusual to negotiate a fee when the products necessary to produce the film are expensive, like cars. Some directors and producers feel that payment of a fee puts pressure on the choice of the scenes to be kept in the film, reducing the director’s freedom of action. However, the fee is usually is very less and seems to be the simplest form of remunerating product placements in situations that do not envisage cross promotions or cannot be remunerated by the availability of expensive products.

2.13 PRODUCT PLACEMENT AND BRAND EQUITY MANAGEMENT

Product placement, which has a number of distinctive characteristics, slots into the vaster system of corporate communication tools (advertising, sponsorship, sales promotion, direct marketing, merchandising, licensing, propaganda and public relations). These tools are linked by the goal they share: to convey a message to selected target groups, in order to transmit and make a specific brand identity, which can help to maintain and develop brand equity. The tools indicated operate with specific supports, for example support for an event, a personality, a palimpsest, a paper, a film and so on. What is more, by creating precise information flows to reach given targets they acquire specific quantitative (number of contacts per unit of time) and qualitative aspects (distinctive features of the programme, the publication, etc.) related to the media employed. By integrating the communication into the goals and targets of the message, the
message conveyed by the product placement acquires qualitative and quantitative values (such as tone, style and frequency) from both the product/brand represented, and from the film, the scene and the method of exposure.

Like other communication tools, product placement also demands preventive evaluation of the effect achievable and, after its use, verification of the effects actually achieved. From an economic-corporate perspective, this effect is the benefit obtained from meeting specific communication costs and it is only by comparing costs and benefits, and targets and results that the effectiveness and efficiency of the instruments activated can be calculated. The choice of a specific communication tool and the identification of a suitable level of investment are the result of what can be defined as a causal approach to spending on communication. Every investment makes it possible to reach a precise goal, according to a cause-effect logic that makes it necessary to identify the goal in advance and to verify afterwards that it has been reached.

The effect of the communication must then be assessed with reference to the main goal of increasing brand equity. There are two useful indicators that make it possible, according to now widespread concepts, to define this equity on the basis of the company’s functioning hypothesis brand awareness and image. Awareness is a quantitative indicator that can vary according to a specific segment of demand’s familiarity with a particular brand. On the other hand, image is a quality indicator, summing up the connotations that a given segment of demand attributes to the brand under examination. The brand image can therefore be associated to the degree of differentiation of a product range, as it is perceived by demand in a market characterised by the presence of specific products.

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1 Bob Kimball, Jerold Hall, Selling in the New World of Business, 2004
A brand may therefore develop very specific connotations that tend to distinguish it clearly from its competitors, directing it towards a precise market position. In the opposite case, and usually with the goal of increasing visibility, brand communication may be targeted by reducing its distinctive connotations in order to enhance the acceptability of a less specific, more widespread corporate product. From a conceptual perspective, awareness and image are therefore inseparable aspects of the same phenomenon, brand equity, which can be examined by joint recourse to both indicators.

In particular, awareness has image to thank for establishing the conditions that allow it to expand. In fact, only when it is launched on the market and recognized by some portion of demand does this brand acquire a classification or image, at least with this segment of connoisseurs. However, great awareness presupposes that a brand is widespread among very broad (and heterogeneous) target universes, which means that it contains the distinctive characteristics that would make it a very characteristic and therefore specialist supply for specific demand segments.

2.14 PRODUCT PLACEMENT AND BRAND AWARENESS

As a communication tool, product placement impacts on brand equity because it influences the degree of awareness of the brand and can, at the same time, affect its distinctive values and therefore its image.

The first aspect, awareness, can be examined with reference to certain typical situations (brands with a high level of awareness and brands with a low level of awareness), combined with the degree of novelty for the market of the products offered (existing or new product). The comparison of the two values outlines certain typical situations to which product placement can be applied in various ways.
First of all, product placement does not seem to offer interesting potential for new brands that are not yet familiar. This communication tool places or uses the product (making the brand visible) in a film in a way that must appear entirely incidental in the spectator’s eyes. So it is not suitable for unknown brands, which, being new, would not be noticed at all. Similar considerations are valid for the launch of new products from little known brands. In this case too, a film does not guarantee the necessary visibility to the brand or the new product to achieve significant recollection. There are however non-traditional product placement solutions that can get round the limitations of poor awareness by attributing greater importance to the new product. Product placement can also be used to develop awareness of products already on the market, even when they are from lesser known brands.

Product placement can be an important communication tool to sustain awareness of well-known brands, for both existing and new products. However, in these two situations, the potential of this tool differs in terms of support/development of awareness\(^1\). For well-known brands, product placement impacts on acquired awareness and tends to amplify it by associating the brand with a particular scene or character, or an unconventional use of the product presented. Spectators are already familiar with the brand and even a fleeting appearance is visible, making it possible to maintain the levels of product awareness already won with other forms of communication.

On one hand the new product is not familiar and if it is to be seen and to attract the audience’s interest it must be given important space in the film, giving it a certain visibility. But on the other hand, a well-known brand on a new product already has the force to attract the audience’s attention, guaranteeing the product a degree of visibility which an unknown or little-known product could not obtain with the same amount of exposure. Even if it is

\(^1\) Jay Conrad Levinson, Guerrilla Marketing with Technology: Unleashing the Full Potential of Your Small Business, 1997
supported by a very well-known brand, a new product must be made more visible than a product already on the market. Visibility can be achieved in various ways; for example through longer exposure times, more numerous appearances or particular uses in important scenes in the film.

And finally, product placement can also be exploited to develop brand awareness in developing countries. Using this tool, brands can achieve good awareness even where TV is not common: for example of the visibility achieved by Coca-Cola and Lambretta in Italy in the early 1950s.

2.15 PRODUCT PLACEMENT AND BRAND IMAGE

Films do not only create awareness of the products presented, they also influence their image. In this sense, a product placement in a film (or in other forms like television serials, cartoons, etc.) conveys the message, and transfers its own specific values to it, in the way the latter are perceived by the audience. The values of a scene or character are known in advance (before deciding a product placement), while the effects that can be achieved among the audience are changeable and unpredictable in all their implications. As a result, product placement makes it possible to plan and define in detail the association between the scene/character/use and the product/brand during the development of the film, in order to establish the production responsibilities, direction and brand ownership in the contract.

However, product placement cannot programme the hoped-for effects of a scene and the associations it contains. These effects depend on the associations that the audience makes with the scene and the entire film, the appreciation on which the success of the film depends and, therefore, the possibility of expanding or damping the values associated with the brand. In product placement, the choice of the setting and the characters that the brand is associated with, and the possibility of verifying its correct positioning during
filming, reduces the risk of ineffective or even harmful placements. Because it is a condition that amplifies the effect of the placement, the visibility of a popular brand inside a film can be a vehicle of positive but also of negative associations. For this reason, brands tend to value the possible effects of product placements very carefully, avoiding associations that are too innovative and potentially uncertain. Clauses drafted to prevent any negative associations that may be harmful to the image are also included in the contracts. However, it is not always possible to control extreme situations, as we can see from the number of legal proceedings initiated against film production companies by businesses, for the damage that erroneous placements or contract default can cause, with negative consequences for brand equity.

Where the effects on the brand image are concerned, product placement seems to offer different potential depending whether it addresses the transfer of distinctive image connotations in the case of new products, the development of distinctive connotations of the image of an existing product, or changes to the perceived characteristics of a product that is already known and distributed in the market. Product placement can also be used to develop the image connotations of an existing product. In this case it is necessary to define the image characteristics of products which, although they have been on the market for some time, are almost totally interchangeable with competitive products because they are part of a traditionally poor differentiated supply. Finally, even if less frequently, product placement may help to change the system of distinctive characteristics of a corporate product, by associating a particular brand with scenes or characters that can modify its classification.1

If the distinctive traits of a product are to be changed effectively, other tools are necessary, in addition to product placement. In fact, the qualifying effect that a film can have for a brand as a result of product placement is subject to the transience of memory. On the other hand, the brand survives longer than one’s memory of the film and the characteristics associated to it in the film, and it draws on numerous tools to develop its own distinctive traits.

1 Peter Mayle, Up the Agency: The Funny Business Of Advertising, 1994
From a long-term perspective and from the viewpoint of promoting companies, every product placement can therefore be examined in depth, not only for the benefits it can produce in terms of communication, but for the transience of the effects developed and therefore for the need to activate additional tools that become necessary in order to achieve the company’s communication objectives. In this sense, product placement must be assessed in relation to the possibility of its being sustained, in the short term, by other communication initiatives that have positive repercussions on the film’s popularity. Companies that have identified product placement as a tool of corporate communication with particular characteristics seem to be moving in this direction, i.e. towards the association of product placement with other corporate communication tools on one hand, and towards the choice of innovative forms of product presentation in the film and in the promotion of the films and of product placement itself on the other.

Given this backdrop, it dawned upon movie producers and marketers of goods and services, in particular marketers of fast moving consumer goods (FMCG) be it durables or non-durables that movies can be leveraged to promote products and services and in the process both of them can gain some pecuniary advantage. On its part, the audience also welcomed a bit of diversion even as they watched the movie – the kind of diversion which could keep them apprised of the various goods and services that the marketers have introduced or propose to introduce and the features of the said products and services. Given the huge national market Bollywood industry is bent upon exploiting covert advertising to the hilt to minimise its film production cost. The marketer, on its part, is bent upon using this medium to maximise its sales and by extension, the resultant profit. If properly designed and implemented, covert advertising could prove to be a positive sum game because the movie producer, the marketer and often the audience too benefit from the exercise. Proper design and implementation of covert advertising can reduce the budget for the movie producer, improve sales for the marketer and provide more bang for the audience buck.