TETHERING THE VIEWER

PRODUCT PLACEMENT IN TELEVISION AND FILM

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ABSTRACT

The purpose of this investigation was to examine the value of product placement as a form of advertising in television and film. A review of the historical evolution of product placement was followed by research into who's involved in the practice, as well as how those parties determine the value of the deals.

The focus was on the placement of products as visual and/or verbal elements of filmed entertainment. However, related, off-screen efforts such as celebrity endorsements and the use of the entertainment's intellectual property and trademarked images in advertising, as well as promotions and other tie-ins were also reviewed.

The research employed for this study included review of approximately 125 articles, 15 books, 25 web sites, 30 television programs, 30 feature films, and 2 DVDs. In addition, I conducted seven personal interviews and attended a product placement conference in Hollywood which featured lectures from and panel discussions with more than 25 individuals representing advertisers, advertising agencies, industry trade associations, media agencies, movie studios, product placement agencies, and television networks. The majority of the research focused on product placement in the United States,

however, I did also review 3 research studies and 15 trade articles from several foreign countries.

The study ultimately revealed that product placement as a stand-alone effort does not typically yield significant value to the advertiser. However, utilizing the placement as a launching pad for activating supportive integrated marketing can have a very positive effect and is the preferred method of generating value from the placement. Additionally, lesser known and/or smaller brands typically have greater potential for success than large, well-known national brands.

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INTRODUCTION

The attack of the DVR! What kind of mind would invent a machine capable of erasing Madison Avenue's masterful :30 spots? Is such a thing legal in the commercialistic consumerist social fabric that is America? How could this happen? How will advertisers continue to bombard the public with brand messages?

Hint: product placement.

Product placement – the use of a product [brand] as a visual and/or spoken element of a script – is not a one-size-fits-all answer for advertisers, but it is increasingly being discussed as the antidote to the TiVo-led television revolution in which digital video recorders (DVRs) all but eliminate commercial messages from programs' content.

As advertisers scramble to devise new tactics to reach consumers should the :30 spot suddenly meet its ultimate demise, it's important to note that product placement is not a new concept. In fact, it's been around, in one form or another, for roughly a century.

Although this paper will focus on television and film entertainment properties, there are many other media which have utilized notable product placements to either enhance the realism of the creative product or the bottom line of the entertainment's financial by-product.

As more advertisers move marketing dollars to entertainment properties to promote their brands, there has been a steady growth of placements outside of just television and film. Such moves have resulted in brands being placed in everything from music (Corvoisier Cognac in rapper Busta Rhymes' *Pass the Corvoisier*) and video games (McDonald's and Intel® in *Sims Online*®) to Broadway musicals (Lucent Technologies cellular phones in *Rent*)[1-01]. However, it's also important to note that product placement is not the only device being utilized as advertisers seek out entertainment properties with which to align their brands.

Promotions and sponsorships are also areas where brands and entertainment properties often work side-by-side. Oddly enough, sports are now more entertainment than athletics and more brand than fan. To illustrate just how pervasive brands have become in sports entertainment, one has to look no further than the NFL's Philadelphia Eagles franchise playing its home games at Lincoln Financial Field, or NASCAR®'s recent switch from the Winston Cup Series to the Nextel Cup Series, or college football's FedEx Orange Bowl game.

However, it's not just sports entertainment that has seen a rise in such sponsorships. The Academy Awards® are now held in the Kodak Theatre in Los Angeles and the Macy's Thanksgiving Day Parade has long been a tradition in New York City.

Why is there such interest from advertisers in entertainment properties? The answer is two-fold. First, as will be noted in the opening of the "Who's Involved?" chapter in this paper, consumers spend a lot of money on entertainment – more than they do on clothes and health care – and second, advertisers like to have their advertisements talked about by their colleagues and competitors[1-02], not to mention their consumers. What better way to get people talking than by having your brand tied to a major event, hit song, or Hollywood celebrity in a popular television show or feature film release?

Music, sports, video games, television, film – are there no limits? Apparently not. Not even the *Bible* is out of bounds – at least not in the satirical content of Raphael Carter's web site[1-03].

Carter's "The Product Placement Bible" provides the following examples of opportunities for product placements within the good book:

New Testament: $5,000 per verse.

Old Testament: $6,500 per verse.

Carter reasons that the Old Testament should cost more because it reaches Jewish as well as Christian consumers. As an example, take Carter's product placement rewrite of Psalms 23:5...

"Thou preparest a table before me in the presence of mine enemies; thou anointest my head with Brylcream; my Super Big Gulp runneth over."

All kidding aside, product placement is big business, and America is clearly leading the charge forward.

Consider advertisers' investments in film properties in 2003. More than 500 feature films were released in theaters in the U.S. and about $1.5 billion dollars was spent on product placement and related entertainment promotions[1-04]. In contrast, product placement in British films was roughly $8 million[1-05] and Russian films totalled just $1.5 million in 2003[1-06].

So, if this much money is being invested into product placement, there must be a clear set of guidelines and strategies for advertisers to follow, right? Nope. At least not yet.

However, that reality could change in the near future if the industry's Los Angeles-based professional trade association, The Entertainment Marketing Association (EMA), is successful in establishing standards of practice and open lines of communication among the many varied individuals and companies presently involved in the space of placements. Perhaps the greatest struggle for the EMA is to find common ground among sell-oriented Madison Avenue and entertainment-oriented Hollywood. The DVR revolution may be just the catalyst needed to help broker a tighter relationship between the two – and there are clear reasons for each to be interested in establishing more aligned goals and objectives, especially when it comes to broadcast television.

The broadcast networks of the entertainment world rely heavily on advertising dollars from :30 spots for their revenue. If new ad-zapping technologies prevent advertisers' messages from reaching consumers, how can the networks retain that advertising revenue? Because, obviously, if the value of the :30 spot decreases as the use of DVRs increases, advertisers will spend their marketing dollars elsewhere. However, advertisers would prefer to stay within the realm of television because of a powerful belief they have that television is the strongest advertising medium[1-07]. So, the networks want the advertisers and the advertisers want the networks.

Is the DVR responsible for the increased buzz about product placement? In part. However, I think Steven J. Heyer, former president and chief operating officer of Coca-Cola Co's "Coca-Cola Ventures," may have also helped to fuel the shift among advertisers with something he said at the "AdWatch: Outlook 2002" conference, "…strategic product placement could be more effective than 30-second TV commercials.[1-08]"

Maybe Heyer was right. Industry research has shown that audience recall of product placements is two and a half times greater than that of TV commercials[1-09].

So how did all this start, anyway?

HISTORY

I wonder if Milton would have done it?

A self-admitted failure many times over, Milton S. Hershey was a visionary businessman and calculated risk taker. After failing several times to launch his candy company in Lancaster, Pennsylvania, he finally found success in 1903 in another rural Pennsylvania town known at the time as Derry Church. In addition to his company, the town also later came to bear his name (Hershey, PA) and both the corporation and the community he founded enthusiastically adopted his sense of entrepreneurial spirit.

It was this spirit that provided the fuel for Milton S. Hershey to build homes for the employees who worked in his chocolate factory, to construct an amusement park, theater, and community center for the enjoyment of local residents, and to establish a school for orphaned children.

He was not adverse to taking risks. In fact, many people believe he held to the notion that "The greater the risk, the greater the reward."

Hershey's spirit had become part of the fabric of the town. I believe it's what ultimately led Hershey Foods executives to agree to a product placement opportunity that had first been offered to and subsequently rejected by M&M/Mars[2-01].

In the early 1980s, the pitch from the studio to M&M/Mars about their newest film production can be summed up something like the way Luke Sullivan described it in *Hey Whipple, Squeeze This*...

"Lost alien befriends lonely boy to get home[2-02]."

The notion of an alien in a Steven Spielberg film seemingly did not sit well with executives from M&M/Mars – and who could blame them? After all, director Steven Spielberg was the same guy who made the 1970s movie sensation "Jaws," a film which also had an "alien" creature of sorts from the depths of the ocean. Concerns about a follow-up film featuring an extra-terrestrial creature most likely helped M&M/Mars decide to decline the invitation to place product in the film.

The studio's next move was to approach Hershey Foods Corporation and ask if they'd be interested in the placement deal to promote the Hershey's Kisses® brand of chocolates[2-03].

Hershey Foods had many of the same fears that M&M/Mars expressed and rejected the placement of Hershey's Kisses. However, the company was willing to consider the placement deal with an up-and-coming product based on the popular Reese's Peanut Butter Cups® brand - Reese's Pieces®, an M&M®-like coated candy. Hershey's strategy was to capture part of the M&Ms market[2-04].

It was certainly a big risk at the time. But as with so many other milestones in Hershey Foods' corporate history, the big risk came with a big payoff.

E.T. and Elliott

The extra-terrestrial character was in no way a frightening space creature, but rather a frightened, caring companion to a young boy named Elliott – and moviegoers loved him. Consumers identified so strongly with the character and story of "E.T." that sales of Reese's Pieces soared more than 60% in the months immediately following the release of the film[2-05] in 1982. And beyond the initial surge in sales, the placement solidified Reese's Pieces position in the candy marketplace for decades.

I wonder if Milton would have done it?

Most people consider Reese's Pieces and *E.T.* to be the trigger point in product placement as a means of advertising product in film or television. However, product placement had long been a staple of film and television productions before the release of *E.T.*

In fact, some historians note examples of product placement being tied to theatrical performances as early as the late nineteenth century[2-06].

The first half of the twentieth century ushered in the age of motion pictures and radio broadcasts, and each medium has its place in product placement history.

While there is evidence that motion picture studios used product placement before the First World War[2-07], the practice intensified in the 1920s and 1930s as studios began advancing the idea of promoting products in movies by sending marketers shot-by-shot breakdowns of scripts with promotional opportunities clearly indicated[2-08].

However, it wasn't just film studios getting in on the act of product placement, radio executives moved to advertising as the core means of revenue generation in the 1920s. By 1929, 55% of the programs on radio were not only paid for by advertisers, but created by advertisers and ad agencies[2-09].

In the 1930s, sponsors increasingly turned to advertising agencies who handled their print ads to produce radio programming. The J. Walter Thompson Company was producing more than thirty-three programs, representing a total of sixty hours of airtime per week, and at least half of each year's top ten shows[2-10].

By 1939, Metro-Goldwyn-Mayer had become the first studio in history to open a placement office[2-11].

Another seemingly inevitable offshoot of product placement within entertainment properties was the ability to leverage actors' "star power" to help drive purchases of brands tied to the entertainment. This leveraging need not be directly tied to placed products, but rather could be utilized as a stand-alone advertising strategy. One of the early adopter brands of such celebrity endorsements for advertising purposes was Lux Soap. As early as 1925, actress Mary Pickford was appearing in advertisements touting the benefits of Lux Laundry Soap[2-12]. There was not even necessarily a direct connection to a specific product placement of Lux Soap within a film's script, but the attachment of the brand to the entertainment helped migrate some of the entertainment's brand equity to the Lux brand. Perhaps one of the closest tie-ins between Lux and the movies was a promotional effort with *Gone With The Wind*. To benefit and gain even more value from its association with the film, Lux offered a brooch like the one worn by the lead

character in the film in return for 15¢ and a Lux Soap boxtop[2-13].

Lux had become a pioneer of sorts simply by understanding the value of the brand equity of Hollywood movie properties and their subsequent impact on driving consumers' purchasing decisions. This model of promotional tie-ins and celebrity endorsements would become a model that many advertisers still follow today. It's the notion in today's product placement space that the placement itself isn't nearly as valuable as what is activated around the placement.

Sample Advertiser-sponsored programs[2-18]:

Colgate Comedy Hour

General Motors Family Party

Goodyear Television Playhouse

Firestone Orchestra

Ford Theater

Kraft Television Theater

Maxwell House Hour

Palmolive Hour

Pepsi-Cola Playhouse

Revlon Theater

Schlitz Playhouse of Stars

U.S. Steel Hour

Wrigley Revue

Years after its first deals with tie-ins and endorsements, Lux was still courting recognizable actresses in Hollywood, including Judy Holliday advertising Lux Soap in a tie-in promotion with the 1950 release of *Born Yesterday*[2-14].

Just five years earlier, the film *Mildred Pierce* from Warner Bros. featured Joan Crawford drinking Jack Daniels liquor in what is thought to be the first documented instance of a movie star plugging a brand-name product in a Hollywood film[2-15].

As television emerged as the new mass medium in the 1940s and early 1950s, it was evident that the revenue models established by the radio broadcasters would be the first to be adopted by the television networks. By 1957 more than 33% of television programs were created and controlled by advertisers and their agencies[2-16].

For example, In 1949 Camel cigarettes sponsored *Man Against Crime*, starring Ralph Bellamy. The company issued strict instructions to the writers, directors, and actors – "Do not have the heavy or any disreputable person smoking a cigarette. Do not associate the smoking of cigarettes with undesirable scenes or situations plot-wise." Cigarettes were to be smoked gracefully, not puffed nervously – and the creators should never, ever suggest that a character have a smoke to "calm nerves," which might suggest a narcotic effect. No one on the program could cough. The tobacco company's directions permeated the production[2-17].

Camel wasn't the only cigarette company getting in on the sponsorship side of the growing television industry. Philip Morris locked in a deal with one of television's all-time greats – Lucille Ball. The "I Love Lucy" show featured Philip Morris cigarettes and Lucy and Desi could be found featured in Philip Morris' print advertisements of the same period[2-19].

The sponsorships, in many cases, were the vehicles that led to the product placement opportunities. We see much of the same model today, albeit media buys of :30 commercials instead of entire program sponsorships.

By the mid-1950s Milton Berle was the host of the *Texaco Star Theatre*[2-20], which began each episode with a chorus of:

Oh, we're the men of Texaco, we work from Maine to Mexico.
There's nothing like this Texaco of ours.
Our show tonight is powerful.
We'll wow you with an hour full
of howls from a shower full of stars.

Later, Berle was appearing courtesy of automobile manufacturer Buick. The title sequence linked Berle and Buick visually and verbally with the announcer exclaiming, "It's the Buick Show! It's the Berle Show! It's the Buick/Berle Show![2-21]"

One of the most unlikely on-air sponsorships pitchmen of the same period as Berle was a very young Mike Wallace – now of CBS' "60 Minutes" fame. Wallace delivered mid-morning newscasts and pitched Bond suits as the show wrapped each day[2-22].

However, the amount of control that advertisers exercised in the early days of television was frustrating the networks. The advertisers had so much control over the shows that it put the networks at the mercy of the advertisers. This model changed in 1953 when Pat Weaver was appointed president of NBC[2-23]. Weaver's concept was to extend the length of the then-typical 15-minute program to a 30- or 60-minute format. By doubling the length of the program, many advertisers were no longer able to justify the expense of underwriting an entire program. Thus, the concept of "insertions" was developed and the genesis of what would eventually become the staple :30 spot took shape.

But the new format with insertions did not change the face of network television broadcasts overnight. Advertisers continued to sponsor shows and develop content. One of the most popular formats for advertiser-sponsored programming in the 1950s was quiz shows.

Again, television took some of its cues from radio. What had been known as *The $64 Question* quiz show on radio, skyrocketed in value as it was adapted for television to become *The $64,000 Question*[2-24], with Revlon as its sponsor.

However, by the late 1950s rumors had begun to circulate that the quiz shows were fixed. Before the decade ended, Revlon was forced to admit that it had rigged the outcomes of its shows and often secretly instructed contestants and provided answers.

The result of the quiz show scandal was a nationwide viewing audience which had become skeptical of television's intentions and authenticity. Viewers were no longer as willing to trust the companies that were sponsoring television programming.

The federal government also was troubled by the television industry's deceptive tactics and stepped in by enacting the "Payola" laws which required broadcasters to reveal any financial considerations, direct or indirect, that yielded on-air exposure[2-25]. According to the law's language, anyone financially influencing or contributing to programming content must be revealed at the time of broadcast for any "...matter for which money, service or other valuable consideration is either directly or indirectly paid or promised to, or charged or accepted by such station ...[2-26]"

The controversy surrounding game show sponsorships soured the relationship between advertiser-sponsored television programming and consumers, and by the late 1960s, fewer than 3% of programs were sponsored by advertisers[2-27].

As a result, the 1960s and early 1970s became the quiet years for product placement in virtually all media[2-28].

However, by the late 1970s, product placement was on a bit of a rebound. Top grossing films such as *For The Love of Benji* and *Smokey and the Bandit* utilized automobile placements[2-29] – who doesn't remember Burt Reynolds' Pontiac Trans Am? Placements had begun to find their way back into acceptance by production studios and the viewing audience alike.

The 1980s were, in terms of product placement, dominated by the *E.T.* success story. However, other films, such as 1986's *Top Gun* (Pepsi)[2-30], also found ways of incorporating products into plots. But the '80s lacked the "buzz" that began to surround the notion of product placements in the 1990s.

Not only were films beginning to more heavily integrate products into movie plots in the 1990s, but television programming was also starting to look for more purposeful product integration opportunities.

As the 1990s were ushered in, *Seinfeld* brought product placement on television to new heights, integrating brands such as Apple computers, Saab automobiles, and Junior Mints candy directly into the sit-com's storylines. In a 1993 episode of Seinfeld, the character of Kramer fumbled away a Junior Mint into the open chest cavity of a surgery patient in what is one of the most memorable moments in the show's run.[2-31]

Movies were also attracting placement dollars like never before in the '90s. When BMW placed its new Z3 roadster in the James Bond film *GoldenEye* in 1995, the initial $3 million investment in the placement deal resulted in $240 million in advance sales of the auto[2-32]. 1995 was a particularly successful year for placements in feature films. Pixar/Disney's release of *Toy Story* that year resulted in hyper-growth of sales for classic toys such as Etch-a-Sketch, Slinky, and Mr. Potato Head[2-33].

Two other significant developments took shape in the 1990s which would very quickly begin to shape the role of product placement in television and film – the Internet and the Digital Video Recorder (DVR)[2-34].

The Internet boom of the mid- to late-90s quickly became a valuable integrated marketing tool for studios and advertisers alike. The time/distance relationship of viewers seeing a product in a television program or in a movie and being able to react with a decision to investigate further or, better yet, purchase the placed product was dramatically reduced. Instead of having to leave their homes and travel to a store to find out more about a product they had seen on television, it became a reality that consumers watching an episode of *Seinfeld* could simply walk across the room, sit down at a computer, and research and/or order the product on the Internet they had just seen.

The other significant event of the late 1990s which has greatly influenced advertisers' views on product placement was the launch of digital video recorders (DVRs). Most commonly known by the brand-name device, TiVo, DVRs function in many respects like VHS cassette recorders. However, there is a significant difference – DVRs allow consumers to skip commercials when viewing recorded programs.

The idea that consumers would be/are able to completely avoid the :30 commercial spots that advertisers have invested so heavily in has caused a concern, real or imagined, which has created the fervor and renewed interest in product placement the past several years.

And what better than a Tom Hanks' blockbuster like 2000's *Cast Away* to help fuel the fire among advertisers scurrying for product placement deals as the twenty-first century began? Hanks' character in *Cast Away* is a FedEx® employee stranded on a deserted island with no one else around except his friend Wilson – that would be a Wilson® volleyball which is anthropomorphized to help Hanks' character cope with his isolation.

And, of course, advertisers have also been consistently influenced by the ever-increasing use of placements in the many unexpectedly successful reality television programs of the past five years.

The number of product placements has been growing at a rapid pace the past decade. The Internet has helped more quickly connect consumers with brands featured in television and film and advertisers are seeing the number of viewers of primetime network television programs dwindle as the number of media continue to expand – cable, satellite TV, video games, etc.

I don't believe the :30 spot is dead, but I do feel significant changes are underway – as does Bob Levin, former marketing director for Walt Disney Studios, Sony Pictures, and MGM. Levin stated at the iHollywoodForum.com IMPACT 2004 conference, "There is a shift to 'opt-in' advertising from the traditional disruptive advertising of the :30 spot.[2-35]"

If such a shift is taking place, what does it mean for advertisers? Studios? Producers? Perhaps most importantly, what does it mean for consumers? And who will be deciding?

KEY DATES IN PRODUCT PLACEMENT HISTORY[2-36]

1880s Sol Bloom, a teenage promoter, came upon the idea of getting local merchants to pay to have their names inserted into the scripts of shows at the Alcazar Theater in San Francisco[2-37].

1920s Movie studios and radio broadcasters turned to product placement for greater revenue; by 1929, 55% of radio programs were created and paid for by advertisers and their ad agencies. Advertisers such as Lux Soap had begun developing sponsorships and promotional tie-ins to movies.

1930s Ad agencies get involved with product placement. The J. Walter Thompson Company produces more than thirty-three weekly radio programs, representing a total of sixty hours of airtime each week.

1939 Metro-Goldwyn-Mayer becomes first studio to open a product placement office.

1945 Joan Crawford drinks Jack Daniels liquor in *Mildred Pierce* in what is believed to be the first documented instance of a movie star plugging a brand-name product in a film.

1953 “Insertions” into television program developed by Pat Weaver of NBC.

1957 More than 33% of television programs are still created and controlled by advertisers and their agencies.

1959 Television quiz show scandals break wide open and the federal government steps in with the “Payola” law.

1982 Steven Spielberg includes scenes in *E.T.* which feature Reese's Pieces.

1980s Sega begins inserting Marlboro banners into the track scenes of its auto-racing software.

1992 *Wayne's World* satirizes placement, with Mike Myers’ character stopping the movie to hawk Pizza Hut® pizzas and Nuprin® pain relievers.

1993 Perhaps the most famous product placement episode of *Seinfeld*, “The Junior Mint,” shows Kramer accidentally dropping a Junior Mint into the open chest cavity of a patient undergoing surgery.

1995 *GoldenEye* shows off the soon-to-be released BMW Z3. According to the Entertainment Resources & Marketing Association (ERMA), BMW paid $3 million to put 007 in one of its cars, with a return on investment of $240 million in advance auto sales.

1995 After *Toy Story*, Etch A Sketch® sales increased by 4500%, Mr. Potato Head® sales increased by 800% and Slinkys®, which had been out of business for 10 years, received 20,000 orders and re-activated the company.

1996 Virtual advertising is introduced to TV during sporting events. Ad images are artificially inserted in the pictures that home viewers receive.

1996 Sportswear company Reebok sues TriStar Pictures for $10 million, claiming it violated a placement agreement when it snipped a mock Reebok commercial that was originally part of the end credits of *Jerry Maguire*. Reebok received a settlement, but its products were mentioned only a few times in the final movie – disparaged by Cuba Gooding, Jr.'s character, Rod Tidwell.

2000 *Cast Away* features a FedEx employee as the lead character and a Wilson volleyball as a supporting anthropomorphized character.

2002 Intel and McDonald's sign multimillion-dollar deals to place their chips and fries in the virtual world of the *Sims Online*. Players get to open virtual burger franchises. Of course, to run their virtual businesses, they need to buy Intel-branded computers.

2003 Procter & Gamble details a 20-brand tie-in with the next series of *Survivor*. The deal includes advertising, product placement and other "content integration," and is part of the $300 million P&G pumps into *Survivor* owner Viacom each year.

2003 Ratings company Nielsen announces it will kick off a product placement tracking service. Focused on TV programming, it will rank products on how much exposure they receive.

WHO'S INVOLVED?

"We need to start thinking along the lines of entertainment-based brand experiences[3-01]."

That quote is from Bob Schmetterer, president and COO of Havas and chairman and CEO of Euro RSCG Worldwide. It's from a keynote address he delivered to the American Association of Advertising Agencies' (AAAA) Management Conference in 2003. Mr. Schmetterer's remarks also included clear references to strategic product placement and its role in communicating brand experiences for consumers. I believe he sensed the same things as Michael J. Wolf.

Author and media consultant Michael J. Wolf asserts that as the entertainment industry moves further into influencing commerce and culture [advertising is possibly the most direct reflection of commerce and culture], star brands must make room for entertainment in terms of how they're presented to consumers. Wolf also constructs a view that we're now living in the "entertainment economy," and celebrity is the only universal currency[3-02]. He then goes even further to drive home his point, referencing a study which shows that entertainment ranks ahead of clothing and health care as a percentage of household spending (entertainment, 5.4%; clothing, 5.2%; health care, 5.2%)[3-03].

So if Schmetterer and Wolf are correct in their views and entertainment is leading brands to consumers, who's leading brands to entertainment?

The only clear answer in the amalgamation of companies presently involved with product placement and brand integration in entertainment properties is that there is no clear answer. And while advertising agencies are involved to some extent, they're clearly not leading the charge.

Advertising agencies typically have had very limited involvement with product placement decisions on behalf of their clients' brands. For example, let's look at Team One's (California-based advertising agency) role with its client, Lexus, and the product placement deal with the 2002 movie, *Minority Report*. In an interview with Team One's associate creative director, Arthur Chan, iMediaConnection.com's Dawn Anfuso asked, "How did this opportunity come about for Lexus?" Chan replied, "[The studio] had approached Lexus with this about three years ago. Back then, the focus was on the development of the script as well as the design of the car and production. It wasn't until a little over a year ago when advertising first got involved where we had a clear vision of Lexus's role in the movie.[3-04]"

So, Team One, as Lexus' advertising agency, which, in many respects, is an extension of the client in terms of brand stewardship, seemingly had no involvement in determining placement strategy and creative considerations for the brand's inclusion in *Minority Report* during the first two years of planning. In effect, the agency had been shut out of the discussions, even though it was ultimately responsible for helping to craft the brand of Lexus. Such a scenario is not uncommon.

So if it's not the advertising agencies, who is leading brands to entertainment?

At this stage, it's an assortment of companies, including the advertisers (brands) themselves, the studios which produce and distribute entertainment content, product placement agencies and consultants, media agencies, as well as professional trade associations like the Entertainment Marketing Association (EMA) in the United States and the UK-based Branded Content Marketing Association (BCMA). More recently, two groups of people who have traditionally been left out of the mix in placement deals are more frequently finding their way into the fray – the writers and directors of television programs and feature films.

Let's take a closer look at each of these groups.

Advertisers (Brands)

It's not surprising that advertisers actively seek product placement opportunities directly with Hollywood. If for no other reason, cutting out the middle man (i.e. - product placement agency, consultant, etc.) can often result in significant financial savings and clearer content integration discussions with the studios. As a result, such relationships can present potentially better opportunities and cross-promotions for both parties.

Perhaps one of the most proactive advertisers in the product placement and branded entertainment arena is Jeep/Chrysler.

Jeff Bell, VP and General Manager of Jeep/Chrysler has initiated a branded entertainment-specific marketing model called "6th Gear Marketing™[3-05]." The foundation for the model is experiential marketing. Whether consumers experience the brand as a placed product in a television or film production, or if they interact directly with the brand, Jeep/Chrysler wants to control the experiential aspects of the interaction.
As Mr. Bell stated, "If a picture's worth a thousand words, then experiencing is worth a thousand pictures.[3-06]"

In the case of Jeep/Chrysler, they've integrated products into several film and television properties, including, *Lara Croft: Tomb Raider* and NBC's reality TV hit, *The Apprentice*. Mr. Bell pointed out that Jeep/Chrysler doesn't consider placements to be paid endorsements, but rather prefers to think of it as "brand-casting." He also made it clear that Jeep/Chrysler does not pay for product placements[3-07].

Instead, Jeep/Chrysler will barter its available assets in order to secure its placement deals. In exchange for the studios placing products, the company will provide point-of-sale promotions, web site content and e-mail campaigns, co-op advertising/media buys, etc. as ways to help drive viewers to the movie theaters or their televisions.

Chris Moore, co-founder of and producer for LivePlanet/Project Greenlight, a Los Angeles-based production company, actually feels that advertisers like Jeep/Chrysler could capture more opportunities with product placement if they were simply more aggressive in approaching studios and production companies directly[3-08].

An example cited by Mr. Moore was the way in which HP became a placement partner with Project Greenlight. “I was at the Sundance Film Festival and Doug [Cole from HP] simply came up to me and asked if he could run some ideas by me. We discussed a few things that HP was interested in doing with placements and the relationship was born,” recalled Moore[3-09].

Doug Cole’s position at HP is one that a growing number of companies are placing value in these days – he is solely dedicated to finding product integration deals and non-traditional venues for HP to showcase its technologies and products.

In general, most advertisers do not handle placement or integration deals on their own. The majority of advertisers seek placement agencies to help them navigate through the many twists and turns of contractual concerns, script considerations, and evaluation of potential returns on investment. However, as advertisers become more familiar and comfortable with the concept of product placement and its role within a total marketing program, the more likely it will be that companies outline very specific brand integration marketing strategies like those currently utilized by Jeep/Chrysler and HP.

Studios

In 1939, Metro-Goldwyn-Mayer was the first Hollywood studio to open a product placement office. Today, every studio has a product placement office and each actively seeks out placement partners for virtually every production.

Perhaps one of the best decisions made by studios to help bring brands to entertainment productions was to open the scripts of properties under development to the advertisers. By allowing advertisers to review scripts early in the development stage, the studios began attracting more potential partners. Brand managers like predictability, yet there's an inherent difference between Hollywood and Corporate America, as noted by Neil Patel, "Hollywood is idea-centric and advertisers are data-centric[3-10]."

Studios handling television productions can typically attract a wider range of potential partners than studios handling movie deals. The bottom line is that the cost of production is significantly less for the typical television program than that of the typical feature film. Therefore, a more diverse pool of advertisers is able to consider placement opportunities in television programming because the entry point, financially, is typically less expensive.

A second factor which helps make television programming a bit of an easier sell than movies when it comes to placement deals is that there is more predictability with established television programs in terms of brand ideals and characters than with feature films. Granted, studios trying to sell placement deals in new television programs face many of the same opposition points that the movie studios face – untested audience reaction, unknown characters, unproven track record, etc. However, with each episode of a television program that airs, the data-centric advertisers can form a more defined understanding of the plot lines and characters and, therefore, a more informed decision about whether to pursue placement opportunities.

Ultimately, it comes down to the advertisers and the studios deciding which deals to do. They're the two groups in control of the content – and content is king in the world of product placement.

Product Placement Agencies / Consultants

As the hype around product placement has grown the past decade, so has the number of product placement agencies and consultants. New shops spring up on a monthly basis, with most located on the west coast near the studios and production facilities in the Los Angeles, CA area. While many of the agencies are new and virtually unproven, there are a few companies which have set themselves apart as being among the best, most seasoned companies for brokering deals between advertisers and studios.

Creative Artists Agency, William Morris Consulting, and AIM Productions have established solid reputations for product placement expertise. Yet, the two placement agencies which I found to be most consistently referenced in the industry are Norm Marshall & Associates and Davie-Brown Entertainment.

Established in 1979[3-11], Norm Marshall & Associates (NMA) has a very strong position in the business. NMA's experience with product placements has earned them a client list of some of the most successful and well-known brands [see sidebar].

Another one of the pioneers of present day product placement is Davie-Brown Entertainment (DBE). Founded in 1985, DBE has been a part of the Diversified Agency Services Group of Omnicom since 2001[3-13], and, like Norm Marshall, has a client list that reads like a who's who of established consumer brands [see sidebar on next page].

However, placement deals aren't only done through large agencies. There is a growing number of smaller companies getting involved in product placement that don't fit the typical profile.

Partial List of Norm Marshall & Associates Clients[3-12]:

Amstel Light

Baskin-Robbins

Buick

Cadillac

Chanel

Chevrolet

Craftsman

Crown Royal

DieHard

Dole

Dunkin' Donuts

GMC

Hawaiian Tropic

Heineken

Hummer

Kenmore

Land's End

Opel

Papa John's

Pontiac

Saab

Samsung

Saturn

Sears

USA Today

Vespa

XBOX

One such company is Deep Focus, located in Brooklyn. Deep Focus has a bit of an irreverent approach and is clawing its way into the entertainment marketing and promotions arena with an attitude best expressed by co-founder Ian Schafer, "If you're not working with us, sorry[3-15]."

Deep Focus does not have the established ties with Hollywood that many of the more seasoned agencies do. However, their aggressive and energetic attitude, not to mention previous experience within the entertainment industry, has helped them find placement deals with feature films like *Kill Bill, Vol. 1* and *Soul Plane*.

Lastly, there are a number of consultants who are brokering deals between studios and advertisers.

Turkey Hill Dairies, located in Lancaster, PA, has placed product through a New York City-based placement consultant for several years. Although just a Mid-Atlantic regional brand, Turkey Hill has had its ice cream products featured in popular television programs like *Everybody Loves Raymond*, *Friends*, *The King of Queens*, *The Nanny*, and HBO's *The Sopranos*.

Partial List of Davie-Brown Entertainment Clients[3-14]:

American Express

Blockbuster

BMW

Cisco Systems

Frito Lay

Gatorade

Hershey Foods

HP

Lipton's Iced Tea

Miller Brewing Company

MINI

NFL

Pepsi

Playstation (Sony)

Quaker

Reebok

Timberland

Tropicana

Turning Leaf Vineyard

Yahoo!

Lisa Hutchinson, marketing director for Turkey Hill, feels the placements add credibility to the Turkey Hill brand – a common reason for many smaller, regional brands to pursue placements. Hutchinson said that although several Hollywood placement agencies have contacted her about becoming a client, she prefers working with her consultant because she believes his fees are substantially lower[3-16].

How much lower wasn't revealed. However, if an advertiser is looking for a reference point of costs involved, New York-based AIM Productions says advertisers generally keep placement agencies on yearly retainers for $20,000 – $100,000[3-17].

Media Agencies

Surprisingly, many media agencies within the advertising industry have been somewhat slow to react to the product placement space. However, some companies have recognized its growing importance to advertisers and are now actively pursuing their own deals between Madison Avenue and Hollywood.

One such agency is OMD Worldwide, a part of the Omnicom agency network. Guy McCarter, director of entertainment and marketing for OMD, explained that his agency now actively pursues integration deals, but most still tend to be built off the :30 spot's CPM pricing structure.

"I think there's a belief, particularly with broadcast networks, that :30 spots are becoming less impactful,[3-18]" McCarter stated. He went on to say that even though broadcast networks are seeing a diminished value to the :30 spot, they're still connected to it in terms of how they sell advertising. Rather than networks offering straight placement opportunities within programs, they're usually offering placements as an added premium beyond the cost of the buys on :30 spots. McCarter said he typically anticipates a premium of 15%–25% built into the media cost for a :30 spot in order to get placement, thus allowing the networks to bolster CPM costs to marketers[3-19].

To support his contention that placements still tend to be tied to :30 spots, McCarter spoke about the structure of deals available with NBC's upcoming reality TV program, *The Contender*, produced by Mark Burnett. According to McCarter, Burnett has held back integration rights and approximately eight, :30 spots per episode from NBC so that he can go directly to Madison Avenue with packaged advertising deals[3-20].

While OMD perceives some value in placements, McCarter said that the reason to do a placement is to "activate around it" with public relations, promotions, etc.[3-21], in order to help extend the brand's exposure to consumers.

OMD is not the only media agency jumping into the placement pool with both feet. MindShare was recently named Media Agency of the Year for "Best use of National Television and/or Cable" by *Adweek* magazine[3-22].

The award was presented for MindShare's plan for American Express' "Open: The Small Business Network." The plan utilized the model McCarter sees as viable: product integration combined with :30 spot buys. American Express' Open was integrated into NBC's reality show *The Restaurant* with great success.

Recall for Open, among the target audience, was ten times greater as a result of the integration deal in *The Restaurant* than for the typical American Express ads, according to follow-up surveys. During the airing of the program, the call volume to American Express about its Open program increased 40% and the application volume rose 30%[3-23].

Professional Trade Associations

National trade groups like the American Association of Advertising Agencies (AAAA), American Advertising Federation (AAF), Public Relations Society of America (PRSA), and the Association of National Advertisers (ANA) have all touched on product placement, but none seems to be on the leading edge of the trend.

The structure of the advertising industry is dramatically changing in many areas these days and I believe the last groups to react will be the committee- and board-led trade associations. That's not to say that there isn't a trade association that understands product placement. The Entertainment Marketing Association (EMA) is focused entirely on product placement and related activities within the entertainment industry.

The EMA is "...comprised of corporations and agencies providing entertainment resources to the filmed entertainment community, a practice commonly referred to as Product Placement[3-24]." The association has a twelve-point Code of Standards and Ethics its members must agree to and places great value in the creative integrity of the placements being conducted. In its "Product Placement 101" brochure, the EMA states that "If a placement opportunity in any way jeopardizes the creative integrity of the film, it will be dismissed as a possibility[3-25]."

Originally called the Entertainment Resources Marketing Association (ERMA), the EMA is still in its early years as an organization, having been founded just a decade ago. Like many of its studio and agency members, the EMA is located in Los Angeles, CA. The EMA's studio and production company members account for roughly 70% of all movie box office revenue each year.

Writers/Directors

Perhaps the only people more concerned about the "creative integrity" of product placements than the EMA are the writers and directors of the films and television programs within which placements appear. And yet, they are typically the last ones consulted when the placement deals are being brokered. Even more disconcerting is the reality that many writers and directors receive no financial benefit from the placements – the money is typically paid to the studios and the placement agencies.

However, there are some new ideas about how writers and directors might be able to both cash in on the financial end of the deals and also retain the creative control they value so much. The opportunity, according to producer Rob Long and Jak Severson, head of product placement agency Madison Road Entertainment, lies in the financial deficits that producers are always struggling to control when in production. As Long puts it, “Creatives, writers, and producers need to get deficit down in terms of production costs.” He continued, “It’s [product placement] always about the money.[3-26]”

The idea goes something like this…

The typical scenario when producing a new television program is for the production company to raise enough capital to front the costs of production, with the hope of recovering the financial deficit when the program is sold to a network. This is also the stage of production which retains the most control over the creative product.

Let’s say, for example, the cost to produce one episode of a 30-minute program is an average of $1,000,000. In order to recover all costs and eliminate any deficit, the program will have to be picked up by a network for $1,000,000. The problem is that there are many production companies all competing for a limited number of available network programming opportunities.

But, what if you could reduce the cost of production per episode to $700,000? You’d then have a lower and more attractive price-point to the networks and dramatically increase your chances of having the program picked up because the competition is still swimming in the $1,000,000 waters. That $300,000 difference could be achieved by actively seeking and agreeing to paid product placements in the production phase of the development. Not only would the writers and directors be able to hand pick the products they’re willing to work with, but by having the product directly linked to the program’s storyline in the development stage, the creatives still retain control of the artistic integrity of the end product. So, with placements already woven seamlessly into the storyline, there are fewer opportunities for the studios to insist upon product placement inclusions after the fact.

It's a win for the advertiser because their product is placed. It's a win for the writers and directors because they receive a piece, if not all, of the financial benefit from the placement and minimize the production deficit. It's a win for the studios because the cost to pick up the show is dramatically reduced.

Advertising Agencies

So what about the advertising agencies? Certainly, the brand stewards of the advertising world aren't sitting on the sidelines. Are they? Some are. Some aren't. However, as with the earlier example of Team One's lack of involvement with the Lexus placement in *Minority Report*, Carol Terakawa of Yahoo! points out, "The conversations will happen between us and the studios first and then bridge back into the agency.[3-27]"

That's not to say that advertising agencies aren't involved with more traditional models of product placement altogether. For example, MindShare's award-winning product placement plan for American Express' Open was done with the help of MindShare sister advertising agency, Ogilvy & Mather. Yet, even though O&M was involved, they kept to the advertising side of the deal and strictly focused on print ad support for the placement and :30 spots handled by MindShare[3-28].

One advertising agency which has seemingly begun to place value in product placement is Deutsch, headquartered in New York. Like Ogilvy & Mather, Deutsch has some experience with NBC's *The Restaurant* – client Mitsubishi Motors had a product placement deal. More interesting is the fact that Deutsch has retained the services of iTVX, a product placement research and valuation firm based in New York. Deutsch is proactively seeking to understand the workings of placement deals and has already engaged in negotiations for placements on behalf of its clients[3-29].

Additionally, Donny Deutsch, CEO of Deutsch, recently presented the topic of "How To Mastermind The Branded Entertainment Experience" with Damon Dash at *Adweek*'s "The Next Big Idea. The Future of Branded Entertainment" conference in New York City in May, 2004[3-30].

It's not that advertising agencies can't think entertainment, they simply have some catching up to do. Agencies should become more familiar with the general workings of product placement deals so that they might be able to at least chaperone their clients' brands to the dance with the studio executives. There is not likely to be much revenue for agencies in the product placement alone, but as Guy McCarter explained, the activation around the placement is where the payoff can be found.

The payoff? How is that determined? Is there really any significant value when it comes to product placements?

WHAT'S THE VALUE?

If you're looking at product placement with a queer eye, there certainly seems to be plenty of value. Consider these statistics from Bravo/NBC's *Queer Eye for the Straight Guy* reality television series in which five gay men, known as the Fab 5, make over a straight man from head to toe and front door to backyard[4-01]:

- Lucky Brand jeans saw a 17% increase in its men's category for the two months following a plug on the show;
- Thomasville Furniture's "Patchwork" leather upholstery sales jumped 50% in the month following placement;
- Candle retailer Illuminations had sales of a sconce product shown on the program skyrocket 365%; and

- Domain, a furniture retailer, watched purchases of a settee (chair/sofa) featured on the show climb to 150 per month from less than 40.

Obviously, there seems to have been great value for each of the retailers referenced in the examples above. But how does one know what the value of a placement might be before getting involved? How much is it really worth to have a product included in a television show or feature film? Does anyone know?

At this stage, the answer to the last question is “No.” No one’s really certain how much value there really is when it comes to product placement, although it’s not from a lack of trying. In fact, there are several companies scrambling rather quickly to develop valuation models and quantitative measures for placements in hopes of answering the last question with a definitive “Yes!”

My assertion that there is no definitive way of valuing placements as of this writing is based on the fact that there is no model like that of CPMs which has been widely adopted and accepted as the standard within the industry. Although, that may change in the near future with the recent decision by Nielsen to jump into the product placement valuation mix. Nielsen brings a brand name to the valuation pool that virtually everyone in the industry is familiar with, unlike its lesser known competitors.

In addition to Nielsen and its partnership with NextMedium (Los Angeles), companies like Joyce Julius & Associates (Ann Arbor, MI), Intermedia Advertising Group (New

York), iTVX (New York), and Brand Advisors (Los Angeles) have each developed proprietary models to determine the value of product placements.

Their hope is to convince the Evan Fleischers of the world that there is actual, quantifiable value in placements. Mr. Fleischer is co-founder of The Michael Alan Group marketing agency and is quoted as saying, "You know product placement works but you're not ever going to be able to show dollar-per-impression.[4-02]"

The difficulty lies in quantifying the value of something that is placed in front of the viewer in a purposely unobtrusive and seamlessly integrated manner.

That hasn't deterred Joyce Julius & Associates which has established its "Entertainment Marketing Research Services" group, known as "J2," to oversee product placement valuations. The service was launched in 2002 as an extension of the company's measurements of impressions for sports sponsorships in stadiums and racetracks[4-03].

The J2 research staff monitors all major television networks and dayparts and tabulates a "Recognition Grade" for specific brands based upon "clear, in-focus, on-screen time, product silhouettes, and verbal references.[4-04]" The model for feature film valuation is effectively the same, but also incorporates factors such as [projected] DVD/VHS rentals and sales and television runs after the film's in-theater exposure has ended. Additionally, the company offers what it calls "Opportunity Assessment – Projection Analysis" to determine valuations prior to agreeing to a product placement deal. And the company is not only involved in television and film properties, it also monitors placements in video games, music, and sports entertainment as well.

Eric Wright, VP of Research and Development, states, “We’re not so naive as to think we can compare product placement directly with a TV commercial’s impact, but we are getting a pretty close read on it.[4-05]”

Intermedia Advertising Group (IAG) is another company that has recently begun monitoring product placements. However, unlike the wide range of media that J2 covers, IAG is strictly focused on television placements. In its October 27, 2003 press release, IAG announced that it had launched a television product placement ratings service with “Proven data collection and measurement methodologies to deliver metrics that help marketers assess return-on-investment.[4-06]”

The service, called “IAG In-Program Performance,” measures every product placement on every primetime reality show, sitcom, and sports program across the six broadcast networks. IAG’s proprietary model is formulated against its panel of 400,000 TV viewers and its database of over 230,000 surveys.

The IAG In-Program Performance measures and values three general characteristics of placements to generate its valuations[4-07]:

– *General Recall* (ability to identify where the placement occurred in a program)
– *Brand Recall* (ability to identify the specific brand)
– *Fit* (assessment of how well the brand or product was integrated)

The final score of the IAG In-Program Performance for a brand is determined by taking the percentage of viewers who can recall a brand within 24 hours of appearing in a show, indexed against the average score for all product placements during the same time period. A recall index of 100 is "average," anything above 150 is "superior.[4-08]"

Going back to the *Queer Eye* example at the opening of this chapter – based on the IAG In-Program Performance model, the show claimed three out of the top ten spots for product placement recall for reality shows during the November, 2003 sweeps period. The indexes were as follows: 166 for GMC (NBC, 11/25), 146 for Crayola (NBC, 11/26), and 141 for Orvis (NBC, 11/25)[4-09].

IAG plans to provide weekly placement ratings to subscribers as well as summaries of top-ranked placements to be listed in *The Wall Street Journal*.

Just as IAG announced its valuation model in October, 2003, Nielsen was readying its own announcement for a new product placement valuation model. By December, 2003, Nielsen had announced it would launch an online "Service for measuring product placement in prime-time television" across the six broadcast networks in February, 2004[4-10].

Developed in conjunction with Los Angeles-based NextMedium, the service/software, known as "PlaceViews," which was in production between the two companies for nearly a year prior to launch, will overlay Nielsen's existing ratings at specific times to determine how many people in each demographic were watching when the product was on screen. Anytime a brand appears on-air or in a verbal mention in network prime-time, PlaceViews tracks it and indexes it[4-11].

Nielsen's plans for the software/database do not stop with measuring and valuing product placements. By fall of 2004, NextMedium plans to introduce "NextMedium Marketplace," a clearinghouse of sorts for placement opportunities. The service will be built on input from production houses and networks to list placement availability. As NextMedium CEO Hamet Watts puts it, "If you are a widget company and you are interested in buying an ad, an integrated ad in some urban programming, you could select from a basket of urban programming and identify a placement opportunity through our database.[4-12]"

But even as newcomers such as IAG and Nielsen/NextMedium enter the valuation arena, iTVX is still, perhaps, the most established and most notable company in the world of product placement valuations.

Boasting a client list including Unilever, Kraft Foods, Verizon, Snapple, CBS, and advertising agency Deutsch, iTVX is a front runner in placement valuations.

Founded by Frank Zazza, former head of placement agency AIM Productions (New York), iTVX, and its ten or so staffers, has developed an online tool called "Instant Access" which allows subscribers to track placements in television programs. The software enables users to replay specific scenes in a television program and simultaneously gauge analyses of the level of integration, clarity of brand, etc. The cost to subscribe to the service ranges from $2,000 – $5,000 per month, depending on the level of sophistication needed[4-13].

The matrix of variables that the latest version of the Instant Access software tracks is roughly forty different elements, including: clarity of the brand logo, length of segment featuring the brand, whether the product was verbally referenced, etc[4-14]. However, according to Thom O'Leary, COO of iTVX, one of the most critical elements in terms of a successful placement is what the company terms the "Awareness Factor.[4-15]"

In essence, the company has developed a scale to rank the viewers' relative awareness of what they're seeing in relation to where they're watching and the environment they're in while viewing the placements. For example, a broadcast television program would have a lower awareness factor than a program being viewed on HBO. The rationale is that network programming is interrupted by commercial breaks and HBO is commercial free, therefore, viewers are more attentive to a program broadcast on HBO than one broadcast on one of the six networks; the environment within which each is viewed is the same. Using the same logic, HBO would have a lower awareness factor than that of a feature film. Both are commercial free but the physical scale of the movie and the out-of-home setting contribute to a higher rating than that of viewing HBO at home.

Awareness factors, impact factors, integration factors, and forty or so other variables make the iTVX valuation model seem overwhelming. I do not doubt the depth of knowledge and understanding of the staff at iTVX, but I find myself overwhelmed even thinking about all the mathematical computations that must be involved in arriving at a conclusive valuation with the iTVX model. I imagine media professionals find the digestion of all that data a bit easier, yet I still can't keep from hoping that an industry standard for product placement valuation includes fewer variables.

One other such company that is developing valuations for placements is Brand Advisors. While Brand Advisors does not have a nice, round number of 40 like iTVX in its sales materials to denote the number of variables it measures, it seemingly has a system just as, if not more, involved than iTVX.

Among the list of elements Brand Advisors tracks are: plot point, star contact, star mention, foreground, background, co-branding efforts (TV spots, print ads, trailers, etc.), comparable programming (theatrical, pay TV, free TV, Video/DVD, etc.), and integrated marketing (point-of-sale, coupons, direct mail, etc.)[4-16]. So, not only is Brand Advisors tracking the elements of placement within the context of the show/film itself, but also the greater context of how the entertainment is promoted and advertised in the space before and after its appearance before the viewers.

Again, having had an opportunity to hear Brand Advisors present their valuation model, I was very impressed by the depth of research and thoroughness of the investigation into every detail of what might affect a placement. However, again, I arrive at the same place I find myself with the iTVX valuation model – overwhelmed by the amount of data each company tracks and presents for consideration.

Given the complexities of several of the current valuation models and the enormous number of variables already affecting placement decisions among advertisers, I believe that if Nielsen/NextMedium can succinctly package its valuation data for placements in a manner similar to its other valuation models, it is likely that the industry will begin to shift to its measures as the standards for television placements. Nielsen already has the brand equity lead and by measuring placements against its already existing audience size demographic data, industry professionals will have a common point of reference, that is already familiar, from which to determine valuations and payments for placements.

As for film placement valuations, the view is less clear. In part, I believe that a valuation model for television will precede a valuation model for film simply because there are more advertisers familiar with spending ad dollars on :30 TV spots than on feature films. Many more brands enter the television placement arena than the feature film arena because the dollar commitment is typically lower and the production timelines are much shorter.

So why all this fervor to develop valuation models? And why are companies like IAG and Nielsen/NextMedium getting involved?

Because media buyers are spending more dollars on placements than ever before.

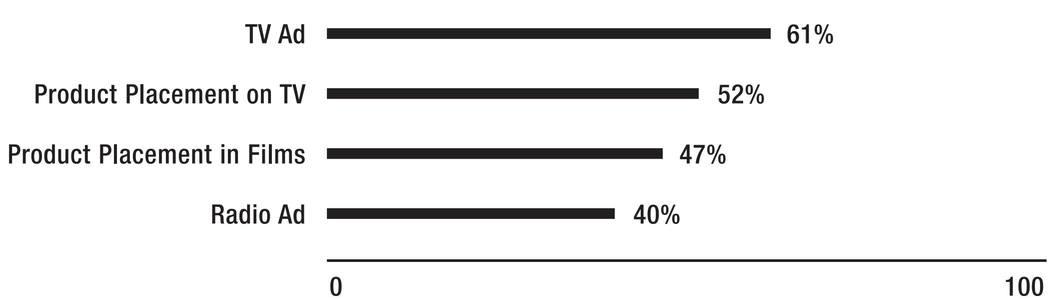
According to an InsightExpress/MediaPost survey of 750 media buying professionals in June of 2003, 25% said they anticipated product placement to be part of their media mix for the second half of the year, a 37% increase over the first six months of 2003.

Additionally, 36% found their advertisers placing more importance on product placements and 76% of those surveyed expected “significant growth” in placements in 2004[4-17].

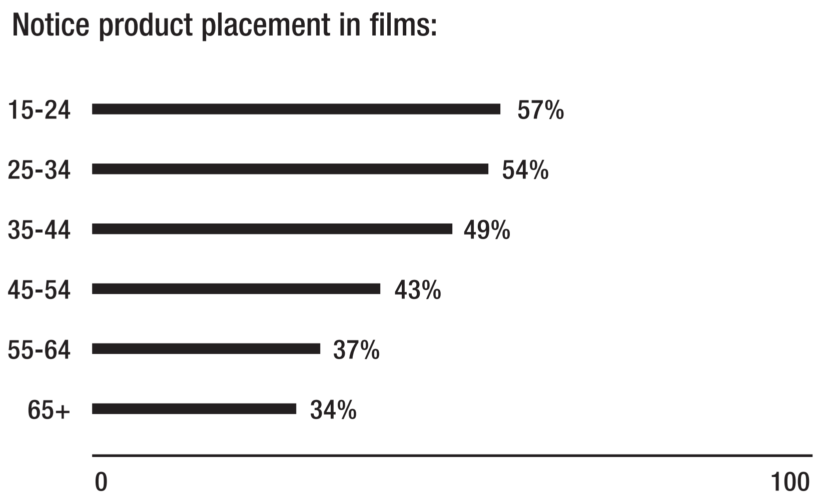
And it’s no wonder that advertisers are more mindful of product placement. The same survey also asked 500 consumers for their views on placements and found that 25% actually purchased items advertised as product placements on TV[4-18]. Further, Forrester Research has also found in its surveys that product placements will continue to benefit as more advertisers feel threatened by the growth of DVRs[4-19].

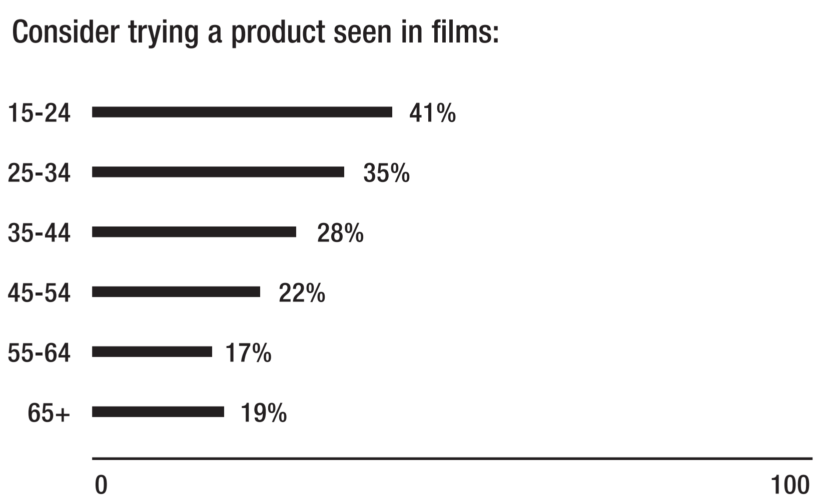
Perhaps the most comprehensive study to date of consumer attitudes toward product placement was conducted by mediaedge:cia’s MediaLab/MEC in September, 2003. In its Sensor Series of Studies, MediaLab/MEC polled no less than 11,300 adults across 20 countries to gauge their attitudes toward product placement[4-20]. Two of the questions asked provide interesting insight into consumer attitudes toward placements:

1) Generally, I really notice brands advertised in this way (among mass media):



2) Attitudes toward product placement by age group.





Product placement was seen as most effective among the younger demographics: 15-44, with strong endorsement coming from 15-24 year olds[4-21].

However, more importantly, the poll found that product placements worked well in terms of increasing brand awareness, with recognition jumping 40%–100% for brands placed in television and film.

The statistics seem to indicate that consumers are not adverse to product placement. In fact, especially among the younger viewers, many are openly accepting of and willing to see advertising within entertainment.

So, what are the more specific considerations of placements within both television and feature films?

PLACEMENT — TELEVISION

If Robert Thompson, Professor of Television and Popular Culture at Syracuse University's S.I. Newhouse School of Public Communications, is correct in his thinking that "The spot advertisement's long-term prospect is grim. Product placement seems to be the only viable model waiting in the wings to replace it,[5-01]" we should see quite an upswing in placement activity on television programs in the next few years.

While video games have recently become a medium in which product placement deals are happening more frequently, my belief is that television will see the greatest increase in the number/volume of placements of any medium. Why? Several reasons – it has a much shorter production window than movies, video games, and music – advertisers can see results within 4 to 6 weeks as compared to 12 to 18 months for a movie release, video game, or new song[5-02], many placement deals are attached to traditional :30 spot media buys as premiums or added incentives because the :30 spot is still the darling of the media companies and networks alike, and as cable continues to increase its ability to target specific niche demographic targets, more advertisers will seek placement opportunities beyond the six traditional broadcast networks.

Future placements in television programs will undoubtedly establish new ground in terms of where the limits of creative expression and commercialism intersect. That's not to say that we haven't already witnessed such groundbreaking placements. In fact, there are many memorable and widely known television placements.

Perhaps the show with the most frequent use of product placement was NBC's hit comedy, *Seinfeld*. Everything from Jerry's Saab 900 convertible to Kramer's infatuation with Kenny Rogers' Chicken restaurants to Diet Coke to Pez to... the list goes on, for a very long time. In fact, the show's use of product placement is so legendary that even award-winning graphic designer Charles S. Anderson utilized many of the show's most notable product mentions in the design for a poster commemorating the 169th and final episode of *Seinfeld*.

Perhaps the most notable of product placements in *Seinfeld* is the episode featuring Junior Mints. In this episode, Kramer is observing a surgical procedure when he fumbles a Junior Mint candy he's eating out of his hands and into the open chest cavity of the anesthetized patient.

Another placement in *Seinfeld* that viewers grew used to seeing was Jerry's old Apple 512k Macintosh computer. Apple is one of the most frequently used brands in television and film, and it was only natural that a creative mind like Jerry Seinfeld would use a Mac.[5-03]

According to a panel discussion at the 2004 iHollywoodForum.com IMPACT 2004 conference, the simple reason behind Apple's placement frequency and success – accessibility. Each one of the five panelists from major studios and placement agencies agreed that Apple Computers is the easiest company to work with when it comes to placements. And Apple pays for nothing. They simply supply product. But as the panelists noted, "They're always on time, they always get you exactly what you've requested, and they're very easy to work with.[5-05]"

Apple has had a full-time position dedicated to product placement for over a decade now. The list of television programs that Apple has appeared in is mind-boggling and would make any brand manager jealous [see sidebar].

Television Shows Which Have Used Apple Computers[5-04]:

24

Beverly Hills 90210

Buffy the Vampire Slayer

Caroline in the City

Dharma and Greg

Drew Carey

Felicity

Friends

Home Improvement

Just Shoot Me

Martha Stewart Living

Melrose Place

MTV Real World

MTV Road Rules

Nash Bridges

Northern Exposure

NYPD Blue

Party of Five

Seinfeld

Sex & The City

Sopranos

Spin City

Veronica's Closet

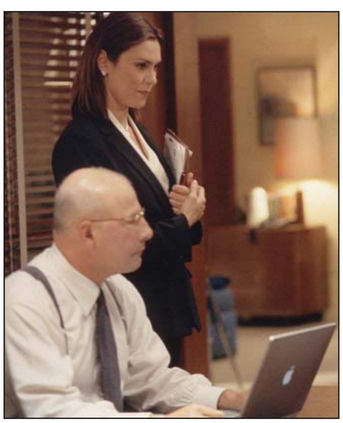
The X Files

Apple has such a hip-oisie vibe as a brand that many shows crave its brand attitude. Perhaps the most interesting story of Apple in television placements in Fox's hit show *24*.

In the spring of 2003, fans of the show like Dean Browell, a web designer from Virginia, began online message board discussions about a theory dealing with the show's good guys and bad guys. Browell championed a theory which went something like: bad guys use Windows PCs and good guys use Macs[5-06].

Kiefer Sutherland plays agent Jack Bauer in Fox's *24*

The show is action-packed and has many twists and turns for lead character Jack Bauer, a counter-terrorism agent played by Kiefer Sutherland. Central to the show's plot is Bauer's attempt to determine the identity of the person who is the mole within his group.



Apple Macintosh computers are used by the "good guys" in *24*

Dean Browell's theory met with initial ridicule. However, by the season-ending finale, his notion had been proven correct. Jack Bauer and most of the agents in his unit used Macs, the traitor used a laptop Windows PC.

However, these days *24* is probably most noted for its often overt placements of Ford automobiles. Ford has even gone as far as sponsoring an entire commercial-free, 60-minute episode of *24*. But it seems you have to pay to play with *24*, as evidenced by the generic "public phone" used as a prop in one of the show's episodes.

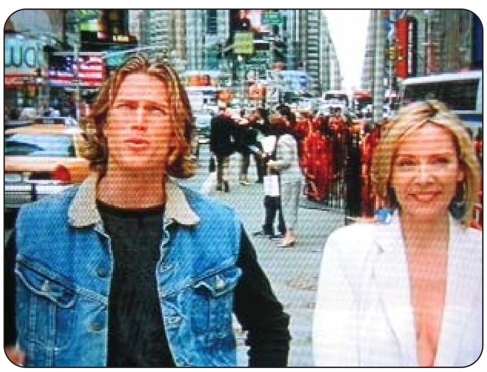
24 **'s Generic-branded "public phone"**

Other shows have also woven placements into the mix of their storylines. *Friends* has had everything from beverage brands to Pottery Barn furnishings to Ralph Lauren apparel. Jennifer Aniston's character, Rachel, actually worked for Ralph Lauren on the show. CBS's King of Queens tied a placement deal with Hungry Man dinners to the lead character's love of eating – the trade was to have the lead character talk about the packaging of the dinners, its compartments, portion sizes, speed of preparation, etc., while nuking one in the microwave. In exchange, Hungry Man provided King of Queens with promotional co-branded advertising efforts in 2 national FSIs and featured the show on 20 million packages[5-07].

Some of the other most memorable product placements on television have occurred in HBO's *Sopranos* and *Sex and The City*. However, it's important to note that HBO, as a network that does not accept advertising, does not accept paid product placements[5-08]. If a product is included in an HBO program, it's either a simple creative decision by the writers and directors, or the production company has pulled together its own deal outside of HBO's corporate "no advertising" policy[5-09].

Even though HBO continues to follow the policy of not accepting advertising, the production companies of its programs have not always followed suit. HBO's hit show the *Sopranos* has included placements for Turkey Hill Ice Cream, SnackWell's, Motorola, Nokia, Lexus, Apple, Gateway Computers, Raid, Coke and Pepsi. And, in a move similar to the example of Macs vs. PCs from Fox's *24*, the gangsters on *Sopranos* drink Coke and the feds drink Pepsi[5-10].

Yet the most inclusive use of product placement in television I've seen during my research is *Sex and The City*'s placement of Absolut Vodka. The best way to explain the placement is with images and dialogue from the show...

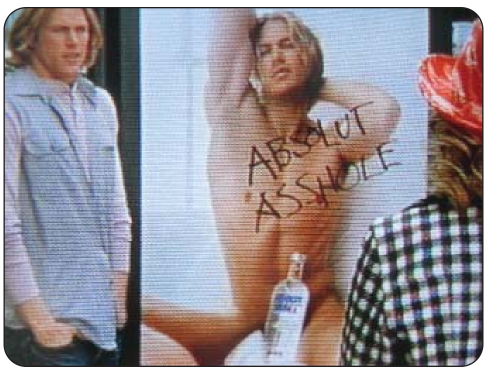


Scene 01	**Times Square, New York City**
Jerry	Fuck me.
Samantha	Well, that's the first thing every woman in town will be saying when she sees it.
Jerry	It's huge.
Samantha	And that's the second. And, honey, I'm not even sure the poster does you justice.
Jerry	C'mon, my dick's like three stories long.
Samantha	The way God and Madison Avenue intended.

Scene 02	**All four lead characters eating lunch**
Samantha	Maybe you can send him a postcard.
Miranda	That is the most blatant agenda pushing I have ever seen.
Carrie	And the most effective.
Charlotte	Wow!
Carrie	I wish I knew what he was thinking.
Samantha	Oh, who cares. Look at his pecs.

Scene 03	**Bar (Samantha and Jerry)**
Samantha	Guess what I'm drinking? An Absolut Hunk. You're a drink. Mmmm. And you're delish.

Scene 04 **Charlotte walks by Absolut Hunk posters**



Scene 05	**Jerry and Samantha on sidewalk**
Jerry	Fuckin' A. Everybody in New York thinks I'm an asshole.
Samantha	Listen, blondie. If you're gonna be in this business, you're gonna have to be a lot more thick-skinned than this.
Jerry	What business? The naked hustler business?
Samantha	I understand you're upset, but you're gonna have to take a step backwards and see the big picture.
Jerry	I need some time to think. I'll see you later.
Samantha	Stop right there. So there's a bump in the road. You can't bail the minute things get rough. Now trust me, this will all work out.
Jerry	What if you're wrong?
School Girl	(Group of school girls on sidewalk) Oh my God! Look! There he is, the Absolut Hunk!
Samantha	What did I tell you? First the gays, now the girls.

I'm not sure the actor playing the part of Jerry realized he was advertising Absolut vodka. Wait a minute. How could he NOT know he was advertising Absolut vodka? I think most adults would reasonably conclude that Jerry was a pitchman for Absolut vodka. Not just in the fictitious world of *Sex and The City* on HBO, but in real life as well. Turns out the actor who played Jerry, Jason Lewis, has a different view of the situation. As reported by *Advertising Age* the week of June 28, 2004, Mr. Lewis and Dancing Girls Productions, his manager, filed suit May 27, 2004 in California Superior Court against Absolut Spirits Co. charging that the company used a fictitious ad from *Sex and The City* to sell vodka without his permission and that he has avoided assignments related to alcohol, tobacco, and guns. Omnicom Group's Ketchum (Los Angeles) and Absolut parent, V&S Group, are also named in the suit[5-11].

The suit claims Mr. Lewis didn't intend to sell vodka. However, if we review the dialogue from the show, I believe it's clear the intention was to help sell vodka…

Jerry	**Fuckin' A. Everybody in New York thinks I'm an asshole.**
Samantha	**Listen, blondie. If you're gonna be in this business, you're gonna have to be a lot more thick-skinned than this.**
Jerry	**What business? The naked hustler business?**

My interpretation is that even Jerry realized he was "hustling" Absolut.

Anyway, it simply goes back to my opening remark that as more companies get involved with placements in an attempt to hedge their bets on the :30 spot media buys, the intersection of creative expression and commercialism will certainly get busier. In the case of *Lewis vs. Absolut*, a fictitious ad via product placement has now resulted in real-world litigation. Welcome to the bold new world of product placement in television.

Another aspect of product placement on television is within the reality TV genre. As was referenced in the Media Agencies section of the "Who's Involved?" chapter, reality TV shows such as *The Restaurant* have financially benefitted tremendously from product placement. However, my personal view is that reality programming often ignores the creative product in order to guarantee prominent placement of brands. The shows tend to be overzealous in their attempt to satisfy the advertisers and seemingly forget that the primary purpose is to entertain.

In my opinion, one example of banging-the-consumer-over-the-head product placement is *American Idol*'s placement relationship with Coca-Cola. Not only do the three judges always have Coke glasses within reach, but the contestants no longer wait in what the entertainment industry has coined "The Green Room" – the area where celebrity guests spend their time while waiting to go on – rather, contestants wait in the "Coca-Cola Red Room."

American Idol judges with Coke glasses nearby and contestants hanging in the "Coca-Cola Red Room"

Before we wrap the discussion on television, one other notable development in the past few years is helping to reshape the way advertisers approach product placement.

Princeton Video Image (PVI) of Princeton, NJ has developed software which allows for digital product placement "insertions." In essence, the placements can be added in post production after the filming has been completed. PVI is the same company that developed the insertion methods for the ads projected behind homeplate during baseball game broadcasts and the yellow first down line in football broadcasts. The technology is now allowing alternate or new placements to occur even if the show is in reruns or syndication[5-12].

Patti Ganguzza, VP of entertainment marketing at AIM Promotions in New York sums up the current thinking in the industry on the value of product placement as it relates to TV and the influence of the DVR, “Product placement is less intrusive than paid ads because the products are so realistically used... It’s subtler than commercials, and while the scenes may seem fleeting, TV syndication, reruns, and home video give them a far longer viewing life. What’s more, because they’re part of the show, they can’t get zapped.[5-13]”

While the small screen is preoccupied with preventing viewers from “zapping” commercials, the big screen charges forward with no such threat as DVRs.

PLACEMENT — FEATURE FILMS

I wonder if Sylvester Stallone would pursue the same kind of deal now that he did in 1983?

"As discussed, I guarantee that I will use Brown & Williamson tobacco products in no less than five feature films. It is my understanding that Brown & Williamson will pay a fee of $500,000."
– Sylvester Stallone (letter to Associated Film Promotion, April 28, 1983) [6-00]

Twenty-one years later the environment of placements is dramatically different, especially placement of tobacco products – in particular, cigarettes. The tobacco settlement of the late 1990s spawned a new revolution of anti-tobacco messages, most notably the Truth advertising campaign from Arnold Worldwide (Boston) and Crispin

Porter + Bogusky (Miami). However, more recently the tobacco wars are being fought on the big screen. A group based in San Francisco is pushing hard for "Smoke Free Movies," and they're actually gaining a bit of momentum[6-01].

But tobacco's not the only controversial product or issue in the world of product placement. Controversy has followed the practice at almost every turn.

One of the more controversial issues the industry has ever dealt with was Coca-Cola's decision in the 1980s to buy Columbia Pictures studio. The issue was tricky because of Coca-Cola's apparent control of the creative content of the feature films being produced at Columbia, and there were a lot of them. During the nearly decade-long ownership, Columbia Pictures produced roughly 100 feature films, and Coca-Cola products often had lead roles[6-02].

Take, for example, the 1982 movie *Missing*. The story is about an American citizen who's fallen into the hands of a foreign regime. Similar to HBO's *Sopranos*' product placement storyline of Coke vs. Pepsi, *Missing* also finds its characters divided along the battle lines of Coke and Pepsi – the bad guys are always shown drinking Pepsi while the good guys, the Americans, drink Coke[6-03].

So why do advertisers place products in films? Often, it's simply a very small component of a much larger marketing plan that includes promotions, tie-ins, co-op advertising, and other ancillary efforts. There seems to be a win-win for the studio and advertisers.

Consider this, studios typically spend $30 – $50 million to promote a new feature release[6-04]. Once a product has been attached to a film, it can leverage equity from that film across multiple communications channels. The 2004 release of the film G*arfield* is a good example. Lisa Licht of 20th Century Fox said the studio got the idea for placing Pepperidge Farms' Goldfish crackers in the G*arfield* movie. The win for Pepperidge Farms is the exposure and brand awareness that a major feature film release is able to lend to Goldfish crackers among a highly desirable target audience. In exchange for a guaranteed placement of Garfield eating Goldfish crackers in the film, Pepperidge Farms agreed to promote the film on millions of packages of Goldfish crackers, while at the same time conducting a Garfield contest and including film mentions in national FSIs and other advertising[6-05].

Yet for all the win-win of the deal, there were still some anxious moments that are not uncommon when placing brands in feature films.

Unlike television programs which may take as little as four weeks to move from production to the air, feature film productions often take more than a year to move from production to the big screen. Sometimes, the timeline can be extended out as long as 18-24 months, or longer. For many advertisers, that window is too big and does not fit with marketing strategies that are often tied to quarterly sales reports and shareholders' interests.

In the case of G*arfield*, Licht said the launch date of the film changed four times, due to production delays and other films opening the same weekend that the studio felt would present too much competition. Pepperidge Farms was new to the placement arena and felt that the studio was losing faith in a film they had so heavily invested in. In fact, it was simply the way the movie business works. Originally scheduled to launch in December, 2003, the film eventually debuted in the summer of 2004.

Big advertisers are really the only ones who have enough stability to ride out the timeline, editing, and other uncertainties of placing product in films.

Garfield 's a new example of product placement in film and the results are still pending, both in terms of the financials and the branding. However, there are many film placements which have become embedded in our collective memory of going to the movies.

***E.T.* helped Reese's Pieces sales climb more than 60%**

The most notable product placement and most frequently cited is the inclusion of Reese's Pieces in *E.T.* It has, in a sense, staked out territory in movie lore.

We'll never be sure if Milton Hershey would have done it, but Jack Dowd certainly did. Dowd was Vice President for New Business Development at Hershey Foods when he personally approved the deal for the Reese's Pieces placement in *E.T.* with Universal Studios in the early 1980s. As part of the agreement with Universal, Dowd guaranteed the studio that Hershey would spend $1 million over six weeks, concurrent with the release of *E.T.*, to help market the film in exchange for the rights to use the movie and its trademarked images to promote Reese's Pieces[6-06].


The Reese's Pieces packaging was shown only once in *E.T.* and the name was not even clearly visible. In contrast, Coke was shown numerous times in the film and mentioned by name twice.

Reese's Pieces was taking a deal that M&Ms had already passed on. What made Dowd decide to pursue the product placement with *E.T.*? Sluggish sales of a new product in desperate need of help made the decision for Dowd. Reese's Pieces had been test marketed in 1979 and had shown great promise. So much promise, that Hershey rolled out a national launch of the new candy in 1980. But after the national roll-out, sales began to slump. The decision to place Reese's Pieces in *E.T.* was a 2-outs, bottom-of-the-ninth move on Hershey's end to inject life into a new product. What did they have to lose? Virtually nothing.

I've seen figures that sales increased as much as 300% in the months following the film's release. The most commonly accepted figure is the 60%-65% range. Having grown up in Hershey, Pennsylvania, I remember the excitement of the Reese's Pieces placement in the film. Everyone was talking about the lovable extra-terrestrial's affinity for the candy and I'm certain the locals did their share to help achieve that increased sales figure.

Yet, as I was researching the topic of product placement, I decided to watch *E.T.* again while paying close attention to how the Reese's Pieces placement was handled. To my surprise, it wasn't anything special. It was actually such a quick on-camera shot of the packaging that if you weren't already familiar with Reese's Pieces, it would be unlikely you'd have any clear sense of what Elliott was leaving out for E.T. The product was never verbally mentioned in the film and there were only a few very short scenes where trails of Reese's Pieces were being placed down to lure E.T.

Perhaps the most surprising thing of all was how front-and-center product placements of Coke were. In one scene, Elliott explains to E.T. that Coke is something you drink. In another scene, Elliott returns to his room from the kitchen with two plates of food and a Coke perched – label facing the camera – on each of his arms while asking E.T., "Would you like a Coke?" Additionally, there are several shots of Coke in the refrigerator at different moments in the story. Curiously, Coke and Reese's Pieces were not the only two products placed in the film. The list of placements also includes: Audi, Ford, Pez, Yoplait, Skippy, V8, Coors, Speak & Spell, Reynolds Wrap, Polaroid, and a verbal shot at Ragu tomato sauce from Elliott's mom when she inspects her drycleaning, "Stupid Ragu, I knew it wouldn't come out." I'm sure the folks at Ragu loved that one.

For all the heartfelt emotion of a film like *E.T.* and the almost perfect use of product placement within a story that has several endearing characters, other films have taken a less tactful approach to product placement. In fact, several movies have made the idea of product placement a prominent part of the story itself.

For example, in the *Truman Show,* Jim Carrey's character, Truman Burbank, does not realize that he's the lead character of a reality television show that is being watched by everyone but him. In an elaborately rigged and humongous make-believe world, Truman Burbank's every move is being watched through the lenses of an endless number of hidden cameras. With a viewing audience of everyone but Truman himself, the producers of the "Truman Show" generate revenue through awkwardly obvious product placement pitches from the "characters" in Truman's life. In one scene we listen to Truman's wife face the camera to pitch "Mococoa" drink mix and in another scene it's the "Chef's Pal:"

Look what I got free at the checkout, the Chef's Pal. A dicer, grater, peeler, all in one. Never needs sharpening. Dishwasher safe.

Products like the "Chef's Pal" and "Mococoa" drink mix are prominent fictionalized product placements integral to the story of the *Truman Show*

Wayne's World parodies product placement as lead character Wayne opens a Pizza Hut pizza box, turns to the camera, and offers a gratuitous sell for Pizza Hut...

Contract or no, I will not bow to any corporate sponsor – Wayne*, Wayne's World*

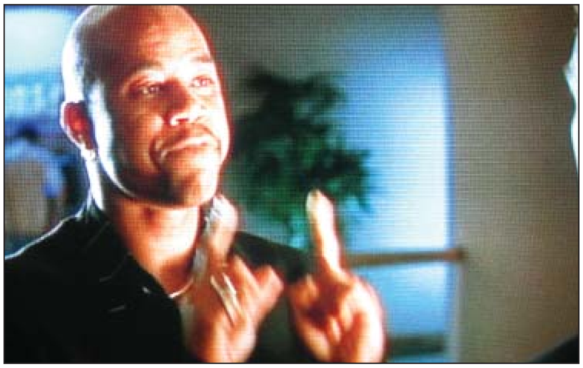
Josie and the Pussycats satirizes product placement, not to mention saturating it throughout the film. In the 2:25 trailer, each of the following brands can be seen: America

Online, American Express, Bebe, Billboard Magazine, Bugles, Campbell's Soup, Coke, Entertainment Weekly, Evian, Ford, Gatorade, Kodak, Krispy Kreme, McDonald's, Milky Way, Motorola, Pepperidge Farm, Pizza Hut, Pringles, Puma, Ray-Ban, Sega, Starbucks, Steve Madden, Target, and T.J. Maxx[6-07].

Another interesting controversy in product placement history involved Reebok suing for lack of placement of a commercial and verbal attacks on their brand in *Jerry Maguire*.

While Reebok did receive prominent placements in *Jerry Maguire*, the company sued over the omission of a commercial at the end of the film and scenes where they felt their brand was disparaged.

The suit claimed that the studio had agreed to place a Reebok commercial at the end of the film – it never happened. The suit also alleged that the studio purposely took shots at Reebok in the film. While there was fairly prominent placement of Reebok packaging and logo visibility throughout the film, two scenes in the movie really capture the essence of the reason Reebok was so upset...



Scene 01 **Rod Tidwell and Jerry Maguire at the NFL Draft**

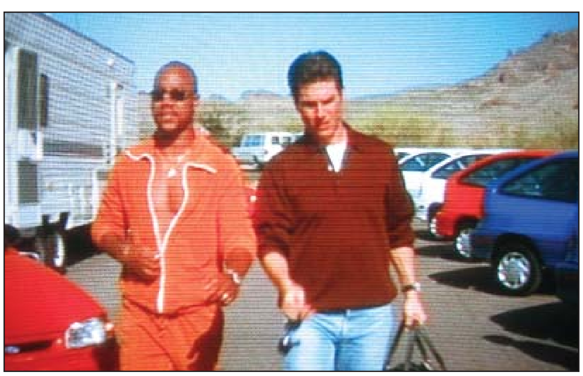
Rod Tidwell: Shootin' a Reebok ad down there. Where are my endorsements? Know what I'm sayin'? Ya know, I ain't get no love from Chevy. No love from Pepsi. Didn't even get no love from that little Energizer Bunny. Didn't get no love from Nike. Obviously, I ain't get no love from Reebok.

Jerry Maguire: Rod.

Rod: Did I ever tell you about my Reebok story?

Jerry: Rod. Gotta get back to Cushman.

Rod: Oh, you gotta get back to your golden paycheck. But wait, just, I'll boil it down for you – Fuck Reebok! All they do is ignore me. Always have. Always have.



Scene 02 **Rod Tidwell and Jerry Maguire at commercial shoot with Camel**

Rod Tidwell: I know you needed that commission, but we ain't gonna bring Reebok to their knees with no regional camel ads.

No controversy here, the *Italian Job* did much to positively (re)introduce Americans to the Mini Cooper. Not only was the car portrayed to be agile, spirited, energetic, etc., but it was also deemed hip by association with the cast of Hollywood young guns assembled for the film.

The newer *Italian Job*'s placement of the Mini Cooper (top) closely matched the original film's placement of the cars (bottom).

An interesting part of my examination included viewing a copy of the original *Italian Job* from 1969. I was curious to see how many similarities there are between the two. Not surprisingly, there were many of the same elements – Minis slaloming through public transportation stations, bouncing their way down sets of stairs, hairpin turns around tightly-spaced corners, and the same color palette across the three cars: red, white, and blue.

However, another placement that I had forgotten about since first seeing the newer version of the film in the theater a few years ago was Napster, the online MP3 music file service. Seth Green's character explains in rather elaborate detail how he had developed the computer code for the online file sharing site, only to fall asleep at his computer in his college dorm room while his roommate stole the diskette and claimed that it was his work. Ultimately, Green's character demands that the others in the group refer to him only as "The Napster."

The *Italian Job*'s casting played a critical role in the success of the Mini Cooper's placement being viewed as young, hip, and fun.

Speaking of assembling a cast that is likeable and admired by moviegoers, no one is bigger in Tinseltown than Tom Hanks. Hanks' performance in *Forrest Gump* earned him an Oscar for Best Actor, but there were other facets of the film that made the fairytale-like story magical.

Tom Hanks in *Forrest Gump.*

Starting with the film's opening sequence of the white feather being wistfully carried around the town square on a gentle breeze and eventually ending its journey at the foot of Forrest Gump, the movie's visual effects were mind boggling. Viewers were enchanted by the insertion of Hanks' character into actual news footage of events in our nation's history such as the college football All-American team's trip to the White House to meet President Kennedy. Forrest, in his typical underwhelmed demeanor, was not nearly as impressed with meeting the President of the United States as he was with the lavish spread of food and all-you-can-drink Dr. Pepper. We watch Forrest gulp down

Dr. Pepper after Dr. Pepper. The culmination of all that fluid intake is a scene in the movie in which Forrest meets President Kennedy while stating, "I gotta pee."

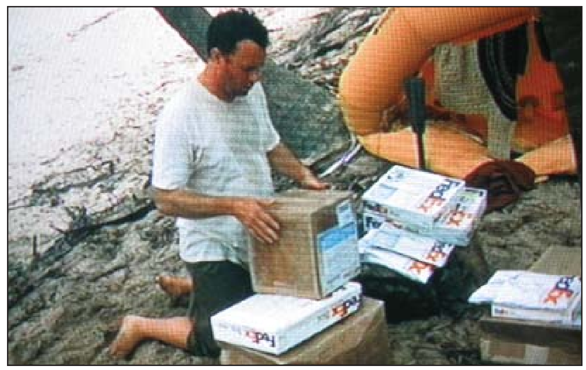
Forrest consumed too many retro-styled Dr. Peppers

Another placement in Forrest Gump that was cleverly written into the story was Apple Computers. However, there was no product shown. No hi-tech hard-drive or awe-inspiring monitor. Just a piece of letterhead. A piece of Apple Computer letterhead in a scene where Forrest narrates that he's become very wealthy because, "[Lieutenant Dan] got me invested in some kind of fruit company."

A great example of brand as hero. Apple was now the reason for Forrest Gump's financial success in life. Not a bad message for Apple to send to the 78,873,439 people who saw the film in the theaters[6-08].

Yet, *Forrest Gump* is nothing in terms of product placement when compared to another Tom Hanks' blockbuster – *Cast Away*.

Hanks plays a character named Chuck Noland who is an executive for FedEx. Noland is on a FedEx cargo flight when the airplane begins having mechanical problems. Ultimately, the plane crashes into the sea and Noland ends up stranded on a deserted island in the middle of the ocean for four years. Fortunately, a number of FedEx packages wash ashore. Ever the company man, Noland collects the boxes and assembles them neatly as if they'll be right back on course to their respective destinations once he's rescued in a day or two.



Hanks plays a FedEx executive who winds up stranded on a deserted island.

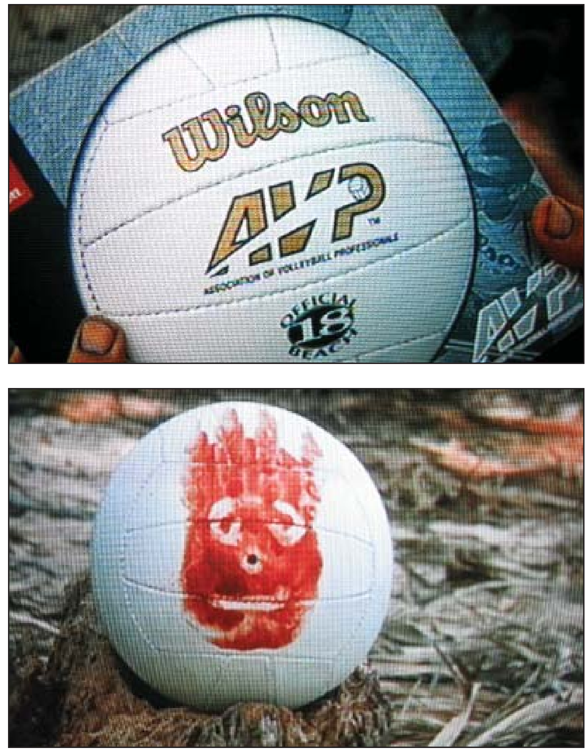
The rescue never comes.

All those FedEx images seemed to many people to be too much in the way of product placement. There were FedEx vans, FedEx planes, FedEx hats, FedEx shirts, FedEx coats, FedEx boxes, FedEx, FedEx, FedEx. FedEx was everywhere. Personally, I think it added a believable touch to the film. Rather than some generically-branded shipping company that had a plane go down in the ocean, it was FedEx. I know the FedEx guy who delivers packages to my office. I know the FedEx guy that drives the truck that comes to the drop box at the end of the day to pick up last-minute package drop-offs. I know FedEx. It provides a way for me, as the viewer, to connect more emotionally to the story. It's something I know. It's not some make believe company. I think the placement was handled appropriately and a good creative decision.

However, there were many people who found it to be over the top. There was too much FedEx. It was unrealistic. Again, I differ in my opinion. If you've ever stepped foot in a FedEx office, the logo is plastered everywhere. Everywhere! There's never been a company with more logo-focused pride than FedEx. But still, one reviewer wrote, "*Cast Away* is one big commercial for Federal Express; a connoisseur of product placement in films, I have never seen more egregious campaigning for one company in a film than I witnessed in this one[6-09]."

Director Robert Zemeckis insists there was no product placement. In commentary included on the film's DVD, Zemeckis states, "There was absolutely no product placement. We weren't paid by anybody to place products in the movie. I did that in the past, and it wasn't worth the little bit of money that they give you, because then you end up with another creative partner." However, there have been claims that Zemeckis is not telling the whole story — that Fred Smith, CEO of FedEx, was an investor in the film's production company and therefore FedEx did have a form of financial interest in the film.

But, back to *Cast Away*…



A Wilson volleyball is transformed by Hanks' character into "Wilson."

Not knowing what is necessary to survive, Noland reluctantly begins opening the FedEx packages that have washed ashore, seeking anything that will help him cope with his plight. Among several items which prove to be quite useful, none is as helpful as the psychological and emotional assistance that we witness Noland getting from a Wilson volleyball. When Noland unwraps the volleyball it is shown up close, with the Wilson logo staring right at the camera. The product placement is almost too obvious. But it is then quickly revealed that Noland has plans for this volleyball – it will become his lone companion on the island, anthropomorphized into a character named, appropriately, "Wilson." Noland even goes as far as painting a red face on the volleyball with his handprint.

In the end, the movie was very successful and the FedEx folks were extremely pleased. Comments from Gail Christensen, FedEx's Managing Director of Global Brand Management, summed up the company's enthusiasm for the film in an interview with the *Sacramento Bee*, "As we stepped back and looked at it, we thought, 'It's not product placement, we're a character in this movie.' It's not just a FedEx product on the screen. It transcends product placement."

It certainly transcended the film. If the movie was art imitating life, then a FedEx commercial entitled "Desert Island" is certainly life imitating art. The storyline and success of *Cast Away* ultimately led to a very funny :30 television spot...

FedEx's :30 "Desert Island"

FedEx Guy	Hi.
Woman	Hi.
FedEx Guy	I was marooned on an island for five years with this package and I swore that I would deliver it to you, because I work for FedEx.
Woman	That's, uh, very admirable. Thank you.
FedEx Guy	By the way, what's in the package?
Woman	Oh, nothing, really. Just a satellite phone, GPS locator, fishing rod, water purifier, and some seeds. Just silly stuff. Thank you, again. You keep up the good work.

Product placement and the movies – a match made in heaven. Or, at least, a match made in Hollywood.

Critics contend that product placement dilutes the creative product and somehow diminishes the craft of the finished story. I agree – if it's done poorly. Just as bad acting or bad directing can diminish the craft of a movie. Product placement does not need to be an obvious element of a film and often times isn't. As more advertisers look to place products in films, more advertisers will become understanding of the fact that the bottom line is to entertain the audience, not to sell product. If it's not entertaining, it will be of no benefit. No one wants to watch something that's not entertaining. So, I believe consumers' reactions to product placement will tell Hollywood how far is too far. I don't feel there's a need to federally regulate the practice; Hollywood can regulate itself. But there are many people who disagree, and they're taking action.

LEGAL CONSIDERATIONS

It's obvious that product placements are occupying more time on-screen than ever before and with all these brands and intellectual property in the mix on so many fronts, there are bound to be legal questions/concerns and critics of the practice.

Leading the way is a group called Commercial Alert. Based in Portland, Oregon, the group typically garners media attention because Ralph Nader is a member of its Board of Advisors. On September 30, 2003, Commercial Alert sent very detailed, and lengthy, letters to both the Federal Communications Commission (FCC) and the Federal Trade Commission (FTC) requesting, "…investigation of product placement on television and for guidelines to require adequate disclosure of TV product placement.[7-01]" The complaint names Walt Disney Co.'s ABC, Viacom's CBS, General Electric Co.'s NBC, News Corp.'s Fox, United Paramount, and WB Television networks, charging that TV networks deceive the public by failing to disclose placements[7-02].

In his letter to the FTC, Gary Ruskin, executive director of Commercial Alert, claims "This stealth advertising [product placement] is misleading to viewers, and it may violate federal prohibitions against 'unfair and deceptive acts and practices affecting commerce'... as [FTC] statutory mission states."

Commercial Alert proposes "concurrent disclosure" as the solution – a banner or flashing message whenever a paid placement occurs.[7-03] Personally, I'd rather have a terribly obvious product placement appear on-screen that I can chalk up to bad editing or awful aesthetic sensibilities on the studio's end, than a flashing banner that tells me the federal government is aware that I might be viewing an advertising message.

So what are the chances that Commercial Alert will succeed in its requests? Not good. There are several factors working against the group.

First, there is precedent for this kind of request. In the early 1990s, the Center for the Study of Commercialism filed similar grievances with the FTC and before that, in the late 1980s, bills were introduced in Congress that would have required movie studios to affirmatively disclose, on-screen, the names of all companies that had made payments in exchange for having their products appear in a film. No federal legislation ever emerged.[7-04]

Second, the members of the Freedom to Advertise Coalition, including the American Advertising Federation (AAF), American Association of Advertising Agencies (AAAA), and the Association of National Advertisers (ANA), have countered Commercial Alert's claims saying, "real-time labeling of product placements is impractical and dangerous to commercial speech rights.[7-05]"

Third, and perhaps most compelling, the federal government itself used the practice of product placement as part of its marketing strategy to introduce the redesigned $20 bills in the fall of 2003. The U.S. Treasury and its public relations agency, WPP Group's Burson-Marsteller, hired Omnicom Group's Davie-Brown Entertainment and the William Morris Agency to secure product placement deals for the new $20s on late night talk shows, quiz shows, and several prime-time dramas[7-06].

David Palmer, an executive at William Morris Agency familiar with the efforts, said that television dramas such as *CSI*, *Law & Order*, and *The Shield*, along with approximately nine other shows, were targeted for the introduction of the new bills because they offered story opportunities involving terrorism and the threat of counterfeiting.

The members of Commercial Alert are not the only ones who view the practice of product placement as deceptive. Exactly three months prior to its letters to the feds, *Adweek* published an op/ed column by Alan Kalter, chairman and CEO of Southfield, MI-based advertising agency Doner, in which he called product placement "…trickery, misdirection, and deception.[7-07]"

I don't believe it's trickery, misdirection, or deception. I believe it's entertainment.

Personally, I don't think there's any need to legislate product placement. I feel the industry will regulate itself and, if not, consumers certainly will by becoming totally unaffected by the practice and, therefore, devaluing it as a marketing strategy.

Mark Crispin Miller of New York University's Department of Culture and Communication expressed a similar view in an interview with Dr. Mary-Lou Galician of Arizona State University. When asked about the possibility that the current business climate "necessitates" product placement, Dr. Miller responded, "In the long run, the practice will only work against the interests of marketers... The more pervasive these are, the less effective they are." He then concluded, "...so actually the increasingly pervasive practice is bad for business.[7-08]"

Dr. Miller may have touched on the biggest challenge that lies ahead of the product placement industry – knowing when enough is enough. I believe Hollywood and its quest for great entertainment value will self-regulate the practice and determine the boundaries as audiences weigh in with their opinions. If placements are ultimately viewed by audiences to be diminishing the entertainment value, Hollywood will certainly react, and quickly.

CONCLUSION

For the amount Hershey Foods spent on the deal with Reese's Pieces and *E.T.*, the actual product placement in the movie was very limited.

Sure, we saw the bag – but only for a second or two. Yes, we watched Elliott leaving small piles of candy for E.T. – but only in a couple brief scenes. How in the world did sales increase 65% from a total of no more than 10 seconds of on-screen placement and no verbal mentions of the product? There had to be other things assisting such an increase. There were – a great story, a marketing effort during those first six weeks of the film's release, and a curious reaction from consumers.

My conclusion is that there are three actions which typically need to occur to achieve successful placements:

1) *Entertain.*

   The content must be entertaining. It's what Hollywood does best and if it's not entertaining, no one will be watching.

2) *Activate.*

   Activate supportive marketing initiatives around the placement. In Hershey's deal with *E.T.*, they spent $1 million to tie Reese's Pieces to *E.T.* in every relevant way possible – advertising, promotions, etc. – as an integrated marketing effort to help maximize the potential of the placement.

3) *Motivate.*

   The placement must motivate people to react. In the case of Reese's Pieces in *E.T.*, curiosity was the motivation – just what candy *was* Elliott using to lure E.T.?

Curiosity as a motivation leads to my second conclusion. Unknown brands have a greater possibility of getting a significant reaction (i.e. - boost in sales) than established brands. This is the case, in large part, because relatively unknown brands simply have more room to grow and have less at risk, in terms of brand equity. Let's stick with *E.T.* as our example and think about Coke's placement in the film.

In all the hundreds of resources used in my research, I never once came across any information about an upswing in Coke's sales after its placement in *E.T.* Yet, Coke was verbally mentioned twice by Elliott to E.T. and the product was shown at least four times with the label clearly visible in at least two instances. Based purely on a comparison of placements alone, Coke should be the brand that consumers talk about when thinking of *E.T.*, not Reese's Pieces. However, the real value in product placement isn't from the placement, it's in the ancillary support of the placement. The $1 million Hershey Foods spent on *E.T.* wasn't to get Reese's Pieces in the movie, it was to get *E.T.* in Reese's Pieces – through the use of its trademarked images in advertising and promotions.

I'm sure that Coke's efforts with its promotions and advertising around the film were just as, if not more, significant as Hershey's. However, Coke was an established brand and didn't have a curiosity factor like Reese's Pieces. While it was mentioned/shown in key scenes with the lead characters, there was nothing exceptional about its role in the film – it simply never motivated anyone to react. Coke had the first two actions ("entertain" and "activate") in its favor but lacked the critical "motivate" factor. There was no real reaction because consumers already knew so much about the Coca-Cola brand.

In support of the notion that the ancillary efforts around a film are where the value is with placement deals, consider this – Pepsi paid $25 million to do tie-ins with the VHS release of *E.T.* in 1988[8-01]. Their competition (Coke) was placed in the movie and yet Pepsi still promoted *E.T.* Why? Because the value wasn't in the on-screen placement, the value was in leveraging the *E.T.* franchise to market Pepsi. Even though Pepsi was a widely known brand at the time, it was still the #2 soft drink behind rival Coke and, like Reese's Pieces, had more potential for growth than Coca-Cola did. The Pepsi tie-in to the VHS release of *E.T.* was most likely also a bit of a competitive shot at the #1 soft drink as it was a consumer-minded marketing effort. Pepsi was out to more aggressively compete with Coca-Cola.

Television is roughly the same in terms of the actions necessary for success. However, timelines are much shorter and that affects the ability to activate around placements. Traditional support (i.e. – advertising, promotions, etc.) can still happen, but requires a great deal of planning and coordination. A more likely kind of activation with television placements exists within a traditional public relations context. Utilizing PR tactics, brands try to create a media buzz around the placement in order to call attention to its role in the programming.

Another activation tactic employed when placing product in television shows is to gang the placement with :30 commercials during the programming in which the placement occurs. This strategy is used quite frequently and has shown success (i.e. – NBC's *The Restaurant* and American Express' Open) in helping to reinforce the brand message of the placement included in the program.

So why is there increased interest from advertisers in product placements? The two driving factors are fear and the Internet.

Advertisers are afraid that the DVR revolution will eventually all but eliminate the :30 commercial that they have traditionally valued so much. Comments like those of

Robert Thompson from Syracuse University that, "The spot advertisement's long-term prospect is grim. Product placement seems to be the only viable model waiting in the wings to replace it," have really frightened a lot of people. Advertisers don't like surprises, so they're hedging their bets on product placement as the most logical counteraction to the DVR. Advertisers also fear their competition; if one advertiser places products, the others in the category will soon be close behind.

Advertisers often mirror their competition's marketing tactics out of fear that if they don't do the same things, the competition will gain an advantage. This is one reason why we often see such blatant and creatively misguided placements – advertisers rush to the placement side of advertising without doing the necessary homework to fully understand how to utilize the placements in a meaningful way.

Another factor that has played a significant role in the increased attention to product placement is the Internet. Advertisers are now content creators. Corporate America has become publishers. Brand managers are now content managers. Brands are now intellectual property, not that they weren't before, but the context has changed since the Internet arrived to the masses. This move to publishing content via the Internet has helped advertisers feel like they're more "in the know" about content creation in general, and a move to product placement seems to be an inevitable next step for many of them.

So what's the future of product placement?

Video games will see significant increases with placements as more kids are turning away from the tube and toward their computer monitors. Yet, television, with its large audience sizes and new valuation models on the way from companies like Nielsen/NextMedium should continue to see increased activity as well.

But, as was pointed out by Mark Crispin Miller of New York University earlier, the more pervasive placements become, the less valuable they become. There's a fine line between the creative content decisions and the commercial advertising/selling decisions. The smart content producers, studios, advertisers, and agencies will avoid oversaturation of placements. However, the lure of attracting more money to the mix, will make it difficult for some studios to resist overdoing placements.

Consumers will have the say in how much is too much.

Ultimately, as broadband Internet services expand, placements will become such that a viewer will be able to simply click on a product in a television program or film that he/she is watching and be directly linked to the advertiser's web site with product information and ordering capability in real time.

Product placement is simply another way for advertisers to go about further tethering viewers to their brands.

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