

# Product Placement and Embedded Marketing:

## About Product Placement and Embedded Marketing

Product Placement or Embedded Marketing is a form of advertisement, where branded goods or services are placed in context usually devoid of ads, such as movies, the story line of television shows, or news program. The product is often not disclosed at the time that the good or services is featured. (*Quoted from Wikipedia*)

Embedded marketing is where a product is integrated into and becomes the integral part of the plot. It is a promotional tactic where a real commercial product is used in fictional or non-fictional media in order to increase consumer interest in the product.

## The History of Product Placement

Product Placement became common in the 1980's but can be traced back to the nineteenth century in publishing. By the time he published the adventure novel; '*Around the World in Eighty Days*' the French writer Jules Verne was a renowned literary giant to the extent transport and shipping companies lobbied to be mentioned in the story as it was published in serial form.

Possibly the first feature product placement was '*Wings*' (released in 1927), the first film to win the Oscar for Best Picture. It contained a plug for *Hershey's* chocolate. In the early media, e.g. radio in the 1930s and 1940s and early television in the 1950s programs were often underwritten by companies. "Soap Operas" are called such because they were initially underwritten by consumer packaged goods such as Procter & Gamble or Unilever. (*Quoted from Wikipedia*)

## The Purpose of Product Placement and Embedded Marketing

The main objective of product placement is to reach a wide target audience within the shortest period of time. The concept and idea of Product Placement is to put the product where it will receive the maximum exposure to potential customers. Research has shown that products used in movies, videos and television shows do better than those not placed through these media.

Through the solutions provided by the semiconductor video directory, suppliers can educate and promote their products and services to a large base of audience **quickly** and **continuously** within the semiconductor trade. With the strategic presentations, and the causal or underlying mentioning of advertisers' products and services on each product video clips, the targeted audiences will inevitably be exposed and enticed by advertisements related to the contents of that video clip.

## The Popularity of Product Placement

In April 2006, Broadcasting & Cable reported, “Two thirds of advertisers employ branded entertainment--product placement—with the vast majority of that (80%) in commercial TV programming.” The story, based on a survey by the Association of National Advertisers, added, “Reasons for using in-show plugs varied from ***stronger emotional connection*** to better dovetailing with relevant content, to targeting a specific group.” (*Quoted from Wikipedia*)

According to PQMedia, a consulting firm that tracks the product placement market, 2006 product placement was estimated at US\$3.07 billion rising to US\$5.6 billion in 2010. However these figures are somewhat misleading in PQMedia view in that today, many product placement and brand integration deals are a combination of advertising and product placement.

In these deals, the product placement is often contingent upon the purchase of advertising revenues. When the product placement that is bundled with advertising is allocated to part of spending, PQMedia estimates that product placement is closer to US\$7 billion in value rising to US\$10 billion by 2010.

## The Effectiveness of Product Placement

As with any advertising, its effectiveness tends to be proven by the fact that advertisers continue to use product placement as a marketing strategy. (*Quotes from Wikipedia*)

The following is a report by Brand Republic on the effectiveness of Product Placement in movies and televisions:

*“The study into the effectiveness of product placement in movies found that, in general, brands advertised through product placement are more likely to get noticed by film fans than those in text messaging or radio ads. Movie product placement comes only marginally below products featured in television commercials, according to the study by Mediaedge:cia. Sixty-one per cent of film fans said that they noticed brands advertised in this way, compared with sixty-two per cent of those who said TV was a more effective medium; twenty-three per cent named text messaging and forty-seven per cent named radio ads. Almost thirty per cent of people said that they would be persuaded to try a brand after having seen it in a movie with that figure rising to over forty per cent among 15 to 24 years olds.”*

## **Measuring the Effectiveness of Product Placement**

In order to constantly increase on the quality of our video content, we conduct periodic survey and collate data on recall rates so as to improve on our next generation of semiconductor videos. Through this research we can change and make improvement on the next video presentation and also on how to place advertisers' product more effectively.

In all our videos we provide a survey after each presentation for audiences to answer a few questions on what they have learned from the product video clip. From some of these questions we will try to find out how much they have recalled from those products or names they have seen and heard on the video clip. We may during regular interval conduct lucky draws for those who have completed the survey with exceptional accuracy.

## **Product Placement, Press Release and Corporate Video**

Product Placement is seen as a subtle and indirect portrayal of brand relating to the advertised products while press release is to directly inform the market relating to a launch or to a usage of a brand, product or service. It is not easy to compare the effectiveness between product placement and press release as both strategies are seen as a soft pull to grab audience attention and to build brand consciousness.

Product placement must mostly be paid for but advertisers can choose their choice of media to place their products while press releases normally are free of charge but submissions may or may not be broadcast by their targeted media or published at all by their identified publishers.

On the other hand a corporate video (whether it is an own company educational or marketing video) is seen as a direct intention to purposely promote its own company product. In most cases product placement in an independent video carries a more credible belief than a corporate marketing video as an independently produced video is seen to be made by a third party. Moreover some corporate video are produced and tag with such heavy messages and emotional baggage that it becomes destructive to the viewers and therefore has a negative bearing on the company that produced that video.

There are some rare instances where a corporate video produced by a powerful brand name may institute very strong beliefs among audiences on its corporate product. However in the majority of the cases product placements and embedded marketing is the most viable solution to cater for a company marketing needs.

## **Product Placement of Industrial Products and Services**

Almost all studies were done on product placement relating to consumer products while there was not much research on industrial product placement. The primary reason being there are insufficient choices for industrial products and services providers to engage in embedded marketing strategy.

Traditionally there are many more media companies engaging the consumer products market as comparisons to the industrial product segment. A few good examples are television commercials, radio advertisements and most of the out-of-home media. The basic thinking was that the consumer market is a much larger one and with a higher profit potential and therefore most media houses and publishers tends to provide media solutions to serve the consumer product companies.

At Paddlestone we believe in unique opportunities and we have the will, the drive and dare to do what others don't. We intend to lead and we wish our latest endeavor will act as a locomotive to drives further interest and induce others to join and serve the industrial product manufacturers. We love competitions as that will help us to set a benchmark and drive us to greater heights.

We have a strong belief that product placement and embedded marketing techniques are suitable and can be equally successful for industrial products if done correctly. We urge all our friends, advertisers and sponsors to share this belief. We shall prove beyond reasonable doubt that product placement strategy in our product videos is the most viable form of corporate marketing for industrial products and services.

## **Virtual Product Placement**

Virtual product placement uses computer graphics to insert the product into the program after the program is complete. The vast improvement in editing technology allows advertisers to insert products in scenes after episodes have been shot.

Earlier generation of virtual product placement tended to be based upon sports arenas where the geometrical relationships of camera and the surface of the flat area onto which the billboard is projected, can be easily calculated.

The latest improvement or virtual or dynamic product placement allows targeting of customers with different products that can be dynamically switched based upon such factors as demographics, psychographics or behavioral information about the consumer.

Our semiconductor videos shall incorporate the techniques of virtual placement to place a certain numbers of sponsors' advertisements in strategic segment inside the video.

## The Benefits of Product Placement in the Semiconductor Videos

1. Longer Advertising Life Span -- product placement is the form of advertising that has diminishing cost due to its longevity.
2. Significant increase in Brand Awareness -- the semiconductor videos are widely promoted to targeted audiences within the industry through many avenues including major related trade events.
3. Lower CPM – with potentially huge amount of audiences compared to a low and reasonable sponsorship fees resulting in one of the lowest promotional cost for your product marketing.
4. No commercial skipping – the sponsored product or company name is integrated into the plot and therefore sponsors will have a one hundred per cent captive audience.
5. Perceived Endorsement – Since our semiconductor videos is an industrial educational film your product and services will be linked to the information and acknowledgement provided by the education of the product.
6. Realism – Audiences and potential buyers feel that products integrated into the educational video presentation have a **higher perceived value** than similar products promoted through your own corporate video or in other related media.

A major driver of growth for the use of product placement is the increasing use of digital video recorders which enable viewers to skip advertisements. According to Forrester Research and the American Academy of Advertising, “Primetime television commercials are only seen by eight to ten per cent of the viewers and ninety per cent of all viewers do not watch commercials.