

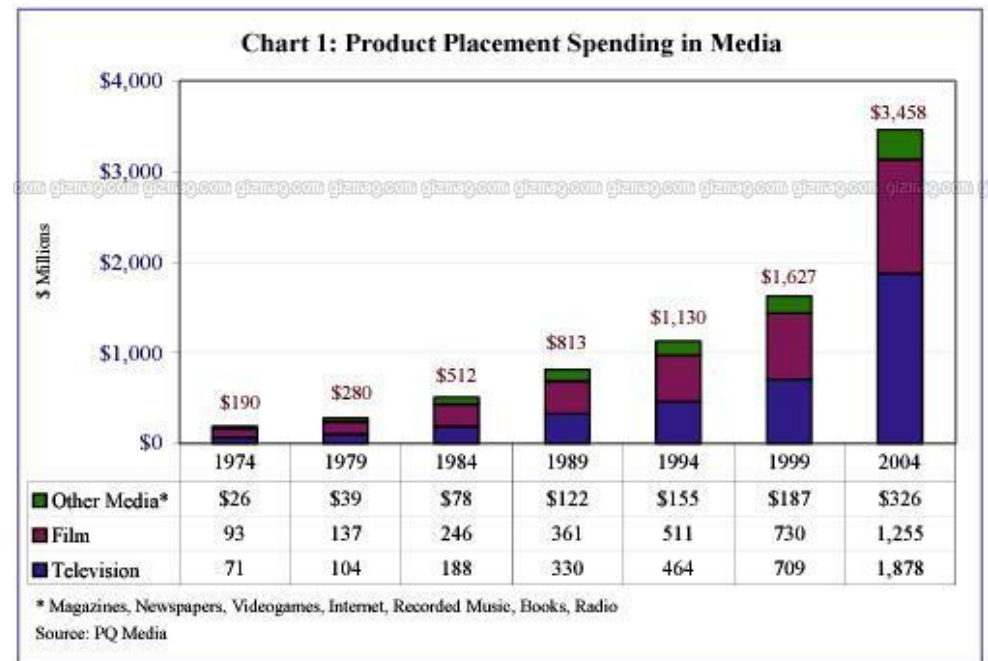


PRODUCT PLACEMENT

Adapted from Lilia Gutnik, Tom Huang, Jill Blue Lin, Ted Schmidt
Strategic Computing and Communications Technology

Introduction

- Product Placement: 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
- Media: TV shows, films, games, virtual world (Second Life), books, music videos, etc.
- \$8.25 Billion in 2012



The 30 Second TV Ad



- Long-standing king of advertising
- Losing significant efficacy : ability to produce effect
 - ▣ DVRs allow skipping of commercials, 90% regularly skip ads
 - ▣ Prominent demographics are moving to more interactive forms of entertainment (video games, internet)

TV and Film



- Never a significant ad strategy until surprise turning points in TV and film in late 20th century
- Increased demand in the wake of DVR threat
- Benefits:
 - Provides funding to the studio
 - Enhances realism of the story and characters
 - Gives advertisers a way of reaching out to “TiVo” audience who skip commercials
 - Complementor websites

Reality TV



- Products as prizes
 - ▣ Survivor 2000 saw surges in sales for Doritos and Mountain Dew
 - ▣ 30% increase in 2006 of product placement on network prime-time TV reality shows: 106,808 occurrences
- New reality TV models
 - ▣ NBC's *The Restaurant* funded solely on product placement, brings in a new wave of television product placement: “advertainment”

Scripted Television



- Placement in scripted shows started as props in the background of story
- ABC, CBS, NBC, FOX, UPN, WB displayed 100,000 product placements in 2004-2005 season
- Script Integration
 - Seinfeld broke the barrier with products as part of the plot, not just props
- Barter, gratis deals instead of formal contracts
 - *Sopranos*, Porsche Cayenne Turbo
 - *CSI: Miami*, Hummer

Television : Technology

- Virtual product placement
 - ▣ Editing technology allows advertisers to insert products in scenes after episodes have been shot, United Virtualities
 - ▣ Expanded into regional editing that can insert different brands for the same show in different geographic locations
- Complementors
 - ▣ SeenOn.com leads to real-time product linking



DESPERATE HOUSEWIVES abc
sunday 9/8c

MOST POPULAR ITEM FROM THE SHOW:



Jimmy Choo
Desperate Housewives Mar 11, 2007
Tags: [jimmy choo](#), [desperate housewives](#), [shoes](#), [bree van de kamp](#)

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TV Examples



Film : Success Stories



- Effectiveness of product placement
- Reese's Pieces, *E.T.*
 - ▣ \$1 million marketing contract agreement in exchange for product placement
 - ▣ 80% increase in candy sales as a result
- Overall value of the global product placement film market, including the barter/exposure value of non-paid placements \$1.57 billion for 2005

Product Placement Backlash

- Ad Resentment
 - ▣ Negative criticism from movie reviewers, bloggers for blatant or superfluous product placement, *Fantastic Four*
 - ▣ Detract from plot or story realism if the product seems inappropriate
- Tacky Ad Placement
 - ▣ Negative brand image reflected on product itself for poor placement
 - ▣ *I, Robot*, *Minority Report*, James Bond franchise

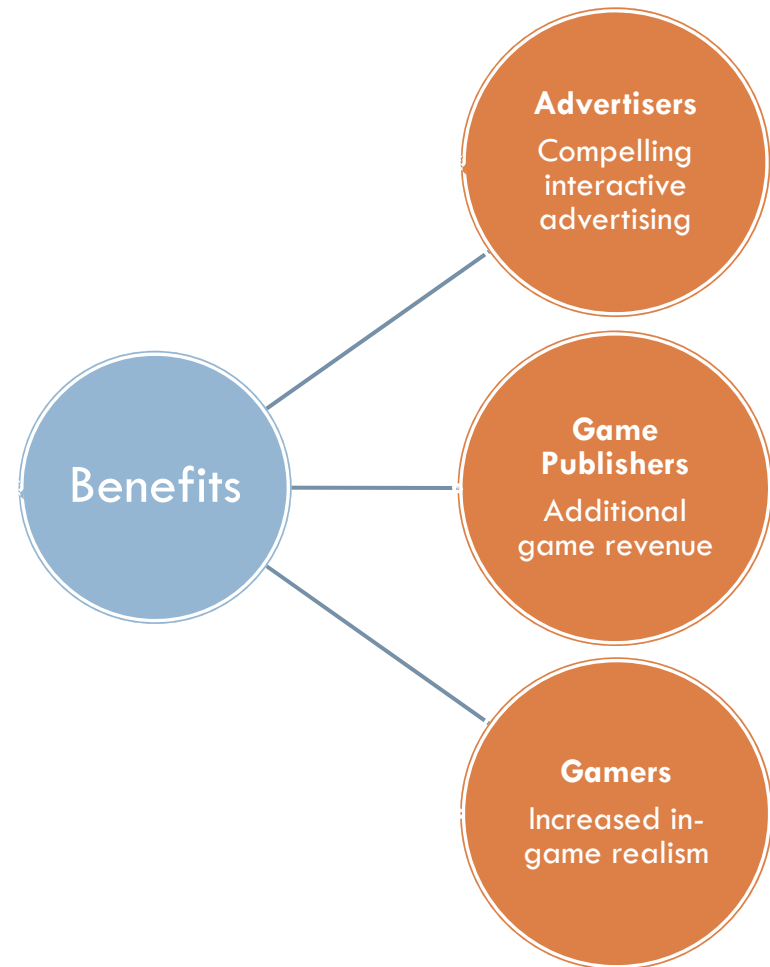


Movie Examples



Video Game Product Placement

- Historically, billboards placed in-game to enhance realism
- Push to monetize by big publishers (EA, Ubisoft, Activision)
- \$1 Billion in 2010
- Placements can range from \$20k to \$1m depending on prominence



Interactive opportunities

- *CSI: 3 Dimensions of Murder* by Ubisoft
 - ▣ Visa Fraud Protection provides murder-mystery clue
 - ▣ Visa billboards prominently displaced
 - ▣ Minimum of 10 minutes interaction with Visa during the game

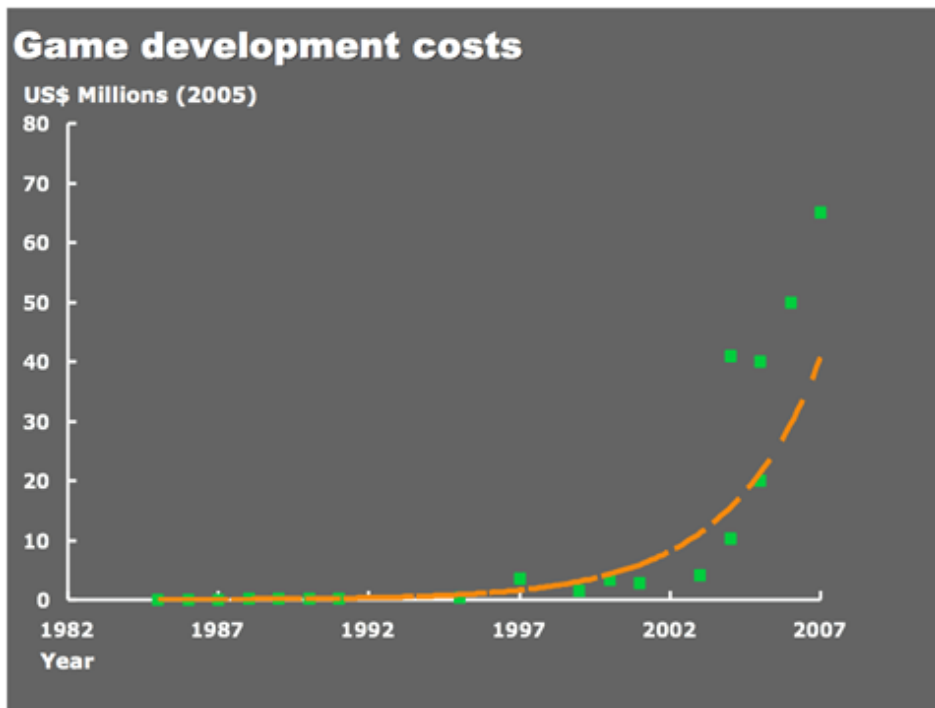


Other Examples



- *Tony Hawk's Underground 2*
 - *Product placement by Jeep, purely decorative*
 - *Jeeps send messages to Nielsen for market research purposes*
- *And1 Streetball:*
 - *Billboard advertising for several products*
 - *billboards rotate content to prevent ad-blindness*

Industry Motivation



- Game prices are fixed
 - ▣ \$50 for new releases
- Development costs and time are skyrocketing
 - ▣ *Halo 2* cost \$40m to produce over 3 years
- Publishers looking for new income streams

Effectiveness



- 70% of gamers polled said product placement *added* to the gaming experience
 - ▣ Makes settings more realistic
 - ▣ Compliments realism found in next-gen titles
- Study indicates short-term recall rates of 40+%
 - ▣ Sports titles are most effective: 54%
 - ▣ Compared to 10-20% recall of TV ads

Trends



- Dynamic Updating
 - Leverage internet connectivity
 - Allow for time-based advertising (Movie premieres)
- Mobile Games
 - Rapidly growing market (61% last year)
 - 2/3^{rds} of mobile games bought by females

Video Game Ad Resentment

- Hard to develop ad-blindness due to interactivity
- Video games are not network television
 - ▣ \$50 initial investment
 - ▣ Connected, vocal fan base
- Product placements must remain subtle, and relevant to the storyline

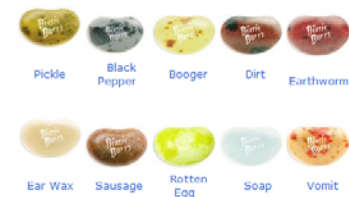


Reverse product placement

- Creating a fictional brand/product in a fictional environment and then releasing it into the real world
- Initially opportunistic in film/TV/novel
 - ▣ Bubba Gump Shrimp Co. (Forrest Gump)
 - ▣ Every Flavor Beans (Harry Potter)
 - ▣ Extremely difficult to plan ahead
- New media: Second Life
 - ▣ Interactivity (test market)
 - ▣ Low to zero risk
 - ▣ PR / Word-of-mouth (speed of information dissemination)
 - ▣ FREE!



Bertie Bott's Flavor Guide



Reverse Product Placement



Reverse product placement

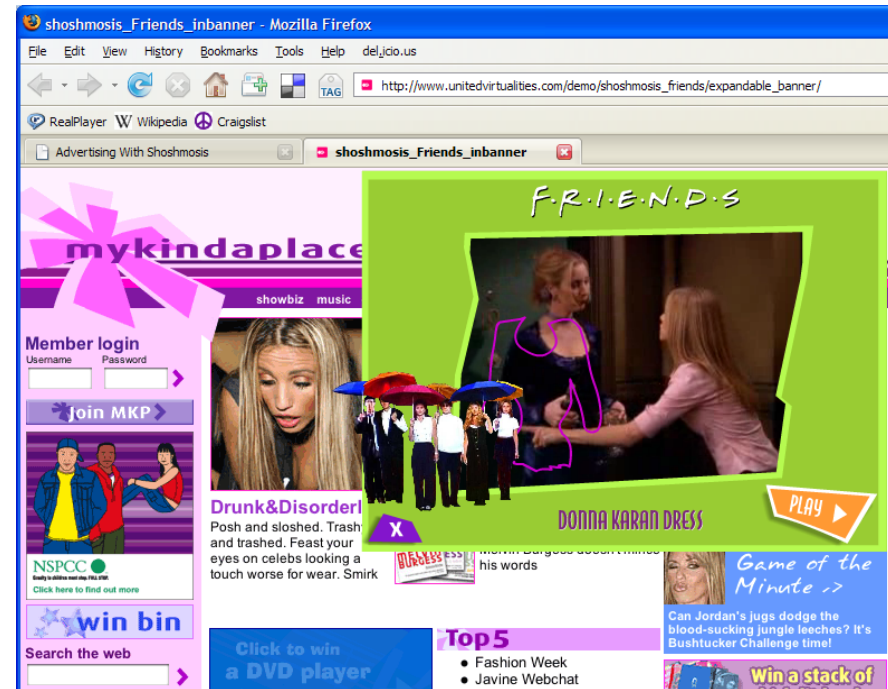
- Example (Second Life):



- American Apparel's Virtual Store
 - ▣ Selling clothing at \$1 each for avatars
 - ▣ Launched (Test-marketed) their first line of jeans in Second Life two months before they hit physical stores

Product-linking

- Product-linking (Plinking): The process of adding a product or service link to a visible object in a video.
- Example:
- EMW plans to enable plinking in consumer-generated media.
- Monetization model for YouTube



http://www.unitedvirtualities.com/demo/shoshmosis_friends/expandable_banner/

Cross Promotion

Cross promotion is a specific marketing tactic wherein two or more businesses team up together to reach a broader shared population.

Cross promotion

- A radio station pairs with an organization for a certain benefit or cause.
- A beverage company joins with a water park for a summer discount special.
- A school system works with several local restaurants for a sporting event.



Seen on JustElite.net



General Mills

with **Whole Grain Guaranteed**

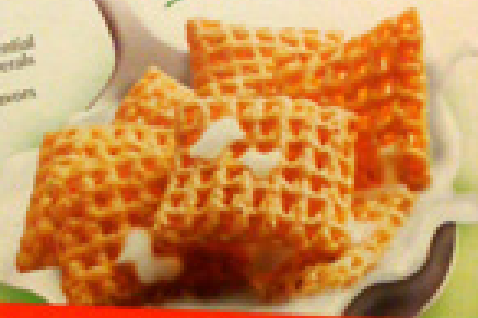


Nutrition Highlights

100% Whole Grain	100% Bran	100% Natural Flavors	100% No Artificial Colors
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Simply Nutritious **Corn Chex**
Corn Toasted Corn Cereal

- Low in Fat
- Provides 12 Essential Vitamins & Minerals
- No Artificial Flavors or Colors



- Low in Fat
- Provides 12 Essential Vitamins & Minerals
- No Artificial Flavors or Colors



BUY ONE, GET ONE FREE
 OLD EL PASO SEASONING MIX

SEE COUPON ON BACK

© NET WT 14 OZ (396g)

Nike + iPod

Meet your new personal trainer.





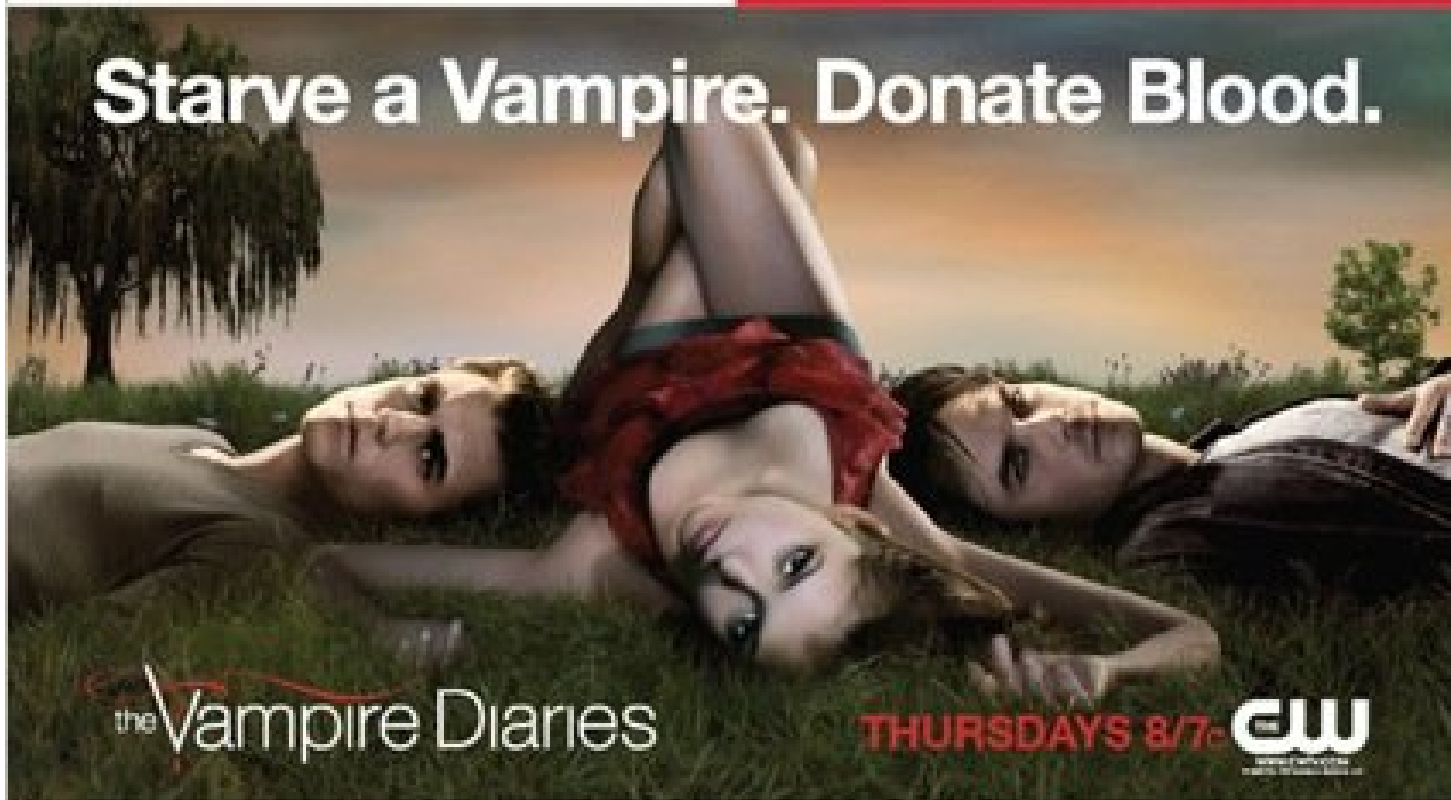
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Starve a Vampire. Donate Blood.



CW Network/New York Times