Chapter - 3

Effectiveness Of Covert Advertising In Bollywood Movies – A Conceptual Study
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Meaning of Covert Advertising</td>
</tr>
<tr>
<td>3.2</td>
<td>Covert Advertising in Bollywood Movies</td>
</tr>
<tr>
<td>3.3</td>
<td>Images of Covert Advertising in Bollywood Movies</td>
</tr>
<tr>
<td>3.4</td>
<td>Hit Rate Of Covert Advertising in Bollywood Movies</td>
</tr>
<tr>
<td>3.5</td>
<td>Reasons Contributing for the Prevalent of Product Placement</td>
</tr>
<tr>
<td>3.6</td>
<td>Commandments for the Success of Product Placement</td>
</tr>
<tr>
<td>3.7</td>
<td>Types of Product Placement</td>
</tr>
<tr>
<td>3.8</td>
<td>Product Placement Strategies</td>
</tr>
<tr>
<td>3.9</td>
<td>Categories of Product Placement</td>
</tr>
<tr>
<td>3.10</td>
<td>Merits of Product Placement</td>
</tr>
<tr>
<td>3.11</td>
<td>Drawbacks Associated with Product Placement</td>
</tr>
<tr>
<td>3.12</td>
<td>Product Placement Management</td>
</tr>
<tr>
<td>3.13</td>
<td>Product Placement: Contracts and Methods of Remuneration</td>
</tr>
<tr>
<td>3.14</td>
<td>Product Placement and Brand Equity Management</td>
</tr>
<tr>
<td>3.15</td>
<td>Product Placement and Brand Awareness</td>
</tr>
<tr>
<td>3.16</td>
<td>Product Placement and Brand Image</td>
</tr>
</tbody>
</table>
CHAPTER – 3

COVERT ADVERTISING – A CONCEPTUAL STUDY

Over the decades advertising has emerged as a key constituent of integrated Marketing communication. Moreover, it has adjusted with the changing economic environment and consumer behavior. The clutter in the product market and media has made the task challenging for marketers to reach their consumers. Thus both the Media and Advertiser’s search for innovative advertising techniques led to ‘Covert Advertising’.

3.1 MEANING OF COVERT ADVERTISING

Covert Advertising is a medium through which branded products are placed in movies, which is visible to consumers without any distraction. It embeds a product or brand in entertainment and media and uses undercover tactics turning ordinary entertainment into an extended advertisement. It raises brand or name image making it more recognizable and memorable to the target audience. Covert advertising is presently a hot trend in promoting products and services.

Product placement is a technique of ‘covert advertising’. A product placement is the inclusion of a product, brand name or the name of the firm in a movie for increasing memorability of the brand and instant recognition at the point of purchase. It is an advertising technique in which the companies pay a fee or provide service in exchange for a prominent display of their product. Product placement occurs with the inclusion of a brand's logo in shot, or a favourable mention or appearance of a product in shot.

Due to the changes in the marketing communications environment a gradual proliferation of less traditional methods of communication has taken place. A trend towards soft-sell approaches (in contrast to more traditional hard-sell methods, like advertising and sales promotions) has increased the
importance of marketing communications tactics like product placement. Product placement enables soft persuasion and image enhancement for the product in an entertainment environment, where people are likely to be less cynical and more open to suggestion.

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

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

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

Movie audiences can be viewed as ready-made target groups, especially if a movie clearly represents a certain genre (e.g. Action, Comedy, Romance, etc.), thus providing an opportunity to include some indirect commercial messages into the movie for the audience to be influenced by. These commercial messages are usually included into movies by implementing a promotional method called product placement. People are no longer interested in advertisements be it in any form i.e. radio, television, banners or magazines. they mostly try to skip the commercials.

Product placements are commercial insertions within a particular media program intended to heighten the visibility of a brand, type of product or service. These insertions are not meant. Attempts are made for the viewer to read the product or the brand as a quality of the characters using and approving it. In product placement a product is featured, used, mentioned or seen in a movie in a manner that provides the product with a positive image and role in the movie. Product placement may also appeal financially to corporate marketers in addition to the marketing communications aspect as in the current world filled with advertising and other marketing communication messages people are prone to skip through print advertisements or change the channel.

Covert advertising is different from celebrity endorsement. The celebrities endorse products and brands with commercial reasons, which normally comes in the breaks in television programmes or cinema halls. Brand placements provide an opportunity where the involved audience get exposure to the brands and products during the natural process of narration of movie or television commercial.
The elements that can be placed are as follows

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

The high cost of conventional media accompanied by the growing clutter had made product placement an exciting and viable opportunity. Marketers combine product placements with special promotions to publicize brands entertainment tie-ins. Product placement is increasing into movies, TV programs, and computer games. Marketers are looking for distinct source of media vehicle to reach their target audience to increase the impact of its message and hence increase the brand recognition. Movies have become one of the effective medium to reach out consumers. Product placement in movies has become a trend all over the world and India is also impacted by it. Movies as a medium give an excellent opportunity to marketers to place their products in movies and potential to connect emotionally with consumers.

In India the product placement in movies existed since late 50’s. The famous product placement in Hindi movie was the yellow coloured “Rajdoot” bike in the movie “Bobby”. Indian film producers, advertisers and corporate began to show interest in the advertising technique. They began to use it as a part of their integrated marketing communication strategy.

The marketers and movie producers now frequently use placement as the promotion medium for products or brands. They communicate the product properties to targeted customers by the way of involving the actors or actress with marketing use of the product or with mention of the brand to eliminate the audiences’ resistance and also enhance consumer preference for the product or brand.
The goal of product placement is to add realism to the scene, give subtle exposure to the brand, and influence consumers in an unobtrusive manner. A number of companies pay to have their products used in movies and TV shows. For example, in the movie Dabangg2, Salman Khan uses Rayban sunglass and Vodafone logo was displayed on the mirror of living room of the reality show Bigg Boss 6 on Sony TV.

Essentially, this form is advertising without an advertising medium. Often, the audience doesn’t realize a product promotion is going on. Viewers tend to see brand names in films as lending realism to the story. Yet the impact on the buying public is real.

3.2 COVERT ADVERTISING IN BOLLYWOOD MOVIES

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

- In a scene from the film ‘Shree 420’ when Raj Kapoor, the protagonist, enters Mumbai for the first time, a large Coca-Cola banner was visible right above his head In the movie, ‘An Evening in Paris’, Coca-Cola was featured more than once.
- Way back in 1973, the black-and-yellow Rajdoot motorcycle was placed through Raj Kapoor’s film Bobby.
- The BSA SLR bicycle was assigned a significant role in the film Jo Jeeta Wohi Sikandar. Eventually the bicycle became a favourite of school-going and college-going youth.
- In the film Taal, the audience got to see the heroine and hero (played by Aishwarya Rai and Akshaye Khanna respectively) share a bottle of Coke. The underlying element of romance associated with the placement of the product (Coke) led many dating youngsters in the country to share Coke in parks, restaurants, colleges, etc, to advertise their love for each other.
• In the movie Dilwale Dulhania Le Jayenge, the hero Shah Rukh Khan makes a casual mention of a beer brand (Stroh’s) and actually downs a can of it.
• In “Love Ke Liye Kuch Bhi Kareja” the main character is seen holding a ball with the Mac “M” on it.
• In Sooraj Bharjatya’s film Hum Saath Saath Hain, Coca-Cola was exposed rather heavily. The film’s promos reverberated with the theme Coke Presents Hum Saath Saath Hain.
• Dil To Pagal Hai featured several brands such as Pepsi, Levis, and Killer jeans.
• New Zealand as a destination was positioned well in the movie Kaho na pyaar hai. Infact such was the impact it became a popular holiday destination after that.
• In the Shah Rukh Khan, Rani Mukherjee starrer Chalte Chalte, the hero shah Rukh Khan drives a Hyundai Santro and uses Castrol oil for the car’s engine.
• The film Road, shot mostly on roads with the lead characters driving the cars, featured Tata Motors Safari 4-wheel SUV.
• The heroine of the movie Aaja Nachle uses Tata Indigo to commute home from the airport when she arrives in India from a foreign country. Even when she commutes back to the airport in order to return to the foreign country she arrived from, she uses Tata Indigo. One does not know whether using the Tata Indigo was a pre-planned product placement exercise or a serendipitous development. But one does know that it went well with the audience since the Tata Indigo is used in India’s metros as luxury taxi by fleet operators -- to drop passengers at the airport or pick them up from the airport. The audience, particularly that part of the audience residing in metros, easily related to Tata Indigo, given its real-world appeal.
• The film Boom features 400 carats of real diamonds in its opening scene, courtesy, the Diamond Trading Company.
McDowell’s second-largest brand McDowell No 1 was associated with Raveena Tandon’s home production Stumped. The underlying theme was McDowell Presents Stumped all the way.

Films such as Fashion and Dostana (2008) included several brands that were integral to the movie’s themes. Fashion featured products such as Sunshine and Kimaya, which the protagonist, who is a model, endorses. The storyline of Dostana included one of the main characters working for the magazine Verve.

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

Krrish, on the other hand, prominently featured Singapore Tourism Board, Sony, John Players, Bournvita, Tide, Hero Honda, Boro Plus, Lifebuoy, HP Power and Lays chips. Krrish, in fact, showcased a brand every nine minutes and highlighted 37 brands in the entire movie.

Phir Hera Pheri effectively delivered Dominos’ consumer promise of —pizza delivery within 30 minutes or free by creating a comic scene around this notion. Lenovo used clips from the movie Corporate in the form of a commercial.

Kotak Life Insurance tied up with the film Babul for an in-film insertion as well as an ad commercial.

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

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

Louis Philippe, a clothing line for men associated with the movie Don, developed its —Don line of clothing and promoted it with the tagline “inspired by Don”. The Louis Philippe collection was, in turn, promoted in the film.
• Namaste London, which revolves around a wedding. The producers brought in Bharatmatrimony.com for associative marketing via a multimedia campaign.

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

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

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

• The maker of Zandu Balm pain reliever rub and BoroPlus anti-septic cream has had its brands present in some Bollywood super hits such as Dabang.

• Sonam Kapoor used loreal products in Aisha and Kareena Kapoor had a sony vaio laptop in Bodyguard.

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

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

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

Figure – 3.1 : Audi in the movie ‘Bodyguard’

Figure – 3.2 : Benz in the Movie ‘Vivaah’
Figure – 3.3: Mahindra Flyte in the movie ‘3 Idiots’

Figure – 3.4: Royal Enfield in the move ‘Jab tak hai jaan’
Figure – 3.5 : Coca Cola in the movie ‘Once upon a Time in Mumbai’

Figure – 3.6 : Pepsi in the Movie ‘Rab ne banadi Jodi’
Figure – 3.7 : Apple in the movie ‘I hate luv storys’

Figure – 3.8 : Compaq in the movie ‘Patiala House’
Figure – 3.9 : Usha in the movie ‘Jannat 2’

Figure – 3.10 : LG in the movie ‘Vicky Donor’
Figure – 3.11: Lakme absolute in the movie ‘Heroine’

Figure – 3.12: Streax in the movie ‘Force’
Figure – 3.13: Maybeline, Shopper Stop and Tagheuer in the movie ‘Om shanti Om’

Figure – 3.14: Nike in the movie ‘Chak de India’
Figure – 3.15 : Cafe Coffe Day in the movie ‘Mera pehla pehla pyar’

Figure – 3.16 : Pizza Hut- in the movie ‘Main hoon na’
Figure – 3.17: Tide in the movie ‘Krrish’

Figure – 3.18: Discovery channel in the movie ‘Jab tak hai jaan’
Figure – 3.19: HDFC and PVR cinemas in the movie ‘Ek deewana tha’

Figure – 3.20: Vodafone in the movie ‘Wanted’
3.4 HIT RATE OF COVERT ADVERTISING IN BOLLYWOOD MOVIES

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

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

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

- In Don, Farhan Akhtar promoted Tag Heuer (watches), Motorola, Garnier, Citibank, Oakley sunglasses and Louis Philippe outfits. Although too many products were covered, the subtlety underlying the placement exercise ensured that the target audience was not frustrated.

- Sanjay Gandavi’s Dhoom 2 promoted Coke, Pennzoil, Pepe, Sony, Disney Channel, Sugar Free, McDonald’s, Speed, and Suzuki Zeus. Coke’s two brand ambassadors were featured in a movie for the first time. The cool couple sipping the coolest drink did the job for Coke! Coke organised a special campaign for Dhoom 2 where Hrithik Roshan encouraged youngsters to take a swig and go dhoom.
• Ravi Chopra’s Baabul featured brands like Audi, Kotak Insurance, Eros Jewellery, Nerolac and Taj Mahal Tea. The spirit of Baabul was celebrated with ‘Kotak Life Insurance’. The music release and the fashion show organized by Baabul producers also helped in placing the product successfully.

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

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

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

• Ta Ra Rum Pum, being a film centred on racing cars went for the overkill while trying to place the brands. The superfluous (from the perspective of the audience) close-ups and zooms frustrated the audience no end. The gulf between the storyline and the products placed, like Castrol, Goodyear and Chevrolet stood out like a sore thumb.

• Salaam E Ishq was another movie that attempted product placement. The hero of the movie John Abraham decides to gift a diamond set to his lady love (played by Vidya Balan) on the all-important occasion of anniversary. The diamond set presented is from the Ira Jewellery stable and the director of the film botches up the product placement exercise by zooming in on the brand, relegating the diamond set to the background.
• In the movie Victoria 203, the product placement turns out to be more voluble than sensible with the characters harping on the virtues of buying Gitanjali Diamonds and giving a rundown of the people behind the company, namely the Choksi family. The audience would have none of it.

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

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

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

3.5 REASONS CONTRIBUTING FOR THE PREVALENT OF PRODUCT PLACEMENT

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

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

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

### 3.6 Commandments for the Success of Product Placement

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

- A product being used by characters in the movie is better than simply advertising the product in the movie.
- The products may be promoted by being used by other important cast members in the movie and not necessarily the lead actors.
- Audiences want to identify themselves with certain movies and characters, hence “lifestyle” products benefit more from product placements rather than daily-use products.
- The target audience should be aware of the product that is being placed in a movie. If this is not the case, the placement, is rendered useless.
- People have good brand recall of products/brands seen in movies, thus this form of advertising creates awareness amongst the people. When the brand/product looks out of context and forced upon the plot, then it leads to irritation in the mind of people.

3.7 TYPES OF PRODUCT PLACEMENT

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

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

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

3.8 PRODUCT PLACEMENT STRATEGIES

Product placement strategies are divided into two types. They are as follows

1. **Implicit Product placement**: An implicit Product placement is not expressed formally. The brand name or the name of the firm appears without a clear demonstration of product benefits. It plays a passive, contextual role. For instance, in a game show like KBC computers of Lenovo are used. In a movie, some scenes are shot in Macdonalds. Thus, in an implicit Product placement the brand, the firm or the product is present within the program without being expressed.
2. **Explicit product placement**: Explicit product placement strategy is divided into two types. They are as follows:

   a. **Integrated explicit Product Placement**: In this type of Product placement, the attributes and benefits of the product are clearly demonstrated: it plays an active role. For instance, in a quiz the questions asked in a series to the participants concern the sponsor's products; a Pizza Hut, pizza is delivered in a scene where everybody is hungry. Thus in this type of placement the brand or the firm is formally expressed within the program.

   b. **Non integrated explicit Product Placement**: In a non integrated product placement the product or the brand is not integrated in the program or movie. The company/brand name may appear in the beginning of the program (this program is brought to you by) or the brand or company name appears on the screen. For instance when ever a cricket match is in progress, some products are displayed on the screen which has got some relevance to the match situation. For instance LG vision appears whenever a decision is referred to the third umpire.

3.9 **CATEGORIES OF PRODUCT PLACEMENT**

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

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

- **Generic Placement**: To demonstrate the characteristics of a product without a particular brandname. Ex: Sunglasses and Shades used in Men in Black.

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

- **Idea placement**: To include facts, opinions or statements in a plot. Before Dabangg 2 got released, discussion of the movie was done in a television serial Saath Nibhana Saathiya is an Indirect promotion for the movie.
• **Historic placement**: To illustrate the long tradition of a brand. For instance, using the Indian postal services in a movie or using AIR INDIA as a traditional player in the field of mails and aviation respectively.

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

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

### 3.10 MERITS OF PRODUCT PLACEMENT

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

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

The viewer can't ignore the placement without missing the plot in films or TV shows. Consumers feel that products integrated into a show have a higher perceived value than similar products advertised during the same show.  

**For ex.**: Shah Rukh Khan carries Samsonite co.’s backpack in the movie ‘MY NAME IS KHAN’, consumers felt the product was well integrated in the storyline of the movie because, the movie stresses on Shah Rukh’s journey to meet USA president.
Active audience interest: One feature of product placement is its effect on the active interest of the audience and the opportunity to exploit the emotional involvement of the public exposed to its message. The attention with which people follow the development of the scenes of a film or in TV shows and the emotional involvement which makes them participate in the action and the scenes being played out cannot be matched by any other form of corporate communication media.

For ex.: Dance India Dance is a reality show aired on Zee TV intended to bring out the dancing hidden talents of the Indian youth, Remo Fernandes famous choreographer and director of bollywood movie was one of the judges of Dance India Dance season 3 and in one of the show he had worn a jacket from Diesel company. It was easy for Diesel company to capture the attention of the viewers highly because the viewers were emotionally attached to the dance and the comments by the judges to the contestants and had to notice the jacket worn by Remo.

High audience segmentation: Product placement also permits typological segmentation of the public it reaches. Every film has its own particular identity and this is usually quite evident even in the advertising trailers, which aim to attract specific sectors of the public. So product placement has a highly segmentation tool available to the marketer it.

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

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

For ex.: Madhur Bhandarkar’s Fashion recovered approximately 40% of its budget within film advertising. It had likes of Kimaya, Cellucom, Sunsilk, Lenovo, Reebok and LG among others. Thus the producers are also roping in multiple brands to advertise in their films.
Advertising fragmentation: With the addition of hundreds of new television stations, advertisers find it harder and harder to communicate to their target market simply because there is no telling what their target market will be watching during prime time any more. Advertising dollars are often wasted on expensive commercials that used to reach millions, but now the market is so fragmented that you do not know who you are reaching. Also, an important deterrent of traditional advertising through commercials is the popularity of TiVo and similar DVR (digital video recorders). These devices allow viewers to skip the commercials altogether and never see the ads that have been paid to play. This is requiring the advertising agencies and marketers to become creative in their forms of advertising.

Longevity and low cost: Movies have a longer life because you can record the movie on TV or you can purchase the CD of the movie. Product placement is the form of advertising that has a diminishing cost due to its longevity. With the average 30-second spot costing 50,000-4,00,000rs or more for a product to be advertised, product placement is a minor expense.

Perceived Endorsement: The product/services will be linked with the stars/characters on the show or in the movie. Since people can see the product in use by their loved celebrities, it gives the product some sort of status and an endorsement. The viewers think that if their favourite actors are using it, then they must like it and it must be good. And it significantly increases brand awareness of the brands used by their hero/heroine. For ex.: In 3 Idiots movie, Airtel Internet data-card and its signature tune were ‘placed’ during an important sequence while Sharman Joshi is in hospital and Aamir tries to connect to web cam chat through this data-card.

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

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

**High absolute cost:** While the CPM may be very low for product placement in movies and shows, the absolute cost of placing the product may be very high. Although only a small percentage of placements are paid for directly, the increased demand by the studios for cross-promotions drives costs up considerably.

**Time of exposure:** While the way some products are exposed to the audience has an impact, there is no guarantee viewers will notice the product. Some product placement is more conspicuous than others. When the product is not featured prominently, the advertiser runs the risk of not being seen. **For ex.:** Metro special face tissue pack was featured in Dance India dance 3, unfortunately the product was exposed less than a second which could not draw the attention of the viewers strongly.

**Limited appeal:** The appeal that can be made in this media form is limited. There is no potential for discussing product benefits or providing detailed information. Rather, appeals are limited to source association, use, and enjoyment. The endorsement of the product is indirect, and the flexibility for product demonstration is subject to its use in the film. **For ex.:** Hrithik Roshan wears a T-shirt in the marathon in Dhoom2 movie, which carried the name of Sugar free company. But there was no scope for discussing the benefits of Sugar Free product.

**Lack of control:** Marketers may have a lack of control over how products are portrayed or incorporated into a scene or storyline (Daugherty and Gangadharbatla, 2005). Products may end up being misused, ignored,
criticized, associated with questionable values, or used unethically. This can be especially true in reality shows. So, advertisers must exert greater control over product or brand appearances to ensure their prominence. Most appearances are visual or verbal but rarely both. In addition, most brands are portrayed neutrally and for less than five seconds. (La Ferle and Edwards, 2006)

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

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

Negative placements: Some products may appear in movie that are disliked by the audience or create a less than favorable mood. For ex.: Two-wheeler Mahindra Flyte made its debut in Bollywood with '3 Idiots' with a few scenes involving Aamir Khan riding the bike with two pillion riders—Sharman and Madhavan, was not a good placement for Mahindra Flyte since it showed triple riding.

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

Product placement usually involves a promoting company and a movie production company. The former aims to place a specific product or brand in a given context, while the latter searches for correct remuneration in return for granting visibility to the ‘placement’.

Depending on the activities performed, the operational aspects of the placement can vary. First of all, some initiatives are limited to the placement of the promoting company’s product or brand in the film, but they may also extend to their management in collateral activities such as advertising posters or the promotional trailers that launch the film. These initiatives create products that are separate from the film because they are conceived specifically to market it. The trailers are destined to have more visibility than the film they promote, and they are communicated by numerous media and address a far broader target than the audiences who will actually watch the film.

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

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

The benefits of cross promotion are felt in particular by the promoting company which can thus make its association with the film known to the general public, drawing on its recognition and image on the market. On the other hand, film production companies also exploit the advantages of the communication created by the cross promotion, obtaining greater visibility for the film, which is promoted at the expense of the promoting company.

Depending on the frequency with which this tool is employed, the companies involved may create organisational units whose purpose is specifically to manage it. In the case of cinema production, ‘Executive Studios’ are created to systematically manage placements within the films produced. It will therefore be the Executive Studios that analyses the screenplay, look for placement opportunities and contact any promoting companies that might be involved.

Promoting companies that invest regularly in placements can set up special units themselves, as Anheuser-Bush, Ford, AT&T, Kodak and Coca-Cola (the ‘heavy spenders’ in this market) have done in the United States, to analyse studios’ proposals and to collaborate actively on the definition of the best positioning solutions.

‘Product placement agencies’ slot in between these players: they are professional structures that specialise in activating and managing this type of corporate communication tool. These agencies first appeared in the second half of the 1980s, in the Hollywood area, and they replace the specialised units of promoting companies and production houses, or work with them, dealing with
the operational aspects of the placement process. Their activities start from an examination of the film in production, envisage the identification of potential placements of brands and products, and continue with the selection of promoting clients. They manage the placement on their behalf, draft the contract and protect the customers’ interests when the scenes in which the product or brand will be placed are recorded.

The agencies can be contacted directly by promoting companies looking for a placement or by production companies wishing to identify possible promoters, when the producers are not in a position to manage the relations that would result from it. The product placement market is founded on the existence of finite and stable relations between parties that know each other and can establish trusting relationships. In many cases, it is the bonds of friendship and acquaintanceship, rather than specific contract clauses that enable a contract to be developed and respected.

3.13 PRODUCT PLACEMENT: CONTRACTS AND METHODS OF REMUNERATION

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

This remuneration represents the main product placement cost for the promoting company and a revenue (or lower cost) for the film production company. It is usually defined on the basis of the marketing plan for the launch of the film in cinemas, and its subsequent distribution through other channels (purchase of rights by television networks, home videos, etc.). Compared to other, similar experiences, this plan creates expectations regarding the success of the film, and therefore its prospects for distribution.
One element common to many product placement contracts is the ‘transparency clause’ which obliges the parties to consent to the disclosure of the contents of the agreement to external parties (for example journalists, television networks, government agencies, and so on).

Product placement contracts can be terminated if certain events envisaged during the development of the agreement occur or do not occur. The most frequent cause of the termination of a contact is the director’s decision to eliminate the scene that was to contain the placement. In other cases there may be disputes regarding a failure to respect particular contract clauses, which can result in lengthy and costly legal proceedings.

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

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

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

b. In the first case, the promoting companies make specific goods or services available to the production companies so that they may be employed in the production and/or used by the film crew.
c. In cross promotion, on the other hand, the cost of the placement is negotiated in the form of participation in the promotion of the film, for example the communication to promote the film (and the related product placement) at the promoting company’s points of sale. In this sense, some product placement specialists maintain that promotions are the real remuneration for this communication tool, because they can be transformed rapidly into increased sales for the sponsor companies and the film studios.

d. Payment of a fee envisages monetary remuneration by the promoting company to the film production company, but it is actually applied less frequently. For example, it is unusual to negotiate a fee when the products necessary to produce the film are expensive, like cars. Some directors and producers feel that payment of a fee puts pressure on the choice of the scenes to be kept in the film, reducing the director’s freedom of action. However, the fee is usually close to $5,000 (rarely exceeding $20,000) and seems to be the simplest form of remunerating product placements in situations that do not envisage cross promotions or cannot be remunerated by the availability of expensive products.

3.14 PRODUCT PLACEMENT AND BRAND EQUITY MANAGEMENT

Product placement, which has a number of distinctive characteristics, slots into the vaster system of corporate communication tools (advertising, sponsorship, sales promotion, direct marketing, merchandising, licensing, propaganda and public relations). These tools are linked by the goal they share: to convey a message to selected target groups, in order to transmit and make known a specific brand identity, which can help to maintain and develop brand equity.

The tools indicated operate with specific supports, for example support for an event, a personality, a palimpsest, a paper, a film and so on. What is more, by creating precise information flows to reach given targets they acquire specific quantitative (number of contacts per unit of time) and qualitative aspects (distinctive features of the programme, the publication, etc.) related to
the media employed. By integrating the communication into the goals and targets of the message, the message conveyed by the product placement acquires qualitative and quantitative values (such as tone, style and frequency) from both the product/brand represented, and from the film, the scene and the method of exposure.

Like other communication tools, product placement also demands preventive evaluation of the effect achievable and, after its use, verification of the effects actually achieved. From an economic-corporate perspective, this effect is the benefit obtained from meeting specific communication costs and it is only by comparing costs and benefits, and targets and results that the effectiveness and efficiency of the instruments activated can be calculated.

The choice of a specific communication tool and the identification of a suitable level of investment are the result of what can be defined as a causal approach to spending on communication. Every investment makes it possible to reach a precise goal, according to a cause-effect logic that makes it necessary to identify the goal in advance and to verify afterwards that it has been reached, calculating the effect achieved.

The effect of the communication must then be assessed with reference to the main goal of increasing brand equity. There are two useful indicators that make it possible, according to now widespread concepts, to define this equity on the basis of the company’s functioning hypothesis brand awareness and image.

Awareness is a quantitative indicator that can vary according to a specific segment of demand’s familiarity with a particular brand. On the other hand, image is a quality indicator, summing up the connotations that a given segment of demand attributes to the brand under examination. The brand image can therefore be associated to the degree of differentiation of a product range, as it is perceived by demand in a market characterised by the presence of specific products.
A brand may therefore develop very specific connotations that tend to distinguish it clearly from its competitors, directing it towards a precise market position. In the opposite case, and usually with the goal of increasing visibility, brand communication may be targeted by reducing its distinctive connotations in order to enhance the acceptability of a less specific, more widespread corporate product. From a conceptual perspective, awareness and image are therefore inseparable aspects of the same phenomenon, brand equity, which can be examined by joint recourse to both indicators.

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

3.15 PRODUCT PLACEMENT AND BRAND AWARENESS

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

The first aspect, awareness, can be examined with reference to certain typical situations (brands with a high level of awareness and brands with a low level of awareness), combined with the degree of novelty for the market of the products offered (existing or new product). The comparison of the two values outlines certain typical situations to which product placement can be applied in various ways.
First of all, product placement does not seem to offer interesting potential for new brands that are not yet familiar. This communication tool places or uses the product (making the brand visible) in a film in a way that must appear entirely incidental in the spectator’s eyes. So it is not suitable for unknown brands, which, being new, would not be noticed at all.

Similar considerations are valid for the launch of new products from little known brands. In this case too, a film does not guarantee the necessary visibility to the brand or the new product to achieve significant recollection. There are however non-traditional product placement solutions that can get round the limitations of poor awareness by attributing greater importance to the new product. Product placement can also be used to develop awareness of products already on the market, even when they are from lesser known brands.

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

On one hand the new product is not familiar and if it is to be seen and to attract the audience’s interest it must be given important space in the film, giving it a certain visibility. But on the other hand, a well-known brand on a new product already has the force to attract the audience’s attention, guaranteeing the product a degree of visibility which an unknown or little-known product could not obtain with the same amount of exposure. Even if it is supported by a very well-known brand, a new product must be made more
visible than a product already on the market. Visibility can be achieved in various ways; for example through longer exposure times, more numerous appearances or particular uses in important scenes in the film.

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

3.16 PRODUCT PLACEMENT AND BRAND IMAGE

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

However, product placement cannot programme the hoped-for effects of a scene and the associations it contains. These effects depend on the associations that the audience makes with the scene and the entire film, the appreciation on which the success of the film depends and, therefore, the possibility of expanding or damping the values associated with the brand. In product placement, the choice of the setting and the characters that the brand is associated with, and the possibility of verifying its correct positioning during filming, reduce the risk of ineffective or even harmful placements.
Because it is a condition that amplifies the effect of the placement, the visibility of a popular brand inside a film can be a vehicle of positive but also of negative associations. For this reason, brands tend to value the possible effects of product placements very carefully, avoiding associations that are too innovative and potentially uncertain. Clauses drafted to prevent any negative associations that may be harmful to the image are also included in the contracts.

However, it is not always possible to control extreme situations, as we can see from the number of legal proceedings initiated against film production companies by businesses, for the damage that erroneous placements or contract default can cause, with negative consequences for brand equity. Where the effects on the brand image are concerned, product placement seems to offer different potential depending whether it addresses the transfer of distinctive image connotations in the case of new products, the development of distinctive connotations of the image of an existing product, or changes to the perceived characteristics of a product that is already known and distributed in the market.

Product placement can also be used to develop the image connotations of an existing product. In this case it is necessary to define the image characteristics of products which, although they have been on the market for some time, are almost totally interchangeable with competitive products because they are part of a traditionally poorly differentiated supply.

Finally, even if less frequently, product placement may help to change the system of distinctive characteristics of a corporate product, by associating a particular brand with scenes or characters that can modify its classification.

If the distinctive traits of a product are to be changed effectively, other tools are necessary, in addition to product placement. In fact, the qualifying effect that a film can have for a brand as a result of product placement is subject to the transience of memory. On the other hand, the brand survives longer than one’s memory of the film and the characteristics associated to it in the film, and it draws on numerous tools to develop its own distinctive traits.
From a long-term perspective and from the viewpoint of promoting companies, every product placement can therefore be examined in depth, not only for the benefits it can produce in terms of communication, but for the transience of the effects developed and therefore for the need to activate additional tools that become necessary in order to achieve the company’s communication objectives. In this sense, product placement must be assessed in relation to the possibility of its being sustained, in the short term, by other communication initiatives that have positive repercussions on the film’s popularity.

Companies that have identified product placement as a tool of corporate communication with particular characteristics seem to be moving in this direction, i.e. towards the association of product placement with other corporate communication tools on one hand, and towards the choice of innovative forms of product presentation in the film and in the promotion of the films and of product placement itself on the other.

Given this backdrop, it dawned upon movie producers and marketers of goods and services, in particular marketers of fast moving consumer goods (FMCG) be it durables or non-durables that movies can be leveraged to promote products and services and in the process both of them can gain some pecuniary advantage. On its part, the audience also welcomed a bit of diversion even as they watched the movie – the kind of diversion which could keep them apprised of the various goods and services that the marketers have introduced or propose to introduce and the features of the said products and services.

Given the huge national market Bollywood industry is bent upon exploiting covert advertising to the hilt to minimise its film production cost. The marketer, on its part, is bent upon using this medium to maximise its sales and by extension, the resultant profit. If properly designed and implemented, covert advertising could prove to be a positive sum game because the movie producer, the marketer and often the audience too benefit from the exercise. Proper design and implementation of covert advertising can reduce the budget for the movie producer, improve sales for the marketer and provide more bang for the audience buck.