The measurement of product placement

Abstract
Product placement can be defined as utilisation of a real product or a service directly in audiovisual works, under clear, contractually-agreed terms. The methodology for measuring the effectiveness of funds invested in product placement in audiovisual works has not been developed yet. The authors of this paper propose a possible solution for measuring the effectiveness of product placement, which they applied in the Vinari (Winemakers) TV series.

The authors proceeded from the price. A sponsor of a TV commercial would have to pay to reach the target group to the same extent as when using product placement. The CPP (Cost per Point) approach was used, i.e. the cost of reaching 1% of the target group. Reaching the target group was surveyed by means of a primary investigation of the perception of the sponsor’s company as a financial backer of cultural activities by using questionnaires. The authors based their calculations of effectiveness regarding the sponsoring of a television series using elements of brand and product placement on a model calculation of the current advertising prices for a thirty-second advertising spot in relation to the CPP. The average recall of the product placement in the sponsored series represented 16% of the target group. It was calculated that if broadcasting TV spots, the price would be CZK 6.7 million, which is more than six times the amount of the value of the sponsorship. The survey shows that there are positive benefits related to the support of the Vinari (Winemakers) TV series. A significant fact is also that respondents were still able to recall this sponsorship even after several days and not only when this information actually reached them. No pricelist or media can guarantee that a communicated message will be recalled, so sponsorship in TV series is concluded to be highly effective for reasonable price and with prolonged effect which surpass advertising expectations.

Keywords: Product Placement; Benefits for Advertisers; Methodology for Measuring Effectiveness; Cost of Advertising; Cost per Point; Ceska Zbrojovka; Vinari

JEL Classification: M31

DOI: https://doi.org/10.21003/ea.V161-15

Vratislav Kozak
PhD (Economics), Faculty of Management and Economics, Department of Management and Marketing, Tomas Bata University in Zlin
5139 Mostni Str., Zlin, 760 01, Czech Republic
kozak@fame.utb.cz

Karel Barinka
Ing., Head of Marketing Department, Ceska Zbrojovka a.s.
1283 Svatopluka Cecha Str., Uhersky Brod, 688 27, Czech Republic
Introduction

The effectiveness of funds that are invested in product or brand placement in audiovisual works is difficult to assess. Currently, the process of identification of a specific measurement instrument is still in the research stage and various authors have tried to capture as accurately as possible the impact that this marketing tool has on the economic results of companies. The authors of this paper suggest a possible solution in regard to the measurement of product placement effectiveness, which they applied to the Vinari (Winemakers) television series. As the sponsor, Ceska Zbrojovka Uhersky Brod (CZUB) has financially supported this series and made an arrangement with the Faculty of Management and Economics of Tomas Bata University in Zlin (FaME TBU) to provide an expert opinion on meeting the objective regarding of the company’s support of this series.

One of the authors has experience in assessing economic benefits concerning the Barum Rally 2002. This assessment is based on the English methodology whereby the price of a televised broadcast corresponds to the cost of commercials. However, according to the author of this study (a University teacher of Marketing Communication), the value of editorial coverage is greater, because during commercial breaks, part of the audience leaves the TV or switches to another channel (Kozak, 2003) [1].

When measuring the benefits of product and brand placement, the authors focused on the amount a TV commercial advertiser would have to pay to reach the target group to the same extent as when using product placement. They used the CPP (Cost per Point) indicator, which is the price for reaching 1% of the target group. The success of reaching the target group was evaluated by primarily investigating the perception of the advertiser’s company as a financial backer of cultural activities by using questionnaires. The first round of the survey commenced immediately after the series began and the second round took place at the end of the series in December, 2014. The authors based their calculations regarding the effectiveness of sponsoring a television series using elements of brand and product placement on a model calculation based on the current price for a thirty-second commercial in relation to the CPP (Cost Per Point).

It is very difficult to separate product placement from other forms of integrated marketing communication of the company. CZUB did not carry out any other special marketing activities during the period in question.

Brief Literature Review

In general, approaches suggested by different authors are usually oriented to the definition of product and brand placement. For example, Al-Kadi (2013) analyses product placement in different countries and factors related to how it is perceived in individual countries [2]. Authors Schweidel, Foutz and Tanner (2014) deal with product placement in TV shows [3]. They have come to the conclusion that product placement has a positive effect when more products of the same brand appear in one show. In cases when there is also a product of a rival brand in the same show, a major decline in the recall of both brands occurs. To achieve a greater degree of recall of product placement, Tessitore, Geuens and Tanner (2014) recommend adding a verbal statement to the brand or symbol used, conveying a message to the product or its properties [4]. However, it is necessary, to follow the prescribed legislation applicable in each country. As mentioned by Chary (2014), product placement need not be used solely for commercial purposes [5].

Regarding the planning of product and brand placement, product recommendation or merchandising and an analysis of customer buying behaviour may be used. Experts are interested in the relationship between these data in practical situations (Phaicbyon, Nittaya, Kittisak, 2012) [6]. According to some other authors (Eterovic, Donko, 2012), product placement can be characterised as a field that defies simple prediction [7]. On the contrary, it is necessary to base product placement on multiple observable psychological rules which allow the ascertainment of necessary data. This assertion is in direct contrast to another manner of categorisation of product placement, according to which advertising is subject to trends, price elasticity, volume or even mutual cannibalisation between the method of promotion and the similarity of products. The economic value to the customer and price competition are directly related to the retail price. Eterovic and Donko (2012) describe the latter statement as more methodological and data oriented than the ability to influence the price by means of process optimisation.

Definition of Product Placement

The definition of product placement has changed over the years, which is closely connected with product placement development in history. One of the first definitions is that by Bala-Subramanian (1994) [8]. Product placement is any non-verbal message about a product through planned yet unobtrusive appearance of the branded product in a film (or a TV programme). Product placement can therefore positively influence the viewer’s belief in the product or his or her buying behaviour (Hudson and Hudson, 2006) [9].

Product placement is a planned insertion of a brand within a medium, a fiction, a non-fiction. It usually involves the use of communication tools (i.e. advertising, sales promotions, etc.) in order to...
disseminate brand awareness and characterise brand image, developing brand equity. In global markets, product placement is particularly useful for improving awareness of brands with a well-established brand awareness (Corniani, 2001) [10].

The American Federal Trade Commission defines product placement as a form of advertising whereby advertisers place branded products in TV programmes for a certain fee or other consideration (Powell et al., 2009) [11].

Lehu (2006) concludes that product placement, or brand placement, as a placement, or better still an integration, of a product or brand in a film, TV series or other cultural works [12].

In a certain sense product placement is the TV advertisement of the 2010s. While traditional advertising, and especially 30-second TV spots experience increasing difficulties, this genre is booming. Marketing literature, however, has only been catching up with practice recently. At this point there are no comprehensive publications on the categories of product placement, or how it could be divided into categories. The author of this article recommends the grouping methods listed below: by the position of the product placement within the film/programme, by the type of the products placed, by the position on the product lifecycle, by the brands placed, by the financial background of the cooperation. The article examines the first way of grouping featured on this list, that is, what types of product placement we can differentiate by their position within the movie or TV programme (Papp-Vary, 2015) [13].

A typical product placement expresses a symbiotic relation of the filmmaker (who controls the options as to where the product placement can appear) and the product sponsor (who seeks to enhance the profile of the product in exchange for financial support) (Balasubramanian, 1994) [8].

Films and shows are watched repeatedly, product placement is therefore not time limited. In addition, today's technologies allow inserting a product or logo in places not possible previously. This digital integration of product placement represents a new boundary. Consequently, we can say that consumers will increasingly encounter product placement that is strategically placed in media (Williams et al., 2011) [14].

The research has confirmed that consumers are concerned about «subliminal» effects of product placement. Another fear is that product placement affects the content of films and of television broadcasting, which, according to many people, is considered to be uncontouchable. Ethical issues in regard to product placement and branded entertainment would therefore merit further research (Hudson and Hudson, 2006) [9].

Ethical views of consumers in regard to product placement vary considerably between individual product categories; especially the use of ethically questionable products such as alcohol, cigarettes and weapons (Williams et al., 2011) [14].

**Effects on the Customer's Behaviour**

Yoon, Choi and Song (2011) confirm the importance of the integration of product placement, and that is why organisations take risks when they insert products in visual media too obviously [15]. There are other additional influential factors, such as programme-induced mood, brand compliance with the storyline, brand awareness, exposure time, popularity and type of programme, which can all have an impact on the effectiveness of the product placement.

Consumers associate the film world with their own world; they are discovering their longing for the product placed in the film, which in turn influences both the attitude of individuals and consumption of the prominent placement and may increase the average consumer spending, but the ever-increasing effects of other factors, such as the attitude of the actor to the product and the link to the plot is less effective, because consumers are aware that this placement is paid (Srivasvata, 2011) [16].

The results of Kamioichin, Uslay and Erenburg (2011) suggest that the presence of a brand in one film (measured in regard to the number of appearances with the main character) may be harmful [17]. Often, more intuitive and cursory product placement of lower intensity is frequently more favourably received than a repetitive and potentially more expensive brand placement involving the main characters. This finding suggests that films which demand deep emotional involvement do not necessarily constitute the best platforms for product placement (as one might presume), as such placement might be perceived as being intrusive.
of the survey commenced immediately after the series began, the second round took place at the end of the series. The authors based their calculations regarding the effectiveness of sponsoring a television series using elements of brand and product placement on a model calculation of the current advertising prices of TV Prima for a thirty-second advertising spot in relation to the CPP.

Methodology of measuring the utilisation of product or brand placement in audiovisual works

The first episode of the Vinari (Winemakers) TV series was broadcast on the 31st August 2014 with a rating of 1,959,000 viewers aged 15 and over, which represented an audience share of 44.2%. The second episode was watched by 1.4 million viewers and later the figures settled down to around one million viewers. The last episode included in the research was aired on the 7th December 2014 and was watched by more than a million viewers. The series provoked conflicting reactions with both positive and negative comments in the media. A strongly positive reception was received with regard to the opening song «Vino» (Wine) by Chinarski, good performances by popular actors and the beautiful exteriors of the Palava vineyards and wine cellars. On the other hand, negative comments were mostly connected to the use of a dubious dialect or the depiction of some regional customs.

TV Prima has stated that the Vinari (Winemakers) series was their most successful series in recent history. The first episode was the most watched episode of the series, broadcast in the autumn, with the viewing figures reaching nearly 2 million viewers aged 15 and over. The average ratings of the Vinari (Winemakers) series reached 26.3% in the 15+ target group, while on average, each episode was watched by 1,143 million viewers. TV Prima’s new series also appealed to a younger audience - in the 25-34 age group the audience share reached 32.9%.

The series microsite is visited monthly on average by 156,000 real users. To date, the individual episodes have been replayed 1.83 million times in total. Including bonus materials, the number increased to more than 6 million replays (Mediaguru, 2014) [24].

The basic group used for primary research comprised respondents resident in the Czech Republic, aged between 15 and 65, in total 706 million people. The respondents were viewers of the Vinari (Winemakers) series selected from individual districts of the Czech Republic and the City of Prague. In accordance with the CSU (Czech Statistical Office) statistics, the number of respondents was determined by means of quota selection on the basis of population in the individual districts. The proportion of men and women and their age structure were taken into account. Due to the extent of the research and the sample size, the research involved participation of students. The students were duly trained to the extent of the research and the sample size, the research involved participation of students.

The first round of the survey took place in the second half of September 2014, immediately after the launch of the Vinari (The Winemakers) series. The survey lasted two weeks and 1,574 correctly completed questionnaires were collected. The second round of the survey followed the broadcasting of episodes that included the monitored target topics and products, just after 24 November 2014. Again, two weeks were given to collect the questionnaires, and 1,566 correctly completed questionnaires were received from the same circle of respondents.

The data collected were checked in terms of their validity and reliability. The questionnaires were sorted, numbered and the data transferred to MS Excel (creating a data matrix).

Firstly, the responses to each question in the questionnaires were analysed in general and then a deeper analysis was applied, focusing on the relationships and the connections that led to the fulfillment of the objectives of the contract between CZUB and FaME TBU. The analysis was carried out using both absolute and relative frequencies and statistical calculations of averages. The results of the survey were interpreted by transferring the results of the analysis to conclusions, which was followed by formulating the most advantageous recommendations.

Both rounds of the survey contained the same seven closed questions. The aim was to compare how the perception of the company changed after the broadcast of the brand placement in the Vinari (Winemakers) series.

The sponsor approved the following questions:

1. My perception of CZUB is (positive - like a good neighbour; neutral; negative)
2. I perceive CZUB as a company that respects and observes the law
3. In my opinion, CZUB does financially support sports activities
4. In my opinion, CZUB does financially support charitable activities
5. In my opinion, CZUB does support education
6. In my opinion, CZUB does financially support cultural activities
7. Does the support of sports, charitable and cultural activities have any effect on your perception of the company as being successful and reputable?

The following analyses shows the answers to questions 1, 6 and 7, which are directly related to the specific support of the series.

1. Perception of the CZUB Company:

Over the two months period in question, the number of respondents who do not perceive CZUB as being a good company - a «good neighbour» - decreased by about a half, compared to those whose response of CZUB was neutral. The number of people with a negative perception dropped to just eight per cent, which could have been caused by the fact that during the second round of the survey the respondents took more interest in the company (Figure 1 and Figure 2).

In terms of the objectives of the survey, this question is crucial for the outcome with regard to the perception of CZUB. The number of responses from the first round in the «do not know» group decreased by 38% in favour of «mostly yes», while almost all of the responses related to the Vinari (Winemakers) series. In this category, the number of young people and parents was about the same, whereas it was significantly higher in the group of grandparents. This is due to the fact that there is an obvious turning away from television entertainment in favour of online media among the young and the middle-aged.

Kozak, V., & Barinka, K. / Economic Annals-XXI (2016), 161(9-10), 66-70
ECONOMICS AND MANAGEMENT OF ENTERPRISES

7. Does supporting sports, charitable and cultural activities influence your perception of the Company as being successful and reputable?

This was the only question where there was no obvious difference between the responses. Perhaps, the question should have concerned CZUB itself, but it was devised to be non-specific in order to determine the respondents’ views on corporate behaviour in general.

Evaluation of the effectiveness of the sponsorship in the Vinari (Winemakers) Series

To evaluate the effectiveness of the series’ sponsorship regarding the elements of brand activation through product placement is very difficult, as there are no clear guidelines, even in the theoretical sense. The following tables show the rate card for advertising during primetime on TV Prima. The calculations are based on a sample of thirty-second advertising prices for a thirty-second-advertising spot:

CPP - Cost per Point methodology application

The cost of reaching 1% of the target group and also the cost of 1 GRP (gross rating point). In TV, it is most commonly used to determine the cost of a TV commercial or to compare the efficiency of various TV strategies.

Nevertheless, one cannot compare CPP on TV with CPP on the internet, as TV advertising in general has an effect different from the effect of a banner on a website. Similarly, CPP for a five-second spot will differ from CPP for a half-minute as well as CPPs related to different target groups.

Example:

In April, the CPP in TV Prima was equal to CZK 20,000 selling advertising for the «all 15+» target group (viewers aged 15 and over). The viewership of a commercial block at 6:30 p.m. on the 18th April, 2014 was 8% of the viewers in the «all 15+» target group.

The price for a thirty-second TV spot broadcast in this block was

\[ 8 \times \text{CZK} 20,000 = \text{CZK} 160,000 \] (Juhas, 2014) [25].

Conditions for the calculation:

1. Average recall of product placement in the sponsored series (for the sake of simplicity based on its linear growth):
   - September: 0%
   - December: 32%

2. CPP - Cost per Point methodology application

In this case the resulting recall was 32% (out of a total of 1,566 respondents, 501 respondents referred to the Vinari series (Winemakers). The series comprised 16 episodes.

2. Average increase in seasonal indices during broadcast (FTV Prima, ©2015) [26]:

- September: 1.25
- October: 1.4
- November: 1.4
- December: 1.2

AVERAGE: 1.31

The price for the advertising spot would be:

\[ 16\% \times 20,000 \text{ (CZK) } \times 16 \text{ (episodes) } \times 1.31 = \text{CZK} 6,707,200 \]

It is important to realise that the CPP reflects the cost of reaching the target group, regardless of whether viewers can recall the commercial or not. According to the research carried out by the Faculty of Management and Economics of Tomas Bata University in Zlin, only 6% of viewers recall the commercial the following day after the show was broadcast (Kozak, 2005) [27].

Taking into account the series in question, the respondents were not only reached by desired information, but also were able to recall the sponsorship even several days later, which is a strong positive effect beyond normal expectations.

Conclusions

The survey showed a clear positive effect of the sponsorship of the Vinari (Winemakers) TV. It fundamentally increased the perception of CZUB as a reputable Czech company - a «good neighbour» and also as a company supporting culture. Awareness of the company’s sponsorship of the Vinari (Winemakers) series increased greatly, from eight respondents in the first round of survey to 212 respondents in November and December, 2014. In addition, there was an increase in the number of respondents that rose to almost 90 of those who were aware of CZUB’s financial support of cultural activities? but who were not able to attribute it to any specific episode of TV series. After discarding neutral responses, it can be stated that in the two months’ period, negative perception of CZUB decreased from 15% to 8%.

The financial benefit of the sponsorship of the Vinari (Winemakers) series was equal to CZK 6.7 million worth of advertising spot, which greatly exceeds the actual value of the support. Furthermore, in this case it was not merely about reaching the audience, but recalling the message, and the research approves the task that was reached successfully.