CHAPTER 1

AN OVERVIEW OF

PRODUCT PLACEMENT PRACTICE
PART I

AN INTRODUCTION TO
PRODUCT PLACEMENT

"It is a universal truth that a single man in possession of a good fortune must be in want of a wife. Such men register on shaadi.com!"

(shaadi.com is one of India’s best known matrimonial website)

That could be the opening line of Indian adaptation of the classic movie *Pride and Prejudice* [1940] if it were to be made today, and an excellent example of product placement!!!

Fig. 1. Pictures of product placement
1.1 NEW COMMUNICATION CHALLENGES

As marketers continue to vie for the attention of an increasingly fragmented consumer market, they have turned to a variety of communication channels in their efforts to reach consumers. One of the communication channels which marketers have exploited more frequently in recent years is the practice of Product Placement. While this is not a new phenomenon, its importance has grown tremendously. Product placement is widely applied and reported in the world of professional marketers (Russell & Stern, 2006; Karrh, Mckee & Pardun, 2003).

In the present times, there is a multiplicity of channels from which consumers can and are receiving messages. Selectivity of media and globalization of media content have resulted in tremendous audience fragmentation. Due to technological advances, consumers get their information about products not only from traditional advertising methods, but through word of mouth, blogs, the competition, their own researches, their individual past experience and brand communities, all of which are widely available to them.

This phenomenon caused companies to look for alternative methods to capture consumer’s attention, because they didn’t know what was said and how it was heard. New forms of consumer communication steadily developed and improved all around the world, as traditional forms of advertising supposedly lost efficiency. Product placement was one of the various alternative strategies that marketing professionals looked at to reach customers.
1.2 DEFINITION OF PRODUCT PLACEMENT

Product placement is defined as purposeful incorporation of a brand into an entertainment vehicle (Belch & Russell, 2005). Karrh (1998) defined product placement as compensated inclusion of branded products or brand identifiers, through audio and/or visual means, within mass media programming.

According to these definitions, there were two necessary elements in defining product placement. First, product placement should be compensated, suggesting that product appearances were not unintended or unpaid. All product placements were carried out intentionally for money or some promotional or other consideration. The second was that product placement could be practiced in various media, thus broadening the territory to include all forms of mass media such as music videos, video games, and novels, in addition to movies and TV programs.

Product placements are commercial insertions within media programs. These insertions are not meant to be commercial breakups, but form an integral part of the media program.

The practice of product placement practice has been noted across various media. The practice was found prominent in TV shows (Avery & Ferraro, 2000; Russell, 2002), movies (Gould, Gupta, & Grabner-Krauter, 2000; Delorme & Reid, 1999; D’Orio, 1999), radio shows (Freidman, 1985), music videos (Chang, 2003), computer & video games (Nelson, 2002; Rodgers, 2002) and magazines (Fine, 2004). Wide use of brand names to create humor in popular writing such as novels,
plays, songs, and mass circulation newspapers and magazines have been documented by Freidman (1991).

Though wide spread use of product placement is found in movies and TV, it is not restricted to these entertainment vehicles (Wasko, Phillips, & Purdie, 1993). Hackley, Tiwsakul & Preuss (2008) referred to product placement as entertainment marketing because it has migrated from movies to TV and radio programming, computer games, books, popular songs and stage plays.

The term ‘brand placement’ is used synonymously with ‘product placement’ to distinguish marketer-specific products from others in the category, and is considered by some researchers to be a more accurate description, since brands are placed rather than specific products (Babin & Carder, 1996). But ‘product placement’ is the most commonly employed term within both academic and practitioner literature. Hence, the term product placement has been used in the course of this study.

1.3

EVOLUTION OF PRODUCT PLACEMENT

Product placement has a long and distinguished history. The practice of placing branded products in entertainment or mass media is not a new concept. The earliest example of product placement is believed to be found in the novel Around the World in Eighty Days by Jules Verne, which was published in 1873 (McGinty, 2008). As the author was already a renowned figure, a shipping company persuaded him to have the novel's hero travel on one of its ships.
Many examples of brand names are found in the famous James Bond novels by Ian Fleming. Brand names were included not for financial reward but as a means of characterization of Bond, conveying that he used the best of luxury products (McGinty, 2008).

Since 1930s, consumer product manufacturers invested in the production of radio programs to reach their target audiences (Lavin, 1995). This phenomenon was particularly visible in the soap opera genre, a term that actually testifies to the blending of advertising of soap products and programming. Radio programs were developed directly by detergent companies, notably Procter & Gamble, to promote their brands by integrating them into the scripts (Stern, 1991). When soaps opera programs moved to television in the 1950s, the close connection between programming and advertising continued and marketers maintained direct control over the shows' story lines and creative design (Barnouw, 1975).

Possibly the first movie to feature product placement was Wings [1927], which was also the first movie to win the Oscar for Best Picture; it contained a product placement for Hershey's chocolate (Macleod, 2009). Hollywood movies dating from the late 1940s and early 1950s have been using product placements ("Brands On The Screen", 1991). Jack Daniels whiskey was placed in the movie Mildred Pierce [1948] (Nebenzahl & Secunda, 1993). In the movie Destination Moon [1950], four space travelers rocketed to the moon drinking Coke and wearing Lee jeans (Vollmers & Mizerski, 1994), whereas cases of Gordon’s Gin were shown in the movie The African Queen [1951] (Neer, 2003).

Hollywood producers like MGM Studios maintained an office for soliciting placements in the 1930s (Rothenberg, 1991). From then until
the 1970s barter-style arrangements were in operation, in which goods were supplied on the basis that they would be featured in movies. Branded items were simply donated, loaned, or purchased for particular movie scenes to enhance their artistic qualities (Spillman, 1989). Brennan, Dubas & Babin (1999) suggested that the original motivation for product placements was on the part of the motion picture studios in their effort to add a greater level of reality to the movies by having real brands in the stories. According to McCarthy (1994), product placement was a casual business, an afterthought to most marketers and a low priority for studios.

The first recognizable product placement having a direct impact on sales was unintentional and negative for the undershirt industry. After the release of the movie *It Happened One Night* [1938], there was a huge decline in undershirt sales in the United States, since the actor was shown taking his shirt off and standing bare-chested (Time, 1970).

Product placement practice grew sharply between 1978 and 1981 when movie producers became aware of its commercial value (Brennan, Dubas & Babin, 1999). However, product placement as a paid, strategic marketing tool began to receive greater attention from marketers and movie producers during the 1980s.

In the 1982 movie *ET The extraterrestrial*, the alien creature was lured from its hiding place with Reese's Pieces candy. The Pieces candy sales increased by 65% just 3 months after the movie's release (Buss, 1998; Farhi, 1998; Reed, 1989). In another instance, Ray Ban's Wayfarer Sunglasses became enormously popular after its placement in the movie *Top Gun* [1986] (Tsai, Liang & Liu, 2007).
It was since then that marketers began actively seeking their own product placements, fully understanding its commercial impact (Caro, 1996). Marketers paid movie producers substantial amounts for product placements as they were perceived as advantageous (Fleming, 1990; Krasnoff, 1986).

Marketers gained progressively more control over product placement messages in exchange for valuable consideration (Miller, 1990). For instance, the script for the movie Rocky III [1982] was amended to include a scene in which Wheaties cereal is endorsed by the actor as the breakfast of champions (Maslin, 1982). Similarly, a scene in Cocoon: The Return [1988] was re-shot so that Quaker Instant Oatmeal could be displayed more prominently (Reed, 1989).

By 1991, a group of product placement agents in US formed an American industry group called Entertainment Resources and Marketing Association, with an aim to highlight the product placement practice and establish a code of ethics (Karrh, Mckee & Pardun, 2003). A similar group called Entertainment Marketing Association was established in UK (Curtis, 1996). Product placement began to receive a serious look from researchers during the 1990s.

1.3.1
EARLY REFERENCES OF PRODUCT PLACEMENT IN INDIA

The earliest reference of product placement in Hindi movies comes in 1958 classic Chalti ka naam Gadi with the placement of Coca-cola (Panda, 2004). Coke was also placed in 1967 movie An Evening in Paris where the actress was sipping delicately from a 200 ml bottle of
Coke, struggling to make sure the logo was visible (Duraiswamy & Gupta, 2001). In the movie *Bobby* [1973] the teenage lead pair was shown cavorting around on Rajdoot motorbike (Adesara, 2006a). In another successful movie *Agar Tum Na Hote* [1983], the lead actor played the role of the owner of Emami, a brand of face cream, and the lead actress played the model for this brand. These references of product placement in India did not have any evidence of marketers paying for the placement.

But some product placements were known to be compensated, either in cash or kind. For example, in the movie *Mukti* [1977], a stall of Coca-cola was put for free supply of the soft drink throughout the shooting of the movie (FICCI, 2004); whereas in the movie *Jeevan Saathi* [1988], Pears soap was placed for Rs. 8 lacs (FICCI, 2004).

## 1.4 GROWTH OF PRODUCT PLACEMENT

Product placement grew from a casual activity to a serious marketing effort. Trade and popular press have noted the growth of product placement and it is getting increasing attention from advertisers, media planners, and measurement firms attempting to assess its effectiveness and value.

### 1.4.1 PRODUCT PLACEMENT TYPES BASED ON COMPENSATION

There are three types of product placements based on compensation provided by the marketer to the program producer.
They are gratis, barter or trade and paid (PQ Media, 2005).

➤ **Gratis**

Gratis placements differ from the traditional definition of a product placement, which typically requires marketers to organize such a placement. Gratis placement simply happens, often to strengthen a character's profile or to add richness to the plot, without the marketer arranging for the use of the product.

An example of a gratis placement was the use of Raid, an ant killer brand, in the TV show *The Sopranos* on TV channel HBO (Neer, 2003). The marketer of the brand did not arrange for the use of their product on the show.

Another example of gratis placement was found in Hindi movie *Darna Mana Hai* [2003]. TV channel MTV did not arrange for this placement, it happened naturally as part of the storyline (Indiantelevision.com, 2003b).

➤ **Barter**

Barter or trade placements are arranged but cash doesn't exchange hands. The product itself serves as compensation for product placement. Often a company agrees to barter their goods or services in exchange for a prominent placement.

The placement of Hyundai cars in TV show *Josh* in Star Plus was a barter placement. The show needed cars and Hyundai got brand exposure by providing them through in a cashless deal (Singh, 2004). Another example of barter placement was that of United Airlines in the
movie *The Terminal* [2004]. The airline provided the use of their brand and advice on how to make airport announcements and uniforms more realistic; in return they got exposure for their brand in the movie (Choi, 2007).

**Paid**

Paid placements are defined as those in which product placement is arranged in advance by marketers and financial compensation is provided. Prices can vary depending on the type of the product placed, since some product categories are easier to place in a movie than others; price also varies based on the prominence of the product placement (McCarthy, 1994).

Various instances of Hindi movie producers accepting cash from multinational advertisers have been noted (Kahn, 2002). American beer company Stroh's paid Rs 15 lakh to the producers of *Dilwale Dulhania Le Jayenge* [1995] for a 15-second scene in which the brand name is mentioned while the lead actor drinks the beer from a can of Stroh's (Bhatnagar, 2003). Movie *Yaadein* [2001] earned 3.5 crores from product placements of Coca-cola and Hero cycles (Chabria & Hemani, n.d.), whereas Audi placed its luxury car sedan A6 in the movie *Baabul* [2006] for over Rs.1 crore (Razdan, 2006).

In US TV show *The Apprentice*, brands like Burger King, Mattel, Gillette, Intel and Nescafe paid close to $3-5 million per episode for product placement (Adesara, 2006b).

For the movie *Somers Town* [2008], high speed passenger train Eurostar paid a huge sum of £500,000 for shooting against the background of a
Eurostar terminal, with the main characters traveling by Eurostar (McGinty, 2008).

1.4.2
GLOBAL PRODUCT PLACEMENT MARKET SIZE

PQ Media, which is one of the most respected custom media research firms, has been tracking product placement spending since 1974. In 2005, PQ media released a first-ever report to size the product placement market (PQ Media, 2005). In order to determine the total market value of all product placements, non-paid product placements i.e. gratis and barter, were quantified into financial value equivalent to their exposure. A product placement valuation tool called the iTVX Q-Ratio (Quality Ratio) was employed. The Q-Ratio has been established by iTVX, a product placement valuation company. The Q-ratio measures the quality and exposure of product placement and hence the financial value deserved by it.

The key findings of the PQ media report in 2005 are:

➢ The report compared the share of the three types of product placements, i.e. gratis, barter and paid in the total product placement market in 2004 to that in 1974. A significant trend found in the report was the growth of paid placements compared to barter and gratis arrangements. The share of paid placements increased as competing marketers became more willing to pay for placements in TV programs, movies and other media that are targeted and considered to be attractive properties by their consumers. Barter placements also grew, but gratis placements became much less
frequent. The break up details of the three types of product placements is summarized in Table 1.

Table 1. Comparison of share of three types of product placement

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gratis</td>
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<tr>
<td>1974</td>
<td>24.3%</td>
</tr>
<tr>
<td>2004</td>
<td>6.6%</td>
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</tbody>
</table>

Source: (PQ Media, 2005)

Global product placements grew at a compounded annual growth rate (CAGR) of 16.3% for the period 1999-2004, with TV registering the highest CAGR, followed by movies and other media. Other media in this context means media other than TV and theatrical movies. It includes every segment of media, like print, videogames, online, books, radio and recorded music. The media-wise CAGR is given in Table 2.

Table 2. Media-wise CAGR of product placement for the period 1999-2004

<table>
<thead>
<tr>
<th>Period</th>
<th>Compounded Annual Growth Rate (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Movies</td>
</tr>
<tr>
<td>1999-2004</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

Source: (PQ Media, 2005)

In year 2004, the total value of global product placements reached $3.46 billion with a growth rate of 30.5% from previous year.
In 2006, PQ Media released another report called PQ Media Global Product Placement Forecast 2006 (BBC News, 2006). The findings of this report revealed that in 2005, global paid product placement grew by 42.2% and reached $2.21 billion, whereas the overall global product placement market including the value of non-paid placements grew by 27.9% to $5.99 billion; the report forecasted that by 2010 product placements will increase to nearly $7.6 billion, with growth largely driven by product placements within dramas, sports and reality programs on TV.

In 2006, PQ Media released a research study report called PQ Media Global Product Placement Forecast Series 2006-2010: Country-by-Country Analysis (PQ Media, 2007). The key findings of the report are:

- In the year 2006, global paid product placement grew by 37.2% to reach $3.36 billion, whereas the overall value of the global product placement including the exposure value of non-paid placements grew 24.2% to $7.76 billion. Media-wise breakup of global paid product placement is given in Table 3.

Table 3. Media-wise global paid product placement in 2006

<table>
<thead>
<tr>
<th></th>
<th>Global Paid Product Placement</th>
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<tr>
<td></td>
<td>Movies</td>
</tr>
<tr>
<td>Year</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

Source: (PQ Media, 2007)

- While placements in other media was only 2.2% of total spending, the report forecasted that growth will exceed 30% over the next
several years due to increased demand for videogame and online placements aimed at the 18-34 year old youth.

Although US remained the largest global market for product placement, accounting for two-thirds of spending, growth was forecasted to decelerate till 2010, although remaining in double-digits. In European and Asian placement markets, growth was forecasted to accelerate.

Key drivers of global product placement growth included loosening of legal restraints and global brand marketers moving to capitalize on emerging opportunities in Europe, particularly in the UK, Spain and Italy; the evolution and growth of product placement markets in Asia, especially in China, India and Australia; and the continuing transition from non-paid to paid placement models in the Americas, primarily in the United States, Mexico and Brazil.

1.5

PRODUCT PLACEMENT IN MEDIA OTHER THAN MOVIES AND TV

Though movies and TV grab a larger share of total product placement practice, prevalence of product placement in media other than movies and TV is rising (PQ Media, 2007). With US being the largest global market of product placement, numerous examples of product placement in other media are found in US. Some noteworthy instances of product placement found in US media like books, video games and songs are discussed next.
1.5.1 PRODUCT PLACEMENT IN BOOKS

In 2001, the world-famous jewelry company, Bulgari, paid noted British author Fay Weldon to write a novel that would feature Bulgari products, resulting in *The Bulgari Connection* (Neer, 2003). Among several other published works containing product placement, one of the largest genre was children's learning books (Neer, 2003). To name a few, there was *The Hershey's Kisses Addition Book*, *The M&M's Brand Counting Book*, *The Cheerios Christmas Play Book* and *The Oreo Cookie Counting Book*. The books were not merely sponsored by the marketers, but the products were incorporated into the content of the book. For instance, in *The Oreo Cookie Counting Book*, Oreo cookies were featured prominently on every page including the back cover.

1.5.2 PRODUCT PLACEMENT IN VIDEO GAMES

Product placements in video games are important because they integrate leisure activity, consumption, and everyday life. Video gaming industry did $9.4 billion business in 2001, and its market share continues to grow, making it a lucrative media to place brands (McLeod, 2005). Moreover, since video games are played multiple times and require close attention of gamers, it is an attractive option for marketers.

For example, brands Quiksilver Nokia and Jeep.20 Activision were placed in one of the Hawk games series. The company that produced the Hawk games claimed that advertisers who place their logo in their game get one billion 'quality brand impressions' from the gamers; gamers are
allowed to select branded products like shirts, shoes and other gears for their virtual characters (McLeod, 2005). Other examples included fast food restaurant brands Pizza Hut and KFC placed in video game called *Play Crazy Taxi*, Zippo lighters and Motorola cell phones were found in video game called *Die Hard: Nakatomi Plaza*.

1.5.3
PRODUCT PLACEMENT IN SONGS

One of the earliest examples of product placement within a song can be found in 1908, wherein the brand Cracker Jack had a mention in the chorus of the song *Take Me Out to the Ball Game* (Neer, 2003). Another example of product placement in a song was that of Adidas brand appearing in a video album called *My Adidas* which became super-hit. The brand was not only mentioned in the lyrics but the video also showed tennis shoes prominently. These were instances of non-paid product placements.

There were various instances of music professionals being paid for placing brands in songs. For example, Apple paid to have an iPod prominently framed at the beginning of a video album called *Love @ 1st Sight* as well as other videos, whereas Mazda paid to put its new car in a music video (McLeod, 2005).

A study in US of Top 20 radio hits of 2003 US found hundreds of brand name references throughout the songs (McLeod, 2005). Mercedes brand had 112 references, while brands Cadillac and Lexus were mentioned 46 and 48 times, respectively. In just one song called *The Jump Off*, brand names of Bacardi, Barbie, Bulgari, Ferrari, Bentley, Hummers,
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Cadillac, Escalade, Jaguar, Timberland, Sprite, Playboy, Range Rover, and Brooklyn Mint were mentioned (McLeod, 2005). It was found that worldwide sales of Courvoisier, a brand of brandy, rose 20 percent after the song Pass the Courvoisier featured in the popularity charts for twenty weeks (McLeod, 2005).

PART II

PRODUCT PLACEMENT IN MOVIES AND TV SERIALS

As discussed in the previous section, product placements are commercial insertions within a particular media program. The medium could be motion pictures, TV, print, videogames, online, books, radio and recorded music. But a large portion of global budget for product placement is spent on the media of movies and TV (PQ Media, 2007). These two media are the focus of this research study. This section and rest of this thesis is focused on movies and TV serials as media for product placement.

1.6 PREVALENCE OF PRODUCT PLACEMENT IN MOVIES AND TV SERIALS

Movies and TV serials are replete with brands these days. It is a multimillion dollar business with every frame in a movie or TV serial having an opportunity for branding. Movies and TV serials include placements of all kinds of products, be it cars, cell phones, mouth
fresheners, branded tea or almost any other category. A few instances from international as well as Indian movies and TV serials are presented to exemplify the prevalence of product placements.

**International movies**


**International TV serials**

US TV reality show *Extreme Makeover: Home Edition* [2003] had a total of 3318 brands shown in 73 telecasts for an average of 45.5 product placement occurrences (Brown, 2006). Another reality show *The Contender* [2000] consisted of 7514 placements in a total of 15 telecasts and each episode had an average of 500.9 products placed in it (Brown, 2006). Since 1992, MTV channel’s *The Real World* is one of the most heavily product-placed shows on television (McLeod, 2005). Product placement spots were being sold for $1 million in the year 2000 for the first season of TV reality show *The Survivor*, with the cost jumping to $12 million by the second season; brands like Budweiser, Cingular, Coors, Doritos, Dr Scholl, Frito-Lay, GMC, Mountain Dew, Reebok, Sierra Mist soft drinks, Saturn cars and Target placed their products in this show (Chabria & Hemani, n.d.).
Indian movies


*Cheeni Kum* [2007] was associated with artificial sweetener brand Sugar Free, which went very well with the movie’s theme of ‘Sugar Free romance’; ICICI Prudential Life Insurance launched its new promotional campaign ‘Jeete Raho’ through the movie; Spice 6 restaurants, Catch Spices, Airtel cellular service, Sony Vaio laptops and Durex condoms got noticeable appearance in the movie.

*Priyasakhi* [2005], a Tamil movie had placements of four big brands like Sangini diamonds, Chlor Mint, KUN Hyundai and Western Union Money Transfer.

Indian TV serials

Hindi TV serial *Jassi Jaissi Koi Nahin* [2003] on Sony Entertainment Television channel showed brands like Kaya Skin Clinic, Bausch & Lomb and Mauritius Tourism Board, Asmi diamond jewelry, Maruti Zen, Samsung phones and Singapore Tourism, among others.
Various companies launched their products through product placement. Car manufacturer BMW launched many of its models in James Bond movies (Macleod, 2009). Products have been launched through product placement in Hindi movies too. For example, Audi’s luxury sedan A6 car was launched in *Baabul [2006]* (Razdan, 2006); Maruti Swift car was launched in *Bunty Aur Babli [2005]* (Chabria & Hemani, n.d.); Pepsi used reality show *Indian Idol* on Sony TV in India to launch its new product Pepsi Cafechino (Chabria & Hemani, n.d.).

There are many instances of product placement in movies and TV serials bringing success to the placed brands after the exposure. For example, there was a massive hike in demand of car BMW Mini Cooper after its placement in the movie *The Italian Job [2003]* (Hackley, 2003).

Similarly, sales of car brand BMW Z3 sales increased after its placement in the movie *Golden Eye [1995]*; Red Stripe beer sales increased by 50% after *The Firm [1993]*; and *Toy Story [1995]* increased Etch-a-Sketch toy’s sales by over 4,000 percent (Sauer, 2004). After Ray-Ban sunglasses were placed in *Risky Business [1983]*, sales immediately jumped by over 50% (Sauer, 2005).

After being placed in TV reality show *Big Brother* in Poland, brand awareness of Pilsner Urquell brand of beer increased by 29 per cent (Burnett, 2003). In 2005, the web searches for Pontiac cars went up by 1000 per cent post its placement in TV talk show by Oprah Winfrey (Hines, 2004).

To mention a few successful product placements in India, tourism from India to New Zealand almost doubled after the release of Hindi movie
Kaho Na Pyar Hai [2000] (Menon, 2006); sale of Goodknight brand mosquito repellent increased heavily after consistent placement of the brand in five Malayalam movies (Kulkarni, 1996).

1.7 MODES OF PRODUCT PLACEMENT IN MOVIES AND TV SERIALS

As per Creative Entertainment Service (CES), the recognized authority on post production product placement analysis (“Let us Put”, 1996), there are three basic modes of executing product placement as discussed next.

➢ Used/Mentioned

A Used/Mentioned placement occurs when an actor or actress actually handles or interacts with the brand or verbally mentions the brand. Various instances can be quoted to exemplify a used/mentioned mode of product placement.

Hollywood movie Demolition Man [1993] featured dialogues to the effect that Taco Bell is the only restaurant chain left in the world in the 21st century. In Hollywood Bond movies Golden Eye [1995] and Tomorrow Never Dies [1997] the actor was shown driving BMW cars. In Men In Black [1997], Ray-Ban sunglasses were worn by actors.

In US TV reality show American Idol, judges drink from prominent glasses of Coca-Cola. In 2005, each member of the audience of TV talk
show *The Oprah Winfrey Show* was gifted Pontiac G6 cars (Hines, 2004).

In India, Hindi movie *Baghbaan* [2003] showed Tata Tea being used by the actress. Another Hindi movie *Swades* [2004] had the actor holding a FedEx packet while traveling in a train in India. In *Virudh* [2005], the actor insisted on using Elf brand of engine oil and Nerolac paint was used to paint a house.

In Hindi movie *Kaho Na Pyar Hai* [2000], the actor asked ‘McDonald’s ka burger laaon kya?’ (should I get you McDonald’s burger?). In *Koi Mil Gaya* [2003], the actor remarked ‘Main roz Bournvita peeta hun!’ (I drink Bournvita daily), whereas the line ‘Isko Thumps Up pilao’ (give him Thums-Up) was used in *Khaki* [2003]. In another movie *Love Ke Liye Kuch Bhi Karega* [2001], the actress declared she consumes nothing but Domino’s Pizza and Diet Coke.

In Hindi TV game show *Kaun Banega Crorepati I* [2000], ICICI bank cheques were shown being held by host and contestants whereas *Kaun Banega Crorepati II* [2007] prominently showed Lenovo logo on computers used in the show.

In a Marathi movie *Navasache Por* [1997], a shopkeeper recommended New Nihar brand cooking oil because of its cooling and stress relieving qualities and the actress happily buys the brand (Rajshekhar, 1999). Cadbury’s Five Star brand of chocolate associated itself with a Tamil movie called *Chocolate* [2001], with a song in the movie which had the chocolate brand Five Star included in the lyrics.
➤ **Seen**

A Seen placement occurs when a product can simply be observed with its brand name visible.

To give instances of Seen mode of placement in Hindi movies, Lays potato chips and Kellogs cornflakes were seen in various frames of *Dil To Pagal Hai* [1997] whereas *Ishq* [1997] featured Ceilo car, Lifebuoy Soap, Parachute hair oil and many more brands.


➤ **Signage**

Signage is when brand name or logo is displayed in the background without the actual product, eg. a hoarding or a poster.

To give examples of Signage mode of product placement in Hindi movies, Coco-cola posters were seen several times in *Kaho Na Pyaar Hai* [2000]. In *Mohabbatein* [2000], signages of Indian Oil, Colgate, Coca-Cola, ANZ Bank, Sansui, Nike, Hero Honda and many more brands were visible. In *Mrityudaata* [1997] a banner of Liberty brand of footwear was seen in one of the songs. In *Awwal Number* [1990], a Garware Suiting poster was visible on the cricket ground.

These different modes have values attached to them on the basis of effectiveness. A Used/Mentioned placement is more valuable than a
Chapter 1

Seen placement which is more valuable than a Signage placement. This is as per the rating method described by CES ("Let us Put", 1996).

1.8

BENEFITS AND SHORTCOMINGS OF PRODUCT PLACEMENT

Product placement offers various benefits and is faced with some shortcomings to, as discussed next.

1.8.1

BENEFITS OF PRODUCT PLACEMENTS IN MOVIES

Product placement in movies offers various benefits to marketers as well as movie producers. It is a win-win situation for all the parties, as discussed next.

1.8.1.1

Benefits for marketers

Marketers view product placement in movies as an important part of integrated marketing communications mix because of the unique benefits it offers over traditional advertising, i.e. commercial advertisements which are telecast through the media of print, TV, radio or out-of-home. These benefits are as follows:
➢ **Greater Reach**
Among the leading benefits associated with product placement in movies is its greater reach than traditional advertising. Globalization allows entertainment media to be accessed by local and global audiences (Balasubramanian, 1994). Multinational marketers select product placements over traditional advertising because the reach for a moderately successful movie worldwide well exceeds the reach of an average advertisement (Bhatnagar, Aksoy & Malkoc, 2004).

Moreover, a product placement in a movie has many chances to be exposed to consumers because it is revived and revisited many times. First, the product gets exposure in theatres when the movie is released. Then it gets exposure through DVDs/home video/video rentals, and at a later date it may gain a wider access when it is aired on satellite television. The actual life of a placement, therefore, is extremely long and the placement continues to receive exposure as long as people continue to view the movie.

➢ **Low clutter**
A frequent and ever-increasing problem in traditional advertising is the over abundance of advertisements in traditional advertising media of TV, print and radio. This phenomenon is known as clutter. A lack of clutter is one of the key advantages of product placement. Audiences are exposed to products in less distracted environments and become familiar with the brands over a longer period of time (Turcotte, 1995).

➢ **Low obtrusiveness**
Moreover, product placement in movies is less obtrusive than traditional advertising. Since product placement is embedded into movies, it does
not interfere with viewers’ movie-watching, compared with a commercial (Terry, 2001). Unlike the traditional advertising which catches the audiences in a cold-evaluating mood, movies appeal to emotions catching audiences off-guard (Bhatnagar, 2003).

> **Captive and receptive audience**

Product placement in a movie has the ability to reach captive audiences (Hulin-Salkin, 1989). The captive level of viewers is high because consumers cannot avoid viewing the product placement, unlike the possibility of zipping, zapping or muting the traditional TV or radio commercials. Zipping is when consumers fast-forward through commercials as they play back a previously recorded program and zapping is when consumer change channels to avoid commercials (Belch & Belch, 2001).

Moreover, movie audiences, particularly in theatre, are quite receptive. The sense of expectation before the movie creates an atmosphere of heightened attention with all eyes and ears focused on the screen. TV and radio are frequently used as types of companion or ambiance which are left on while other activities are taking place. The movie-viewing experience, even at home, is more of an event, which is thus better able to capture the viewer or audience’s attention.

> **Implied Endorsement**

Marketers feel that there is tremendous advantage to be gained by associating with movie stars through product placement in movies. It is possible to get actors indirectly endorsing the brand at a more economical cost compared to getting a movie star to directly endorse
that particular brand in traditional forms of advertising. Moreover, these implied endorsements are often made by major actors or actresses who frequently do not appear in television commercials. Thus, product placement in movies provides cost efficient communication (Deigh, 1985).

Moreover, marketers can add immense reinforcement to marketing effort by placing those brands in movies whose brand ambassadors are lead actors in movies (Bhatnagar, 2003). For example, Pepsi and Hyundai Santro were placed in Hindi movie Chalte Chalte [2003] starring the actor who already was the brand ambassador of both the brands.

Also, top movie actors can do successful repositioning of brands which otherwise could be difficult to achieve. For example, Martini cocktail, which was very much a ladies drink right through the 1960s, was able to reposition itself as an acceptable male drink only through its product placement in the James Bond movies (FICCI, 2004).

➢ **Realistic brand portrayal**

Product placement provides a venue where products can be portrayed and possibly demonstrated realistically in the context of a movie scene (Curtis, 1999). It is possible to demonstrate brand usage in naturalistic settings (Loro. 1990).

➢ **Reaching specific target audience**

Movies have always influenced popular culture, influencing fashion, hairstyles, and language (Nelson & Devanathan, 2006). Marketers can
place products in movies which are target specific, thus reaching highly desirable audience.

➢ Opportunity for banned products
Product categories like liquor are faced with dwindling avenues to advertise their products, with certain media banned for advertisement of these products in many countries, including India. Product placement in movies offers a welcome opportunity for promotion of these products (Chatterjee, 2003).

Alcohol brands McDowell No 1’s association with Stumped [2003], Bagpiper with Dum [2003] and Zingaro beer with Jism [2003] were all examples of such placements. Several cigarette brands have been promoted by consciously placing cigarette packs or brand names/logos in scenes in movies like God Mother [1999], Tere Mere Sapne [1996], Chasme Baddur [1981] and Katha [1983].

➢ Cross-promotions
Product placement in movies offers various opportunities for cross-promotions wherein marketers can organize a bouquet of activities around the placement (Prasad, 2006). Marketers benefit from the excitement factor surrounding the movies. The publicity got from these promotions adds credibility to the business (Williams, 2007). Hollywood movie Men in Black [1997] and Hindi movies Dostana [2008], Baabul [2006], TaRa Rum Pum [2007] were but a few examples of successful cross-promotions done for the products placed in the movie.
1.8.1.2

Benefits for moviemakers

Product placement in movies offers benefits to movie makers also.

➢ Clean Finance
Product placement has the potential to offset movie production cost (Alsop, 1988). Product placement offers an increasingly popular way of getting finance from marketers. For example, Movie Yaadein [2001] earned 3.5 crores from product placements of Coca-cola and Hero cycles (Chabria & Hemani, n.d.). Baabul earned more than Rs. 1 crore from Audi’s placement of its luxury car sedan A6 in the movie (Razdan, 2006). Coca-Cola paid about 20% of production cost of Taal [1900] (Duraiswamy & Gupta); Krrish [2006] also raised 12 crores from various product placements (Chatterjee, 2006).

Moreover, money from product placements can bring in liquidity to co-create marketing activities for promoting the movies (Adesara & Snelleksz, 2006). For example, revenue from brands like Audi, Kotak Insurance, Eros Jewellery and Taj Mahal Tea which were placed in Baabul [2006] took care of most of the promotion costs for the movie maker (Screen Weekly, 2007).

➢ Realism
Product placement has the potential to create more realistic movie settings (Sapolsky & Kinney, 1994).
1.8.2

SHORTCOMINGS OF PRODUCT PLACEMENT IN MOVIES

However, the practice of product placement is not without its share of risk for marketers and moviemakers. Both parties have still to reach a common ground in terms of understanding each other's strength.

Product placement has disadvantages that stem from marketers' general lack of control over the placement process. In spite of increasing professionalism in movie-making, a lot of marketers were skeptical about commitments not being met. Various shortcomings for marketers are discussed next.

➢ There is no guarantee about the release date or success of a particular movie, which can have devastating effects for promotional tie-ins at the retail level (Hulin-Salkin, 1989). For example, Cadillac CTS Sedan vehicle was placed in the movie *The Matrix Reloaded* [2003] and its launch promotional activities were to be coincided with the release of the movie. But the release date of was delayed for almost a year due to 9/11 terrorist attack, and the movie was released long after the vehicle was launched (Burnett, 2003).

➢ There is possibility of the placed brand being edited from the movie (Bergman, 1989; Solomon & Englis, 1994).

➢ There is risk of negative or unclear brand portrayal in the movie setting (Fleming, 1990; Terry, 2001) or overuse of brands (Adesara, 2006a).
Brands placed in movies take a long time before the consumer gets to see them. Time taken from the brand getting incorporated into the script, to it being featured in the movie and the movie being released can stretch to more than a year; meanwhile brands could have changed their entire positioning (Khan, 2008).

There is difficulty in measurement of quality of each product placement with respect to brand awareness, increasing brand equity, and intent to purchase (Sauer, 2005).

On the other hand, moviemakers often complain that marketers usually try to impose themselves into the script, and in a worst-case scenario do not pay up at all. For example, in Hindi movie Baghban [2003], two of the brands which were associated with the movie backed out at the last moment after the movie was made and the producer had to forego the amount expected from the marketers (Menon, 2005).

1.8.3
BENEFITS AND SHORTCOMINGS OF PRODUCT PLACEMENT IN TV SERIALS

Product placement in TV serials offers various benefits to marketers and serial producers, some of which are similar to those offered by movies.

Like placements in movies, product placement in TV serials also helps marketers in countering the advertising clutter in traditional advertising space by capturing surfing audiences in a more receptive mood, and provides opportunities for cross-promotions (Singh, 2004).
But product placement in TV serials offers some benefits that are not offered by movie placements, as discussed below (Singh, 2004).

- Product placement in TV serials is cheaper.
- TV offers a more controllable medium than movies since marketer can see the result of their TV placement effort within 4 to 6 weeks as compared to a placement in movie, which takes a longer time to release.
- Placements in TV help to reach a more specific target audience compared to movies, since TV serial audiences are better defined than movie audiences.
- Product placement in TV offers an accommodating arrangement between channels and marketers. Since deals are by and large a two-way negotiation between the TV channel and the marketer, if product placement in one program does not work out, the client can be accommodated by the channel in another program. Thus the relationship between the channel and the marketer is not a one off deal as in movies, but an accommodating long term arrangement.

Product placement in TV serials also suffers from shortcomings like systems and processes not in place, no set parameters for valuing placement, lack of structured format for in-program placements and apprehensions that programming sanctity, like editorial sanctity, may get compromised (Singh, 2004).
1.9

EXPERT SUGGESTIONS FOR PRODUCT PLACEMENT

A lot has been written on product placement by practitioners and academicians. Experts have suggested various dos and don’ts for this practice. Many instances of product placement in movies and TV serials which support these suggestions are available. The salient points of these expert opinions are presented next.

1.9.1

SUGGESTIONS FOR BRAND INTEGRATION INTO MEDIA CONTENT

Practitioners and academicians give utmost importance to seamless integration of a brand into the program content. There is unanimity among marketers and producers that advertising of this kind needs to be as unobtrusive as possible, with product placement woven into the program and not contrived or unnatural. The challenge is to make sure that the brand message is conveyed without interruption and without irritating the consumer, keeping the artistic integrity and entertainment value intact. In short, product placement should be subtle.

According to Dr John McCarty, head of marketing at the College of New Jersey, product placement works best if it's not perceived as forced and unrelated (McGinty, 2008).
According to Sanjay Bhutiani, Head of Leo Entertainment, one bad product placement can wipe out 25 good ones; audiences hate a contrived placement as creative integrity of the program is abused (Burnett, 2003).

According to Jagdeep Kapoor, Managing Director of Samsika Marketing Consultancy, brands should be integrated in the program script with a natural flow, making the brand communication easily acceptable and more effective (Kapoor, 2005).

According to Sanjeev Handa, director general, marketing, Maruti Suzuki, the brand has to remain true to the consumer also; if an Omega watch is shown in a middle class family, the consumer will not relate to it (Khan, 2008).

There are many noteworthy instances of product placements from movies and TV serials that exemplify seamless integration of brands in the content. Two very famous examples are from Hollywood movies *You've Got Mail* [1998] and *Cast Away* [2000].

> In the movie *You've Got Mail* [1998], AOL Internet service was an essential part of the movie and was intimately connected to the plot throughout the movie. The relationship between lead actors primarily took place on their AOL e-mail accounts; the familiar phrase “you've got mail” was heard numerous times whenever anyone of the main characters signed on to Internet service for communicating with each. AOL even played a persuading role to change the movie’s original title from "You Have Mail" to “You’ve got mail” in order to match with the AOL phrase exactly.
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- In the movie *Cast Away [2000]*, FedEx couriers and Wilson Sporting Goods were well integrated in the script. One of the notable characters in the movie was Wilson, a volleyball that was found in one of the FedEx boxes while deserted on an island.

Various instances of well integrated brands in Hindi movies and TV serials are given below.

- *Baghban [2003]* creatively integrated three brands, namely, ICICI Bank, Archies Gallery and Ford. The lead character of the movie was shown as ICICI Bank employee; he was shown spending a lot of time in Archies Gallery while writing a pivotal novel; another character was shown owning a Ford showroom.

- *Lage Raho Munnabhai [2006]* featured radio service Worldspace as a crucial location, with the lead actor uttering Worldspace's familiar call 'Good morning, Mumbai' as part of her scripted dialogue.

- *Taal [1999]* had a very romantic scene wherein the lead pair shared a bottle of Coke with the line 'Pyar Badta Hai' (love is strengthened) with Coke; thus integrating the brand in the script while reinforcing the brand values.

- In *Namaste London [2007]*, the aspect of speed with which money can be transferred at Western Union Money Transfer was shown. Also, matrimonial website bharatmatrimony.com was used to upload the resume of the lead actress.
In Dastak [1996], the lead actress (who had won Miss Universe title in real life) while attending a press conference after winning Miss Universe Contest in the movie was heard saying that the secret behind her looks is none other than Emami, a brand of face cream.

In a very popular TV soap opera Kahin To Hoga, a fashion show sponsored by Lux soap was woven into the storyline.

In TV soap opera Kumkum, a Fair & Lovely commercial was shown as part of the storyline.

In a popular TV game show Kaun Banega Crorepati - II, every time a participant phoned a friend for assistance, Airtel cellular service’s signature tune was played till time the friend came on line.

1.9.2 SUGGESTIONS FOR CROSS PROMOTION OPPORTUNITIES

Experts opine that placement of a product in a movie or TV program could be used for various cross promotional activities built around it. Marketers must utilize the placement to activate the consumer to respond. Product placement should be considered as a long term strategic investment and a property created for the brand. Creative, even simple, low-cost cross promotions can turn a throwaway placement into valuable exposure. Cross promotions lead to consumer awareness about the placement and they are more likely to notice the placement when they see it, which is especially true for products that are not immediately recognizable, or that do not have distinctive branding (Sauer. 2004).
According to Pranay Athwal, General Manager of Starcom Entertainment, marketers can organize a bouquet of activities around product placement in a movie, including meet-and-greets with the star cast, special screenings, autographed CDs, movie merchandising, co-branding in theatres, promotions and contests, satellite/cable TV and DVD releases (Prasad, 2006).

According to Leo Entertainment Head Sanjay Bhutiani, product placement could be followed by a 360 degrees marketing plan for cross-promotions during the various stages of the movie’s release (Indiantelevision.com, 2003).

According to Ruben Igelko-Herrlich, founding partner and co-president of product placement group Propaganda GEM, product placement should not be in a vacuum, but should be a component of a comprehensive marketing mix. Such cross-promotions can take the form of expansive campaigns, or creation of a simple website page to highlight the placed brand, or posting the product placement information on a discussion board or well-trafficked film website. A cross-promotion is the best way to follow up a product placement, allowing brands to use the movie’s artwork and/or characters in its advertising (Sauer, 2005).

For example, in Hollywood movie *Men in Black* [1997], actors were shown wearing Ray-ban sunglasses right through the movie. This product placement was coincided with worldwide parallel launch of Rayban sunglasses. During the movie’s release in New Delhi, special premiers, contests and promotions were organized in the city, making the sunglasses a fashion statement. Thus, product usage in a movie was
leveraged by marketers outside the movie space (FICCI, 2004; Haridas, 2000).

Various cross promotional activities have been carried out around product placements in Hindi movies also.

- Lifebuoy soap, which was placed in the movie *Krissh* [2006], did a co-branded TV commercial (Shah, 2008).

- Coke, which was placed in the movie *Aap Mujhe Acche Lagne Lage* [2002], participated in the movie's promotion before its release, including meets with the lead actor in New Delhi and Mumbai (Dhar, 2002).

- Thums Up, which was placed in *Kaantein* [2002], did a joint television and ground promos with the movie (Dhar, 2002).

- The leading strong beer brand Zingaro which was placed in the movie *Jism* [2003] leveraged the placement further by producing a calendar featuring the lead actress and giving it free of cost to consumers who bought a case of Zingaro beer (Chatterjee, 2006).

- Many brands extracted extra mileage out of their placement in the movie *Baabul* [2006] (Screen Weekly, 2007; Razdan, 2006). Audi's sedan A6 car, Chivas Regal and Eros Jewellery which were placed in the movie sponsored a fashion show during the movie's music release. Audi also showcased the car at theatres and ran brand commercials at cinema halls. Another brand Kotak Life Insurance which was placed in the
movie released a joint TV campaign with the line ‘Spirit of Baabul is celebrated with Kotak Life Insurance’.

➢ Verve, a fashion and lifestyle magazine which was integrated in the script of Dostana [2008], had a special issue called Dostana special, in which at least 40 pages were devoted to the movie. The magazine cover page was inspired by the movie along with the editor’s column having a special mention of the movie. The issue contained interviews with producer and director of the movie, details of fashion shoots of the movie and fashion and beauty features inspired by the movie’s theme (Shah, 2008).

➢ Two brands - General Motors’s Chevrolet car and Good Year tyres - found ideal placements in TaRa Rum Pum [2007], considering that the movie revolved around racing. The movie’s lead pair was already the brand ambassador for Chevrolet Aveo. General Motors organized a contest enabling viewers to test drive any Chevrolet model at any General Motors dealership in India and participate in a lucky draw which could possibly win them a Chevrolet Aveo. Good Year launched a new TV commercial built around the movie’s theme, starring the lead pair. At multiplexes, Good Year engaged audiences through activities such as fitting tyres on cars (BusinessOfCinema, 2007).

1.9.3
OTHER SUGGESTIONS

There are some other noteworthy suggestions from various experts on more effective use of product placement in movies and TV serials. These suggestions are presented below.
➤ Marketers should keep out of certain programs that may project a product in a defamatory light; not every program presents an ideal environment for promoting their products (Brook, 2000). For example, beer companies were especially sensitive about not wishing to see their products misused by violent or underage characters. Beer company Anheuser-Busch turned down placements E.T. [1982] because the beer was used to intoxicate a child (Anderson, 2006).

➤ There should not be an overdose of the brand in a program, otherwise, it would become boring and seem forced (Kapoor, 2005).

➤ Products that require more than a visual identity will benefit less from product placement (Sauer, 2004). A sports car is a highly visual product and its performance benefits can be seamlessly incorporated in a program; whereas a laundry detergent requires a vocal endorsement on why it cleans better, and that will probably be a hard fit in a plot. Moreover, because identifying with a movie is personal, basic needs commodities such as drain cleaners will benefit less than lifestyle products such as sunglasses (Sauer, 2004).

➤ Comparatively speaking, smaller and lesser known brands have a chance of benefiting most from good product placement but have a slimmer chance of being seamlessly placed because audiences don’t know them; the more recognized a brand is within its product category, the more likely it will be that the brand will get seamlessly placed. (Sauer, 2004).

➤ The choice of program for product placement should be closely considered. The marketer should take into account the track record of
the program producer, director and star cast, story line, and choose programs, especially movies, which have a greater probability of being a hit rather than being a flop (Kapoor, 2005). If a brand is associated with a hit movie it increases its reputation and image and, of course, its effectiveness. On the other hand, a flop movie makes even a good brand look bad.

1.10

PRODUCT PLACEMENT PLAYERS

Product placement was quite an adhoc and casual effort by marketers before its enormous success in the 1980s in the movies *ET The extraterrestrial [1982]* and *Top Gun [1986]* (Buss, 1998; Farhi, 1998; Reed, 1989; Tsai, Liang & Liu, 2007). The rising popularity of product placement fueled a thriving and orderly industry involving various groups of professionals, with more than 350 business enterprises in Hollywood dedicated for product placement (Burnett, 2003). An industry body called Entertainment Resources & Marketing Association (ERMA) was formulated in the US in 1991, wherein various groups of product placement professionals joined together to ensure standards of operation and establish good business practices (Galician, 2004).

1.10.1

PRODUCT PLACEMENT AGENCIES

After the surge in product placement practice, various product placement agencies flourished in the US. These agencies served as middlemen between marketers and movie producers. Among the largest independent placement agencies in US were Norm Marshal and

1.10.2
PRODUCTION STUDIOS

By the early 1990s, major Hollywood studios established in-house divisions for product placement, enabling studios to contact marketers directly (Segrave, 2004). Marketers felt a sense of security in dealing directly with studios. By the year 2000, nearly all big Hollywood studios like Columbia and Walt Disney had their own department devoted for handling product placement opportunities and working with placement agencies (Brook, 2000).

1.10.3
CORPORATE DIVISIONS

With marketers realizing the commercial impact of product placement, major corporate businesses like Coke, Budweiser and AT&T began doing product placements in-house (Segrave, 2004). For example, Coke’s association with Hollywood has been for more than 20 years and it has its offices near major Hollywood studios for this purpose (Bhatnagar, 2003).

Larger corporations have dedicated personnel to scout out opportunities for product placement within movies, television shows and other media. There are specific corporate positions whose sole or major part of job profile is focused on product placements (Williams, 2007).
1.10.4
PRODUCT PLACEMENT PLAYERS IN INDIA

Increase in advertising clutter on TV in India gave rise to avoidance of advertisement (Mitra, 2008), thus reducing the effectiveness of traditional TV commercials. Advertising agencies in India had to work harder to get brands in front of consumers and product placement became an attractive option. In order to cater to the increasing need of product placement, advertising agencies established entertainment-marketing divisions, formed joint venture companies or purchased product placement agencies.

In India, advertising agency Leo Burnett was the first to step into specializing in product placement and other marketing services, by establishing a division called Leo Entertainment in 2001, which was responsible for product placement deals for movies such as *Kaante* [2002], *Raju Chacha* [2000], *Yeh Kya Ho Raha Hai* [2002], *Jism* [2003] and *Baghban* [2003] (Bhatnagar, 2003).

Other advertising agencies like Lintas, Starcom, Group M, JWT, Madison, Percept and FBC Worldwide followed suit by setting up units for offering product placement services to marketers (Menon, 2005). Show M, a joint venture company from advertising agency Group M. concentrated on the medium of TV along with other mediums for product placements, while Starcom’s entertainment marketing unit called Starcom Entertainment specialized in marketing brands using various media of entertainment (Adesara, 2006a).
1.10.5
PROCESS OF STRIKING PRODUCT PLACEMENT DEAL

To efficiently locate a product placement opportunity, marketers usually hire a placement agency to act as a liaison with program producers and secure story scripts far in advance of program production. For example, Leo Entertainment, the product placement agency in India, secured product placement deal for cola brand Thums Up in Hindi movie Kaante [2002] six months before the movie went for production (FICCI, 2004). The agency, along with the producer and director of the movie, studied the whole script and found the more macho brand personality of Thums Up to be appropriate for the movie, rather than Coke or Pepsi; and thus the placement deal was done (FICCI, 2004).

If the agency has a script in hand which requires product placement, suitable clients could be approached for pitching the association. Similarly, clients also give the agency a brief as to what kind of placement they are looking for and the agency can develop a format of product placement around it (Adesara & Snelleksz, 2006).

In certain cases, production studios look for appropriate brands to be placed in case the script demanded it. For example, there was need to include a fashion magazine in Hindi movie Dostana [2008]. Dharma Productions Pvt. Ltd., the production house, wanted to work with a real magazine which could bring authenticity to the movie, rather than some random, fictitious title. The company approached a few suitable magazines before zeroing in on Verve. Verve had undergone a rebranding exercise and was looking to launch an international edition
around the time of the movie’s release, and thus the deal worked out (Shah, 2008).

Mr. Sanjay Bhutiani, General Manager of Leo Entertainment gave an elaborate description of the process of product placement as discussed next (Indiantelevision.com, 2003). According to him, each effective tie-up between a brand and a movie involves hectic negotiations of around 3-6 months. There is no fixed formula but the factors that are taken into consideration during the negotiation stage include: cast and credits, size of the projects and the producers, timing of the release, brand impact, number of screens during release and post-release phase and possibilities of brand associations through contests and promotions. Depending on the content of the movie and its story line, the placement agency can sketch a profile of viewers who are likely to see the movie. Then the agency approaches all those brands who could appeal to the targeted viewers. This is followed by a 360 degrees marketing plan for cross-promotions during various stages of a movie’s release.

According to Tejaswini Aparanji of P9 Entertainment, rather than having one-off product placement deals, the marketing plans of big brands includes allocation of a fixed amount of money to be divided into product placements and outside the program association (Bollywoodhungama, 2007).

Not only can product placement deals happen before the production of the movie or TV show, it can take place even after the program is shot. In recent times, there are digital and virtual product placement agencies which go one step further by using computer technology to add products to scenes post-production. For example, digital and virtual product
placement service in India was launched in 2006 by a tie-up between a product placement valuation company called Media e2e and Spanish digital animation company specializing in post-production product placement called 3-D Media International (Shashidhar, 2006b). Digital and virtual placements powers new opportunities for brands to be placed in a movie or television show even after it is shot.

1.11 PRODUCT PLACEMENT EVALUATION

While product placement gained popularity in the 1980s, it became important for marketers to evaluate the impact of the placed brands. Marketers raised questions like what is the return on investing in product placements, is product placement measurable and how to measure product placement. The largest challenge faced by product placement practice was accurate measurement of quality of each product placement with respect to brand awareness, increasing brand equity, and intent to purchase (Sauer, 2005).

For many years the method of product placement evaluation remained quite unsophisticated. Evaluation measures were memory-based, generally employing aided or unaided same-day and day-after recall. CinemaScore, which is the primary product placement research technique, incorporated after-viewing recall of placements into a formula consisting of projected box office receipts to output a price for the placement; using that formula a product placement fee of $28,130 was calculated for Coca-Cola in the movie Crocodile Dundee [1986] (Law & Braun-LaTour, 2004). However, reliability of this system was questionable (Gupta & Lord, 1998).
Another system to measure every product placement exposition was created by Poland based firm called Expert-Monitor, enabling marketers to evaluate each exposure for general and target audiences (Burnett, 2003).

The most recognized firm for product placement evaluation in many countries including US, India, Japan is New York based iTVX (Burnett, 2003). iTVX was formed in 2001 in response to the growing trend towards product placement in the entertainment industry, most notably in TV. Q-Ratio or Quality Ratio, which was a proprietary system of iTVX, measured the quality of a placement in terms of worth and effectiveness and hence the value deserved by it. The Q-ratio can be applied in a number of ways by marketers for media measurement to guide prognosis or diagnosis of what they got for their money (Adesara, 2006a).

Q-Ratio or the Quality Ratio determined the value deserved by a placement by carrying out frame by frame study of the quality of the placement, the visuals, how well it was integrated into the story, the quality of exposure of the brand and how such exposure helped the brand. Around 50 characteristics of placement were taken into account to arrive at the right value (Burnett, 2003). Various levels of product placement are considered - whether the product is in the background, background plus close-up, foreground, foreground plus close-up, hands-on wherein actor touches product, hands-on plus close-up, implied endorsement wherein actor uses product, wardrobe wherein actor wears product, verbal wherein actor mentions product, and verbal plus wherein actor mentions and touches the product; at the implied endorsement
level, commercial advertisements and product placements are considered equal (Burnett, 2003).

In order to provide a product placement valuation metric service for media professionals in India, Pakistan and Sri Lanka markets, iTVX and Media e2e, a strategic media studies group based in Mumbai and Hong Kong, set up a joint venture in 2006 ("iTVX, Media e2e team up", 2006). A tool called Branded Entertainment Suite for Indian market was launched with technical assistance from iTVX. The tool can trace product placement quality in all forms of branded entertainment, including television, radio, movies, games, print, live entertainment and sports sponsorships. A valuation service can help a great deal in cutting transaction time and thus increase the number of product placements.

1.12
PRODUCT PLACEMENT ETHICS AND REGULATIONS

The rise of product placement brought with it a whole host of issues and controversies ranging from public policy debates to unsolved legal problems. The proliferation of product placements gave rise to the need of legal regulations that guide all stakeholders, i.e. producers, marketers and consumers.

The increase in number of paid product placements gave birth to the issue of creative control, pressurizing the producers to defer some creative control to marketers. Much controversy existed over whether brand-controlled productions would remain artistically viable and hold
an audience while refraining from becoming nothing more than infomercials (Lee, 2008).

Moreover, the trend of mass-integration of brands in entertainment programs raised the ethical question of whether these heavily-branded productions were little more than advertisements disguised as entertainment for which consumers were already paying to view them (Lee, 2008).

Product placement also gave rise to public policy concerns. Critics argued that product placement was a kind of stealth advertising embedded within media programs of which consumers are essentially unaware (Gupta, Balasubramanian & Klassen, 2000; DeLorme & Reid, 1999; Karrh, 1998). For example, Commercial Alert, a US based nonprofit organization, argued that product placements are an affront to basic honesty and inherently deceptive; this is because many people do not realize that they were advertisements and targeted them in an unaware, relaxed and vulnerable state (Commercial Alert, n.d.)

Thus, product placement faced various issues and controversies and different countries adopted different approaches and regulations for this practice, as discussed next.

1.12.1
REGULATIONS IN NORTH AMERICA

Broadly speaking, US government does not prohibit product placements in broadcast television or motion picture industries (Lee, 2008). Unlike other countries, US product placements is not condemned or viewed as inherently dishonest. According to Washington Legal Foundation,
product placements do not cause any consumer harm or injury because in a free-market economy, consumers may decide for themselves whether or not they want to see a specific product (Lee, 2008).

But even in US, emphasis is placed on proper disclosure of product placement to consumers, especially in TV programs (Schatz, 2005). Payola laws require that broadcasters and cable channels announce when they are airing programs for which they have received payment. The term payola has become standard for commercial bribery without disclosure of consideration, a practice that is illegal in US (Schejter, 2004). The exceptions to this rule include donated products, nominal consideration in return for product placement, or promotion of realism as the purpose of the product’s placement (Mulcahy, 2006). Moreover, major tobacco companies have entered into agreements with many states, consenting to a nationwide ban on paid product placements (Savare, 2004).

In Canada, product placements are allowed only in general entertainment genre and not in programs for kids (Shashidhar, 2006a).

1.12.2 REGULATIONS IN EUROPE

The European approach to product placement vastly differs from that of the, with product placements viewed with a higher level of suspicion. The European Union’s landmark legislation - Television Without Frontiers (TWF) Directive governs audiovisual and media sector in all member nations of European Union. The TWF Directive disallowed surreptitious advertising (EUROPA, n.d.). Product placements have
generally been considered by European countries as surreptitious advertising. Such an inherently negative connotation gave rise to stricter controls than those existing in the US.

Various European countries have taken different approaches to product placements, but the unifying theme is that these approaches are usually stricter than those adopted by US.

Since years, British made TV programs were subject to laws preventing it from accepting funding for placing brands in its productions. If goods were used on a show, brand names were carefully concealed so as not to outwardly promote any particular product. This kept viewers free from any suggestion of buying one particular brand over another (Bizcovering, 2009).

Spain commonly used product placement practice while Germany is a critic of its application (Laitner, 2007). In Austria, the law bans product placements on public channels, unless the placement is external to the broadcaster; the ban is absolute for children’s programs (Lee, 2008).

Denmark and Italy mandated that the appearance of advertising be distinguishable from regular programming content (Lee, 2008). This effectively ends up in prohibition of product placements because there is no way to distinguish appearances of product placements from program content without disturbing the flow of the program.

Finland and Ireland have made product placements illegal outright, whereas in Portugal and Sweden, product placements are allowed within the parameters of sponsorship rules, provided that such placements are
not prominent (Lee, 2008). In Sweden, the law creates a per se ban on product placements because of the clause of ban against programs showing an undue favoring of commercial interests.

But the response of European countries to product placement is on way to become positive. Paid product placement is expected to grow substantially in Europe due to relaxing of regulations and the passage of the TWF directive (Carvajal, 2005; 2006).

The European Commission conducted a public study of TWF Directive and concluded that revisions were necessary to account for the substantial changes in audiovisual market and advertising industry (Lee, 2008). Restrictions on product placements are becoming increasingly difficult to enforce due to a variety of reasons (Pfanner, 2005). First, European broadcasters are increasingly importing American shows that are abound with product placements. As such, European producers opine that they feel compelled to follow suit and give their own programs the same degree of realism. Second, product placements are common in independently-produced works and imported feature films.

According to a study conducted by The Office of Communications, the regulator of UK's communications industries, product placements should be allowed for certain programs, such as sports, contemporary dramas, game shows and magazine programs, while other genres, such as news, current affairs, religion and children's programs, should be deemed off limits (Ofcom, 2005). Furthermore, the consultation sets forth that disclosure should be done in the beginning rather than the end of a program so that viewers are alerted beforehand and to minimize the
negative effects of the great speed at which end-credits usually run (Ofcom, 2005).

UK Law is set to allow television producers to accept payment for product placement in the television shows for the first time (Bizcovering, 2009). The proposed change to the law would allow British television makers to accept product placement funds in certain cases. It is only acceptable for commercial channels; i.e. not the BBC, and cannot be used on children’s television (Bizcovering, 2009).

1.12.3 REGULATIONS IN INDIA

Product placement is not bound by any stringent regulation in India, like disclosure that the product placements are advertisements (Singh, 2004). Nonetheless, since May 2005, there is ban on display or use of tobacco products in movies or television; health warning scrolls are compulsory in case of such scenes present in movies and TV programs produced before the notification (Tiwary, 2009).

1.12.4 EFFORTS FOR CONSUMER PROTECTION

As seen previously, different countries have different levels of tolerance towards product placement. But the aim across the countries is concrete adherence to protecting the consumer, as can be seen from the following statements of American Marketing Association, Direct Marketing of Asia Association and European Association of Advertising Communications.
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. 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” (American Marketing Association, n.d.).

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, n.d.).

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 Communications Agencies, n.d.).

1.13
SUMMARY OF CHAPTER

Part I of this chapter introduced the practice of product placement, its definition, evolution and growth. With reducing effectiveness of traditional forms of promotion, this practice grew tremendously since
the late 1980s. Though product placement practice is most popular in movies and TV serials, it is also prevalent in other media like print, videogames, online, books, radio and recorded music.

Part II of this chapter discussed product placement practice specifically in movies and TV serials, which is the focus of this research. Various modes of placement were explained with suitable examples. The benefits of placing brands in movies and TV serials were discussed, along with the problems faced by marketers in using this practice. The biggest challenge faced by marketers was evaluating the impact of the placed brands. Noteworthy suggestions from experts for good product placement practice were highlighted. The role of various product placement industry players was discussed. Lastly, various ethical issues raised by product placement and the regulatory framework prevalent in different countries were discussed.
REFERENCES


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