When is Product Placement Effective from an Advertisers’ Perspective? – Possible Methodologies for Measurement

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WHEN IS PRODUCT PLACEMENT EFFECTIVE FROM AN ADVERTISERS’ PERSPECTIVE? – POSSIBLE METHODOLOGIES FOR MEASUREMENT

What makes a good product placement? The answer appears to be simple: if it achieves its goals, it is good. But what goals exactly? And a more difficult question: how do you measure their results? It is important for advertisers to see some ROI (return on investment) indicator for each of the tools they use, that is, to get information in order to assess the performance of their investment numerically (Csordás–Gáti, 2013). At the same time it is true that “it is very hard to assess the efficiency or effectiveness of a specific advertisement, especially in terms of its expenses” (Toth, 2013, p.93.).

It is even more difficult to measure product placement, when that the product does not appear in a commercial break, but a movie or TV show. Of course this does not mean that it is impossible to measure the result of product placement, or that there are no efforts to measure it. However, the main reason of the problem is that in product placement you have to consider much more factors than in the case of a traditional 30-second advertising spot.

Nevertheless, although the history of product placement goes back further, there is less experience regarding its measurement. Therefore there is a multitude of approaches and methodologies, but none of them is generally accepted.

Approaches can be divided into different groups:

− One of them focuses on how a specific placement can be interpreted as a media appearance. In this case they aim to develop a methodology that is similar to traditional audience and media research indicators.

− At the same time we must not forget that there is also a broader approach that analyses a more complete spectrum, that is, marketing and communications impact and effectiveness.

Let us discuss the latter first.

APPROACHES MEASURING BROADER MARKETING AND COMMUNICATIONS IMPACT AND EFFECTIVENESS

Just like in the case of other marketing communications tools, the basic aims of product placement can be:

− increasing the sales volume,

− raising awareness and brand recall,

− image development.
However, there can be several other relevant aims, too:

− expansion of the target audience,
− development of positioning,
− internal marketing, etc.

Let us see examples of these, especially ones that support product placement, and confirm its legitimacy, proving that it is worth for advertisers to use them.

### INCREASING THE SALES VOLUME

A classic example of this is the movie E.T. – the Extra-Terrestrial (1982), which is often considered the rebirth of product placement. The protagonist, a young boy, lures the extraterrestrial creature to himself using some Reese’s Pieces chocolate. As a result of the product placement (and the advertising campaign promoting it), the sales volume of Reese’s Pieces increased by 65%. The marketing manager at M&M’s, a competitor, previously contacted by Spielberg offering cooperation was probably not promoted: when the director-producer asked how much money M&M’s would spend on the placement, the marketing guy asked how much Spielberg would pay for the opportunity to include the chocolate brand in the movie (Blog.moviefone.com, 2010).

But let us see some numbers again. Quite exact figures for several other movies are available, e.g. we could see Tom Cruise wearing Ray-Ban Wayfarer glasses in Risky Business (1983), and demand for the product increased by 50%.

In one of the scenes of The Firm (1993), another Tom Cruise movie, the main character visits his lawyer colleague at the Cayman Islands. The lawyer (Gene Hackman) immediately suggests that he should get a bottle of Red Stripe from the fridge right then. The brand was mentioned in the original novel by John Grisham, but for some reason it was omitted from the screenplay. Then the manufacturer offered beer worth USD 5000 for the producers, and the brand returned for the movie (Robinson, 2001). Their persistence paid off: just one month after the premiere the sales volume of the brand increased by 50% in the USA, and its owners soon sold the company to Guinness Brewing Worldwide for USD 62 million (Businessweek.com, 1998; Andersen–Gray, 2008).

The James Bond movie Golden Eye (1995) brought about a 40% increase in Omega watch sales (Stewart-Allen, 1999). The same movie resulted in nine thousand orders for BMW Z3 cars within a month (Kuti, 2012).

The placement in Men in Black was a great success for Ray-Ban sunglasses: the sales of its model Predator 2 were doubled, and reached USD 5 million (Escape-velocity-blog.com, 2011).

The first part of Transformers released in 2007 resulted in 60 thousand Chevrolet Camaro sales within a year (Kuti, 2012).

Orders of Dodge Charger increased by 227 per cent in 2011 as the model played a leading role in the current movie of the series The Fast and the Furious (Brandchannel.com, 2012).

In the case of a French movie titled Le bonheur est dans le Gers (1996) the number of tourists arriving in the region presented in the movie increased by 30% (Lehu, 2009).

When the ice cream brand Ciao Bella appeared in Donald Trump’s The Apprentice, it became the third most popular search term on the Yahoo! search engine right away, and by the next day it was out of stock everywhere (Russel, 2007).
Product placement in movies produced in the "Indian Hollywood" (named "Bollywood" after Bombay) can also generate great business. For example, the placement of Coca-Cola in Kaante (2002) caused a 20% market growth (Mfor.hu, 2004b).

Toy Story (1995), a computer-animated children's movie, facilitated the sales of several toys: it caused 4000% (!) growth in demand for Etch-A-Sketch, 800% increase for Mr Potato, and the manufacturing of Slinky, a toy already withdrawn from the market, was launched again (Lehu, 2009).

Similarly, as a result of consumer demand, the Wilson brand had to bring a new volleyball to the market following the success of Cast Away – the balls featured the funny bloody face from the movie (Maynard–Scala, 2006).

We can also find examples in TV series: when Tony Soprano of Sopranos tells his psychoanalyst how much the book The Art of War by Sun Tzu affected him, it reached the number 6 sport on USA Today's bestseller list, and they had to print 25 000 more copies of the 2400-year-old work (Lehu, 2009).

There are TV programmes and reality shows also worth mentioning. An episode of Donald Trump’s The Apprentice in 2005 made Staples’ complex office storage system an instant success, selling 100 of them in 15 minutes, then 10 000 pieces within a few days (Lehu, 2009).

Last, but not least: although we do not have exact numbers, the appearance of Popeye’s character on 17 January 1929 was a life-changing moment: he has made a lot of children eat spinach in the past 80 years

RAISING AWARENESS AND BRAND RECALL

Product placement in Hollywood movies plays a very important role in Apple’s marketing communications. As these movies reach a lot of viewers, these people are in constant contact with the Apple brand.

Of course exact measurement in such cases would mean that we measure brand awareness before and after the release of each movie. However, this would be a difficult challenge: on one hand it is expensive, but on the other hand the increase of brand awareness also depends on other communications activities of the brand, and the brand may also appear in several movies simultaneously, and so on.

Nevertheless, we can derive implications from a number of aspects: the viewership of the movie, the income generated as compared to the costs of production, and the degree of financing by the brand. Two examples: in the case of My Big Fat Greek Wedding, the Windex window cleaner was displayed, and the Greek father said it was not only suitable for car cleaning, but also for healing wounds. The total budget of the independent movie was USD 5 million, and Windex provided only a fraction of it, but the movie generated an income of USD 369 million, also gaining considerable popularity for the brand.

However, the total income of Mac and Me was not more than USD 6 million, which probably did not have a great influence on the awareness of McDonald’s. To be more exact, in the latter case, the aim was not the increase of awareness, but the recall of the McDonald’s brand – but the movie probably did not achieve that aim, either; not to mention image development (the movie was so bad that it was more of an image destruction), but this will be discussed in the next section.
IMAGE DEVELOPMENT

Similarly to awareness, the image of a specific brand can also be developed by product placement. The James Bond series is an excellent example: before the making of each episode, crowds of advertisers would be willing to pay a lot of money to get their brand in the movie.

Besides the three main aims mentioned above, other related aims can also be achieved through product placement.

EXPANSION OF THE TARGET AUDIENCE

Since most moviegoers are young people, cinemas are excellent means for brand owners to promote their brands among them. In the case of the French movie Taxi the aim of Peugeot was to make 406 – a model that used to be popular among middle-aged customers – attractive to younger audiences, too. Cadillac’s placement in hip-hop music videos decreased the average age of customers by 12 years (Eldridge, 2001).

POSITIONING

Films are also suitable for highlighting the differences between a specific product and its competitors by incorporating them in the dramaturgy, that is, showing what the USP (unique selling proposition) of the advertised product is. The Herbie series was an excellent example where the values of Volkswagen Beetle appeared embedded in a comedy.

INTERNAL MARKETING

Although the opinion of staff working for the company or brand is extremely important in the case of commercials, including the degree of their identification with the brand and the development of their self-esteem, this may be even more valid for movies. The Terminal by Tom Hanks, for example, raised the pride of United Airlines employees.

Internal marketing usually also includes exclusive premiere screenings for the sponsors of the movies, where employees may even make photos together with movie stars.

We could go into even more details of marketing and communications aims in a broader sense with all the related impact and effectiveness analyses, but let us examine media indicator based approaches instead.
Approaches with a Focus on Media Influence and Effectiveness

Media research has identified a number of quantifiable indicators for advertisements, and, especially, TV commercials.

In the case of so-called audience research, professionals examine the following aspects – explained as simply as possible (Fazekas–Harsányi, 2011; Incze–Pénzes, 2006):

- Rating: What percentage of the population saw one specific broadcast of an advertisement (this is relevant for a given target audience and their analysis).

- Reach: While the previous number is valid just for one specific broadcast, a commercial is most probably aired several times during a campaign. The reach of an advertisement shows what percentage of the target audience saw the commercial at least once.

- OTS, that is, Opportunity To See: This indicator does not show how many people saw or met an advertisement, but the number of occasions when target audience members saw it during a campaign. Therefore it is also called frequency.

- GRP, that is, Gross Rating Point, gross rating: To put it simple, it is the total of all rating points. This way we get a kind of a percentage indicator in the end, but this percentage can exceed 100. (Therefore most of the time it is not referred to as a percentage, but a concrete number.) It can also be calculated by multiplying reach by frequency.

- CPT, that is, Cost Per Thousand: This is also a very popular indicator which is important from the perspective of cost efficiency, showing the cost of reaching a thousand persons.

As advertisers have already got used to these indicators, they usually wish to see these in the case of product placement, too. Therefore related measurements are much alike, and media measurement and research companies performing these are mostly the same.

As early as 2003, a system that records product placements in each programme of the six biggest channels and creates a database was developed in the USA by Nielsen, a media research company measuring TV ratings and providing essential information for advertisers (Adweek.com, 2003). Subscribers of the service may browse categories or advertising brands. The selected product placement can be viewed in a short video, and Nielsen also correlates data with the number of viewers having watched the programme.

But what data can be gained and calculated, either with this system or others?

The Number of Brand Placements in a Movie or TV Show

The simplest solution is to count the placements of the brand in a specific movie or show. Although it does not take into account many factors (for example, the length of each placement, fullness vs. partiality, active vs. passive), its simplicity makes it popular.

The method is often used in the case of American shows, too. According to a survey analysing the first quarter of the year 2008, the most brands appeared in The Biggest Loser, and Subway’s healthy sandwich appeared especially often.
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Table 1: Product placement in American TV shows, Quarter 1, 2008

<table>
<thead>
<tr>
<th>Name of show</th>
<th>Channel</th>
<th>Number of brand placements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Biggest Loser</td>
<td>NBC</td>
<td>3977</td>
</tr>
<tr>
<td>American Idol</td>
<td>Fox</td>
<td>3491</td>
</tr>
<tr>
<td>The Apprentice</td>
<td>NBC</td>
<td>1646</td>
</tr>
<tr>
<td>Deal or No Deal</td>
<td>NBC</td>
<td>1603</td>
</tr>
<tr>
<td>Extreme Makeover Home Edition</td>
<td>ABC</td>
<td>1011</td>
</tr>
<tr>
<td>Big Brother 9</td>
<td>CBS</td>
<td>1011</td>
</tr>
<tr>
<td>CW Now</td>
<td>CW</td>
<td>929</td>
</tr>
<tr>
<td>Pussycat Dolls Present</td>
<td>CW</td>
<td>805</td>
</tr>
<tr>
<td>America’s Next Top Model</td>
<td>CW</td>
<td>574</td>
</tr>
<tr>
<td>One Tree Hill</td>
<td>CW</td>
<td>557</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research (2008)

TV channels often present this information to advertisers by collecting all scenes featuring the brand, and delivering the "proof" electronically.

DURATION OF BRAND PLACEMENTS

This somewhat more sophisticated method does not only measure the number of placements in a movie, but their length, too. Having a placement of 5 times 1 second is quite different from even one placement of thirty seconds in one piece. The length of brand placements can also be interpreted as proportions: e.g. as compared to the full length of the film or programme, or as compared to other product placements, etc.

METHODS OF BRAND PLACEMENT: FULL OR PARTIAL, ACTIVE OR PASSIVE

This method also used by Kantar Media in Hungary does not only examine the length of brand placements, but also the completeness or partialness of brand placement (that is, a complete or partial display of the product or its logo). The other dimension is active vs. passive brand placement (active: characters are using the product; passive: it is more of a support tool). The results are then displayed in a matrix (Mihálszki, 2011).

Another similar approach by Joyce Julius and Associates examines the position of the product within the screen. The best position is the centre of the screen both horizontally and vertically, and it is also the most weighted one in the assessment. The second best position is the middle vertically, but on the right side of the screen; and the third best is the same on the left side. These are followed by placements in the bottom of the screen, and the worst of all are the ones at the top of the screen – at least according to research by the said company (PMA, 2006).
MEASURING EFFECTIVENESS AT THE CONSUMER’S LEVEL – SELF-REPORT STUDY

However, the above-mentioned indicators only tell us the number and type of brand placements, but this still does not mean that consumers notice the brand, too. The same is true for advertisements: we might have seen a commercial, but we do not necessarily remember it; and even if we remember, we might be unable to identify the brand.

Therefore we must use a method that is often used for such purposes: asking consumers what brand placements they remember from the movie or TV show.

It is practical to start this survey by examining the viewers’ spontaneous awareness, that is, simply ask consumers to list the brands they saw in the film. Then the assessment of aided awareness follows: we list all brands, and they must tell us if they remember the product placement of a specific brand. In the latter case it is also practical to include one or two brands that have not appeared in the film. This is important because people who state that they saw these brands are likely to provide unreliable answers to all other questions, and therefore they should not be evaluated.

In addition to surveys, the method of self-administered diaries are also used, which is quite similar to the earlier measurement of radio listeners. Nielsen IAG introduced this method in the United Kingdom (Research-live.com, 2011). Selected viewers, that is, members of the panel, write a “diary” using a web-based system, and keep a record of what brands were displayed while they were watching TV. (Of course, the system is much more complex; we have just mentioned the most important characteristics of the method.)

EYE-TRACKING TESTS

In addition to questionnaires and surveys, there is another method of examining consumers (viewers) called eye-tracking, which is a practical, but costly tool. This usually involves placing special glasses on the viewer, but there are solutions without glasses, too. The point is that a device follows the movement of the pupil, therefore they can measure exactly for how much time viewers look at each part of the screen, thus finding out what brands he/she may have noticed.

For example, this research method was used to analyse the music video Bad Romance by Lady Gaga (Quirk’s, 2011). The video features brands such as iPod, Parrot music storage and player, Heartbeat headphone, Lex Nemiroff vodka, Wii games console, Dr. Dre speakers, HP Envy laptop, and Carrera sunglasses. In this case, the eye-tracking test proved that the number of placements of a specific brand was more important than the size on the screen that the brand was displayed, and if there is another visually attractive thing on the screen, viewers would look at that instead of the brand.

It is practical to combine eye-tracking examinations with the questionnaire method, thus we receive more exact and more credible data. For example, we can find out if viewers just looked at the brand on the screen, or they became aware of it, too.

Q-RATIO: CONVERSION TO 30-SECOND SPOTS

As we have mentioned before, most big advertisers are well aware of the indicators used in the measurement of 30-second commercial spots, and they are looking for similar indicators for product placement. The "Q-Ratio" methodology of iTVX corresponds to this need, and "converts" brand placement into advertisement (Itvx.net, 2008).
The software takes more than 50 aspects into account, then creates an indicator that shows how many airings of 30-second commercials would be equivalent to the placement of the brand.

According to their surveys, there are placements worth one-fifth of traditional advertisements, but there may also be ones worth five times as much (Fitzgerald, 2003).

This methodology may be useful from several aspects, but it is usually used for TV programmes and not for movies. On the one hand, the advertiser receives a number that can be easily interpreted based on its earlier media research knowledge. On the other hand, it allows for more accurate accounting: there are agreements that only require payment based on the viewership brought about by product placement.

Q-Ratio can also be useful in the pre-planning stage as it helps advertisers find out and forecast what product placement solutions might be the best in that case.

At the same time, Q-Ratio is still unable to consider each and every relevant aspect.

**THE NUMBER OF MEDIA APPEARANCES**

This issue has more to do with public relations than advertising. The methodology established by Millward Brown Precis is also known as the James Bond effect because each time a James Bond movie is released, several articles are published on the brands used by the secret agent (PMA, 2006).

This measurement is basically an ordinary media monitoring project where researchers count how many articles include the movie and the brand together. Of course, media monitoring for such purposes is more complicated in cases when the movie is released in several countries, in all continents. In addition, more detailed measurements define the total of the number of people reached by each medium, that is, the number of people that could have met the content about the connection of movie and brand.

**SOCIAL MEDIA BUZZ, WORD OF MOUTH**

Today, the measurement method mentioned above is supplemented by social media monitoring. Movies and TV programmes usually arouse great interest in social media forums, and the question is how actively the audience discusses brands appearing in the movie, how many comments they write about them, and how many times they share related contents, or produce such contents themselves.

Its significance is increasing as "the reaction and activity of the audience is an important and massive tendency as compared to earlier communications methods applied in the market; that is, advertising does not exist in itself anymore, but as a part of the conversation, which can also be shaped by the target audience" (Csordás–Nyiró, 2013, p. 371). The appropriate measurement for this purpose is the monitoring and measurement of social media, that is, so-called "buzz monitoring".
THE COST OF REACHING A THOUSAND VIEWERS (CPT)

Of course it is also important to measure the cost of reaching the target audience in addition to the number and type of brand placements.

As mentioned above, CPT (an abbreviation for Cost Per Thousand) is an indicator that is often used in traditional media planning, meaning the cost of reaching a thousand persons. The expression CPM (Cost Per Mille) has the same meaning, but is used less often. If this number is lower, the sum is also lower, which is good news for advertisers.

There are efforts for the use of this indicator for the measurement of product placement, too. The indicator "average global CPT" is used in the case of Hollywood movies. The brand owner usually pays the cost in a lump sum, while the movie is still in production (or it has barter costs). From that point the more people watch the movie worldwide, the lower the CPT is.

THE FINANCIAL VALUE OF BRAND PLACEMENTS

This is also a new area with its own measurements, although there is a debate regarding their background. The Front Row Analysis analyses the following factors: number of viewers, film revenues, integration in the screenplay/scene, product affinity, the method of product placement, etc. However, this analysis only considers cinema screenings, and does not include watching DVDs, broadcasting via TV channels, downloads, etc. The result is defined in USD (Brandchannel.com, 2012).

EFFECT COMBINED WITH TV COMMERCIALS

Brand placement should not be analysed in itself, but as an aspect of marketing communications as a whole. In that sense, the results of TV commercial effect analysis (of brands using product placement) are also indicators of product placement. The two examples below support this somewhat complicated introduction.

Nielsen Media Research conducted an interesting research in Las Vegas with more than ten thousand participants. They featured 200 consumer brands in 50 screenings as product placements in the movies or commercial breaks. The result was that 46.6% of viewers recognised the brand if it only appeared in commercial breaks, and 57.5% recognised it if it also appeared in the movie (Silye, 2006).

Coca-Cola experienced a similar phenomenon: the recall of its advertisements aired during the talent show American Idol was 49% higher than in the case of the same advertisement aired during other programmes. The reason was probably that the hosts, juries and contestants of American Idol drink Coca-Cola themselves, and the brand also appears in the programme in several other ways (Economist.com, 2005).
CONCLUSION AND VISION

As we have seen above, although there are already indicators for the measurement of the effectiveness of product placement (and there are several of them), advertisers are still looking for the best solution.

According to research conducted by American Advertising Federation in 2011, 60% of advertisers would like to see even more information about the effectiveness of branded entertainment before spending greater amounts on this (Castillo, 2011).

As the majority of today’s corporate marketing people have grown up in the world of television, they best know TV-related indicators. For them, the most important aspect is GRP (gross rating point), an indicator of gross reach, thus they would like to see product placement converted to this. However, the problem with this idea is that the methodology they want to force on product placement was not invented for this purpose. For example, GRP may show if viewers saw a specific product placement (at least their TV set was switched on), but it does not tell if the placement was active or passive, does not describe the way it affected viewers, etc.

Therefore methodologies examining this field will probably further develop and become more sophisticated in the future.
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