

## PRODUCT PLACEMENT



Image from the short film "Logorama" which won the 2010 Oscar for Best Short Animated Film

"Product placement is a promotional tactic where a real commercial product is used in fictional or non-fictional media in order to increase consumer interest in the product"<sup>1</sup>.

### THE BEGINNING

Product placement is not a recent phenomenon as commonly believed, but dates back to the earliest days of cinema<sup>2</sup>. It originated more that a century ago in "soap opera" radio broadcasts, a significant means of popular entertainment at the time which often mentioned various soap products within the storyline in exchange for financial support<sup>3</sup>. In the 1890's, when the first films were released, the Lumiere brothers heavily incorporated Lever Brothers' Sunlight Soap into their films (such as *Washing Day in Switzerland* in 1896) because of their strong business association with a Lever publicist<sup>4</sup>. In the 1930s, De Beers had its agents give studio executives sample diamonds to use in roles that showed women being swayed by the gift of a diamond jewel. Not uncommonly, the diamonds were never returned. As brands took on more global significance, product placement became more open—and routine<sup>5</sup>.

<sup>1</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>2</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>3</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>4</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>5</sup> <http://www.slate.com/id/2138753>

Other early examples include<sup>6</sup>:

- Red Crown Gasoline and Zerolene Oils & Greases in the Fatty Arbuckle short *The Garage* (1919)
- Hershey's bar with almonds in the first Best Picture-winning film, *Wings* (1927)
- Life Savers candy in *Horse Feathers* (1932)
- Macy's department store in *Miracle on 34th Street* (1947)
- Harpo's Times Square-rooftop chase among mechanical signs (for Baby Ruth candy bars, General Electric, Fisk Tires, Bulova watches, Kool cigarettes, Wheaties, and Mobilgas's logo of a flying red horse) in the last Marx brothers film, *Love Happy* (1949)
- The Armour meatpacking plant in the film noir *Gun Crazy* (1949)
- Gordon's Dry Gin (tossed overboard by Katharine Hepburn) in *The African Queen* (1951)

#### PRODUCT PLACEMENT IN THE 80s AND 90s

Although, as just illustrated, product placement has been a part of popular entertainment from the very beginning; it did not become a large part of advertising strategy until the 1980's<sup>7</sup>.

Widely considered as one of the most successful examples in product placement history, the blockbuster film *E.T.* by Stephen Spielberg (released in 1982) featured Reese's Pieces, a new candy introduced by Hershey, used to successfully coax the alien character out of hiding<sup>8</sup>. In return Hershey agreed to sponsor \$1 million worth of advertising for the film, a very worthwhile investment, as *E.T.* was hugely successful and sales of Reese's Pieces increased by 80%<sup>9</sup>.



Reese's Pieces in "E.T."

<sup>6</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>7</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>8</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<http://www.media->

[awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

<sup>9</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

This phenomenal success caused a shift in the film industry's revenue models, as major corporations looked to replicate this with their own products and brands<sup>10</sup>.

Another outstanding example of highly successful product placement in the 80s and 90s is Red Stripe beer in *The Firm* (1993): Within a month of the film's release, sales of the Jamaican beer in the U.S. rose by 50% and Guinness Brewing Worldwide acquired a majority stake in the brewery just a few weeks later for \$62 million<sup>11</sup>.

In another example, the prominence of the Ray Ban Predator 2 sunglasses in *Men In Black* (1997) was the first major instance of using actors' faces as valuable advertising real-estate, resulting in a 300% increase in sales to almost \$5 million.<sup>12</sup>



Ray Ban in "Men In Black"

According to the product placement Hall of Fame featured in Business Week in 1998, further notable examples include<sup>13</sup>:

- Ray-Ban Wayfarer sunglasses in *Risky Business* (1983)
- Budget Truck Rental and Pepsi in *Home Alone* (1990)
- Pizza Hut and Nuprin in *Wayne's World* (1992)
- Reebok in *Jerry Maguire* (1996)
- Chanel perfume in *Anastasia* (1997)
- Hasbro action toys in *Small Soldiers* (1998)

<sup>10</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>11</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

[http://www.media-awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

<sup>12</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

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<sup>13</sup> [http://www.media-awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

<http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

- Visa card, Avis car rentals, BMW cars and motorcycles, Smirnoff vodka, Heineken beer, Omega watches, Ericsson cell phones and L'Oreal makeup in *Tomorrow Never Dies* (1997)

## PRODUCT PLACEMENT TODAY

2003	2004	2005	2006	2009	2010
\$2.39 bn	\$3.13 bn	\$4.24 bn	\$3.07 bn	\$7 bn	\$10 bn*

*Product Placement Market Value*<sup>14</sup>

(\*estimate)

In 2010, product placement in movies is valued at billions of dollars annually<sup>15</sup>. While product-placement spending jumped 24% in 2004, advertising and marketing expenditures rose just 7% for the year<sup>16</sup>.

“Studios are recognizing the power that brands bring to the table,” explains Tom Meyer, president of the entertainment marketing agency Davie Brown, one of the founders of the modern product placement movement in the early 1980s. Brands can play a role not only on screen, but also off screen, with supplemental marketing efforts in the form of print and TV advertisements as well as online and in-store promotions. From the studios’ perspective, that partnership means brands can offset vast marketing budgets and target spaces studios couldn’t otherwise reach, like supermarket shelves. According to Frank Zazzo, chief executive of product placement evaluation firm iTVX: “Audiences are getting savvier, and as soon as they feel that it is an in-your-face advertisement, they’ll have the same cognitive rejection they do with spam.”<sup>17</sup> Even though most moviegoers can easily sense the lucrative practice of placing products in films, it still remains advantageous for brand owners to have the characters consuming their products in the context of a real-world situation, because the products are seen as more relevant without the hard sell of a pitchman in a regular advertisement<sup>18</sup>. Furthermore, some producers believe that product placement practices arose as a way to make sets look more realistic. Stephen Stohn, an executive producer for the CBC soap *Riverdale*, says realism is one of the primary reasons his show features over 250 brand name products. "If people are going to believe they're inside a Canadian mall, they're not going to believe it unless there are real companies and brand names around."<sup>19</sup>

<sup>14</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>  
[http://www.marketingvox.com/global\\_paid\\_product\\_placement\\_to\\_top\\_3b\\_in\\_06-022431/](http://www.marketingvox.com/global_paid_product_placement_to_top_3b_in_06-022431/)  
<http://www.pqmedia.com/ppsm2005-es.pdf>

<sup>15</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>16</sup> <http://www.highbeam.com/doc/1G1-131218422.html>

<sup>17</sup> [http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx\\_lr\\_1116bond.html](http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx_lr_1116bond.html)

<sup>18</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>19</sup> [http://www.media-awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

According to PQ Media, the recent growth in Product Placement is propelled by strong growth in each of the three major media segments: an increase in paid placements, larger placement deals and deeper penetration of digital video recorders (DVRs)<sup>20</sup>:

### **Increase in paid placements**

Most product placements today are barter deals. A manufacturer finances a cross-promotional ad campaign in return for their product being placed in a movie. In the recent James Bond movies, such as *Die Another Day* and *The World Is Not Enough*, for example, such deals were valued at over \$30 million dollars. Cash deals are much rarer but can prove useful in covering unforeseen contingencies. In *Terminator 3*, for example, the cash committed for product placements was used to guarantee the deferred part of Jonathan Mostow's \$4,960,000 director's fee<sup>21</sup>.

### **Larger placement deals**

Production companies are trying to get fewer sponsors on board but with larger deals in place. For example, *Casino Royal* had only six sponsors, a 33% drop from the 9 sponsors of the previous Bond film, *Die Another Day*<sup>22</sup>. Furthermore, there are more package deals in place: The Weinstein Company, for example, entered into a multiyear marketing alliance with L'Oréal Paris, the world's largest "beauty" brand, that will result in the "integration" of L'Oréal's products into the Weinstein brothers' movies. And, with digital technology, even if a L'Oréal product was not shot during a particular scene, it can be inserted later (as is now being done with old TV series). One successful producer, whose movies have been distributed by the Weinstein brothers, noted in an e-mail: "Product placement gigs will become a major source of production financing in the future, in which a movie provides a controlled world of good-looking stars wearing a certain brand of clothing for an hour and a half, in exchange for which the brand manufacturer pays for a large share of the production."<sup>23</sup>

### **DVR**

The traditional broadcast television advertising model is based on the 30-second ad that regularly interrupts TV shows. With the arrival of digital video recording (DVR) and the growing popularity of TiVo, television viewers now have the option to skip ads altogether. A study conducted by the major television networks in 2005 showed that 90% of viewers skip most of the commercials. With a reduced passive audience, advertisers have had to find other ways of promoting their products so have turned to product placement<sup>24</sup>. According to Andy Hobsbawn, European chairman of advertising group Agency.com: "People are switching off from traditional media advertising, either by just zoning out or by literally skipping the ads by using Sky+. How can you make your brand reach out to audiences? Product placement is very valuable and

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<sup>20</sup> <http://www.pqmedia.com/ppsm2005-es.pdf>

<sup>21</sup> <http://www.slate.com/id/2138753>

<sup>22</sup> [http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx\\_lr\\_1116bond.html](http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx_lr_1116bond.html)

<sup>23</sup> <http://www.slate.com/id/2138753>

<sup>24</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

growing."<sup>25</sup>

Furthermore, according to brand consultant Steve King in the BBC's World Business Report: "Years ago you could expect to reach 80% of TV viewers but with the proliferation of cable and satellite channels that figure has fallen. (...) One of the unique things about cinema is its global appeal which means advertisers get the reach they cannot obtain elsewhere."

In addition to the lucrative examples of Reese and Ray Ban already mentioned, a more recent success story is the film "I Robot" (2004), product placement of the Audi RSQ (a concept car created especially for the film) strongly stimulated the Brand's Image Ratings, according to surveys among US cinema-goers and has been covered by the press in over 40 countries. "This placement has reinforced the core values of the Audi brand in the USA. Audi has gained considerable ground for criteria such as attractiveness, distinctiveness and affinity among those who have seen "I, Robot" in the USA", commented Tim Miksche, who is responsible for product placement at Audi. Over 55 Million viewers worldwide have seen the film and concept car at the cinema alone (which does not include viewers from DVD, TV and ancillaries). The car is visible for a total of almost nine minutes in the film. Miksche is delighted by its impact: "The Audi RSQ achieves an enduring, recurring presence in 'I, Robot', the vehicle is incorporated into the film's plot, there is interaction between the car and the human characters, and last but not least the car's high aesthetic quality blends in well with the film world." Over 95 percent of all cinema-goers considered that the Audi RSQ suits the film world of "I, Robot". Miksche continues: "This is not only welcome praise for Audi designers, but also highlights the fact that the design of our premium brand is already looking well into the future."<sup>26</sup>



*The Audi RSQ in "I, Robot"*

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<sup>25</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>26</sup> <http://www.prnewswire.co.uk/cgi/news/release?id=135557>

[http://www.just-auto.com/news/audi-claims-product-placement-in-i-robot-a-huge-success\\_id71559.aspx](http://www.just-auto.com/news/audi-claims-product-placement-in-i-robot-a-huge-success_id71559.aspx)

CASE STUDY



James Bond: Licensed to Sell

Probably one of the biggest examples of Product Placement ever is the Bond Franchise. After 40 years of Bond films, winning a place for products within a scene has become big business<sup>27</sup>.

Date	Film	BO	All Time Rank	Production Budget	Marketing Budget (incl. P&A)	PP in Free Ads	PP in Net Studio Cash	PP / Total Budget (%)	Featured brands
2008	Quantum of Solace	\$586.1 M	55	\$230,000,000					Alfa Romeo, Aston Martin, Daimler, Ford, Gordon's Gin, Gulfstream, Heckler & Koch, Hitachi, Land Rover, Ocean Sky, Omega, Range Rover, SIG Sauer, Sony, Sony Ericsson, Sony VAIO, Tom Ford, Virgin, Volkswagen Beetle, Walther, Y-3, Yamaha
2006	Casino Royale	\$594.2 M	52	\$150,000,000	\$370,000,000	\$250,000,000	\$650,000,000	173%	Land Rover, Heineken, Sony VAIO, SONY, Aston Martin, Blu Ray, Bodyworlds, Fed Ex, Smirnoff, Omega
2002	Die Another Day	\$432 M	109	\$142,000,000	\$340,000,000	\$240,000,000	\$660,000,000	125%	7-Up, Aston Martin, Bollinger, British Airways, Ferrari, Finlandia, Ford Thunderbird, Heineken, Jaguar, Lamborghini, Mercedes, Omega, Philips, Plantronics, Porsche, Range Rover, Samsonite, Ski-Doo, Sony, Sony Ericsson, Sony VAIO, Volvo, Walther
1999	The World Is Not Enough	\$361.8 M	156	\$135,000,000	\$250,000,000	\$150,000,000	\$100,000,000	47%	BMW, Bollinger, Omega
1997	Tomorrow Never Dies	\$333 M	186	\$110,000,000	\$160,000,000	\$60,000,000	\$100,000,000	48%	Avis rental cars, BMW, Ericsson, Heineken, L'Oréal, Omega, Smirnoff, Visa
1995	GoldenEye	\$352.2 M	166	\$60,000,000	\$100,000,000	\$50,000,000	\$70,000,000	57%	BMW, Perrier, Omega, IBM, Bollinger, Aston Martin

Analysis of James Bond films 1995-2009

The placement of automobiles in films was pioneered by the American Motors Corporation for the ninth Bond film, *The Man With the Golden Gun* (1974)<sup>28</sup>, whose producer, Albert "Cubby" Broccoli, made a deal to use American Motors vehicles in all the chase scenes in exchange for advertising dollars to promote the movie<sup>29</sup>. The BMW Z8 driven by Bond in the film was the final part of a three-movie product placement deal with BMW (which began with the Z3 in "GoldenEye" and continued with the 750iL in "Tomorrow Never Dies")<sup>30</sup>. The largest product-placement deal in history at the time (over \$100 million) occurred in the eighteenth Bond film, *Tomorrow Never Dies* (1997), with successful tie-ins with eight major corporate partners, covering its entire production budget: Avis rental cars, BMW cars and motorcycles, Ericsson mobile phones, Heineken beer, L'Oréal makeup, Omega watches, Smirnoff vodka, and Visa credit cards<sup>31</sup>.

<sup>27</sup> <http://news.bbc.co.uk/1/hi/business/2488151.stm>

<sup>28</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>29</sup> <http://www.slate.com/id/2138753>

<sup>30</sup> [http://en.wikipedia.org/wiki/The\\_World\\_Is\\_Not\\_Enough](http://en.wikipedia.org/wiki/The_World_Is_Not_Enough)

<sup>31</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

[http://www.media-awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

## “Buy Another Day”

By the twentieth Bond film, *Die Another Day* (2002), product placement became more pervasive and aggressive, with the film being nicknamed "Buy Another Day."<sup>32</sup> More than twenty marketing partners reportedly contributed a record \$70 million. *Die Another Day* could be, in some respects, one long advert - for vodka, watches and cars<sup>33</sup>: Pierce Brosnan wore an Omega Seamaster watch, carried Samsonite luggage, flew first-class on British Airways (and read the airline's in-flight magazine), drank Finlandia vodka (replacing Smirnoff), shaved with a Norelco Spectra, took pictures with a Kodak camera, and talked on a Sony Ericsson mobile phone. Halle Berry wore Revlon makeup and drove a red Thunderbird. The BMW sponsorship was replaced by Ford Motor Company, which paid \$35 million to have Bond drive a custom-made \$230,000 silver Aston Martin V12 Vanquish<sup>34</sup>. This kind of aggressive advertising campaign, which combines the allure of movies with product placement, is proving to be a potent advertising package that film producers and advertisers find hard to resist<sup>35</sup>.

## “Casino Royale”



The next Bond film, however, “Casino Royale” (2006), the first Bond film with Daniel Craig and the first after Sony acquired MGM and the Bond franchise, has taken a more exclusive approach to product placement<sup>36</sup>, with the number of main sponsoring brands more than halved to only six (excluding other smaller associated brands).

According to Sony, it was a conscious decision to reduce the number of partners: Rather than jam the film with product placements, the company looked for fewer brands that would make a larger commitment to the movie. In Sony's case, for example, those efforts include heavily advertised 007-branded products such as VAIO PCs with *Casino Royale* logos and screensavers as well as a

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<sup>32</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>33</sup> <http://news.bbc.co.uk/1/hi/business/2488151.stm>

<sup>34</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>35</sup> <http://www.media->

[awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

<sup>36</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

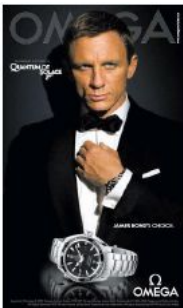


host of Web-based *Casino* games with potential prizes<sup>37</sup>. "We needed to reinvigorate the Bond brand, to keep it fresh and alive," says Keith Snelgrove, the production company Eon's global business director, who is in charge of the product placement. "We made a conscious decision to decrease the number of partners. We wanted to have fewer, more focused ones." Nevertheless, the budget has been "equally impressive this time around," says Snelgrove. "We're the biggest in the business." Ford alone has stumped up a rumored £15m<sup>38</sup> and Heineken has a six-figure promotional partnership with Sony to showcase the company's product in the film<sup>39</sup>.



Sony Vaio Laptop in Casino Royale

Some believe that Eon was successful in its new product placement strategy, but many question whether it has gained any subtlety. In one scene, for example, Eva Green looks at Bond's wrist and says: "Beautiful watch. Rolex?" "No," replies Bond. "Omega"... Sony's decision to look for more creative approaches from its brands reflects a larger trend in Hollywood. As audiences grow savvier, they are no longer willing to accept brands as mere props *Idol*<sup>40</sup>.



Daniel Craig as James Bond on promotional material for Omega

### Advantages for Producers

The financial relationship between the brands and Bond is complex. Product Placement in the Bond Films is used to cover most of the large Marketing budgets <sup>41</sup>, valued at over \$30 million dollars for the recent James Bond movies, such as *Die Another Day* and *The World Is Not Enough*. This is the case for most product placements nowadays. A manufacturer finances a cross-promotional ad campaign in return for their product being placed in a movie. The key brands are also entitled to sell Bond-related merchandise, and in return pay a royalty to Eon. Sony is offering

<sup>37</sup> [http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx\\_lr\\_1116bond.html](http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx_lr_1116bond.html)

<sup>38</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>39</sup> [http://www.indiescene.net/archives/movie\\_marketing/product\\_placement/](http://www.indiescene.net/archives/movie_marketing/product_placement/)

<sup>40</sup> [http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx\\_lr\\_1116bond.html](http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx_lr_1116bond.html)

<sup>41</sup> <http://moonrakerbondstation2.webs.com/prodmarketingbudgets.htm>

a range of laptops, digital cameras and memory sticks, all branded with the 007 logo<sup>42</sup>. It's therefore clear what Eon gets from the deal - more than half its £60m budget recouped<sup>43</sup>.

### **Advantages for Brands**

The last three Bond films have grossed around \$1.6 bn at the box office. Casino Royal is ranked at the 52<sup>nd</sup> highest grossing film worldwide of all time<sup>44</sup>. As the Bond brand increases in value of the brands associated with it. Aston Martin never advertises in print or on television - it relies entirely on sponsorship. "We see it as a partnership with Eon. We need them, they need us," says says Aston Martin's director of brand communication, Janette Green <sup>45</sup>. "It's some of the best product placement you could ever wish for. (..) Markets that have never heard of us have certainly seen an Aston Martin DB5 in Goldfinger. How do you measure that? It's impossible." Paul Charles at Virgin Atlantic, who negotiated the deal with EON, says: "Being in a Bond film is valuable for the long term. They are shown for decades to come, not just on television, but on DVDs, as in-flight movies on other airlines. It's enormous."<sup>46</sup> Besides the astronomical Box Office numbers, Bond movies are especially popular with advertisers because of their appeal to the young and old, the male and the female (60-40 ratio)<sup>47</sup>.

### **Criticisms**

Ian Fleming's original scripts had James Bond driving a Bentley, proving that he has always been a man who likes his labels. Fleming argued these references to brands gave Bond an air of reality<sup>48</sup>. But critics say some of the authentic Bond characteristics have been sacrificed on the altar of advertising<sup>49</sup>. The Real Bond, they say, was the opposite of today's superficial consumer. He was a man of his own tastes who does not care about loyalty, convention or consistency. He would be the last man on earth to be influenced by 'entertainment marketing' and its principles of 'seamless integration' and 'global reach'<sup>50</sup>.

Although Andy Hobsbawn, European chairman of advertising group Agency.com, agrees that the brands give Bond class, he too questions how well this has translated into the films. "I think the whole Sony product placement is so in-your-face. It feels that they aren't providing something to make the story work. It's become all about how to get your logo in front of the screen". Snelgrove of EON however thinks the criticism is unfair. "I think we did a smarter job."<sup>51</sup>

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<sup>42</sup> <http://www.slate.com/id/2138753>

<sup>43</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>44</sup> Box Office Mojo

<sup>45</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>46</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>47</sup> <http://news.bbc.co.uk/1/hi/business/2488151.stm>

<sup>48</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>49</sup> <http://news.bbc.co.uk/1/hi/business/2488151.stm>

<sup>50</sup> <http://www.brandingstrategyinsider.com/2008/10/james-bond-shak.html>

<sup>51</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

Some in the film industry reckon brands should be allowed access to the script so they become a more seamless part of the plot. This however is something Eon would never do, according to Snelgrove, who explains the key sponsors are only brought in after the first draft of the script has been written<sup>52</sup>.

## CRITICISM OF PRODUCT PLACEMENT

Product Placement has been heavily criticized ever since its beginning: the motion-picture weekly New York trade publication *Harrison's Reports* (1919 to 1962) regularly scolded films for showing brand-name products. Similarly, several modern critics condemn the practice as hidden exploitation.<sup>53</sup> According to the *European Audiovisual Observatory*, one problem is that the advertisers' interest in the customer is not necessarily identical to the customer's interest in "fair" advertising, let alone audiovisual content. At stake are the responsibility and editorial independence of the media service provider and the protection of the consumer, as well as the protection of culture from the influences of commercialism<sup>54</sup>.

Furthermore, with the increase in use of product placement, analysts fear that consumers will develop ad-blindness, becoming so accustomed to ads that they stop noticing them. When an ad is repeated too often, people adapt to their presence and filter them out of their vision<sup>55</sup>. Mary-Lou Galician, head of media analysis and criticism at the Walter Cronkite School of Journalism and Mass Communication at Arizona State University and editor of *The Handbook of Product Placement in the Mass Media*, said: "I'm starting to see saturation and advertising clutter". "I think that something has to be done because at a certain point when there's incredible clutter like that, ultimately no product is being served."<sup>56</sup>

Poor use of product placement can also compromise the integrity of the story. When products are not seamlessly woven into the narrative, product placement can seem blatant and aggressive forced and obvious result in the audience's frustration.<sup>57</sup>

A very recent example of Product Placement accused to have Gone Too Far is Roman Polanski's "Ghost Writer". Besides the large number of features products (Jaguar, Lincoln, Office Depot, Heineken, Tabou, Vitamin Water, Ford, Toyota, The Washington Post, Chevrolet, National Geographic, Dodge, Evian, Smirnoff, ESPN, Virgin Air, Chrysler, Coca Cola, CNN, Google, Frito-Lay, Cadillac, SKY), it was the blatant way in which they were displayed that led to ad-resentment and according to a number of viewers, ruined an otherwise interesting film (especially the BMW and

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<sup>52</sup> <http://www.telegraph.co.uk/finance/2950841/Licensed-to-sell.html>

<sup>53</sup> <http://www.filmcritic.com/features/2010/05/product-placement-in-the-movies/>

<sup>54</sup> *European Audiovisual Observatory*

<sup>55</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

<sup>56</sup> [http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx\\_lr\\_1116bond.html](http://www.forbes.com/2006/11/16/bond-movie-advertising-tech-media-cx_lr_1116bond.html)

<sup>57</sup> <http://people.ischool.berkeley.edu/~hal/Courses/StratTech09/Tech/Preso/D-placement.doc>

Samsung closeups)<sup>58</sup>.

Below is a list compiled by internet users of the 10 worst examples of Product Placement in recent movies, which not only carry a disarming amount of product placement that adds nothing to the story, but actually detracts from it<sup>59</sup>:

10. *Spider-Man*

9. *Evolution*

The only thing that can kill the alien just happens to be Head & Shoulders shampoo.

8. *Back To The Future Parts I-III*

7. *Demolition Man*

6. *Austin Powers: The Spy Who Shagged Me*

5. *Minority Report*

4. *Cast Away* (Two hours and twenty minutes of Tom Hanks doing nothing on an island, interspersed with ads for sports manufacturers Wilson and Federal Express).

3. *Blade: Trinity*

Jessica Biel listens to an iPod while fighting, including a scene where she downloads songs from iTunes and creates a playlist for her next encounter.

2. *The Island*

Numerous Microsoft logos are seen around the future cityscape, lingering shots of Nokia phones, Aquafin water bottles, Macintosh trucks and Ben & Jerry's ice cream.

1. *I, Robot*

"Converse, vintage 2004." Never before has one line sunk a movie so fast. The first ten minutes of the film is overloaded with products. Will Smith drives an Audi (made exclusively for the movie), listens to his music on a JVC CD player, has his mail delivered by FedEx and generally acts like a walking, talking billboard.

Product Placement could also be accused of being False Advertising, violating Section 43(a) of the Lanham Act<sup>60</sup> if it shows a product having capabilities it does not have in reality. For example, on the NYT's Freakonomics blog, Ian Ayres comments on the Fox comedy "Date Night." In one key scene, Steve Carell's character is desperate to look at photos on his flash drive and asks a cab driver if he has a laptop. The cabbie hands over a Kindle, which does the job while in reality Kindles don't read flash drives. This point is highly controversial as a potential plaintiff could have difficulty proving that people really believe the capabilities of the products they see on screen. "We don't expect to get the same performance out of our cars as James Bond does," says Rebecca Tushnet, a professor at Georgetown University Law. "And we probably don't expect our

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<sup>58</sup> <http://jonathanscottweber.wordpress.com/2010/05/10/product-placement-gone-too-far/>

<sup>59</sup> <http://www.theshiznit.co.uk/feature/top-10-worst-movies-for-product-placement.php>  
<http://worstproductplacement.com/list/>

<sup>60</sup> <http://www.law.uconn.edu/homes/swilf/ip/statutes/lanham43.htm>

devices to react as fast as TV/movie devices do in real life."<sup>61</sup> But even so, as the lines are fine attention should always be paid.

## **PRODUCT PLACEMENT IN INDEPENDENT CINEMA**

We have already explained the benefits and threats of Product Placement for large blockbusters with high marketing budgets which are certain to reach millions of viewers. For smaller independent movies, however, the fees for product placement, whether cash or barter, are much lower. (The going rate for a single product inclusion in an independent movie usually ranges from \$50,000 to \$250,000). According to one knowledgeable independent producer, "The most that's gained from the placements is some free products, some cash for the production, and some shared advertisement placement," and that is usually conditioned on the product making the final cut and the film getting a U.S. release. Even so, for productions on a tight budget, bartering airplane tickets, hotel rooms, and automobile leases for product placement slots can result in more money being available for the filming itself—or for postproduction work<sup>62</sup>. An estimated 90 percent of movie and almost all TV product placements involve no exchange of money - a legacy of U.S. "payola" regulations from the 1950s. However, both the studios and the companies end up making money. Studios get free props, and the companies get advertising, which they hope may result in the kind of product awareness *ET* brought to Reese's Pieces<sup>63</sup>.

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<sup>61</sup> <http://www.productplacement.biz/201004272448/product-placement/product-placement-and-false-advertising.html>  
<http://www.brandchannel.com/home/post/2010/04/27/Is-Product-Placement-Deceptive-Advertising-Yes-And-No.aspx>  
<http://thresq.hollywoodreporter.com/2010/04/misleading-product-placement.html>

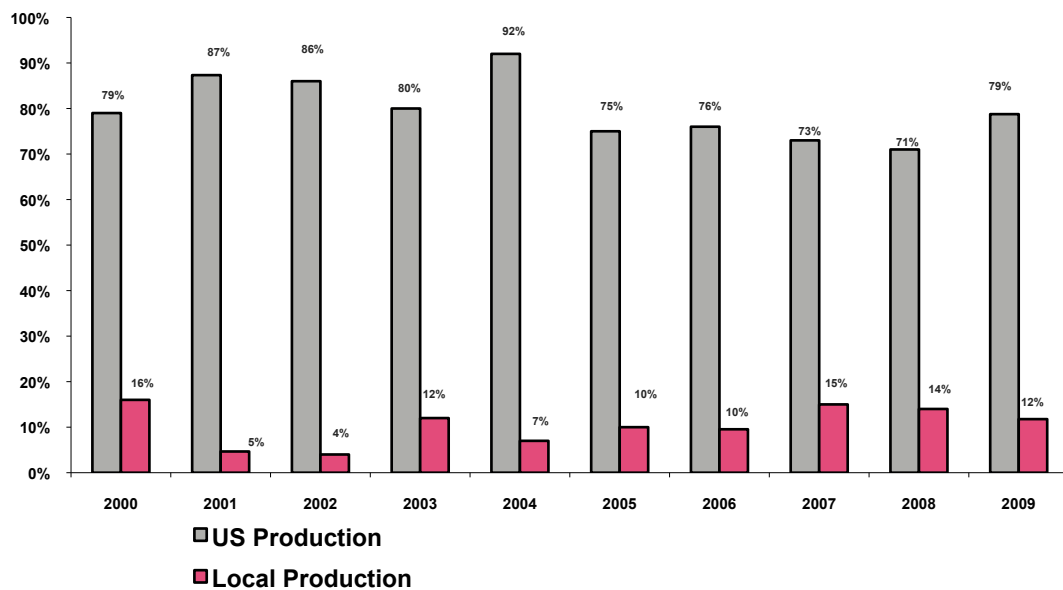
<sup>62</sup> <http://www.slate.com/id/2138753>

<sup>63</sup> [http://www.media-awareness.ca/english/resources/educational/teachable\\_moments/word\\_from\\_our\\_sponsor.cfm?RenderForPrint=1](http://www.media-awareness.ca/english/resources/educational/teachable_moments/word_from_our_sponsor.cfm?RenderForPrint=1)

## PRODUCT PLACEMENT IN GREECE: ALTER EGO EXAMPLE



With the recent resurgence of Local Productions which are increasingly taking a larger chunk of the Total Box Office (see figures below), advertisers have found a new medium though which to promote their products, imitating – to some extent - the Hollywood Product Placement Model. And with record admissions of over 500,000 (Nisos) and 700,000 (El Greco) why shouldn't they? As budgets and admissions of local films are rising, so is the size of the product placement deals.



Percentage of Market

	<b>Film</b>	<b>Admissions</b>
<b>2009</b>	Nisos	546,360
	I Klironomos	298,800
	S.E.X.	212,365
<b>2008</b>	Molis Horisa	419,066
	Loufa & apallagi	390,764
	Bank Bang	381,259
<b>2007</b>	El Greco	759,712
	Mia Melissa ton Augousto	299,082
	Kiss of Life	258,086

*Admissions of Recent Local Titles*

According to Lily Papadopoulos, managing director of Village Productions until recently, “in the past, Greek producers would collect €10,000 here and €5,000 there in product placement and would give up everything for it”. In 2007 however, following the film “Alter Ego” by Village Productions, the rules of product placement in Greece changed. Product placement in Alter Ego covered 20% of the budget, unusually high for the time, setting a precedent for other productions (up until the current recession, of course, which has caused brands to slash their marketing budgets). Vodafone alone contributed €100,000 in order to feature its products and brand in the film. Apart from products or logos appearing in the film, on the posters and any promotional material, Vodafone had heavy presence in various events, including the shooting of a big concert scene where hundreds of fans of Sakis were used as extras.



*Vodafone placements in “Alter Ego”*

Other cash sponsorship deals were made with McDonalds and ION chocolate, while the Grecotel Hotel Group offered a discount in accommodation costs and Olympic Aviation provided discounted use of one of its helicopters. Furthermore, IMAKO publishing acted as communication sponsor offering free publicity through their radio stations and publications.

According to Lily, one of the main factors leading to the sponsors contributing such unusually high amounts was the fact that the main character of the film was played by a very famous local

singer, Sakis Rouvas, probably the only celebrity in Greece with a “star” status. Especially since Vodafone (the film’s main sponsor) was already sponsoring Sakis.

Even though the director of the film, Nicholas Dimitropoulos, would ideally prefer to film free from the constraints of product placement, he believes that they did a good job with their main sponsor, Vodafone. Their main placement scene was that of the concert, which, as Nicholas said, would have had sponsors featuring anyway if it was real. This is similar to sponsors who place their banners around a football pitch – the shot would have looked fake without them.

What he believes, however, to be bad product placement in *Alter Ego* was the McDonalds scene. “Their sign was so big in the shot that it was “in your face”, leaving no room for doubt that McDonalds was a sponsor”.



*McDonalds in "Alter Ego"*

Product placement that is “in your face” could damage both the film and the product, and if the aggressiveness of the placement frustrates the audience, this could damage the image of the specific brand. Lily, however, does not believe that negative publicity due to bad product placement has any effect on the film’s sales. She mentioned the example of James Bond which, although has been heavily criticized for its blatant advertising, its BO results do not seem to reflect this. The only thing that could be damaged would be the reputation of an acclaimed director who could be criticized by his fans and the elitist press.

Nevertheless, both Lily and Nicholas agree that great attention must be paid in order to achieve seamless product placement. When there is already a Mercedes car in the original script, for example, it usually makes no difference to change it to another (similar) brand in order to get a sponsor on board, so in this case Product Placement could only be beneficial. Nicholas suggests that: “The best way is to start during pre-production, as soon as you have an (almost) final draft, and identify Placement possibilities. In the States and the UK there are companies who actually specialize in Product Placement and organize the deals for the producer and sponsors. This however does not exist in Greece so it is up to the Producer. It is a bit of a mess as everything is running simultaneously so a lot happens last minute”.



A problem that exists in Greece is that sponsors are not yet used to product placement, they therefore often treat it as a regular commercial. In *Alter Ego* for example, the people from ION came to the shoot and requested a monitor, as they would normally do for an ION ad, to ensure everything is the way they want it. This could have had a negative effect if they had interfered with the director's work during the shoot, causing frustration and delays.

According to Nicholas, brands in Greece are starting to become reluctant again when it comes to sponsoring films, as they have had bad experiences with their demands not being met by the producers, often due to unforeseen and uncontrollable circumstances.

An example of a deal gone wrong was in the film *"Kiss of Life"*, where the logo of mobile phone network sponsor "Cosmote" was not green enough in the First print and the film had to go back to the lab, increasing costs further and causing delays.



As Lily explained, in order for product placement to establish itself as a significant source of finance and advertising, a long-term strategy needs to be developed. From her experience, she has learnt that producers should be very careful about what they offer: when trying desperately to raise the required funding it is very easy to become very generous towards potential sponsors. But you should not sell yourself short, as that will then set the norm and companies will not accept to pay serious amounts for having their brands in a film in the future.

Lily suggests that a good strategy is to offer clear product placement "packages" for different levels of sponsorship. For example, the first package which would be offered for €100,000 could include 4 placements (ie product consumed by main cast, product mentioned in script, product seen in film twice and product on poster). This package could be offered to the "big players", for example mobile phone providers, car brands and tobacco companies. These companies should not be given the option of taking a lower value package, as they would probably prefer it and end up getting the same benefits for much less money at the expense of the producer. The second package which would be offered for €60,000 could include only 2 placements (product seen in film and product on poster). Again this method of price differentiation should be strict and should be, as far as possible, the only alternative for those companies it is aimed at (for example Soft Drink companies and Fast Food Chains). For smaller companies with limited advertising budgets you could offer to have their logos on the Poster (which has great exposure) for say €10,000.

Lily strongly believes that it is preferable to have 1 or 2 big sponsors rather than many smaller ones (in line with what Bond tried to do with Casino Royal), as they would increase the workload with fewer benefits (more contracts, placements, logos and artwork and more time consumed on negotiations). As a result the benefits for the brands would also be decreased, as they would be competing with a number of other products for the viewer's attention. It could therefore sometimes be preferable to turn down a sponsor who is offering less. This would also show that you are a serious player likely to bring big business and not just someone desperate for any funds you can get. As relationships with sponsors should be long-term ones and not one-off deals, a good strategy that would make the deals worthwhile and would also satisfy the sponsors should be in place. Those sponsors with whom the deals did not work out the one time could be invited to the film's premiere where they will witness for themselves the exposure that could have been theirs and maybe next time they will want to be part of it.

Lily also stresses that you have to help the sponsors understand, most of which are unfamiliar with the film industry, the great extent of exposure they will get through posters, premieres, radio, TV the press not only during the theatrical life of the films but all the way through to DVD, ancillaries TV etc. "You have to build up the magic in the formula". In addition you could offer Staff premieres as well as Promotional and sampling opportunities at events/premieres/competitions.

What is also very important when introducing a product placement strategy is to be very clear from the start on what it is exactly you are offering, especially if you are not receiving the sponsorship money upfront. You must list everything that you will be doing for the film (how many cinemas for how many weeks, including secondary exploitation rights such as DVD, TV VoD) and make sure that the activities listed take place. For example, a producer could have promised exposure through a grand premiere but for some reason it is decided to release the film straight to theatres to minimize the effect of negative word-of-mouth as the film didn't turn out to be as good as expected. This could upset the sponsors, as the producer would be breaking his side of the deal. And if the sponsors are not happy, apart from not paying the agreed amount and not wanting to work with the same producer again, other potential sponsors in the market will also become wary. Another danger, similarly to the "Cosmote" incident mentioned earlier, is that it is often the case that the sponsor sees the final film and does not like the way in which their product is portrayed and therefore refuses to pay. One must therefore carefully list how many times the product will be shown and in what context.

Another challenge that could be faced is a "difficult" director with high artistic integrity who is not willing to "sell-off" his film. It is therefore important to be very clear from the beginning and ensure that the director understands and has accepted all obligations towards the sponsors so that the required scenes or shots are not edited out. But Product placement does not have to be in your face (as has often been the case in Greece in the past). There are creative ways of

incorporating products without compromising the film. For example, on a dinner table there are many products that could be used discretely. In the end, products are part of everyday life and using them in the correct context is undoubtedly realistic.

Of course, there are also limitations in the type of films that could have product placement without compromising the film artistically. For example, in period films it is difficult to incorporate modern products, as they most likely did not exist at the time. What could be used in these cases could be Coca-Cola or a brand of cigarettes (depending on the year the film is set in). Even for these older products however, the packaging has to be the same as it was back then. Another solution would be, instead of incorporating the brands into the films, to place the logos of the sponsors on the film's posters, DVD, trailers and TV spots, premiere tickets and any other promotional materials. This of course would be worth less money than the product actually being part of the story.

## **CONCLUSION**

What we have seen through both the Hollywood model but also through the example of Greece, is that product placement, if done correctly, can greatly benefit both the film and Brand.

It can secure funds for the production budget, cover marketing and promotion budgets, gain additional exposure for the film (through joint promotional activities) and even make films more realistic. In terms of the sponsor, at a time when consumers have the ability and increasingly choose to skip traditional advertisements, it is a way of long-term advertising (as films live forever), it can increase the emotional appeal of brands (as consumers would relate them to their favourite films/characters) and in some very successful cases result in large direct increase in sales.

It is important however to carefully and seamlessly integrate products into films in order to minimize the risk of aggressive advertising which could lead to negative results. It is therefore preferable to have fewer but bigger sponsors. In addition, a good long-term product placement strategy should be developed and implemented that would ensure both sides benefit equally from any deals made. The requirements must be very clear from the beginning in order to avoid any misunderstandings and the creative crew must be informed and in accordance so that everything that has been agreed is implemented. Of course it would help to have a well-known cast and director, however, even for smaller films creative opportunities for product placement can always be found.