From product to programme

European advertisers can now integrate their brands into TV shows made in Europe. Media owners expect it to become a major source of income. Michael Cluff outlines the pros and cons for brands.

BY MICHAEL CUFF

A whole new advertising medium has been established in Europe this year. New rules allowing product placement have come into force across the continent in 2010, with the UK coming on tap from early 2011. Only Denmark has decided to veto the change.

Often known as branded content, this new medium is already a significant communication channel in North America. In Europe, brands and marketers can now be commercially involved in programmes with arrangements contractually binding.

In fact placement has been with us for years – to date however it has been "prop placement", whereby an advertiser could provide product to be used in a programme/ film as a free gift, in return for the resulting publicity.

Only cinema films have been exempt for instance allowing Eon the makers of the James Bond films to accept cash to show James alongside a variety of products.

Advertisers insist there is no new money for placement but that does not mean it necessarily comes straight off their TV spend. Certainly in the first instance funding for product placement will come from a different budget and long-term and it's likely that a different part of the marketing mix will be raided depending on the client's needs and plans.

A BIG OPPORTUNITY?

This is a significant opportunity. The regulations mean that placement is banned from genres such as news, current affairs and kids programming. Excepting sport, which already has a major advertiser presence in programmes, this leaves drama, game and format shows and some factual programmes as the major opportunities. In 2010 these categories of programmes equated to about 50% of audience to UK programmes.

US data suggests that branded content, which includes both product placement and advertiser-funded content, could be equivalent to 14% of total TV advertising revenue so the rule change could generate revenues of £450m in the UK, €500m in Germany, and €450m in France.

The regulations prevent brands being "unduly prominent", however they still create opportunities for brands to be more than just wallpaper:

- Brands will be seen doing things that can be very difficult or not allowed in ads – drama programmes could use car chases to illustrate performance, for example.
- Many programmes enjoy a significant catch-up audience via digital platforms, this will allow much closer co-promotion – a consumer could be offered the chance to trial a brand at the end of the programme, for example.
- Retail can become a real opportunity both in programmes and in associated online content. If you like the hero's shirt, for example, you could be linked direct to the retailers' website to buy it. Channel 4 in the UK has publicly stated it sees such "e-tail" mechanics as a significant future source of revenue.
- Co-promotion opportunities as seen in the Bond movies will also be applied to TV shows. A returning drama series could be promoted via a catch-up episode given away by a newspaper.
- Material can be pulled from programmes to create point-of sale material, rich media for website and entertainment on internal

intranets, often at lower cost than separately filming promotional or digital content.

The bottom line is that programme makers need advertisers. Getting the base investment to make a programme is increasingly difficult. Often stations will pay only part of the cost with the producer left to fill the gap with exports and digital sales.

MAKING IT HAPPEN

Good placement is very different from advertising. The common ground is the need to select a programme viewed by the target audience and ask if it has it have a big enough audience to justify the investment, but some of the issues are very different:

- Programmes are made by production companies, which have little experience of brand communication needs. They don't want brands getting in the way of viewers enjoying their programme. Establishing a clear framework to work together is crucial. Small changes such as the hero walking from his car and past the logo create much clearer brand communication than if he just walks away from the car – but will not alter viewer enjoyment.
- Placement is a long-term process with lead times of up to two years. Advertisers will risk the timing of the programme and its audience at the start of the process, although there are contractual ways in which this can be controlled such as bonus payments for audience delivery.

Programmes are exported – carrying their brands within them – tracking where the programme ends up and the value generated can be difficult.

PLACEMENT TECHNOLOGY

A very significant part of TV stations' output comes from imported programmes and format shows. In the UK 36% of ITV, Channel 4 and Five's primetime content in the first half of 2010 in the UK were imported shows, and the figures are 13% for TF1/M6 in France and 14% for Antena3/Tele5 in Spain.

However, the brand from the country where the programme need no longer star in the show wherever it is broadcast. A technology company called Mirriad can take a film, locate all sequences in which the brand appears and switch not just the logo but the entire visual of the brand.

This means both that programmes that have already been made with brands visually present can have them switched – but also that clear programme planning slots can be effectively created to carry placements that are then sold by the local station as the programme is exported around the world

MAXIMISING RETURN

Evidence that placement works is currently limited. There are some brands that get major and regular coverage through placement – 50% of the top 50 US box office films will feature an Apple product.

Research by Mirriad shows that placements on average raised opinion of a brand by 15%, and 16% of viewers claimed raised interest in buying a product. Nielsen in the US has reported brand recall increases of 54% when placement is associated with TV spots or sponsorships.

The creative challenge for placement is to avoid becoming wallpaper. A brand linked to the action-packed good-looking hero or heroine can generate profit both on and off screen.

Advertisers need to ensure budget doesn't disappear into lots of low visibility but nice sounding initiatives.

The solution is to create a strategic plan of the best opportunities. Be aware that this is not just a visual opportunity, the way that you amplify the placement via promotion, digital and within the organisation will determine how you much value you generated.

Leave nothing to chance, placement is no longer simply reliant on a handshake. How the product will be seen and heard, and the end audience can all be specified, measured and potentially bonused.

The good news is that these are issues advertisers already deal with:

Advertisers are used to building a clear plan that explains how an initiative will communicate to potential consumers.

Advertisers are used to integrating one initiative into their other communication needs.

And advertisers are used to developing clear targets for what will happen and how best value will be delivered as well as setting up clear post-campaign assessment of what has been achieved.

Product placement may be new but the advertiser discipline needed to make it a success is as old as advertising itself.

Product placement through the ages

1927	Wings, a US silent movie features a plug for Hersheys
1940-50s	The term "soap opera" is coined after P&G and Unilever support drama production
1964	An early example of "brand integration" was comedy film Man's Favorite Source, which took place in an Abercrombie & Fitch store
1990s	"Sex & the City" features plot lines designed to bring brands such as Absolut Vodka into the story