CHAPTER – 1

INTRODUCTION

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CHAPTER: 1 INTRODUCTION

1.1 BACKGROUND

Advertising can, as defined by Jobber (2004, p.423), create awareness of a company, a brand, an event, or a solution to a problem. According to Rotfeld (2006), consumers have always been able to avoid mass media advertising. Television breaks would be the time to make snacks or go to the toilet, kitchen etc. Moreover, the remote buttons made it possible to easily shift channels when the viewer did not want to view the commercials. According to Ulanof (2007), the prospect of people using technology to skip commercials panicked TV networks when digital video recorders launched in the late 1990s. According to Gupta, Balasubramanian, and Klassen (2000), these circumstances encouraged sponsors to explore alternative media or non-traditional communication such as product placement. In the entire thesis the product placement and brand placement has been interchangeably used.

Product placement is defined by Hackley, Tiwasakul and Preuss (2008) as the practice of placing brands into non-advertising media and is also sometimes referred to as brand placement or even entertainment marketing because it has migrated from movies to TV and radio programming, computer games, books, popular songs and stage plays. According to Russell (1998), it differs from advertising in the sense that it is mostly indirect and does not usually intend to provide the viewers with factual information about the product. Hackley, Tiwasakul and Preuss (2008) suggest it may be implicit and potentially deceptive nature of product placement, which makes it attractive to brand owners.

According to Lee and Faber (2007), consumers may be looking differently on product placements in entertainment media than on traditional advertising in a couple of ways. With traditional advertising, consumers typically recognize the function of the brand message, which activates consumer skepticism and persuasion knowledge, which in turn can serve to counteract and limit persuasive effects. Product placement is less likely to activate these defense mechanisms. When attending to traditional advertising the brand message is the primary focal activity for the viewer. With product placement, however, consumers are consciously attending to the entertainment content, which occupies their primary attention.
Ulanof (2007) claims that all types of companies are searching for new ways of getting their products in front of television viewers and that subtle product placement have paved the way for in-show promotions. Rotfeld (2006) agrees that future of advertising lies in doing a better job of hiding the sales message in the news or editorial content of the media.

A general definition of product placement for movies or television programmes is: ‘product placement is a paid product message aimed at influencing movie or television audiences via the planned and unobtrusive entry of a branded product into a movie or television programme (Balasubramanian, 1994). Karrh (1998) emphasized the link between product placement and payments from the adviser is, product placement is defined here as the ‘inclusion of commercial products or services in any form in television or film productions in return for some sort of payment from the advertiser”.

Product placement is the practice of including a brand name, product, package, sign or other trademark merchandise within a motion picture, television or other media vehicles for increasing the memo ability of the brand and for instant recognition at the point of purchase. Common practice of broadcasting has been that advertising is inserted within breaks in programs. But today’s audiences have enough choices and new technological advances allow them to ignore advertised messages by switching to other channels or skipping them altogether. This results in the proliferation of product placement on television and movies, as exposure of commercial products is engrained into the entertainment component of the program, maintaining audience attention. Alternative media vehicles are used by the media planers and brand marketers to reach to the customers with a distinct message so that the memorability of the message and hence the brand name increases.

1.1.1 The History Of Product Placement

The history of product placement in movies can be traced back to The African Queen (1951), which has Katherine Hepburn’s character, Rose Sayer, tossing cases of Gordon’s Gin overboard. The trend has been on the increase ever since, especially in present times, where advertisers have to do more than just run an advertisement in the newspapers or on television. The use of, and reference to, products and brands in entertainment programs to support creative content has a long history. The origins of
product placement can be traced back to 1896 when the Lever Brothers secured the placement of their soaps in some of the first films ever produced (Hudson and Hudson 2006; Newell, Salmon and Chang 2006). Although there is evidence that brand/product managers in the early 20th century recognized the valuable exposure that product placements could provide (for example, tobacco companies joined with Hollywood studios to arrange for actors to smoke cigarettes in movies in the 1920s), it remained a casual process or a by-product of public relations initiatives until the 1980s whereby the product sponsor did not pay the moviemaker, but rather, loaned the product for use as props in movie production, or provided a service for the production crew in return for exposure in the movie (Spillman 1989; Balasubramanian 1994; Brett 1995; Brennan, Dubas and Babin 1999; Brennan and Babin 2004; Wenner 2004). The 1982 film ET is frequently cited as the pivotal contributor to the recognition of the strategic value of placements, as following its exposure in the film, sales of Reese’s Pieces rose 66% in three months (Reed 1989).

1.1.2 Growth Of Product Placement

Product placement became common in the 1990s, until the ramifications of product placement were clearly understood. Today, firms have become cognizant of the commercial opportunities afforded by the cameo appearances of branded products and their cost-effective benefits and willingly pay entertainment / content producers substantial amounts for product placements which are perceived as advantageous. To efficiently locate these product placement opportunities, the product sponsor often hires a specialist product placement agency to act as a liaison with production studios and secure story scripts before production commences. These scripts are carefully reviewed to locate desirable story contexts for placing a specific product. When these contexts are acceptable to both the producer and the product sponsor, a product placement results (Balasubramanian 1994; Gupta and Lord 1998). Recently however, major advertising and media agencies have become more involved in the process, establishing dedicated branded entertainment divisions (Hudson and Hudson 2006). Products may also appear in entertainment vehicles as a result of mega corporation ‘sweetheart deals’ (e.g. McDonalds and Disney), which are more long-term and reflect a large financial investment, or firms may deal directly with production companies (Cowlett 2000). The industry is also becoming institutionalized with trade associations such as the Entertainment Resources and The US is the world’s largest
paid product placement market, accounting for two thirds of spending, with projected spending of US$2.9 billion in 2007, and double digit (but slowing) growth over the next four years (PQ Media 2007). The next largest markets are Brazil, Mexico, Australia and Japan. Other markets that are emerging as significant players include India (whose massive growth is driven by the booming Bollywood film industry and the establishment of specialist product placement agencies and product placement on television), and China, who will be the world’s fastest-growing product placement market (up 34.5%) (Nelson and Devanathan 2006; PQ Media 2006; PQ Media 2007). Product placement in the European Union and United Kingdom is also likely to flourish due to the relaxation of rules governing paid product placements on television (Sweney 2006). 

Product placement will continue to grow as the digitization of media makes it easier for product messages to be placed in both new and pre-existing entertainment programs. With more entertainment programs being downloaded from the Internet, especially as more homes worldwide acquire broadband access, it is likely that the product placements in entertainment downloaded by individuals will be tailored to those individuals (Galician 2004). In addition, digital television could allow for greater interactivity via the insertion of Internet hyperlinks in television programs, the placing of direct orders by consumers during these programs, virtual advertising and virtual product placement (Reding 2001). A common vision is that viewers, enabled by set-top boxes, will be able to select items onscreen to find out more about them, and possibly buy them directly (Taffel 2004). Such advances in technology may mean that product placement will become less of a simple promotional tool and more of a selling tool (Karrh 1998). This means that in the future, we may see a shrinking of the brand exposure-to-purchase opportunity time lag, with product placement more closely linked to an immediate buying response from the audience (Karrh 1998).

However, the veiled nature of product placements, coupled with this phenomenal growth, has resulted in societal discord. The ethical aspect of product placement has sparked much discussion, with the possible impact on vulnerable audiences the key concern. Younger audiences are one of these vulnerable audiences as they are heavy consumers of entertainment media (Nelson and McLeod 2005) and have less sophisticated information processing skills and ability to counter-argue (Roedder
1981; Strasburger 1995). Moreover, they are keenly trying to establish an identity, often using celebrity role models to assist them with this (Galician 2004). This makes them potentially more susceptible to the associations implied via product placements, especially where a valued celebrity is associated with the product/brand use. Underlying this concern is the notion that via social learning, audiences are more likely to integrate the products and brands portrayed into their everyday lives, and that whilst this learning can be conscious, it is more likely to be unconscious (Bandura 1977).

1.1.3 Product Placement In Hindi Movies

Product placement has become quite fashionable and trendy in the Indian movie industry, popularly known as ‘Bollywood’. Every new movie coming out of Bollywood these days is replete with brand promotion. 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 Dulhaniya 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, in part to the high level of message clutter in traditional advertising media, combined with the increased fragmentation of media audiences (Gunther 2000, Gupta and Lord 1998).

Churning out nearly 1,000 films a year, the Indian film industry is the largest in the world. Now, aided by technological advancements, the industry is set to take a further leap – across production, exhibition and marketing. In such a scenario, product placement in mainstream films deserves a renewed focus because as a marketing communication tool, it is fast emerging as the medium with maximum potential to capture and covert audiences to potential consumers. This is especially relevant in a world where traditional media vehicles are increasingly failing to reach the consumers for various reasons. Advertising in films is becoming big business for film producers, advertisers and ad agencies, and the trend is being witnessed all over the world. American beer company Stroh’s is said to have paid Rs 15 lakh to the producers of Dilwale Dulhaniya Le Jayenge for a 15-second scene in which Shah Rukh Khan
 mentions the brand name while downing a canned Stroh’s. The BSA SLR bike featured as a hero of sorts in the film *Jo Jeeta Wohi Sikandar* and TI Cycles is said to have paid producer Nasir Hussain some lakhs of rupees. The first such in film placement was the black-and-yellow Rajdoot bike in Raj Kapoor’s film *Bobby*, released in 1973 though it is not known if Raj Kapoor charged anything from Enfield for the scene. Sooraj Bharjatya’s film *Hum Saath Saath Hain* was associated with Coca-Cola. Throughout the film’s promos the theme was ‘Coke Presents Hum Saath Saath Hain.’ Bharjatya is said to have received Rs 1.5 crore for associating his film with the brand.

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.) Scripts are tailor made for the desired brand so that when they are incorporated they look natural. It is done through special mention in the programs, placement of logo or may be a shot of that particular brand. Movies have been used as the most popular platform for product placement. Showman Subhash Ghai’s *Yaadein* showcased brands like Pass-pass and coca-cola. Similarly time and again we have witnessed so many brands like ICICI, Yamaha, Pepsi, and Lays in movies *Aakhein*, *Baghban*, *Dhoom*, *Khushi* and *Krissh* respectively. Another most successful example of product placement has been in the movie *Koi Mil gaya* of the brand Bournvita (audio placement) where in the main protagonist of the film uses the brand in his communications very often, generating a high recall level. Product placement, as the numbers suggests is bringing revolutionary change in entertainment economics. 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-standardization 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 standardize the tariff structure for the product placements.

A product is described as not only the physical object, but also a bundle of benefits or values that satisfy consumers, generally in exchange for money. Products have become all the more important in the Hindi movie industry popularly known as Bollywood. Placement of products in movies was until recently a Hollywood concept only. Increasingly, the Indian film industry is using this tool for communicating and to earn revenue. Two specific reasons are attributable to such a change.

• With increase in production cost and launch of big budget movies, such secondary sources of revenue act as a cushion to the financers as well as producers of a movie.
• With the growing size of the young urban middle class in the Indian economy it becomes all the more important to satisfy the trends that this class follows.

From the brand managers’ point of view using product placements as a tool in movies provides his product and/or brand with a higher reach and penetration level. It is true for India that many villages don’t have electricity but they have cinema halls running on generator sets.

Hence hierarchy and status are also important to Indians. Thus celebrities and cricket stars and movie actors are looked up as successful people. This makes the use of product placement through celebrities as an ideal way to push them for use. From the perspective of a sponsor neither advertisement nor publicity provides the appropriate blend as the sponsor has control over the message and its content only but the audience decides its credibility. Hence a different form of marketing communication tool is required. Product placement is a tool which can effectively combine both advertisement and publicity components. Again since placements are paid for they are sponsor controlled messages both in their format and content.

The use of feature films as a strategy for introducing new products has grown increasingly sophisticated. Savvy marketers nowadays build elaborate marketing communication plans for cross-promoting films and brands in campaigns specially designed for promoting both the film and the brand together. For example, Audi used
2004’s *Babul*, a film by Ravi Chopra, as an integrated element for introducing a new model, the Audi A6. It was judged the most successful promotion of 2004.

Subhash Ghai was one of the early filmmakers to do product placement on a real large scale. Bollywood insiders say Ghai recovered production cost from Coke and other products even before the release of films like *Yaadein* and *Taal*. In future 40% of a film’s revenue will accrue from streams like TV, online rights, product placements and digital downloads. Video-on-demand, IPTV and DTH are already fetching handsome returns. Then, of course, there is the overseas market, which is expanding fast. In 2007 alone, at least a dozen Hindi Mainstream films have crossed a US $1 million mark in the UK an US.

As successful marketing efforts incorporating motion pictures continue to mount, the casual use of brands as props will diminish. While current practice does not require filmmakers to identify brands placed in films, viewers can reasonably assume that prominently featured brands have offered some compensation or other consideration in exchange for the appearance.

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.

1.2 RESEARCH PROBLEM

The need to understand how audience members process product placements in terms of attitudes underlies this study. Nevertheless, marketers have to be aware of the potential problems that they could be faced with. The lack of control is the main concern that distinguish product placement from traditional advertising. For example Coca-Cola was caught off-guard when their brand appeared in the film *Natural Born Killers* in a scene containing a murder. Other problems concerned with lack of control are when a firm, product or brand is cut out from a film or a scene and thereby shortening its paid – for promotional mentioning. This occurs due to the fact that program producers and placements sponsors operate according to different objectives and with the balance of power generally in the hands of the producers (Karrh, et al, 2003). For the producers, there is a lot of money to be made of product placement.
That is the reason for them to be increasingly willing to integrate the product placement as part of their business model. For the marketers there is a high incentive to demonstrate its product in its natural environment. However, the risk of these facts is that product placement has reached excessive levels and it raises the question, do movie audiences tolerate excessive placements? (Gupta, et al, 2000). The veiled nature of product placement, coupled with this phenomenal growth, has resulted in societal discord. The ethical aspect of product placement has sparked much discussion, with the possible impact on vulnerable audiences the key concern. There is also a need to collect evidence that these kinds of placements of brands in movies are considered ethical or not.

Moreover the boom of product placement has seen a significant increase over the years, however, studies about its effectiveness have shown that product placement has not been successful for everyone and thereby making it difficult to draw any concrete conclusions regarding the reliability of its investment returns (Morton & Friedman, 2002). Advertisers and marketers do not know for certain whether brand placements in films contribute to the realism of the film and recognition and recall levels of branded product placed in film scenes.

### 1.3 OBJECTIVES OF THE STUDY

Based on the discussion above, the purpose of this study is to provide a better understanding on how product placement in movies can be used to generate maximum effectiveness and efficiency in marketing communications. The need to understand how the audience process product placement underlines this study, with the argument that it is not what product placement do to audiences, but what audiences do with them that governs their success or failure by studying audience characteristics (demographics & psychographics) that make them more or less likely to counter-argue or be persuaded by product placement or impact consumer reactions and memory differently.

1. Understanding if and how strongly product placement affects consumer attitude towards the conventional advertisement methods and brand placements as marketing method.
2. To find whether audiences can recall various brands being endorsed by film stars in movies and if they can influence on audiences decision making / buying behavior

3. To understand how consumers develop their attitudes and beliefs about product placement and how they interact and experience them.

4. Help to develop the larger body of knowledge and understanding of the relationship between product placement and consumers.

5. To study the dimensions - placements as modifiers of realism, placements as connection to the familiar and placements as character identification aides and also awareness levels as well as credibility factors.

6. To Study if Brand Placement can be an effective marketing method for the marketers in terms of developing brand awareness and recognition

1.4 RESEARCH QUESTIONS
Several questions arise based on the foregoing discussion and the purpose of this study is to provide a better understanding on how product placement is used in Hindi movies today. Following research Questions have been developed below in order to help us gain the knowledge necessary to accomplish the stated objectives.

RQ1: - How can the different types of product placement be described?

RQ2: - Is the effectiveness of the television advertisements declining?

RQ3: - How does product placement affect the viewer? To check the acceptability and effectiveness of brand placements in hindi movies.

RQ4: - Do viewers perceive that product placement increases the realism of the film or broadcast program?

RQ5: - Do viewers / consumers recognize the brand names that were integrated with the script (film or broadcast program)? Do they find them more credible?

RQ6: Do viewers perceive product placement to be ethical means of promotion?

RQ7: - Does brand placement in any way influence the trial, usage or purchase behavior of the viewers for the brand.
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RQ8: Is there any relation between popularity of star(actor) and brand recall?
RQ9: Is there any relationship between frequency of watching movies or broadcast program and viewer level of brand recall and recognition?

1.5 OUTLINE OF THE THESIS

The thesis is presented into five chapters: Introduction, Literature review, Methodology, Data analysis and Research Findings, Recommendations and Conclusions. The introduction will present the reader with background information which leads to the problem discussion; together they assisted us in constructing the purpose and the research questions for this thesis. The literature review presents existing theories in the area of the research questions; a conceptual framework was developed in order for us to apply the most suitable theories to our study. The methodology approaches that were chosen for this study is presented in chapter three along with explanation about the quality standards that were taken into consideration. Chapter four is a presentation about what the collected data gave us, and attempts to make sense of the collected data along with the result of the study is presented. In the final chapter certain recommendations along with conclusions that were drawn are included.