



In Your Face

In-program product placements are increasingly catching viewers' attention — for all the right reasons

By John Patrick Pullen

MOVIE BUFFS CAN STILL SEE it in their minds. An oddly shaped hand emerges from the darkness. Its long, narrow fingers reach for a piece of candy on the ground. Slowly and gently, the alien picks it up. The hand disappears from sight, and then you hear that distinctive crunch. *E.T. the Extra-Terrestrial* is one of Hollywood's most darling films, and ever since it was first screened, in 1982, Reese's Pieces has been an American favorite too.

Such is the clout of a product placement. Although it's unclear how much the sales of Reese's Pieces shot up after the *E.T.* premiere (some reports say they tripled, others indicate an 85 percent increase), two things are certain: the profits of Reese's-maker Hershey Foods went way up and Mars, Inc. was left feeling down and out. The original script had called for M&Ms, but parent company Mars declined the placement, clearing the way for an epic lesson in product marketing: if you don't do it, your competitors will.

These days, however, it seems as if every marketer is employing product placements. A recent survey conducted by the ANA found that 66 percent of ANA member companies had participated in a branded entertainment project within the past year, with commercial TV leading the way (80 percent), followed by sporting events/venues (46 percent) and movies (45 percent). From Coca-Cola cups on *American Idol* to General Motors vehicles in the movie *Transformers*, in-program placement is used to not only generate awareness but also support realism in programming. "It can turbocharge a

marketing campaign," says Alan Gould, founder and co-CEO of New York-based IAG Research, which measures viewer response to in-program product placements.

Coca-Cola, for example, leverages multiple product placements for different results. In the case of Coke Zero, it's all about building brand awareness; for Coke Classic, it's staying relevant, says Greg Downey, group director of entertainment marketing at Atlanta-based Coca-Cola North America. "Associations like *American Idol* help us to be at the center of pop culture, which is where Coca-Cola has always been," he notes.

Plugging In or Pulling Out?

Proponents of product placement and branded entertainment claim that the methods play an integral part of an effective marketing mix. In fact, the ANA survey found that 75 percent of respondents believe brand commercials should run in conjunction with a product placement. New IAG research shows that the combination of a standard 30-second spot and branded entertainment can lift recall rates among viewers more than 30 percent. In addition, effective product placements have increased

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likability in products and brands by more than 15 percent.

Another possible reason for the industry's increase in product placement activity may be the evolution of the DVR. According to a recent report in *Forbes*, U.S. ad spending in the first quarter of this year dropped .3 percent compared with last year, with the country's 10 biggest advertisers spending 8 percent less over that same period. Not surprisingly, with most major cable providers supplying DVRs to subscribers, the adoption rate for these devices has skyrocketed. As a result of this (and increasing Internet ad spending), the rate for standard 30-second spots has dropped.

This has prompted popular TV programs to begin bundling branded segments into their advertising packages. This past May, *BusinessWeek* reported that *Martha Stewart Living*, lagging behind *The View* and *Oprah* for ad sales, introduced a deal where advertisers would get a "branded segment" on the show if they bought at least \$250,000 in advertising. (One 30-second spot on *Martha Stewart Living* costs \$10,000 versus \$100,000 on *Oprah*.) It was a shrewd move, as *Martha Stewart Living's* ad inventory for the entire 2007–08 season sold out.

Yet one can't help but wonder what effect these placements have on viewers' opinions if they compromise the shows' quality. Surprisingly little, experts say, and if they have any effect, it's a good one. "[Viewers] seem to understand that brands are a part of their life," says Michael Palmer, executive vice president of the ANA. "As a result, if a brand makes sense and fits into the overall context, they are not upset."

There are risks advertisers must consider when deciding how to promote their brands and products. "The biggest risk, and this is not just for us but for the entire medium, is the control factor," Coca-Cola's Downey points out. "When you create a 30-second spot, you have 100 percent control of what happens in that 30 seconds. With your product placements, you don't have that amount of control — there's a certain amount of trust you have to give away."

Best Practices

IAG Research has been monitoring viewer response to in-program product placements since 2003. Here are some of the most valuable lessons the company has learned:

- 1** Context is critical. Different programs, genres, networks, timing in the season, lead character interaction — the responses to these variables can all be measured.
- 2** Syndicated research is necessary because television is a year-round media venue.
- 3** Program attentiveness matters. More attentive viewers enhance viewer responsiveness to integrations.
- 4** Each program attracts audiences that vary in race, age, income level, and purchasing behavior, so comments about "boring commercials" are likely subjective owing to personal situations.
- 5** Pairing ads and product placements has a synergistic effect resulting in higher brand recall.

Viewer Discretion Advised

This past summer, another Steven Spielberg-produced batch of aliens invaded movie theaters around the world. But these extraterrestrials were interested in cars, not candy — much like the 18-to-34-year-old men that General Motors was targeting when it collaborated with Michael Bay, director of the film *Transformers*. In the movie, based on the popular 1980s animated television show, feuding robots from an alien world crash on Earth and assume the form of vehicles and devices to blend in to our world as they continue their intergalactic struggle. It's a far-fetched plot to be sure, but for GM, it could be a Reese's Pieces moment. "I find it really difficult to believe that a global blockbuster movie like this, with so many merchandising components to it, [was not going to give us] incremental exposure," said Dino Bernacchi, associate director of branded entertainment for GM, in a July interview with MSNBC.com.

It likely will, but measuring that up-tick is the real challenge. Currently, IAG measures

in-program product placements on a syndicated basis for the television industry, meaning it tracks, on certain networks, every product that appears on every show for whatever reason. IAG has an online panel of between 5,000 and 6,000 people who answer daily questions about shows they've watched in the previous 24 hours. Typically, they'll be asked about program content, the ads, and the placements. Then, within the context of branded entertainment, they are asked to recall specific placements, answer questions about how appropriately the placements fit, and disclose if the placements changed their opinion of the brand.

In syndicating its research, IAG is able to accumulate baseline data against which it can measure its customers' placements. The company is also able to tweak the data for a multitude of variables, such as race, age, and gender. IAG has been tracking this data since 2003, and it has learned much about how to market to viewers. "If you're trying to very quickly change opinion of a brand, [in-program product placement is] potentially more effective than a 30-second ad, but if your objective is to create awareness, a 30-second ad may be ultimately just as effective," Gould says. "What the data clearly shows is that a very good ad, in combination with a well-done placement, is very valuable — probably more valuable than either the networks or the advertisers know."

What is unclear is the effect these placements have in feature films, because IAG does not yet measure the medium on a syndicated basis. The company does, however, run the numbers for the branded content that is shown before the previews, and it measures placement in films on an ad hoc basis. IAG plans to syndicate research for in-film placements in the future, Gould says.

So, for GM and *Transformers*, there's always the hope of a sequel. ■

Next Steps

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