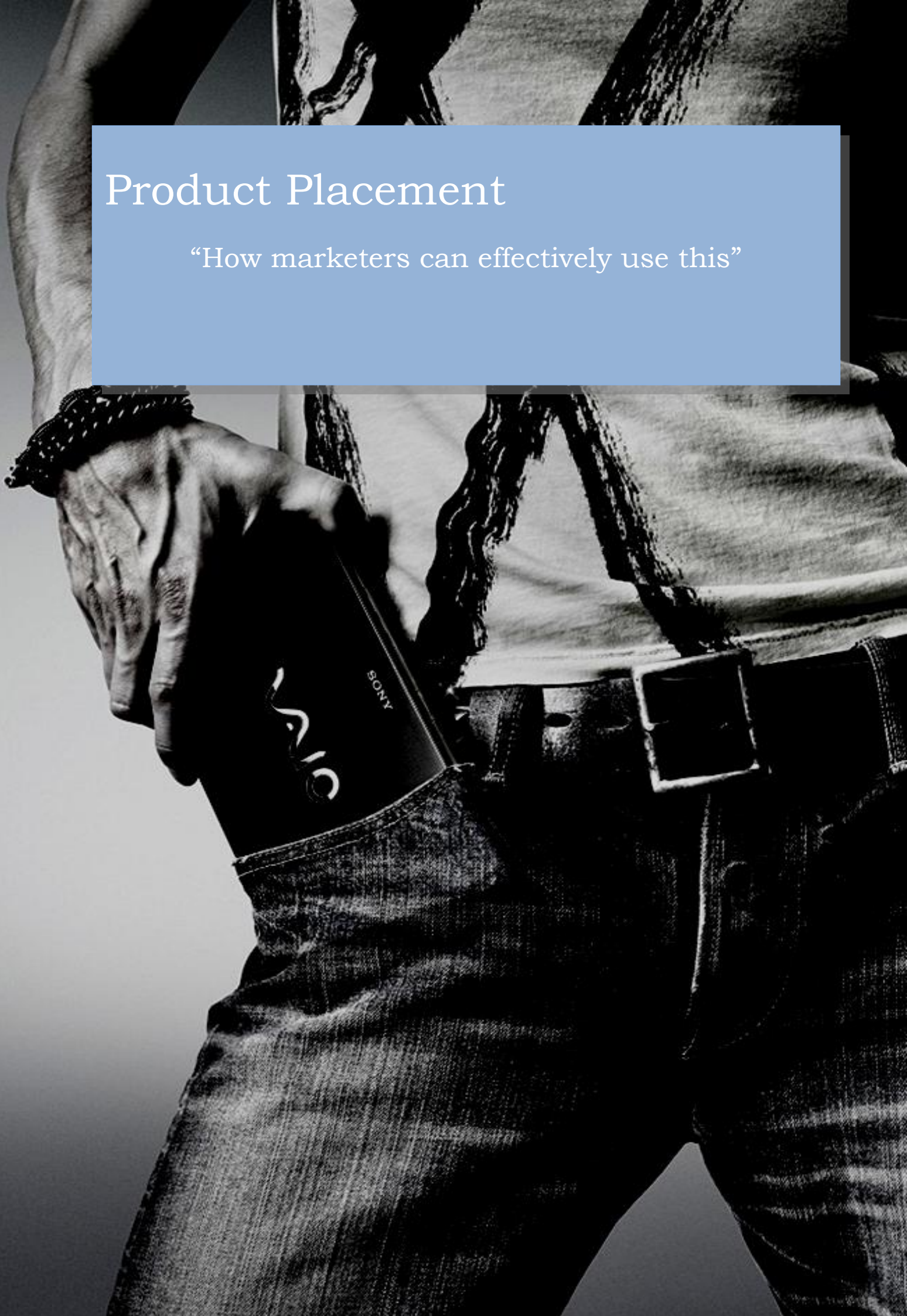


Product Placement

“How marketers can effectively use this”



Title page

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Word of Thanks

I look outside the window and I notice that the sun is shining. For a moment I want to go outside but that feeling quickly fades away when I look at my computer screen. I was given the opportunity to rewrite my thesis during the month July and that is also where my focus is at this point. Unfortunately, my first thesis was not of the level it had to be and I had the chance to make some radical changes. In that way I could still graduate at the end of this summer. Here in front of you is a product that required some hard work and dedication to finish.

Next to this report I also had to take an admission test for the VU in order to see if I was applicable for the premaster of Communication science. Luckily I passed that, but also put a little bit more stress on this thesis. Nevertheless, I was able to deliver a product that I am really proud of.

I would like to thank some people

At first Anjali Barbosa, for her great guidance during this last month and the 5 months before that. Every time I had questions or was at a low point and failed to find any motivation, she was there to ensure me that I could do it. Thank you for giving up your holiday in order to help students like me!

Every single one of the experts that gave me the opportunity to ask them some questions on product placement.

Lastly, all the people that I mentioned last time as well. Anette Hendrickx and Isolde van Cleef at FleishmanHillard Amstelveen. Mieke Jansen, Milan Vaassen and Mirte van de Straat for all distraction on Facebook. Rutger Stoll for his help with SPSS and my parents and girlfriend for the motivation throughout the entire process.

Your help is much appreciated!

Summary

The use of product placement has been around for a long period of time. Even before the invention of television and radio, newspapers would use pictures with brands in order to create more awareness. Nevertheless, it has only been for the last twenty years that the use of placing products into movies, television shows and radio has picked up. Product placement can be seen in many television shows on the Dutch television. But what exactly is it? How can it be measured and what are the effects.

The main question of this thesis is: *'How can marketers implement product placement in their communication activities when reaching out to consumers?* Based on literature research, expert interviews and a survey several sub questions were answered. These sub questions helped to the answering of the main question.

It was found that there is no clear definition of product placement. Both in literature and experts have different opinions on how to describe product placement. There is also disunity about how to measure the effects of product placement. This form of advertising not only has influence on the conscious but also on the sub conscious of the consumer. In combination with other forms of advertising it has proven to be a successful tool to boost awareness and create a positive attitude towards products or brands.

The main goal of this thesis is to help marketers understand what product placement is, what the benefits are and how it can be implemented in their marketing activities. There are a few basic aspects to keep in mind when you want to use product placement: How do you want to be perceived as a brand? Use product placement in combination with other forms of advertising and keep in mind that it also has effect on the subconscious of the consumer.

Keywords: product placement

Table of Content

Title page	2
Word of Thanks	3
Summary	4
1. Introduction	7
2. Theory	10
2.1. What is product placement?	10
Types of product placement	11
Product placement in the past	12
Product placement in the Netherlands	13
Product placement versus traditional advertising	14
2.2. How is product placement measured?	16
Processing of product placement	16
How to measure Product Placement	18
Audience response to product placement	21
Why does product placement work?	24
2.3. What are the advantages and disadvantages of product placement?	25
Avoiding regular commercials	25
Benefits of product placement	26
Downsides of product placement	28
Why use product placement?	30
2.4 What are the trends in product placement?	31
Increase in the use of product placement	31
Product placement in videogames	32
Product placement in Smartphone apps	32
3. Methodology	33
Literature Research	33
Expert interviews	33
Methodology for the survey	36

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Propositions	37
4. What do experts think of the use of product placement?	38
4.1 What is product placement?	38
4.2 What are the effects on product placement?	39
4.3 What are the advantages and disadvantages of product placement?	40
4.4 What are the trends on product placement?	42
5. What do Dutch television viewers think of the use of product placement?	43
Perception of product placement	43
Product placement and realism	45
Conclusions and Recommendations	47
What is product placement?	47
How are the effects of product placement measured?	47
What are the advantages and disadvantages of product placement?	48
What are the trends on product placement for the next several years?	49
What do experts think of the use of product placement	49
What do Dutch television viewers think of the use of product placement	50
How can marketers implement product placement in their communication activities when reaching out to consumers?	51
Limitations and future research	52
Literature review	53

1. Introduction

Nearly every television program or movie on TV contains it, you usually cannot deny it and most of the time it is your cue as a viewer to refill your drink or go to the bathroom: commercial breaks. It is the opportunity for brands to get their product or service across to the consumers and try to influence them. However, we just stated that the commercial break is used for bathroom breaks and getting a new drink. This is also found out in a research by Van Meurs (1998): Television shows cope a loss of 21,5% of net audience during commercial breaks (Wilbur, 2008). A few years earlier, Krugman, Carmon and White (1995) found that 67% of the participants in their research avoided commercial breaks during television programs (Wilbur, 2008). So how do you, as a brand, get your message across to the audience without them running away for a new snack? The answer to this is *product placement*.

Product placement is nothing more than a product being shown during a show or movie in a natural way. According to the European Commission, *"Product placement means any form of audiovisual commercial communication consisting of the inclusion of or reference to a product service or trade mark thereof so that it is featured within a program, in return for payment or for similar consideration"* (European Commission, 2012). Of course the aspect of 'payment' in the above mentioned definition varies from the nature of the placement in the movies. A product name or brand name that is mentioned might cost and marketer more than just simply display the brand in the background (McCarty, 2004).

According to Brennan, Dubas and Babin (1999) the main reason why product placements was part of the early motion pictures, was that it added to the reality of the show. Real brands used by real actors make the story much more vivid than the use of fake brands (McCarty, 2004). It was only later on that producers became aware of the fact that they could use these placements in commercial aspect and that it could benefit their movie.

Product placement itself has been around for a long period of time, but it has only been since the last 20-30 years that movie scripts are actually being reviewed in order to create a good placement opportunity for companies (McCarthy, 1994).

Karrh (1998) states that product placement nowadays is not only limited to movies and television shows, since it is also embedded in videogames and music videos. This however is not the limit since advertisers are also working on placements in smart phone applications.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

For a marketer it is interesting to see how product placement can contribute to reaching their communication goals: what is it? What are the biggest pro's and cons' and what are the effects of product placement? It is therefore the following research questions has been stated:

How can marketers implement product placement in their communication activities when reaching out to consumers?

In order to answer this question there are several sub questions formed that will help obtain more information and knowledge on the subject. The sub questions are as followed:

Sub question	Desk Research	Experts	Survey
1. What is product placement?	X		
2. How is product placement measured?	X		
3. What are the advantages and disadvantages of product placement?	X		
4. What are trends on product placement for the next several years?	X		
5. What do experts think of the use of product placement?		X	
6. What do Dutch television viewers think of the use of product placement?			X

1. Product placement has been around for quite a period of time. Nevertheless it has only been since the last 30 years that the practice of placing products and brands in movies and television shows is taking off. In order to get a good view on the use of product placement it is essential to get a good definition, since there are many descriptions used. What are the different types of product placement and where does product placement stand compared to the traditional 30 second advertisement? Literature research will be used in order to answer this sub question.

2. The effects of product placement are rather difficult to measure. Nevertheless, a description is given on how consumers are likely to process product placement and what this form of advertising does to your brain regarding awareness.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

3. As most forms of advertising, product placement has many advantages. But it also has some downsides. A comparison will be made between the most named pros and cons in both literature and expert interviews. This will be done on both consumer perspective and the perspective of brands.

4. In many studies, product placement is expected to grow rapidly the next years. A closer look will be taken at the numbers and figures on product placement worldwide and more specific, in the Netherlands. Desk research will be used in order to get an overview on the latest trends in product placement.

5. There are many parties involved during the process of product placement. A brand itself, media agencies, broadcasters and various others. A total of eight experts have been interviewed in order to get their view on product placement. Every one of these experts have been asked the same questions as the sub questions described in this research. This will lead to a more complete conclusion and advice on product placement and how to implement it.

Further detailed information on the interviews will be given in chapter 4, alongside with an overview of the questions and the persons who participated.

6. In order to find out what the Dutch television viewers think on product placement, an online survey has been conducted. Further detailed information on the survey will be given in chapter 5 alongside all the results and most important conclusions.

Scope of this report

The idea behind this report is that it provides insights on product placement. These insights can be used by marketers if they want to know more about the possibilities of product placement and the effects. Next to the relevance of marketers this report could also be interesting for companies that are deliberating on whether to use product placement or not. If you are not aware of the practice of placing products in television shows, movies, radio and many other media, this report gives you the basic information on product placement. This report consists of a wide range of literature, as well as eight experts that work with product placement in their everyday lives. These experts vary from people working at media agencies, broadcasters, companies that used product placement and an assistant professor at the University of Amsterdam. Next to that, 106 respondents have been asked about their opinion on product placement.

2. Theory

In order to get a good view on the practice of product placement it is vital that there is a clear definition on this form of advertising. A small introduction is given on product placement and on the various ways it can be implemented in both television and film. Because it is a form of advertising for companies it is interesting to see how the results are measured when using product placement and does it really get the result brands are aiming for? Furthermore, this chapter aims to give an indication on the advantages and disadvantages of product placement and the trends for the next several years.

2.1. What is product placement?

Since the beginning of product placement, various terms and definitions have been used. All these descriptions were put together and compared.

One of the first definitions on product placement was stated by professor Siva Balasubramanian (1994). He sees product placement as *'a paid product message aimed at influencing movie (or television) audiences via the planned and unobtrusive entry of a branded product into a movie (or television programme)'*. Russell (2002) calls product placement a *'well-integrated reference to a brand: The practice of branded products being placed in the content of (mass) media programming'*. There is a clear difference in definitions when these two are compared. At first, Balasubramanian talks mainly about a paid product message in primarily movies. Ten years later it is visible that product placement is used more often in various types of media and not only movies. Therefore Russell used the term mass media programming. Because of this development in various types of media, the definitions have been changed over the course of years.

Bleijerveld and Lemmink (2006) define the term product placement simply as a product or brand logo being placed in a movie, television show or computer game, in exchange for some sort of (financial) compensation, with the ultimate goal to persuade the viewer to buy the product. This definition takes it even wider: it includes video games. Next to that it contains a certain call to action: to persuade the viewer to buy the product. The definitions by Balasubramanian and Russell did not focus on the buying aspect of products.

Karrh (1998) however refers to product placement as 'brand placement'. Although the principle is pretty much identical, Karrh is of the opinion that it is not the product that is highlighted but the particular brand itself.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Of course this definition is discussable because is it really just the brand that is displayed when using product placement?

Most of the times companies are trying to promote a certain product like a new car model or a new coffee machine. It is important that the viewer remembers the brand name, but the ultimate goal is to promote the new product.

Steortz (1997) calls product or brand placement *“the inclusion of a brand name product package, signage or other trademark merchandise within a motion picture, television show, or music video”*. When compared to the definition of Balasubramanian there are a few aspects that are similar and a few that differ. At first, Steortz doesn't mention the paying aspect of a product being placed into a movie or television show and secondly the definition only considers the stimuli that are presented visually (Karrh, 1998).

Although there are a few differences in the definition of product placement, the explanation of Daugherty and Gangadharbatla (2005) seems to include most of the different aspects mentioned by all the other definitions. It is therefore that product placement, in this report, is defined as *“a form of advertising and promotion in which brands are placed in television shows, movies, or other entertainment content to generate visibility and achieve audience exposure”*.

Types of product placement

In her research on the effectiveness of product placement in television shows, Russell (2002) categorizes product placement in three dimensions: Visual, connected to the plot and auditory.

Visual placement is when a brand appears visually on the screen. This can be divided in several subcategories like prominent and subtle placement, the amount of appearances throughout the show and the way it is shot by the camera.

Prominent product placement is, as the name suggests, when a brand is obviously being showed to the viewer. It is almost way too obvious not to notice the brand.

Subtle product placement on the other hand, requires much more finesse when it comes to showing a brand. The brands are mostly shown in the background and are only noticed when you're not aware of them. Further research about the effects of subliminal product placement is discussed further in this report. When product placement is connected to the plot, it is incorporated in the story told in the show or movie. This can also be divided in different dimensions (Russell, 2002).

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

At first there is lower plot placement. This type of placement does not contribute much to the story itself. A good example of this is the use of Samsung in *Goede Tijden, Slechte Tijden*. All the characters in the show use cell phones, laptops and tablets of Samsung. Although these devices are being used to call or mail other characters, this brand could easily be replaced by any other (multimedia) brand like Apple or Sony.

On the other side there is also higher plot placement (Russell, 2002). In this case, brands or products have a much more important role in the plot and are somewhat building the character they are connected to. Russell (2002) states James Bond and his Aston Martin as a combination of a character and his brand that complement each other. When a character is being identified with the brand, it can be called higher plot placement.

The last type of product placement that can be used in both movies and television is auditory or verbal placement. During this type of placement, a brand or product is mentioned during a dialogue. This also has different dimensions; how is a brand being mentioned, by whom, in what type of dialogue and what is the tone of voice?

Product placement in the past

Strategic product insertion within media first received critical attention when marketing agency Rogers & Cowan succeeded in placing “Reese’s Pieces” candies into a scene in Steven Spielberg’s blockbuster “E.T.” (Newell, Salmon & Chang, 2006). The main character lures the alien with the peanut butter candy.

The facts are clear: Within two weeks of the movie premiere Reese’s Pieces sales increased by nearly 65% even though the candy appeared three short periods on the screen (Bukszpan, 2011).

Most of the sources address this product – or brand placement scene as the ‘start’ of product placement being induced in the Hollywood movies.

The use of product placement in media however started almost a century before the launch of E.T. One of the first examples of product placement is documented in 1873.

It has been reported that Jules Verne was approached by several transport companies, before his most famous novel *Around the World in 80 Days* was even published. They all wanted to be mentioned in the book by Verne (Yuan, 2011).

Although this is one of the first documented cases where there was made use of product placement, it was never confirmed that Verne actually got money for the request by the transport companies (Allison, 2011).

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

The first product placement in motion pictures can be addressed to the Lumière brothers in the late 19th century. According to Newell et al (2006), in their 50 second movie *The Card Game* the father-in-law of both the brothers can be seen in the video. In that time he owned a beer brewing company and in the video this person pours the brothers a beer from his company. Although the label is a bit vague, Newell et al (2006) state this as the first steps towards a connection between film and commerce. The first placement however appeared in the same year in another movie of the Lumière brothers. In their movie *Washing day in Switzerland*, two women can be seen washing their hands with 'Lever Brothers' soap (Newell et al, 2006). This was after the Lumière's started a business agreement with one of the distributors who worked at the English soap company. Since that time, product placement has been used regularly in movies, radio shows, soaps and magazines all over the world.

Product placement in the Netherlands

In 2011 it was stated that the amount of product placement on Dutch television is increasing (Profnews, 2011). When looking at the Dutch media, there are a lot of programs that use product placement nowadays (Asbeek Brusse, 2008). This section contains a few examples of programs that use product placement on Dutch televisions and explains what their goals are. The results and effects are just mentioned shortly. A full overview of the measurements - and effects of product placement in general will be given in the next paragraph.

Live4You

The lifestyle program Life4You on RTL 4 uses a lot of product placement during their shows (RTL, 2014 (2)). Next to product placement, also other forms of branded content are used to promote brands. The main goal of this branded content is to increase the visibility of the various brands and introduce new products with the ultimate goal to reach a higher buying intention with the target group (shoppers in the 20 – 49 years of age category) (RTL, 2014 (2)). According to research done by RTL, the exposure in the show leads to a high visibility of the brand, positive effect on brand image and it also leads to a higher buying intention. It is therefore that products of brands like Lidl, Kruidvat, Senseo, L'Oreal and Jumbo appear quite regularly on the show (RTL, 2014 (2)).

Eigen Huis & Tuin

The television program Eigen Huis & Tuin was one of the first home improvement programs on the Dutch television (RTL, 2014 (3)). Brands like Gardena and, more prominently Praxis, are presented quite frequently in the show. Praxis' goals were clear: they wanted to create top of mind awareness, which will be explained in the next paragraph, and wanted to present their new assortment to the viewer.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

According to RTL research they achieved these objectives (RTL, 2014 (3)). Unfortunately, no figures were given. On the website of RTL, Praxis states that the program Eigen Huis & Tuin enables Praxis to stay strong as a brand.

Goede Tijden, Slechte Tijden

With an average of 1.7 million viewers per episode, Goede Tijden, Slechte Tijden (GTST) is a very interesting medium for brands to get involved with (RTL, 2014 (1)). It is therefore that brands like Breaker, Coca Cola, Samsung, Haribo and many others have used this show to promote their product by using product placement.

Rules and regulations

Even though the fact that product placement is being used for several years already, there are some rules connected to the use of it. One of these regulations is for instance that product placement must never be used in news-, current affair- and children programs (van Wijk & Visser, 2011). Next to that, programs that use product placement in on television have to mention the fact that the viewer is exposed to brands while watching it (van Reijmersdal, Tutaj & Boerman, 2013). GTST for instance, uses a small PP logo at the beginning of the episode. Next to that it sometimes says 'This program contains product placement'. This is mostly seen with commercial broadcasters, because product placement on the public broadcasters is by law prohibited anyway. Most of these regulations are not just for the Netherlands, but imply every country in the European Union. (Van Wijk & Visser, 2011)

In the article of van Wijk & Visser (2011), professor Eva van Reijmersdal admits that the rules that are made by the EU are sometimes necessary. Viewers need to be sure that for instance the news bulletins they watch, serves them topics on a neutral and objective level (van Wijk & Visser, 2011).

Product placement versus traditional advertising

Because of the diverse character of product placements it is difficult to characterize this form of advertising as one and the same thing (McCarty, 2004). As mentioned before, product placement can be used in the background but also fairly prominent and connected to the script. This section explains the differences between product placement when compared to the traditional 30-second ad on television.

According to Yang, Roskos-Ewoldsen and Roskos-Ewoldsen (2004), there are six different aspects on where product placement has advantages compared to regular advertising.

Further advantages for product placement in general are described in chapter paragraph 2.3 – advantages and disadvantages of product placement.

1. It overcomes the problem of zapping

As mentioned before by Wilbur (2008) many people use commercial breaks as the time to move away from their television. It is assumed that people do not move away from the television during the show or film itself. (d' Astous & Chartier, 2000).

2. Associated with the actors

Ferraro & Avery (2000) found that the product placements are often associated with the actors in the movie or show. Yang, Roskos-Ewoldsen and Roskos-Ewoldsen (2004), state that based on the research of DeLorme & Reid (1999) the association of the brand or product with an actor or actress leads to an increase in the feeling that they need to buy the product.

3. Enables you to target specific audiences

If product placement is implemented in a show it enables you, as an advertiser, to target very specific audiences (Yang, Roskos-Ewoldsen and Roskos-Ewoldsen, 2004). If you know exactly how the viewer of the show is defined, it works in your advantage.

4. Longer lifespan than traditional advertising

As mentioned by d' Astous & Chartier (2000) product placement has a longer lifespan than traditional advertising. This is certainly the fact with for instance placements in a movie. An example might be the placement of Reese's Pieces in E.T, as mentioned earlier. The movie appeared on DVD several times and so the life of the product placement is extended even 20 years after the movie appeared (Yang, Roskos-Ewoldsen and Roskos-Ewoldsen, 2004).

5. Positive attitude of the audience

Van Reijmersdal found that the attitude of the audiences towards branded content in general is more positive than regular advertising (Marketingfacts, 2012). Next to that, Spanier (2012) found that viewers think product placement ads realism to the show they are watching. Ferraro & Avery (2000) found the same results regarding movies.

6. Less critical response

According to Yang, Roskos-Ewoldsen and Roskos-Ewoldsen (2004), Babin & Carder (1996) found that audiences are probably less critical regarding product placement than they are regarding traditional advertising.

A theory that could enhance this finding is the persuasion knowledge theory by Friestad and Wright (1994), which will be discussed later in this report.

Besides these six advantages, Blondé & Roozen (2007) found that prominent placement is more effective than 30 second TV commercials. This is also enhanced by Gupta and Lord (1998) stating that prominent placements are able to induce better recall than regular advertising. A further examination on the effects and how to measure these will be given in the next paragraph, 2.2.

2.2. How is product placement measured?

Measuring brand awareness is one of the research methods that is used commonly to see the effectiveness of a company's communication and marketing. This chapter will give information on how product placement is measured and processed and what the purpose is of this form of advertising.

Processing of product placement

Because of the fact that product placement consists of different types of placements (visual, auditory etc.) it is a very complex process to measure (McCarty, 2004). In his study, McCarty (2004) looks at the different types of product placement, basic and advanced, and how they most likely are being processed in the head.

At first, the easiest form of product placement. When a product or brand is mentioned barely it is assumed that the process may be identical to the affective classical conditioning of Pavlov (McCarty, 2004). This affective classical conditioning consists of an unconditioned stimulus and a conditioning stimulus. As McCarty (2004) mentions, this would be the same for product placement. In that case the unconditioned stimulus would be a nice scene at the beach and the conditioned stimulus would be a Coca Cola bottle. The idea is that the good feelings that evolve when seeing the beautiful beach also reflect on the brand you see. In her research, Russell (1998) assumed that the 'basic' product placements, props in the background of a scene are processed by the non-conscious association between the film and the brand.

The Elaboration Likelihood Model

According to the Elaboration Likelihood Model (ELM) by Petty and Cacioppo (1986), consumers can go through two different routes when they are being exposed to an advertisement. The model gives an insight on how the attitude or behavior changes of the consumer when they see the process a communication message.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

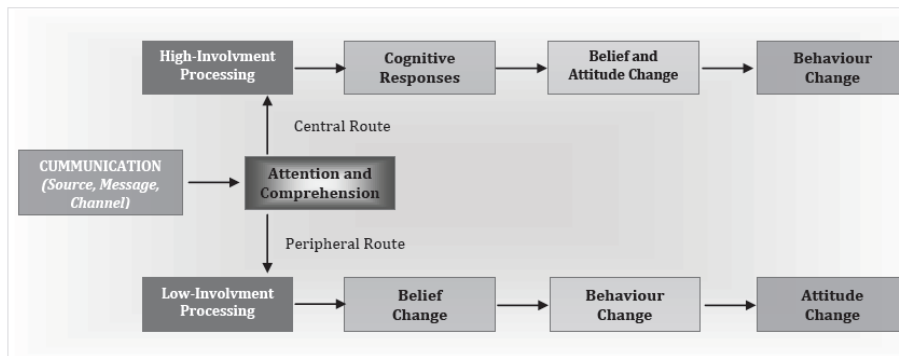


Figure 1: The Elaboration Likelihood Model

1. The Central Route

The central route is followed when the consumer pays more attention to the arguments and product related information of the message. In other words, the consumer has a higher involvement with the message or product that is being showed.

The viewer spends a lot of time to critically evaluate the message that is being presented.

They pay careful attention to the message and compare this to the information that is already stored inside the brain.

2. The Peripheral Route

During the peripheral route we can say that the viewer of the message is low involved and is not capable to evaluate the message with all the arguments. The attitude that is being formed on the product is now mostly created by the credibility of the person that delivers the message (Boot, 2013). Product placement is more likely processed via the peripheral route because the message is perceived secondary to that of the actual content (Daugherty & Gangadharbatla, 2005).

However, this assumption does not hold for every type of product placement. According to Russel (2001) auditory placements are processed centrally regardless to their connection with the plot. Visual placements however are only centrally processed if they are connected to the plot. In most cases of subtle placement, the viewer does not have the ability to be fully aware of the product that is being presented to them and therefore does not consciously notice it, thus enhances the peripheral route.

Which route to choose?

The route that is chosen depends on two factors: *motivation* and *possibility* to evaluate a message (Boot, 2013). There are several factors that can influence these factors.

When looking at the *motivation* factor, an important influencer is the relevance of the message to the viewer.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

When the consumer is not 'in the market' for the particular product or brand that is being presented, or has low ability to understand the message that is being showed they are more likely to follow the peripheral route.

The *possibility* to evaluate a message is dependable of the amount of distraction and the amount of repetition of the message. In case of a high motivation and possibility to evaluate the message we could say that the elaboration likelihood is big. This would mean that the viewer of the message would take the central route to process the information.

Is it the complete opposite however, the elaboration likelihood would be low. The viewer would still be able to create or change a certain attitude but it would then be via the peripheral route. Of course it is also able that a message that is being elaborated via the peripheral route can lead to a attitude change for the long term (Boot, 2013). In that case the viewer would form a certain attitude that enables (motivates) them to think more about the product or message, which will eventually lead to an elaboration via the central route.

But how do you motivate viewer to think more about a message? The key is to keep repeating the message. That way, the information will no longer be processed by the peripheral route but will be taken over by the central route (Boot, 2013). A theory that can be linked to this is the mere exposure effect.

In short, this means that repetition of a message is likely to influence the attitude of the viewer: the more he or she is exposed to a message, the more likely it is that he or she remembers it. One of the main figures on the mere exposure effect, Robert Zajonc (2001), showed that repeated exposure indeed leads to an increased positive affect towards the specific object.

How to measure Product Placement

When looking at how to measure the effects of product placements, there are a few components that can be tested:

1. Explicit memory

At first, there is explicit memory. According to Yang and Roskos-Ewoldsen (2006), we talk about explicit memory when "(...) *people intentionally and consciously try to recollect a specific previous event*". In marketing, this includes information like ad slogans, factual information about the product or brand and product benefits.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

If the goal for the placement, from a marketers perspective, is to show benefits of the brand and increase brand awareness, than explicit measures are the right tools for measuring effectiveness (Ho, Lin & Yang, 2011).

Brand awareness can be divided in three classical measures in any given product category. These measures are top of mind awareness, spontaneous awareness (recall) and aided awareness (recognition) (Laurent, Kapferer and Roussel, 1995). Top of mind awareness is the first brand recalled in response to the product category cue. (Romaniuk et al, 2004). Spontaneous awareness is perceived as the unprompted recall of the brand name and aided awareness could for example be the recognition of a brand name when prompted. This is nothing more than respondents being asked which brands or product they recognize when asked about for instance a television show (Romaniuk et al, 2004).

According to Romaniuk, Sharp, Paech & Driesener (2004) awareness measures are used very often to research brand performance and marketing effectiveness. Ho, Lin and Yang (2011) state that this is also the easiest way to see if a particular form of advertising has any effect.

Nevertheless, there is some critique on this form of measurement. The product placements can have a subconscious effect and therefore it cannot be measured with just a simple recall and recognition test. Robinson (2010) even questions the use of brand awareness measures in order to measure how successful a brand is. He states that sometimes awareness is even high for brands that don't exist because they sounds very logical to a consumer. This is called ghost awareness.

Law & Braun (2000) found that although the audience of their study were not always able to recall or recognize the brand, it may still have influence on the preference of the brand and the familiarity of it. In that case we can speak of the implicit memory.

2. Implicit memory

Implicit memory contain the things that we do not need to consciously recall in order to execute a certain task. Perfect and Heatherley (1996) would explain implicit memory as something that *"(...) concerns the effects that every day events such as remembering words, sounds, pictures or even ads can have, even though they cannot be consciously remembered"*.

Left brain

I am the left brain.

I am a scientist. A mathematician.

I love the familiar. I categorize. I am accurate. Linear.

Analytical. Strategic. I am practical.

Always in control. A master of words and language.

Realistic. I calculate equations and play with numbers.

I am order. I am logic.

I know exactly who I am.



But why is implicit memory such an important aspect when it comes to measuring the effect of product placement? Perfect and Heatherley (1996) define three aspects:

At first, we already said that implicit memory is not necessarily active when it comes to recognizing and recalling brands, it concerns more on how the people behave.

Next to that, the implicit memory can be seen totally separate from the explicit memory, or the conscious memory.

The third factor is, according to Perfect and Heatherley, the emotional response of an individual towards an ad. It is an important aspect that is linked to the implicit memory because it is part of the behavior. They state that if advertisers are more really interested in how the consumers behave, they should reconsider the use spontaneous- and aided awareness, which will be mentioned later on, as a test to see how successful a communication campaign is or was. This would make sense, because in the end it is not about how well your brand is recognized or recalled, you want to make sure that the product is being bought.

Audience response to product placement

As mentioned before, most of the studies that have been done in the past have mainly focused on the explicit memory of the viewer and the attitude towards product placement. In their 2006 research, Balasubramanian, Karrh & Patwardan designed a research model based on all the previous research that had been done on product placement. An overview of these researches and their outcomes can be found in *Appendix I*. With their research model, Figure 2 on page 22, they tried to measure the efficacy of product placement in marketing communication (Soba & Aydin, 2013).

The model of Balasubramanian et al (2006) consists of four factors:

- Execution factors (Stimuli based)
- Individual-Difference factors
- Processing/Type/Context/Setting
- Effect(s) from placement

2452

52.452042

Right brain

I am the right brain.
I am creativity. A free spirit. I am passion.
Yearning. Sensuality. I am the sound of roaring laughter.
I am taste. The feeling of sand beneath bare feet.
I am movement. Vivid colors.
I am the urge to paint on an empty canvas.
I am boundless imagination. Art. Poetry. I sense. I feel.
I am everything I wanted to be.



Mercedes-Benz
The best or nothing.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

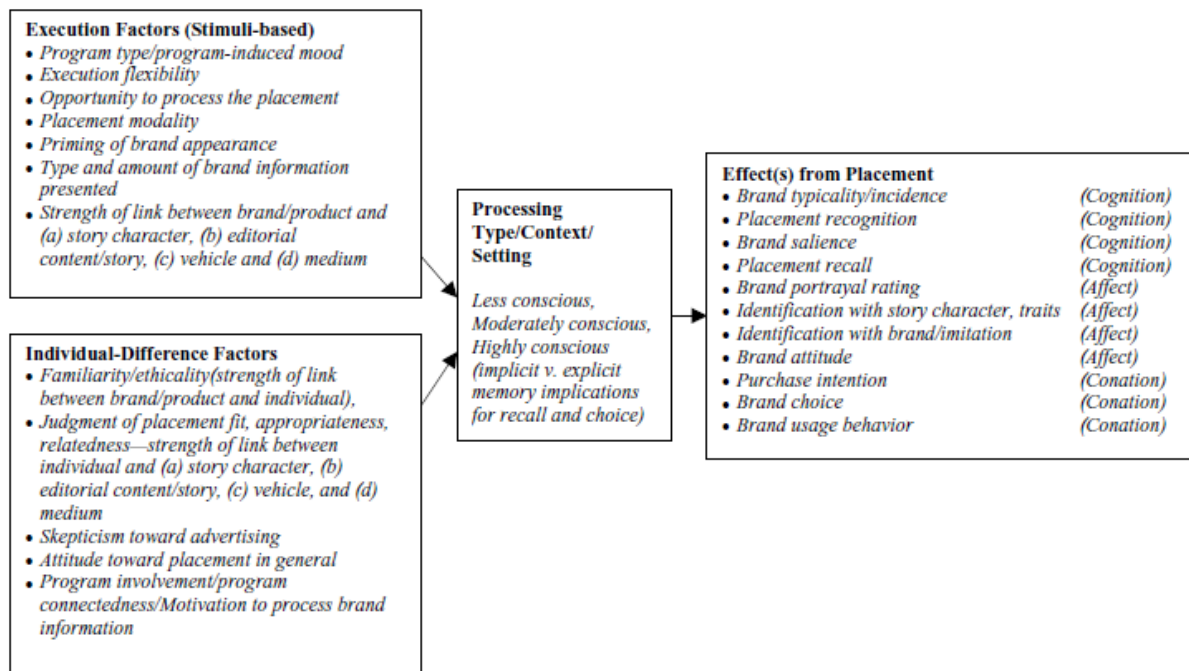


Figure 2: Research model of Balasubramanian, Karrh & Patwardan

▪ Execution factors

The variety of studies that looked at the effects of product placement had (usually) more than one execution factor that was under the control of either the sponsor or the creator of the program (Balasubramanian et al, 2006). In the figure, there are seven different factors: program type, execution flexibility (virtual placements, online placements), opportunity to process the placement, placement modality (visual vs. verbal), priming, type and amount of information and the strength of the link between product and e.g. story.

▪ Individual-difference factors

Next to the 'general' execution factors there are also variables on an individual level that explain the outcomes of product placement research. The five factors are: familiarity with the placed brand, the judgments about the product & medium, skepticism towards advertising, attitude towards product placement in general and the involvement with the program.

▪ Processing type/context/setting

According to the research model, the execution factors and individual difference factors both contribute to the processing of the placement. The processing can in this case be less conscious (implicit), moderately conscious or highly conscious (explicit).

▪ **Effect(s) from Placement**

The last block of the research model gives an overview of all the outcomes of product placement research. These effects are categorized in three classes: cognition (the information processing view), affect (emotion or a certain feeling) and conation (impulse, desire and a certain strive).

Why does product placement work?

Before answering the advantages and disadvantages of product placement, it is interesting to see why product placement, or branded content as a whole, is used. Van Reijmersdal has stated three effects on why branded content works with the viewers (Marketingfacts, 2012).

Note: in her research she talks about product placement as a part of branded content. The outcomes of this research are also applicable for product placement.

1. Likeability

According to Van Reijmersdal, the public appreciates branded content. She did a study where she asked respondents how they would value product placement and 31% stated that they are positive about branded content vs. 18% in regular commercials. More effects on the likability of product placement in general are described in the next paragraph

2. Credibility

The public finds branded content more credible than regular commercials. That is what van Reijmersdal states in her research (Marketingfacts, 2012). This increase in credibility will lead to more acceptance of this form of 'advertising', less resistance and therefore will have more effect on the viewer.

3. Influence unconsciously

Van Reijmersdal states that branded content is able to influence behavior, preference and attitude even when there is no active remembrance of the content itself. This was also mentioned by other studies described earlier in this chapter. Example: Slimfast and the show *Je Echte Leeftijd*. The associations of the program were that it was healthy, energetic and fit. Research by Van Reijmersdal showed that these associations were linked to the product Slimfast as well (Van Reijmersdal, Nijens & Smit, 2007). The fact that people do not necessarily remember that they have seen the brand, but associate it with positive aspects is one of the advantages of product placement. The next paragraph will have a bigger overview of all the advantages and disadvantages regarding product placement.

2.3. What are the advantages and disadvantages of product placement?

Product placement is a booming business when looking at the television industry.

According to the PQ Media Data (PRWeb, 2013) global product placement spending went up 12% in 2012.

This means that the spending on global product placement was estimated at about \$ 8,25 billion in 2012 when the total amount of money spend in 2009 was around the \$ 6,25 billion. Wilbur (2008) looked at the effects of the digital video recorder and TiVo on commercials and why people want to skip these ads. Product placement seems an answer for companies trying to promote their brand or is it?

Avoiding regular commercials

Since the coming of Tivo and DVR, in the US, viewers were able to fast forward through commercial breaks and therefore skipping all the advertising that they used to be exposed to. Next to that, the invention of Netflix enabled people to watch their favorite show or movie, without any commercials. This type of media seems to be substantially growing since the mid 2000's: The amount of Netflix members throughout the world have increased from 3 million in 2005 to 44,4 million members in the last quarter of 2013 (Verlaan, 2014). Bad news for the companies who try to sell products through traditional 30-second commercials.

According to Wilbur (2008), there are four main reasons why viewers are skipping commercials or even entire commercial breaks:

- *Viewers tend to avoid commercials when they feel that they are not in the market for the product or brand that is being advertised. An example for this might be a commercial for a gender based product.*
- *Viewers are avoiding commercials that not appeal to them and are not visually or creatively engaging them.*
- *Viewers see commercial breaks as the time to discuss what they just saw and to start normal conversations (Tse and Lee, 2001).*
- *Lastly, Siddarth and Chattopadhyay (1998) found that television viewers avoid commercials that they have been exposed to too much.*

Although it seems that product placement might be the perfect solution to the commercial break problem, it also has some down sights. Spanier (2012) has set up several pros and cons regarding product placement. A few of these are mentioned below and compared to other theory written about brand implementation in television shows.

Benefits of product placement

The use of product placement has several positive attributes when it comes to promoting a certain brand or product. These various type of benefits can refer to both positive attributes for the viewer as for the advertiser. Spanier (2012) created a list with several pros and cons for these two groups. Each of these pros and cons are described and checked with other literature:

- **Product placement leads to a higher recall**

The use of brands in the show itself instead of commercials in blocks around it, should lead to higher brand recall (Spanier, 2012). As mentioned before it is also dependable on the type of product placement being used. Russell (2002) found that placements that were mentioned auditory were better recalled than visual placements. This was both in lower – and higher plot condition.

Next to that, assumed is that prominent placement leads to higher recall with the viewer then subtle placement. Cowley and Barron (2008) found that this was exactly the case. The more notable a product or brand, the better it is recalled afterwards. This is also confirmed by van Reijmersdal, Neijens and Smit (2007): Products that are placed in a television show more subtle are recalled less. However, if a product or brand is being placed too prominent, it affects the attitude of the viewer towards it. This will be furthermore explained in the cons of product placement.

- **Product placement can affect attitude/image**

According to Cowley and Barron (2008), less interested viewers; in the research the non-fans of Seinfeld, were more positively affected by prominent placement than the viewers who really like the program. Cowley and Barron attribute this to the fact that the consumers, who like the show, create their negative thoughts towards the prominent placement because they might associate it with distraction or even interruption of the program.

The research of van Reijmersdal et al (2008) also showed that, although the more subtle placements were recalled less, as mentioned in the previous section, they unknowingly led to a more positive effect on the brand image. In the interview with Brusse (2008), van Reijmersdal clarifies this:

“When we asked the respondents if they had seen a certain brand, they could not recall it sometimes. The results however showed that they judged the brand nicer and better than they did prior to the video” (Van Reijmersdal, 2008).

- **Product placement as an unavoidable ad**

Where people were able to avoid ads when they appeared in commercial breaks, product placement allows companies to present their product or name to viewers and they are very likely to deny it. However, this is of course related to the type of placement that is used in the plot – as mentioned before by Russell (2002)

- **Reduce in costs compared to regular advertising**

One of the most important factors on using product placement is the reduce of costs compared to the traditional advertising (Williams, 2010). This of course is also dependable of the show or movie you want your product to implemented in.

A small placement in a new show could be less expensive than a traditional 30 second ad, but is this also the fact for programs that have already proved themselves? No concrete figures were found on the costs of product placement and advertising in general.

- **Once embedded, it is permanent**

A more criticized opinion Spanier has is that *'Once it's embedded, the product is permanent'*. This is of course true, but it is doubtful if this is actually an advantage for a brand. An example: A television show uses Windows Vista, which was criticized by both the consumers as Windows, on one of their computers.

On one hand this might be a good thing, but once Windows comes with new software and this show keeps continuing the use of Windows Vista, and makes remarks on it - because it does not work very well- this might come against you as a brand. This remark is also admitted in the cons that are mentioned later on.

- **Improved Realism**

One of the benefits for consumer's perspective is that the use of real brands and products makes the story much more alive than the use of fictional brands (Spanier, 2012).

In addition to the benefits of Spanier (2012), Williams, Petrosky, Hernandez and Page (2011) also sum up some of the pros or purposes for product placement: Create brand awareness, achieve prominent audience exposure, increase memory and recall with consumer, change attitude of consumer, bring change in consumer audience behavior and create a purchase intention.

Downsides of product placement

When looking at the use of product placement, there are also certain downsides on the use of it. These can also be divided in cons for the advertiser, as for the viewer. At first the advertiser.

- **Lack of control**

One of the main cons is that when you use product placement, there is a certain lack of control that you have when it comes to the message that's being presented; message in this case being the brand or product that is being promoted. Instead of the regular advertising, where a marketer regulates almost everything you see or hear, you need to rely on the show where it is inserted into. This is especially the case for real life shows like Utopia or Big Brother. Certain products can be criticized, ignored, be misused (Williams et al, 2011).

- **Risks of a program**

Another downside is the risk you take as a brand when starting product placement in a new show or even a new movie. Existing television shows or movie sequels already have the insight on how the show runs. This is also the case for Goede Tijden, Slechte Tijden. But when trying to do product placement for a movie it is difficult to predict on how successful it might be. Do you, as a brand, want to be associated with one of the biggest flops of the year? Perhaps not.

Marketers have little or even no influence on how well the media programming will be (Williams et al, 2011). Next to that, once a product is embedded in a show, it can't be removed very easily. Let's say that one of the main characters uses a certain brand or product quite often, and he or she does something inappropriate in real life, this might also affect the viewer's opinion towards the brand.

When looking at the consumer perspective for cons regarding product placement, there are a few downsides that Spanier (2012) summed up.

- **Lower quality of work**

At first, Spanier (2012) states that the use of product placement leads to a lower quality of work. This might be a bit too outspoken because in some cases it is believed that the use of product placement does lead to a higher quality of work or at least contributes to the credibility of the program (Van Reijmersdal, 2007).

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

On that note the assumption of Spanier is rejected. But on the other hand, does product placement always lead to a higher quality of work? As mentioned before, an overkill of brands that are being placed in a television show might work counteractive and therefore may lead to aversion towards the brand (Van Reijmersdal, 2008)

- **Aversion towards the brand or show**

In line with the previous downside, an overkill of product placement or a product that is placed too obvious could lead to a negative effect with the viewer. Van Reijmersdal in an interview with Elsbeth Asbeek Brusse (2008):

Recalling is of course one aspect, but that does not state that it is good for the attitude towards the brand. People will wonder why that specific brand is placed so prominent, which can lead to a negative attitude towards the brand.

(E. van Reijmersdal, 2008)

Van Reijmersdal states that this negative attitude can be attributed to the persuasion knowledge theory by Friestad & Wright (1994). This theory explains how consumers – target- react when they notice that they are being persuaded by either a company, brand or even an agency – agent (*Appendix II*). Both the consumer and the marketer have certain knowledge which is described in the ‘knowledge blocks’. According to Friestad and Wright (1994) people often move rapidly between the roles of target and agent in real life.

People gather information each and every single day about why, when and how they can be persuaded by an ‘attempt’; meaning *the information presented by the agent to influence someone’s beliefs, attitudes, decisions or actions*. (Friestad & Wright, 1994). This information enables the consumer to cope with the situation when they are being persuaded.

- **Increase in advertorial messages**

Another downside is that product placement increases the amount of advertorial messages viewers receive in the actual content. Marketers also know that the 30 second commercial is losing territory and therefore they need to come up with something new. And their answer is of course, product placement.

The award for the most product placements in movies, so far, goes to the movie *Man of Steel* (Erik, 2013). The producers had signed more than a 100 contracts with partners like Gillette, Walmart, Sears, Nokia and other global marketing brands and thereby gained an additional \$ 160 million in advertising funds.

Why use product placement?

Based on the pros and cons mentioned in the previous part of the report, it is interesting to see why product placement is used. Williams et al (2011) state that there are eight purposes:

1. Achieve prominent audience exposure, visibility, attention and interest

Williams et al (2011) state that more frequent viewers and viewers who enjoy a certain show are most likely paying more attention to the product placement than the people who do not enjoy the show. The key is to show the brand just long enough for them to see it, but not too long that it gets irritating.

2. Increase brand awareness

According to Nielsen Media Research, product placement in television shows could raise brand awareness by 20%. (Williams et al, 2011; MrWeb, 2006). This increase in awareness could then lead to a greater recall of the brand and a positive attitude towards it.

3. Increase consumer memory and recall of the brand/product

As found by Russell (2002) visual/auditory placements lead to an improvement in memory when they are congruent with the plot connection. In their study, Williams et al (2011) use the research of Pokrywczynski (2005) as he found that free recall and aided recall have led to viewers correctly recognizing and recalling placed brands in movies.

4. Increase instant recognition of the product/brand in the media and at the point of purchase

According to Brennan and Babin (2004), brands that are familiar to the consumer achieve higher levels of recognition than brands that are unfamiliar to them. This is vital for a brand at the point of purchase. Even though these brands are not noticed, it does something to your implicit memory.

5. Bring a desired change in consumer's attitudes of the brand

Williams et al (2011) state that consumers align their attitudes towards a certain product or brand with the character's attitude towards the brand.

This means that it is important that the show or character appeals to your target group. Van Reijmersdal, Neijens and Smit (2007) found that the amount of episodes you watch is important when it comes to a link between brand and program image. The more episodes you watch, the more likely the image of the program reflects on the brand (research with Slimfast and *Je Echte Leeftijd*, as mentioned before).

6. To change the audience's purchase behaviors

From a marketers perspective it is important that you sell a lot of product. Advertising forms like product placement should eventually lead to more sales. An example of this can be seen with the product placement of Reese's Pieces in the blockbuster E.T. Sales went up by 66% after the movie premiered in 1988 (Newell, Salmon & Chang, 2006)..

7. To create favorable practitioners' view on brand placement

As mentioned before by van Reijmersdal (2012), viewers show a positive attitude towards branded content compared to regular advertising. This is favorable for all practitioners that use product placement because it indicates that they can just keep doing what they are doing.

8. To promote consumers' attitudes towards the practice of brand placement.

Product placement seems favorable over other forms of advertising, as mentioned on the previous purpose point. Next to that viewers like product placement when it adds realism to the show or scene they are watching (Williams et al, 2011).

2.4 What are the trends in product placement?

As described before, the practice to place products in media has been around for a long time. However, it has changed over the course of years. The principle remained the same but the execution is different for each type of media. Product placement in videogames is something of the last 20 years and is also increasing more rapidly, same goes for brand placement in Smartphone applications. Do people also watch more television shows on their tablet, computer and or cell phone?

Increase in the use of product placement

Since the coming of DVR and TiVo in the US on the other hand, it became much more important for brands to get their name across to the viewer. In the Netherlands, many advertisers were not able to get their marketing targets through traditional advertising and therefore are looking for other alternatives to reach their goals (Wiering, 2006).

According to research of van Engelen and Hudepohl (2006), Unilever – one of the biggest TV advertisers – cut their spends on TV advertising from 2003 to 2006 by nearly 20%. The total amount of money spent on non-spot advertising in the late 90's was estimated at about 57 million euro's; in 2006 it was almost doubled and it was believed to continue the grow over the next following years (Wiering, 2006).

Product placement in videogames

If you, as a brand, want to reach out to a more younger audience, the best idea is to implement your brand or product into a videogame. This has also been done since the beginning of videogames. The idea remains pretty much the same as it is with movies and television: in the end, the brand want to sell more of their products.

Grigorovici and Constantin (2004), looked at two different types of product placement that were used in one specific videogame (Glass, 2007).

They looked at a racing game that implemented brands on both billboards along the track, as brands that were present in the game environment. It turned out that, although the brands that were presented on the billboards were recalled more often, the gamers had a greater preference for brands that were 'just' implemented as product placement rather than a big billboard (Glass, 2007).

Product placement in Smartphone apps

There is nothing more annoying than advertisement on the internet or on a smartphone. Brands keep badgering users with their advertisements in order to get them to buy their product. According to McCann (2013), even Steve Jobs stated that mobile ads were bad. However, the spends on mobile advertising are rapidly increasing and are predicted to increase from \$ 3,3 billion in 2011 up to \$ 20,6 billion in 2015 (McCann, 2013).

The simple reason for this is that much more people own a smartphone and a tablet these days. As a company it would be strange not to invest in mobile advertising. People on the other hand find it still annoying to get their application or video interrupted by commercial ads. The solution according to McCann? Build ad-like objects into the applications. Basically product placement in an app. According to McCann (2013) the name or ad has to be a *"natural piece of content in the flow of an application"*. This of course is easier said than done. It is difficult to insert a brand or product in a natural way when the app already built. Ideally you would have it present at the beginning. Then you have to face the difficult decision if it is worth the risk.

3. Methodology

This report consists of several research methods: literature research, expert interviews and a survey. In this chapter, all the idea's behind these research methods are examined as well as an overview of the questions asked during the interviews. The results of both the interviews and the survey can be found in chapters 4 and 5.

Literature Research

This research consists of existing literature on the use of product placement and other information that is relevant in order to answer the sub questions and, later on, the main question. Most of the literature used in this report is previous research on product placement in general, the effects, measurements and advantages and disadvantages

Benefits of literature research

According to van Veen & Westerkamp (2010), there are several benefits and downsides to literature research. One of the benefits is the fact that it is usually a cheap way to gather information, because it is already there. Although agreed with this statement, without the databases of the HU, a lot of research was unavailable for free. Another benefit is that the information you get is quicker, because if you want to do a certain research that has already been done before, it will benefit yours. Lastly the quality of the reports can be quite good, depending on the person who wrote it (van Veen & Westerkamp, 2010).

Downsides of literature research

Downsides to the use of literature research are that it is sometimes difficult to value the quality of the information you gathered. In order to ensure the information was 'correct' this study mainly focused on academic reports from various professors, researchers and students. Secondly van Veen & Westerkamp state that there is no influence on the collection of data and thereby it does not fit each other very well and lastly others can also collect the same information, so what makes your report unique? The last two points can be rejected if the writer is of such a skilled level that he or she is able to collect the correct data and presents it in the right way.

Expert interviews

Alongside the literature research, the other qualitative research method is expert interviews. The main objective was to get between eight and ten interviews from experts who work in the field of communication/media or more specific: the field of product placement.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Their insights on this form of advertising, together with the existing literature gave a good impression on product placement and how it can be used by (other) brands.

Experts in General

According to Meuser & Nagel (2002), an expert is someone who is responsible for the development or implementation of solutions or a person who has privileged access to information about groups or person/decision process (van Audenhove, 2007). In order to get a wide range of experts on product placement, media agencies, broadcasters and brands were approached to see what their view on product placement is.

Advantages of expert research

One of the main advantages of expert interviews is that they have specific knowledge about the subject product placement. The information they can give you is more difficult to obtain from literature research. Secondly, they are working in the field of your research' subject. They have a network of people who are also in that field of expertise and they can help you setting up other interviews (Van Audenhove, 2007).

Background on the interviews and limitations

The interviews were conducted all conducted via telephone and a few experts answered questions via e-mail. Interviews in general can be divided into two categories: synchronous or asynchronous. These two elements both consists of the elements *time* and *place* (Opdenakker, 2006). Interviews via telephone are categorized synchronous in *time* and asynchronous in *place*; you talk at the same time but the place is different. Interview via e-mail is considered asynchronous in both *time* and *place*; the respondent can answer where they want to and when they want to answer.

The disadvantages of this form of advertising is that you miss the ability to sense social cues (Opdenakker, 2006). You are not able to see the person your interviewing and therefore might miss cues like body language. These could lead to extra information that you otherwise would not have. Nevertheless, face to face interviews would have been more valuable but, because of the time restriction, this was not feasible.

Overview of the experts

In order to get a good and wide impression on the use of product placement experts have been conducted on several levels. One thing was essential: they need to have knowledge on product placement in some way. This wide range of interviewees provides this report with a good link of both literature and practical information that can be useful for marketers or

brands that are interested in product placement. A full in detail overview of the interviewees and their position in the company can be found in *Appendix III, section A*

Alongside these interviewees, several others were approached in order to see if they were able to cooperate by answering a few questions on product placement. Unfortunately, media agencies Mediacom, MEC and Initiative plus companies Haribo, Coca Cola, Miele, Endemol, Talpa, Stims Media and Ice Watch were unable to participate. Same goes for dr. Eva van Reijmersdal, Elsbeth van Asbeek Brusse and Rick Poshumus, who graduated on product placement in cooperation with RTL.

Overview of the questions

As said before, the main goal of the interviews was to get a more practical view on product placement and check if the opinions of the experts matched the existing literature.

In *Appendix III, section B* there is an overview of the questions that have been asked. All these questions were linked to the sub questions of this report. In that way, both the existing literature and the opinions of experts will lead to a final conclusion on these different subjects. The table represents all the questions that were made prior to the interviews. Depending on the answers, other questions were also asked but that varied per interview.

The interviews had an average length of 22 minutes and mostly consisted of 'open questions'. Because of the fact that some of the questions were pre-planned and others were asked based on the answers, the interviews had a semi structured character (Woods, 2011). Every interview was thereby recording with a recording device in order to make sure every example and statement was used correctly afterwards. Next to that, keywords of the answers were noted and, based on these keywords, further questions could be asked.

The interviews were divided in certain themes or in this case, the sub questions. This made it easy to compare answers from experts afterwards, because the questions were pretty much identical. All the interviews were typed out based on the recordings and the keywords and can be found in *Appendix IV*.

Methodology for the survey

In order to collect information about opinions, attitudes and behaviors regarding product placement, an online survey has been conducted amongst 106 respondents (*Appendix VI*). The survey was created with the online tool Thesistools and ran from the beginning of May till the beginning of July. In order to get a decent amount of respondents, the survey was posted on social media (Facebook and Twitter) and was sent to specific groups by e-mail.

Of the 106 respondents, a total of 56 respondents (53%) was female and another 50 were documented as male (47%) (*Appendix V, table 3*). The age of the respondents was between 15-60 years of age. The average age was in the category 17-24 years of age, as can be seen in *Table 1* and *Appendix V, Table 4*. Information on the education of the respondents can be found in *Appendix V, Table 5*.

		Sex			
		Man		Female	
		Count	Percentage	Count	Column N %
What is your age?	Younger than 17	0	0,0%	2	3,6%
	17-24 years	25	50,0%	25	44,6%
	25-34 years	16	32,0%	15	26,8%
	35-44 years	4	8,0%	11	19,6%
	45-54 years	3	6,0%	1	1,8%
	55 or older	2	4,0%	2	3,6%

Table 1: General information on respondents

The survey existed of a short video clip that used several scenes from the Dutch soap opera *Goede Tijden, Slechte tijden*. Every single one of these scenes contained product placement, whether this was prominent or subtle. The idea of this video was to give the respondents an introduction to the practice of product placement.

Propositions

In order to see what the attitude of the respondents was towards product placement, they were asked to answer 6 propositions with the help of a 5 point Likert scale, varying from totally disagree (1) to totally agree (5). The Likert scale is an easy method to measure a respondents opinion or attitude on a certain subject, because it enables you to get more information compared to a yes and no questions (McLeod, 2008). The propositions were divided in two categories:

Perception of product placement

- *“I find it disturbing if brands are being used in television shows”.*
- *“I do not mind if brands appear on screen during television programs”.*
- *“I do not watch a television show that has a product placement disclosure prior to it”.*
- *“I prefer to watch programs without product placement”.*

Product placement and realism

- *“If product placement is used I would rather see existing brands being used than fictional brands”.*
- *“I think the use of real brands in television shows makes the show much more real”.*

The total survey, as how it appeared to the respondents can be found in *Appendix 6*.

4. What do experts think of the use of product placement?

This chapter contains all the results of that were gathered during the interviews with the experts. These results will be analyzed and compared with each other. The goal for these interviews was to get more practical view on the use of product placement. The individual interviews with the exact questions can be found in the appendixes (*Appendix IV*).

The experts have been asked on the following subjects:

- What is product placement?
- How is product placement measured and what are some of the effects?
- What are the advantages and disadvantages of product placement?
- Do you have any trends regarding product placement?

4.1 What is product placement?

There are many definitions found on product placement. One might call it product placement, the other one talks about brand placement. The respondents were asked the same question. What would be their definition on product placement?

Peter Bout (Starcom) sees product placement as a natural way to present your product so that it comes to the attention of the viewer. When asked about the paid or unpaid aspect he says that that is not really relevant for the definition, because the principle remains the same. Mommaal (SBS) is of the opinion that the definition of product placement has to have the 'natural setting', because that is what makes product placement, product placement.

Admiraal (Content Partnerships) describes product placement as a brand that physically appears in a program. It showcases the brand and it has to be perceived unconsciously by the viewer.

Kerkhoff (Mindshare) sees product placement as something that stands apart from branded content, where most of the others see product placement as a part of branded content. In his opinion product placement is adding something to 'a thing' that is already there. You borrow for instance a television show to add your own logo in it. Branded content is content that you create as a brand. But he admits that there is a very thin line on the definition. Even the people working in the communication field do not always know what the exact definition is: *"The overall conclusion is that 'the definition' of product placement is not really clear. That is how we see it at this point"* (J. Kerkhoff, personal communication, 16th of July 2014).

4.2 What are the effects on product placement?

Measurement

As described in chapter 2.3, there are several ways to measure product placement and the effects it has on viewers. Nevertheless, all the experts agree that it is difficult to measure just the effect on product placement as a standalone form of advertising. However, almost every expert indicates that they measure the results of campaigns they run.

Admiraal (Content Partnerships) states that they do measure the results and try to implement the 'in program' aspect into the questionnaires. Content Partnership does an effect measurement based on a baseline- and final measurement or even an interim measurement. The research is done online and the group of respondents has to be big enough to be representative for the Dutch population.

Both RTL and SBS are using the *Sponsor & Effect Meter*, or at least systems that are similar to each other. Mommaal (SBS) states that they usually measure an entire campaign and not particularly the subject product placement. This makes it very difficult to say what component actually created the success of the campaign.

Kerkhoff (Mindshare) agrees with the proposition that product placement is difficult to measure. He is of the opinion that this is also the reason why product placement is not growing as fast as it could be. At this point, Mindshare does not have a research that focuses on just the effects of product placement. When asked how they would measure it, he explained that a natural setting, with groups just watching television, would be the perfect way to see any results.

At this point product placement is mainly measured via explicit memory tests, but it also has effects on the implicit memory. Bout (Starcom) also states that it is hard to measure the effects of product placement. They use research agency MeMo2 for their data to clients.

Effects

When asked about the effects on product placement Bout (Starcom) implied that it is difficult to say that product placement leads to a certain percentage increase of awareness. Largely you could say that it has that effect, but that depends on the creation and implementation of the placement. It has to be done the right way in order to see success.

"You can easily 'approach' people 6 times, but if each and every one of those six times is bad ... It doesn't have the preferred effect". (P. Bout, personal communication, 9th of July 2014)

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Van Schie (Quooker) indicates that she has seen positive results from product placement with Quooker. The awareness of the brand Quooker increased rapidly after they were implemented in the television show *Gooische Vrouwen*. The products were used in a natural way and the brand still benefits from that today.

Admiraal (Content Partnerships) also states that product placement leads to an increase of awareness. Although it is difficult to say that in general, because it all depends on the practice itself and the combination with other forms of advertising.

Kerkhoff (Mindshare) agrees with this. He saw positive results on the campaign Mindshare did with Ford in the television show *Moordvrouwen*, but this was also a combination of multiple forms of advertising.

4.3 What are the advantages and disadvantages of product placement?

In order to get a good view on the advantages and disadvantages of product placement from the experts' perspective, the answers were submitted in a table; *table 2*. Not every respondent has been asked the advantages and disadvantages of product placement. These are left out of account in this table:

Name	Advantages	Disadvantages
Qutob	Relatively cheap	-
Kerkhoff	Easy to reach our target group More likable and trustworthy than regular ads	Hard to measure
	Also has effect on the subconscious of the consumer	
Bout	Shows good results in combination with other forms of advertising Better reach of the target group	You have to do it the right way
	Really adds something to your campaign in combination with other forms of advertising	Expensive to examine the effects
Admiraal	When implemented good, it is a unique form of communication = it stands out	The moment of contact with the viewer is quite short
	Costs are quite low for the implementation	No explanation on the key elements of the product
Mommaal	A natural form of advertising, but that also has its downsides	You cannot use it as a form of 'advertising' where you promote the product
	You piggyback on the image of the broadcaster/program/character	

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Van Schie	Cheaper to implement your product in a show -	
Van Maaren	Natural implementation	
	Attitude of the viewer towards the show reflects on the product or brand	You have to use it in a way that does not irritate the viewer

Table 2: Advantages and disadvantages per expert

Bad examples of product placement

Some of the experts were asked if they had witnessed or seen any bad examples of product placement. Van Maaren (RTL) indicated that RTL had done product placement for Haribo in The Voice of Holland. This placement was regarded a little bit 'bad' and was also called the Haribo-effect, because it appeared too obvious. In this case the viewer had the idea that they were just watching an advertisement during the entire show.

Kerkhoff (Mindshare) mentioned the product placement of Ford in *Moordvrouwen*. *"It is a show about cops and we used Ford as a cop car. Everyone in the Netherlands associates Volkswagen with a police car"*. (J. Kerkhoff, personal communication, 16th of July 2014). Next to this own experience he also mentioned episodes of the popular television show *Voetbal International*. *"VI, at this point, is more like a commercial for Mora, Snickers, and their own books to me"*. These are all examples where the product placement becomes too obvious that it is not even implemented in a natural way anymore.

Bout (Starcom) addresses the same experience with the channel 24Kitchen. He feels that the entire channel is built around advertising and product placement.

Do's and don'ts

The results from the interview showed a few do's and don'ts on product placement. What was mentioned quite often is that product placement has to be done right. Before you start thinking about product placement you have to think about your brand. What do you stand for and how do you want to be perceived by the viewer? Who is your target group and where can I find them? Of course this is something media agencies can help you with during the process, but it is something that was mentioned quite a lot of times in various interviews.

As mentioned by Kerkhoff (Mindshare), with product placement you have to look further than just the percentages that are measured with tests afterwards.

"(...)clients indeed really look at the figure that indicates how well they're being recognized..."

They then see that it is 'just' 10% and might think that this is bad, but they forget that it only indicates the explicit memory and it also have effects on your implicit memory. You'd just have to look beyond the recognition" (J. Kerkhoff, personal communication, 16th of July 2014)

Thirdly, when using product placement, it might come handy to also use another form of advertising to strengthen the campaign. Product placement is a form of advertising that does well on the memory of the viewer – if performed well, but the combination with for instance bill boarding or getting people involved on social media. As Bout (Starcom) looks back on the Crystal Clear campaign with *Verliefd op Ibiza*: *"That was what we call a 360 campaign that covered all the 'grounds'. Consumers just can't deny it – it is powerful"*. (P. Bout, personal communication, 9th of July 2014)

Lastly, the product placement has to be kept natural. That is a unique aspect of product placement and that is what viewers do not mind. Most of the experts agree on this. If you display a brand too long however or promote it too obvious, it feels more like an advertisement.

4.4 What are the trends on product placement?

A few of the experts, mostly media agencies, were asked if they see any trends happening on product placement. Table 3 gives a small overview of the trends that were mentioned. They all agree on the fact that product placement will be used more often in the future.

Name	Trends
Kerkhoff (Mindshare)	Regular advertising less successful. 1). Fragmentation of media landscape, 2). Rise of on demand & 3). Choose own content. More product placement
Bout (Starcom)	Brands try to claim moments or even time of the consumer + more product placement
Admiraal (Content Partnerships)	Shift from television to online, especially with younger audiences. Rise of product placement
Mommaal (SBS)	Increase in other forms of advertising, like product placement. More fully integrated concepts.
Boerman (UvA)	More possibilities than just TV, radio and print: games, videoclips, apps, online and even social media

Table 3: Trends on product placement.

5. What do Dutch television viewers think of the use of product placement?

Via an online survey, the attitude towards product placement of 106 average television viewers has been tested. This survey consisted of small clips containing product placement from the soap *Goede Tijden, Slechte Tijden* with the objective of giving the respondents an introduction to the practice of product placement. Immediately after the video, respondents were asked to answer several questions about their opinion on product placement. The attitude towards product placement was measured by presenting the respondents six propositions. These propositions had to be answered using a 5 point Likert scale.

Perception of product placement

In order to measure the perception of the respondents regarding product placement, they were asked to give their opinion on three propositions as mentioned in the methodology.

I find it disturbing if brands are being used in television shows

According to the respondents, the majority stated that they do not think it is disturbing that brands are used in television shows as can be seen in *Appendix 5.1*. 61% of the total respondent indicated that the presence of brands in television shows does not disturb them when watching television. 15% of the respondents stated that it does disturb them. The remaining 24% was Neutral opposed to this proposition.

When looking at the gender of the respondents that are not disturbed by the presence of brands in television shows, 70% is documented as a male respondent and 54% of the respondents was a female (*Appendix 5.1, table 6*). On average, the respondents had a score of 2,36 on the Likert-scale. This means they are on average negative towards the proposition (*Appendix 5.1, table 6.1*).

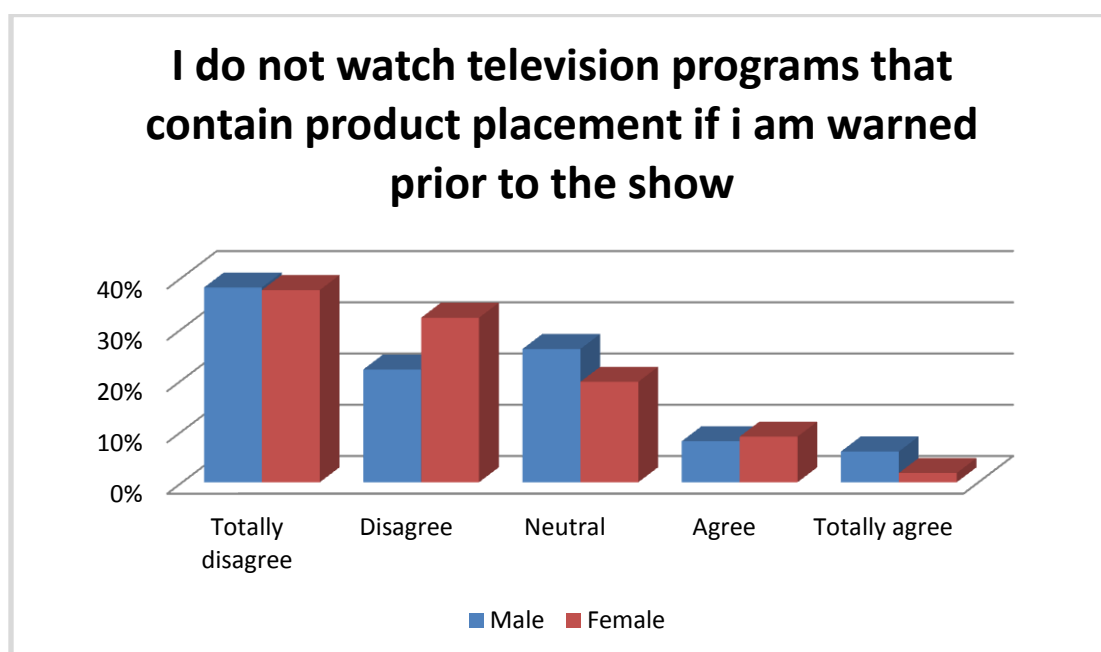
I do not mind if brands appear on screen during television programs

In line with the previous propositions, the respondents were asked if they mind that brands are used in a television show they're watching (*Appendix 5.2, Table 7*).

52% of the total respondents indicated that they do not mind the fact that brands appear on screen during television shows. 22% indicated that they do mind and 26% was Neutral to this proposition. Of all the positive respondents, 52% was documented as a male and 51,8% was documented as a female respondents. When looking at the weighted average, the respondents scored a 3,37 on the 5 point Likert-scale. This means that they are, on average, neutral towards the proposition. (*Appendix 5.2, table 7.1*).

I do not watch a television show that has a product placement disclosure prior to it.

As mentioned before in chapter 2.1, disclosures of product placement are mandatory in programs and movies on television to guarantee fair communication (van Reijmersdal, Tutaaj & Boerman, 2013). The respondents were asked if they would change their viewing behavior if they were warned that product placement is used during a television show (*Appendix 5.6, table 8*). 65% of the total respondents stated that the disclosure of product placement does not affect their viewing behavior compared to 12% of the respondents that does not watch the show. Of all the respondents that are not affected by the disclosure of product placement, 66% was documented as male (categories 'Totally disagree' and 'Disagree' combined). Female respondents are even more optimistic with 70%, as can be seen in Graph 1.



Graph 1: Product placement disclosure

The weighted average of this proposition was 2,13 on the 5 point Likert-scale, thus indicating that the disclosure of product placement does not affect their viewing behavior (*Appendix 5.3, table 8.1*).

I prefer to watch programs without product placement

The respondents were asked if they would prefer a program that did not contain product placement. Looking at the results, the respondents are quite mixed in their answers. 30% of the total respondents stated that they prefer programs that contain product placement compared to 28,3% that does not prefer programs containing product placement. 41,7% is Neutral to this proposition (*Appendix 5.4, table 9*)

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

When looking at the gender of the respondents in relation to this proposition, 38% of the male and 46,4% of the female respondents are Neutral when it comes to preference of programs without product placement. The remaining 53,6% of the female respondents either agrees or disagrees with the proposition (26,8% versus 26,8%). Of the male respondents 30% agrees that they would prefer a program without product placement and 32% prefers a program with product placement

On average the respondents scored a 2,96 on the 5 point Likert-scale. This indicates that they on average are negative/neutral towards the proposition (*Appendix 5.4, table 9.1*).

Product placement and realism

As mentioned before, one of the benefits of product placement is that it contributes to the reality of the television show or movie (Spanier, 2012). This was also examined with this survey. Respondents were asked if they would prefer existing brands over fictional brands if product placement was used and what their view was on the realism of the program.

If product placement is used I would rather see existing brands being used than fictional brands

If product placement is used in a television show, it is important for the respondents that the products and or brands are real (and existing) brands. 67% of the total respondents agreed with this proposition compared to 9,4% that disagrees. The rest was located in the Neutral category.

When looking at the male/female ratio: 72% of the males and 63% of the female respondents agrees on this. 6% of the male respondents claimed that they would rather see fictional brands as would 12,5% of the female respondents (*Appendix 5.5, table 10*).

This proposition has a weighted average score of 3,75 on the 5 point Likert-scale. This indicates that the average respondent answered neutral/positively on the proposition regarding the real or fictional brands (*Appendix 5.5, table 10.1*).

I think the use of real brands in television shows makes the show much more realistic

When asked about the realism product placement adds to a television show, the respondents are quite clear in their opinion. 69% of the total respondents state that the use of real brands makes a television show more realistic. 9% disagrees with this proposition and the remaining 22% answered neutral.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

When looking at gender, 78% of the male respondents stated that real and existing brands add more realism to the show as well as 61% of the female respondents. 6% of the male respondents and 10,7 % of the female respondents do not think that this makes a television more realistic (*Appendix 5.6, table 11*). On average the respondents scored a 3,79 on the 5 point Likert-scale. This indicates that they are mainly located in the Neutral/Agree category (*Appendix 5.6, table 11.1*).

Conclusions and Recommendations

The main objective of this report was to provide a guide for marketers that gives them some insights in the practice of product placement. What exactly is it and how does it work?

Combining literature research with the vision of experts and the outcomes of a survey, this thesis contains information gathered from a lot of sources.

The thesis consisted of six different sub questions that led to the answering of the main question: *How can marketers implement product placement in their communication activities when reaching out to consumers?*

The most important findings on each sub question are listed below

What is product placement?

Product placement is a form of advertising that seems to be more common these days. Nevertheless, there is not one clear definition on product placement. In this report, the definition of Daugherty and Gangadharbatla (2005) was used to describe the practice: *“a form of advertising and promotion in which brands are placed in television shows, movies, or other entertainment content to generate visibility and achieve audience exposure”*.

Based on the various interviews with experts, the only component that lacks in this definition, is the fact that the placement has to be performed naturally. Most of the experts defined this as what makes product placement unique. It is *considered* to be a form of advertising but it is not *perceived* as a form of advertising when performed well. However, this does not mean that this would be the correct definition. In this report product placement is seen as a form of advertising that is a part of branded content, whereas some studies refer to product placement not being a part of branded content (Nouwen, J. 2010). The overall conclusion is that it still remains a bit of a blurry area and that there is no such thing as one overall definition of product placement.

How are the effects of product placement measured?

One of the strong aspects of product placement is that it can be processed by the subconscious memory. It is possible that the viewer is not aware of the fact that he or she notices product placement actively, but unconsciously it is picked up by the brain (van Reijmersdal, 2012).

When it comes to measuring the effects, product placement is usually measured by explicit memory tests like spontaneous- and aided awareness.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Some literature and experts stated that this is perhaps not the best way to test the effects because you limit out all the effects it has on your subconscious (Kerkhoff, 2014; Bout, 2014). The fact that your brand gets recalled is good, but in the end you want the consumers to buy your product. These decisions are also taken in your implicit memory and not only in the explicit memory (Perfect and Heatherley, 1996). Even though implicit memory tests are happening right now, it is not sure if the current tests are good enough to measure the implicit effects of product placement.

What are the advantages and disadvantages of product placement?

When product placement is compared to the regular 30-second ad there are a few benefits and downsides that were found in both the literature and the expert interviews. The first sub question also covered a few benefits of product placement, which were further discussed in this sub question.

When product placement is compared to the regular 30 second ad there are a few aspects that seem to be a benefit for the product placement: it overcomes the problem of zapping, it is associated with the program or the actors, enables a marketer to target specific audiences, has a longer lifespan than traditional advertising, audiences are more positive towards it compared to regular advertising and they have a less critical response towards it.

One of the main characteristics of product placement, as mentioned before, is that it is not perceived as a form of advertising even when that is the whole intention of the placement. Research showed that consumers find product placement more likable and trustworthy compared to the regular form of advertising (van Reijmersdal, 2012). When the product is implemented in the right way it also contributes to the reality of the television show that is being watched (Spanier, 2012).

- **Experts on the advantages and disadvantages**

Experts are of the opinion that product placement allows you to do your marketing in a more targeted way. Instead of a commercial break that also features six or seven of your competitors, you are able to reach the consumer in the 'area' where he or she pays the most attention: the show itself (Admiraal, 2014). It is also mentioned that product placement works great in combination with other forms of advertising. However, this could also be a downside for the use of product placement.

PRODUCT PLACEMENT: HOW MARKETERS CAN EFFECTIVELY USE THIS

Because product placement is usually combined with other forms of advertising, it makes it harder to measure the effects on just product placement (Kerkhoff, 2014).

Next to that, if product placement is not used in the right way it can cause irritation or even arouse aversion with the viewer. This because there is a very thin line between good and bad product placement. If you show your product too long it becomes irritating, if you show it too short it might not get picked up.

Looking at the literature and the experts opinions on product placement, it can be assumed that the advantages of product placement outweigh the disadvantages and therefore it can be a great asset to the marketing communication of a brand.

What are the trends on product placement for the next several years?

Both the literature and the experts gave their opinion on the trends for product placement. Since the coming of on-demand television and services like Spotify and Netflix, advertisers have to come up with new sorts of advertising (Kerkhoff, 2014). The regular 30-second ad seems to be losing ground because of these innovations. Product placement is believed to increase over the next couple of years and so is branded content. Product placement is not only used in the traditional forms of media but is also implemented in games, video clips, apps and even online on social media (Boerman, 2014). The possibilities seem to be endlessly and this form of advertising is expected to grow over the next couple of years.

What do experts think of the use of product placement

Overall experts are positive on the use of product placement, because it enables you to reach out to a specific target group in a way that it is not perceived as an advertisement. Most of them are of the opinion that the effects of product placement as a standalone marketing tool are hard to measure. Mostly because of the fact that it is usually combined with other forms of advertisement to make sure the results are even better (Mommaal, 2014). Nevertheless, every single expert acknowledged the fact that product placement is going to occur more often in the future. One of the reasons for this is the shift from traditional television to online channels (Admiraal, 2014). The rising of services like on-demand, Netflix, Spotify or even Blendle causes companies and advertisers to look at other forms of advertising. Product placement seems to be one of the answers.

What do Dutch television viewers think of the use of product placement

106 respondents were asked to give their opinion on product placement based on a 5 point Likert-scale. These opinions were measured based on the answers on six propositions.

- **I find it disturbing if brands are being used in television shows**

The majority of the respondents (61%) disagreed with the fact that they think it is disturbing that brands are used in television shows. 15% of the respondents indicated that they do find it disturbing that brands are being used in television shows..

- **I do not mind if brands appear on screen during television programs**

52% of the total respondents indicated that they do not mind the fact that brands appear on screen during television shows. 22% indicated that they do mind and 26% was neutral regarding this proposition.

- **I do not watch a television show that has a product placement disclosure prior to it**

65% of the total respondents stated that the disclosure of product placement does not affect their viewing behavior compared to 12% of the respondents that does not watch the show.

- **I prefer to watch programs without product placement**

The respondents were asked if they would prefer a program that did not contain product placement. 30% of the total respondents stated that they prefer programs that contain product placement compared to 28% that agree with this proposition

- **If product placement is used I would rather see existing brands being used than fictional brands.**

If product placement is used in a television show, it is important for the respondents that the products and or brands are real (and existing) brands. 67% of the total respondents agreed with this proposition compared to 9% that disagrees.

- **I think the use of real brands in television shows makes the show much more real**

The respondents are of the opinion that the use of existing brands adds to the reality of the show they are watching. 69% of the total respondents state that the use of real brands makes a television show more realistic. This was also found in previous research by Spanier (2012).

How can marketers implement product placement in their communication activities when reaching out to consumers?

As found in the literature product placement is a practice that has been around for a long period of time. However, recent trends like on-demand television and other online services enable companies to think much more on other possibilities to reach out to consumers. Product placement is one of these possibilities.

Do's

What does your brand stand for? This is important to know, before you start using product placement. What is the image you want people to have on your product or brand? And how are you going to tell them? Based on these messages the right media vehicle can be chosen with the help of media agencies and broadcasters.

Use the success of the desired program in a way that it contributes your brand. Have the character that reflects most with your target audience use your product. In that way you create a preferable attitude towards your product, if implemented the right way.

Keep it natural. One of the main characteristics of product placement is that it is not perceived as a form of advertising because of its natural character. According to the experts, most of the bad cases of product placement are the ones where the brand or product is presented too obvious. Try to stay close to the content.

Don'ts

Do not use product placement as a standalone marketing tool. Product placement is just a small link in the chain of advertising that will contribute to your brand. As both experts and literature mention, product placement is ideal to add just that bit of extra to your marketing campaign. In combination with for instance bill boarding or even in store advertising, you are able to reach much more of your target group and you will be able to influence both the conscious and the sub conscious of the consumer.

Do not focus solely on the statistics. In the interviews was mentioned that companies tend to think in numbers when it comes to the amount of awareness they have. Thereby, previous research showed that a product placement is good when it reaches 20% awareness (Nielsen Media Research, 2006). What is forgotten in this example is the unconscious effect product placement has on the viewer. Spontaneous – and aided awareness is good, but when it comes to purchase intention there are also implicit factors that must be taken into consideration.

Limitations and future research

Limitations

There are a few limitations regarding this research. At first the amount of respondents on the survey. One hundred and six respondents gives you an indication on how the sample of television viewers sees product placement, but it is certainly not representative for the entire population. Next to that, most of the respondents are listed in the category 17-24 years of age. In order to get an even better indication you would have to see how the Dutch population is build up and use these percentages when seeking for respondents. In that way you could say that it might not be representative because of the amount, but it gives a reflection of the Dutch population.

Besides the survey, the number experts is not enough to give a representative view on product placement. It gives a good indication on their opinion of product placement but it is difficult to say that experts in general see product placement in that way. For the diversity of the expert group it would have been nice to also add some production companies. In that way you would have had media agencies, companies that used product placement, broadcasters and production companies. This gives a much more complete overview of the practice of product placement. Production companies like Talpa, Endemol and Stims Media were approached, but unfortunately this led to no result.

Most of the experts were interviewed by phone. As mentioned before this is also a limitation when compared to face-to-face interviewing. This would enable you to see other cues like body language and this could also be taken into account in processing the answers.

Future research

This thesis mainly focuses on the general aspects of product placement. It was found that there is not much research on the implicit memory regarding product placement. This could be an interesting subject for further research because this gives much more information on the effects of product placement. However, in order to get usable data this test has to be done in a natural environment where the people are watching the regular show on television. Furthermore, at this point most companies are not measuring just the outcomes of product placement. They know that it works in some way, but most research is done on a whole campaign. Since product placement is rarely used as a standalone form of advertising it is hard to say if the positive effects are just contributed to product placement, or is it the combination of product placement and another form of advertising.

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