CHARACTERISTICS OF AN INSERT PRODUCT PLACEMENT AS A PART OF MARKETING COMMUNICATION

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Abstract


The paper defined saturation of an insert product placement as a part of marketing communication. Product placement is known as a modern tool of marketing communication and so that product placement and its types and forms are not so casual used in the Czech Republic as in other parts of the world. The mentioned issues are explained from the perspectives of three groups: TV studios experts, directors and producers and other experts (media agencies and advertisers). Types and forms of this marketing communication tool as well as options of its utilization are also mentioned in the paper.

The Czech Republic market where product placement occurs is very small – only few television companies. The primary aim of the paper is to identify the intensity of two essential areas expressing product placement using – natural (non-invasive) insert and contrived (invasive) insert. Moreover, conflicting interests of the interested parties (advertiser – ordering party, producer and television) are observed in the paper too. The last issue discussed in this paper is to what extent the degree of product placement implementation can affect the script and what impact on quality and specifics of an audiovisual work can this script modification have.

Keywords: product placement, embedded marketing, multimedia communication, audiovisual market, the Czech Republic, intervention in an audiovisual work, television commercials

I INTRODUCTION

Nowadays we are witnessing a shift from mass marketing to targeted marketing. This shift is associated with utilization of a plentiful mixture of communication channels and communication tools. Advertising messages from various media and of various communication forms are merged into a single one in the consumer’s mind. All messages become a part of one overall message about the company. Therefore currently more and more companies adopt a concept of integrated marketing communication. Within this concept, a number of communication channels are carefully integrated and coordinated by the company, so that a clear, consistent and persuasive message about the organization and its products was communicated. Each contact with a brand is meant to be a communication of a message (Kalistová, 2010).

When new trends in marketing communication are being applied, in practice it results in a mutual linking of individual communication tools of marketing mix – both new ones and traditional ones, according to the current situation. Within this process a synergy of the relationship between individual communication tools on one hand and lowering aggregate organization and communication expenditures on the other hand is used (Quinn et al., 2010).
According to the American Federal Trade Commission, product placement is defined as a form of promotion in which branded products are placed into television programs by advertisers for a certain fee or other consideration (Matthes, Wirth, Schemer and Kissling, 2011).

Jean-Marc Lehu (2007) defines product placement, or also brand placement, as placing or rather integration of a product or a brand into a movie, TV series and other cultural works.

In the Czech Law on Audiovisual Media Services on Demand (Czech Republic, 2010) the following definition of this advertising tool can be found – any form of an audiovisual commercial message based on integration of a product, service, or a trademark connected to the product or to the service, or a mention about a product or service, into a program for a fee or for similar consideration. In this law the term “product placement” is not used. Instead, Czech term of “placing the product” (“umístění produktu”) is used.

A typical product placement expresses a symbiotic relationship between a film-maker (the person who is in control of alternatives where product placement can occur) and a sponsor of the project (the person who seeks for possibilities of making the product visible in exchange for a financial fulfillment) (Balasubramanian, 1994).

According to PQ Media (Quinn et al., 2010), overall “branded entertainment” expenditures in USA, including event costs and paid product placement in media, are expected to grow to 5.3% in 2010. The growth is further expected to accelerate up to 9.2% in 2014. American participants are expected to remain the largest market segment, while the paid product placement will achieve the fastest growth. Branded entertainment market in USA will remain the largest in the world until 2014 with 45.2% of the total expenditures.

Under the above mentioned law (Czech Republic, 2010) programs containing product placement must be marked apparently both at their beginning and at their end as the programs containing placing of the product and consequently viewers could not be in any way misled about the nature of these programs (Pálková, 2010).

The Council for Radio and Television Broadcasting (CRTB) on its 11th session decided to issue a recommendation for TV broadcasting operators regarding how this new phenomenon should be introduced in broadcasting and especially how to mark it properly so that it is comprehensible for viewers.

Based on the Recommendation of the Council (The Council for Radio and Television Broadcasting, 2011) associated with the application of new legislation on product placement, which is fully published on the Council website, broadcasters are obliged to mark each program containing product placement with a pictogram.

According to the CRTB recommendation, such programs should be marked with a pictogram complying with the prescription rules (Kalistová, 2010).

However, only the programs originally produced by a broadcaster itself or programs made to their order will be marked. It means, for example, that viewers will not meet with the mark of product placement in any foreign program. Programs with a product placed free of charge will not be marked either. Moreover, in case specific products are used in a program as natural stage property or for example as prizes for contestants, viewers do not have to be warned about such product placement as well (The Council for Radio and Television Broadcasting, 2011).

A Types and Forms of Product Placement

Some authors (BueSS, 2004; Fanny Fong Yee, 2012; Karniouchina, Uslay and Erenburg, 2011; Majerik, 2010; Pálková, 2010) distinguish types of product placement according to the way of its integration into a movie or a TV program.

• Dominant shot (apparent, on-set placement) – in an audiovisual work there is a direct shot on a product at the forefront so that greater part of the TV screen is filled by the product and it is immediately identifiable by a viewer. Dominant shot can be further classified into integrated and non-integrated placement.

• Non-dominant shot (hidden, creative).

• Verbal mention (audio placement).

• Active product placement (audio-visual).

• Passive product placement (visual placement).

There are a number of other different classifications. D’Astous and Berrada (2011) talk about comparative product placement. Ansons and Leboe (2011) observe product placement impacts on human behaviour and influencing the process of human behaviour and decision-making. From this perspective, product placement can affect cognitive (epistemic), affective (emotional) and conative (active, volitional) process of human behaviour.

According to the form of payment for product placement, two types can be distinguished – paid and unpaid product placement. (Powell, Hardy, Hawkin and MacRury, 2009)

• Paid product placement.

• Unpaid product placement.

Since movies and programs are watched many times, product placement is not time-limited. Besides, thanks to modern technology a product or a logo can be inserted on the positions where it was not previously. This digital integration of product placement represents a new boundary.
Consequently, it can be said that consumers will be more and more exposed to product placement which is situated in media strategically. (Sindler, 2003)

### B. Conditions for Product Placement

The results of Karniouchina, Uslay and Erenburg (2011) indicate that overexposure of a brand in a single movie (measured by the number of occurrences with the main character) can be harmful. Many times intuitive, less intensive, fleeting placement of a product turned out to be preferable in comparison to repeated and potentially more expensive placement of a brand with main characters. This finding indicates that movies requiring a deep emotional involvement may not necessarily be the best platform for product placement (as could be expected), because it might be found intrusive.

With regard to the pricing strategy, the managers are recommended to integrate psychological components of a price into that strategy. The reason is that strong brands price reduction is perceived as suspicious. However, strong media support of a brand (with which product placement is associated) may be crucial for the buyer. They are then willing to pay any price, regardless the final price (Asamoah and Chovancová, 2011).

Wilson and Till (2011) pioneered the study of two factors by which recalling of the product placement is potentially influenced: product placement valence (intensity and scope of effects) and a direct connection between an actor and a product. Although no statistically significant impact of product placement valence was discovered by these authors, they claim unambiguously that recalling of a product is strongly influenced by its connection with an actor. It should also be noted that although duration of a display on a screen is important, an effectiveness threshold may exist, behind which overexposure of many products on a screen may be less effective. It is caused by the fact that products placed this way get blended in the mind of a viewer who starts ignoring them, which results in lower efficiency of product placement.

In the Czech Republic identification of using product placement was investigated by a media-services group of Publicis Groupe and its communication division of ZenithOptimedia (Majeřík, 2010) in 2010. The results of his research were published also by Kalista in his book Product Placement and Its Influence at Placing in Audiovisual Programs (Kalista, 2011). Another research in this area has been performed on a long-term basis by the Czech Marketing Agency (CMA) (Vyselková, 2012) through regular survey on attitudes of the Czech public to advertisement. Currently the survey has been carried out by Factum Invenio Agency in cooperation with the Czech Association of Communications Agencies (CACA), Czech Association for Branded Products (CABP), POPAI and B.I.B.S. The results of this survey were presented at the International Trade Fair Reklama-Polygraf 2012. This issue was also discussed at the seminar called Product Placement and its Undue Emphasizing organized by the Council for Radio and Television Broadcasting in October 2011 (The Council for Radio and Television Broadcasting, 2011).

A different study describes the attitude of companies as potential customers, there are positive findings which suggest that media representatives by no means have a negative attitude towards product placement and they gladly accept that amendment (Balfanz, Finke, Jung and Wichert, 2001).

### C. Ethical Aspects of Product Placement

It has been confirmed by researches that consumers are disturbed by subliminal effects of product placement. There are also concerns that content of movies and television broadcasting is influenced by product placement, which is inviolable according to many people. Ethical issues related to product placement and branded entertainment would, therefore, deserve further research (Hudson and Hudson, 2006).

Product placement can be described as ethical or unethical, depending on the point of view of each researcher or each viewer and customer. However, it should be emphasized that although criticism appears and government intervention related to product placement can be induced by interest of various groups, product placement is accepted by viewers in general. Viewers do not characterize product placement as unethical or unacceptable. Moreover, they feel that in fact thanks to it, aesthetics and realism of the content of a movie or a TV program is increased (Williams, Petroisky, Hernandez and Page, 2011).

Consumers’ opinions on the ethics of product placement vary considerably across product categories, especially at ethically controversial products such as alcohol, cigarettes and weapons (Sindler, 2003). Perception of the product placement ethics may also be influenced by gender division of society. Researches show that perception of product placement depends on gender, especially just as for ethically controversial products. Statistically significant difference in the two ethically problematic products is indicated by the results. Alcohol and weapons in movies are more accepted by men. Also cigarettes are of the same statistical trend as alcohol and weapons. However, their results regarding gender differences are lower. On the other hand, “healthy products” are more accepted by women (Guido, Peluso, Tedeschi, Nicole et al., 2010).

On the contrary, according to Matthes, Wirth, Schemer and Kissling (2011), there exist no researches proving differences between gender, age and intelligence. Even if someone manages to find such effects, the question still remains why certain segments of population can be targeted by
product placement better. These authors claim that older people can be characterized as more easily suggestible by product placement than younger people. Moreover, evidence exists that men are less independent regarding the product placement influence than women.

**D. Problem Formulation**

Problem formulation consists in the basic aim to investigate saturation of product placement as a smart marketing tool in an audiovisual work from the point of view of producers of audio-visual works, representatives of television companies and specialists. This paper also attempts to analyze and identify the methods that will help optimize the selection and the combination of particular elements and activities of product placement between prospective producers and television advertisers. Emphasis is placed on the issues related to the correct targeting of such activities, which is closely related to product placement. Finally, based on an analysis of the data collected, the study shows the current situation, the level of awareness and the opinion of marketing specialists on the possible use of this new tool on the Czech market.

**II MATERIALS AND METHODS**

The research consists of two main parts. In the first part of research done in the first half of year 2011, a method of fully-structured interview was used. It was designed by the authors of the paper based on the experience from their previous research. The inquiry covered all principal television organizations in the Czech Republic (TV NOVA, PRIMA, and Czech Television). Television advertising experts as well as experts from the Committee for Radio and Television Broadcasting were addressed. Due to narrowness of Czech market, a structured interview with the experts in film, series, sitcom and television program making has been chosen as the most suitable tool for the investigation of these issues. The primary aim was to investigate what forms of product placement are known by producers and television studios. This was done by means of guided interview, during which the individual main points of the questions were noted in questionnaires and, at the same time, recorded on the voice recorder for the purpose of a subsequent transcription of full answers that were entered into the database of results. The secondary aim was to investigate the expert view of product placement saturation in Czech audiovisual products.

In the second part of the research, the results were analyzed using quantification and by means of seeking a mutual dependence. Structured interviews contained 12 open questions. The experts were divided into several categories with common features. In total, 24 interviewees from television organizations and other experts took part in the research. The results obtained were subjects to a statistical study.

The results were subjects of critical assessment and a synthesis with already discovered and published data (secondary data) was carried out.

The table below shows the occupational structure of respondents who participated in the structured interviews.

The occupational structure of respondents indicates that TV studios were largely represented, followed by specialists in the investigated area. The lowest share in the respondent structure is represented by producers and directors. It was intended that all three areas are balanced and represented sufficiently. Higher difference between the group of TV studios and the group of producers and directors can be found acceptable.

As for successfulness of the queried respondents, the highest successfulness was achieved by the “face to face” method (personal recommendation). The investigated area is rather specific, especially due to low accessibility of the expert respondents. It is apparent that addressing via e-mail or phone leads mainly to failure. On the contrary, the best way to gain the respondent willing to go through a structured interview is through personal recommendation.

Due to this fact, every structured interview with a respondent was finished by thanks together with a query for other potential contact that could have been addressed. It was discovered that if respondents are contacted with mentioning the reference to the person from which the contact was obtained, the probability of successful realization of the structured interview is very high.

**III RESULTS AND DISCUSSION**

The current state of the product placement implementation and saturation of audiovisual products in subjects examined on the Czech market are characterized by the following queries. In the case of a majority consensus, the data are quantified by a relative indicator and supplemented by important findings in the form of a comment. In the case of fragmentation of answers, only

<table>
<thead>
<tr>
<th>I: Target group characteristics</th>
<th>TV studios experts</th>
<th>Directors and producers</th>
<th>Other experts (media agencies and advertisers)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute share (n)</td>
<td>11</td>
<td>5</td>
<td>8</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: author
the most important findings in the surveyed area are listed.

**Product Placement Implementation Process: Are the Scripts Modified due to Product Placement?**

By means of the above mentioned question it was investigated to what extent the ordering party wishes to modify the script for the purpose of product placement or whether the product is placed into an audiovisual work regardless of its script. It was assumed the majority of respondents answer that the script needs to be modified.

From the responses received and summarized can be unambiguously concluded that scripts of nearly all works with product placement are modified. Only negligible number of respondents assumes that script does not have to be modified due to product placement. Vast majority of respondents said that script is modified in some way. The interesting fact is that called “it feels natural principle” were included in the responses, which points to the fact that the product promoted through product placement should be associated with the story of an audiovisual work and composed appropriately, so that the original idea of the director is not destroyed. Especially those directors who dissociate themselves from producing work which reminds of advertisement rather than art have in this respect quite a substantial opinion on unsuitability of placing products into the work. However, on the other hand they admit that if there are not enough financial resources for the production of work, product placement is one of possible alternatives how the missing funds can be raised.

In conclusion it can be more or less confirmed that all works containing product placement have been, due to inserting this tool, modified and adjusted. It means that by inserting product placement the work always gets modified and is no longer in its original form as created by the author of the work. To what extent was the script of an original work influenced was investigated by the following question.

**How is a Product/Brand Inserted Into an Audiovisual Work?**

The question examines to what extent the work is influenced by product placement. Two auxiliary categories were defined here, based on theoretical knowledge. The first category represents an invasive placement of a product into a work deliberately changing its script and possibly making the work impress artificially and unnaturally. The second category represents non-invasive placement which respects the script and tries to comply with “it feels natural” principle. It is very subjective to say to what extent the product placement is invasive or non-invasive. Each respondent naturally assessed this question according to their own experiences with the works they had encountered.

Considering the structured interviews performed, various statements were found out. As these statements are frequently repeated, they can be considered to be general opinions of the experts. Answers from the structured interviews were classified considering the above mentioned range of product placement invasion into a work. Current position of works’ modifications related to product placement is seen to be in a non-invasive area by vast minority, corresponding to the „it feels natural” concept. On the other hand, most of respondents find product placement a significant violation of an original script structure and an artificial insertion with an apparent purpose to promote the product, instead of entertain the viewer by the work’s content.

The conflict of interests is apparent here (Fig. 2). In the first type (I.) of a work the product placement saturation is very low (located in the leftmost part – the lowest degree of saturation). Audiovisual work is nearly identical to the original script of an author and the modification is not recognized by a viewer. However, an advertiser feels that their product is not visible. This is usually a result of an unpaid product placement or of a product placement of very low charge.

The second type (II.) of product placement saturation is located in the first third of the scheme of saturation intensity. An audiovisual work is adjusted appropriately in accordance with the original script of an author. The modification is not recognized by an ordinary viewer. However, although a product/brand is noticed, it is not found to be a targeted promotion (in the mentioned segment 75% of viewers (Janssen, 2011) are able to notice the brand/product in a work). A work and its connection with a product are accepted by an advertiser, there is an attempt to be in line with the “it feels natural” concept.

The last type (III.) of product placement saturation in a work is located in an extreme position – only a classic commercial could be located the more right. An audiovisual work is modified significantly and artificially, the original idea of an author takes a back seat, degree of saturation of a work with product placement is unnaturally high. An ordinary viewer is not sure whether it is not an advertisement and may be disgusted. (For comparison: 100% of viewers are able to recognize a brand in a commercial) (Janssen, 2011). A work is not accepted by an advertiser who wants their product to be made visible at any costs. The culturally-entertaining nature of a work is completely destroyed.

In the Fig. 2 above the degree of saturation of an audiovisual work with product placement as well as attitudes of the three interested parties (an author/producer, a viewer, an advertiser) are outlined. Border, where product placement is still acceptable and where it is no longer, is very difficult to define. A lot of respondents refer to the Council for Radio and Television Broadcasting (regulator) by which a maximal rate of product placement utilization in an audiovisual work is suggested. However, it has only a form of recommendation. In case the recommended rate is exceeded or a product or
a brand is promoted too invasively, an audiovisual work is usually assessed and recommendation to withdraw such an audiovisual work can be issued. It usually happens based on the complaints of viewers who are entitled to submit their complaints to the Council for Radio and Television Broadcasting. Subsequently the Council assesses appropriateness/inappropriateness of product placement. As explains communication scheme (Fig. 3) below.

If an advertiser decides to take advantage of product placement, they start communicating with a broadcaster/producer, trying to maximize visibility of their product/brand in exchange for the invested funds. The value of a work is kept
by broadcasters/producers. They are aware of risks resulting from inadequate utilization of product placement. However, at the same time an important attempt to raise sufficient funds for financing an audiovisual work production is present. This money are provided by an advertiser whose financial strength is often so interesting for a broadcaster/producer that the audiovisual work is modified so that product placement is incorporated sufficiently and in line with the advertiser’s idea and at the same time the work's artistic value is preserved as well. This case is a result of mutual two-way communication.

In the next research which is currently in progress, the range of saturation of an audiovisual work with product placement will be investigated from the viewers’ perspective. This new point of view might show objectively how sensitive on product placement a typical Czech viewer is – where is the boundary of low saturation which is invisible for them, in what range the artificially inserted product placement is recognized by viewers, and from what point product placement starts being unpleasant, devaluating whole acquired impression of the audiovisual work.

Respecting the artistic value of the work versus power of artificial promotion of the product is a very subjective matter.

SUMMARY

Define the different kind saturation of an insert product placement as a part of marketing communication is the main topic of this paper. This paper also clarified types and forms of Product placement from theoretical filed, published in available sources. Main aim was to investigate the level of Product placement saturation in Czech audiovisual works; simultaneously its consequences of each saturation level with Product placement. The research method was consisted of two main parts. In the first part of research done in the first half of year 2011, a method of fully-structured interview was used. The inquiry covered all principal television organizations; television advertising experts as well as experts from the Committee for Radio and Television Broadcasting were addressed. The research was focused on Czech Republic only. In the second part the results were analyzed using quantification and by means of seeking a mutual dependence. The experts were divided into several categories with common features. The results obtained were subjects to a statistical study.

Main findings can be unambiguously concluded that scripts of nearly all works with product placement are modified. Negligible number of respondents assumes that script does not have to be modified due to product placement. Vast majority of respondents said that script is modified in some way.

And how is a product/brand inserted into an audiovisual work? Current position of works’ modifications related to product placement is seen to be in a non-invasive area by vast minority, corresponding to the „it feels natural“ concept. On the other hand, most of respondents find product placement a significant violation of an original script structure and “forced” insertion with an apparent purpose to promote the product, instead of entertain the viewer by the work's content. It was constructed the “Relations scheme among the parties interested in product placement”. And finally the degree of saturation of an audiovisual work with product placement as well as attitudes of the three interested parties were outlined in “Degree of intervention into an audiovisual work” figure. It is obviously, the experts in the field of media and producers are aware that this new tool of marketing communication should be as natural as possible, because they both are interested in viewers’ ratings of a program or a movie.

But the situation is perceived differently by an advertiser. Advertiser wants to get as much as possible for their money and dominant shots and verbal mentions about the product are often expected. As product placement is quite a new marketing tool in the Czech Republic, ordering parties lack certain experience.

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