Branded Entertainment And The Rise Of Explicit Program Integration

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Abstract

As the traditional 30 second commercial comes under threat, the scale and scope of product placements embedded in television programming is escalating at a dramatic rate. New models of product placement are evolving which position brands at the centre of the narrative. Consumer advocacy groups are also demanding clear identification of sponsored content. Despite their disagreements, however, both champions for the new models and their critics reflect a future characterised by an increasing shift from implicit to explicit models of memory effects. Here we explore some of the implications associated with this transition and highlight the need for research positioned at the explicit end of this spectrum. The need for such research is particularly urgent given the current state of the industry which is beginning to explore associated codes of practice.

Keywords: advertising, product placement, branded entertainment, explicit vs. implicit memory effects

Background

For advertisers, a confluence of factors including growing audience fragmentation, the perpetual rise of new media channels (including mobile phones and the internet), decreasing viewer attention and increasing consumer access to technologies enabling ad avoidance (including personal video recorders (PVRs) and internet protocol television (IPTV)) has led many to lose confidence in the efficacy of the 30 second television commercial. Accenture, for example, estimates that by 2009 consumers will skip approximately 22% of all TV ads, compared to 2% currently (Elkin, 2005). Some have even argued that the ad model will disappear altogether (Jaffee, 2005).

In response to such fears, a growing number of advertisers are exploring alternative models to the traditional 30 second commercial. Among these, the most popular centre around integration of program and advertising content. The new buzz word for this phenomenon is *branded entertainment*, often referred to as Madison meets Vine (Donaton, 2004). The degree of brand integration alluded to in Madison+Vine™ is more extensive than that more traditionally characterised as 'product placement'. If product placement positions the brand as an 'extra' in the story, branded entertainment often positions it as the star.

The amount of product placements is clearly increasing at a rapid pace. PQ Media documents this dramatic rise, highlighting a 46.4% increase in television placements from $1.2 billion in 2003 to over $1.8 billion in 2004 (PQ Media, 2005). Television is also accounting for an increasing portion of overall media placements rising from 37.1% in 1974 to 54.3% in 2004 (ibid). The Association of National Advertisers (ANA) estimates that 63% of its membership had participated in product placements in 2004 with an additional 26% indicating that they planned to in 2005 (Kaplan, 2005).

The structure of the advertising industry is rapidly evolving to adapt to this rising trend. In the past year, most of the global advertising agency holding companies have launched specialised placement agencies. A growing number of media research firms have commercialised the media tracking of such placements including Nielsen ('Place Views'), IAG Research (‘In Program Performance’), TNS (‘Branded Entertainment™’) and iTVX (‘Q-Ratio™’). Les Mooneves, Co-President of Viacom (parent of both the CBS and UPN networks), predicts that by the 2007 season, as much as 75% of all prime time programming will carry product placements (Consoli, 2004). PQ Media estimates that television placements will account for over $4.2 billion by 2009 (PQ Media, 2005). Simpson refers to this as the approaching ‘tsunami’ of paid placement (Simpson, 2005).

The nature of television’s new landscape is not only characterised by a rising tide of product placements, indeed the character and tone of such placements is changing as well. New program formats are evolving, often reality-based, which accentuate the brand more prominently than traditional models of product placement. Most recently, this has been exemplified by *The Apprentice* which features entire segments revolving around tasks assigned to contestants which centre around a brand. Advertisers have also experimented with entire programs developed around the equity of the brand, most notably illustrated by BMW Movies. Some brands, including Audi, are even exploring the viability of launching their own television channels.

It should come as no surprise that the rapid expansion of such branded content has also been met by growing opposition from consumer advocacy groups. Consumer Alert, a non-profit consumer advocacy group co-founded by Ralph Nader, for example, recently filed a complaint with both the US Federal Trade Commission (FTC) and the US Federal Communications Commission (FCC) alleging that such placements constitute deceptive practice, recommending their explicit identification as advertising. The advertising industry’s trade associations, in turn, formed the ‘Freedom to Advertise’ coalition, defending existing practice. Although the FTC dismissed the complaint, the FCC is still considering the matter.

It is surprising to observe the degree to which both the champions for the new models and their critics find common ground in aspiring to a future where such placements are more ‘explicitly’ visible. For advocates, this occurs through greater prominence and integration of brands in program content. For critics, through specific identification of sponsorship. Although the battle lines are clear and will be heatedly contested, this move from ‘implicit’ to a more ‘explicit’ paradigm represents a fundamental shift in the very conceptualisation of product placements. Here we explore potential implications.

Benefits of Product Placements

A number of researchers have explored potential benefits associated with product placements. Among these are key advantages associated with unique positive characteristics of the model: Potential endorsement effects (Balasubramanian, 1994; DeLorme & Reid, 1999); better targeting (Nebenzahl & Secunda, 1993); longer windows of brand impact due to syndication and DVD sales (Brennan, Dubas & Babin, 1999; d’Astous & Chartier, 2000); access to global markets (Balasubramanian, 1994); brand cut-through clutter (Bhatnagar, Aksoy & Malkoc, 2004); and consumer acceptance of the model due to less viewing intrusion (Nebenzahl & Secunda, 1993; Gupta & Gould, 1997; Avery & Ferraro, 2000).

Many of the perceived benefits associated with such product placements, however, are based on assumptions of the model’s capacity to penetrate viewer defences either because such placements are relatively immune from ad zapping (Avery & Ferraro, 2000; d’Astous & Chartier, 2000; Yang, Roskos-Ewoldsen & Roskos-Ewoldsen, 2004) or because they result in less critical ad viewing (Babin & Carder, 1996). In this context, a number of researchers have explored a range of potential effects associated with the 'implicit' character of such branded content.

Where advertisers hope that placed product brand impressions will penetrate the psyche of the audience because they somehow get in 'under the viewer's radar', they are often assuming that such placements can have, what amounts to, subliminal advertising effects operating below the "threshold of consciousness" (Johann Herbart, 1824-1825). There has been, in recent years, an interesting discourse re-visiting such questions (see Erdelyi & Zizak, 2004) highlighting the degree to which effects are often detected at a behavioural level despite no increase in subject awareness of exposure.

This potential effect is best documented, perhaps, in an experiment conducted by Auty & Lewis (2002) who showed selected scenes from the movie *Home Alone* to children of various ages (6-7 and 11-12). Some groups were exposed to scenes which included a segment in which a bottle of Pepsi features prominently (treatment) while others were exposed to an alternative scene lacking such product placement (control). Although children in the treatment cells were no more likely to recall the presence of Pepsi, they were more likely to choose to drink Pepsi over Coke when given that choice following their viewing session. This effect was even more pronounced for the group of younger children (ages 6 and 7). Auty & Lewis (2004) refer to this as the 'delicious paradox' (Perfect & Askew, 1994), highlighting the disassociation between awareness and response. Similar effects have been found in studies using adults (Janiszewski, 1990, 1993; Shapiro & Krishnan, 2001; Law & Braun, 2000). Some have maintained that such implicit effects also last longer as they are better resistant to decay (Gibbons, Neaderhiser & Walker, 2000; Shapiro & Krishnan, 2001). Naturally, such effects raise serious questions about the ethical considerations associated with such placements.

Of course, understanding the nature of such implicit effects is complex as it depends heavily on the specific context of the tested product placement segments. Results across studies are often contradictory. Many have argued that such placements have little effect on brand evaluation or purchase intention (Ong & Meri, 1994; Babin & Carder, 1996; Karrh, 1998). Yan, Roskos-Ewoldsen & Roskos-Ewoldsen (2004) argue that implicit effects often reinforce a subject's existing brand attitudes. This suggests that implicit strategies would be unsuccessful for new brands. Clearly, more research is needed to better tease out the nature and character of product placements designed to capitalise on such implicit memory effects.

A number of scholars have constructed models attempting to explain such implicit memory effects. A detailed discussion of such models transcends the scope of this paper (see Law & Braun-LaTour, 2004). In general, such models recognise differences in the ways in which people process messages when relying on explicit vs. implicit memory cues. Some maintain that these rely on distinct memory systems (Schacter, 1992) with explicit memory reliant on frontal lobes while implicit memory draws on older regions in the subcortical area of the brain. The more primitive 'primary-process thinking' relies more on implicit memory, suffusing emotion and drives. In contrast, 'secondary-process thinking' reflects more explicit memory processing. Gilbert (1991) maintains that when subjects are presented with communication, their initial (more primitive) response is to believe. From this perspective, the implicit character of many product placements attempt to persuade by operating at a level immune from consumer counter-arguing or scrutiny.

The Rise of Explicit Branded Content

As noted earlier, however, new models of product placements are rapidly evolving which emphasize the branded nature of the content either due to the brand being afforded greater prominence in the narrative (branded entertainment) or potentially as a result of the efforts of consumer advocacy groups to see such placements more explicitly identified and labelled. In this context, it becomes critical to re-examine our understanding of the persuasive effects associated with such branded content. How do such placements operate when they function at the explicit, rather than implicit, level of mental processing?

It is important to note that many of the classic anecdotes highlighting the efficacy of product placements reflect approaches which included significant explicit cues. For example, the famous *E.T. Reese's Pieces* case study, often attributed as stimulating a new wave of placements in movies, featured extensive cross-promotion which constituted a significant part of the brand's success story (McCarthy, 1994) and would have acted to heighten the brand's presence in the movie to more explicit reception levels. Park & McClung (1986) have also demonstrated that higher involvement with the story reduces involvement with ads, suggesting that attempts to position the brand in the background may not be as effective as those positioned more prominently. Yang, Roskos-Ewoldsen & Roskos-Ewoldsen (2004) maintain that where a brand is tied to the comprehension of the narrative, it will receive higher levels of activation. And Bennett, Pecotich & Putrevu (1999) found that explicit warnings associated with the presence of product placements significantly enhanced memory effects associated with the placed brand, acting as a cue for memory. Collectively, such research suggests that there may be advantages to positioning such placements at a more explicit level of viewer awareness.

Indeed, the rising tide of product placements, Simpson's (2005) approaching placement 'tsunami', may heighten consumer awareness of positioning practice, resulting in more explicit processing effects. As Friestad & Wright (1994) demonstrate, consumer knowledge of marketers tactics is hardly static. Some researchers maintain that consumers will become more aware of advertisers persuasive intent as product placements become more and more common resulting in an inverse U-shaped model of efficacy where placement impact declines with frequency (Bhatnagar, Aksoy & Malkoc, 2004). Researchers have long demonstrated that persuasion effects depend heavily on attribution of communicator sincerity (Mills & Jellison, 1967). DeLorme & Reid (1999) maintain that consumer's capacity to defend against such implicit models increases as they become more pervasive. Such research highlights a potential backlash effect associated with such implicit models. Perhaps the key test here is whether consumers feel betrayed by the medium if the hidden commercial motives are suddenly discovered (Bhatnagar, Aksory & Malkoc, 2004).

In this context, the push to more explicit forms of branded content is driven not only by advertisers and consumer advocacy groups, but also by viewers who will probably build on their existing marketing defensive capabilities in response to a dramatic increase in the amount of product placements. A fourth driver of this change of direction towards more explicit than implicit branded content strategies is the convergence of digital interactive technology. An interaction with a brand cannot be an implicit learning experience. If interactive product placement and branded entertainment is more effective than traditional implicit strategies, these new forms will dominate the market. Conceptualising branded content at more explicit levels may prove to be a more effective marketing practice in the long run. It is, almost certainly, more ethical for it no longer assumes that its magic is woven on people's inability to process persuasive intent. A major need for new research is to discover whether there are real differences between the old forms of implicit product placement and the new explicit forms, and whether there are differences within these new forms, between brand as “extra” and brand as “star”. This research would provide an empirical basis for the definitions, guidelines, and regulations needed in this new but significantly expanding area.

The Need for Researching Explicit Models of Branded Content

We do not attempt to articulate either a theory of explicit branded content effects or to make any assumptions on the potential efficacy associated with increasing integration between brand and narrative. Rather, we have attempted to highlight the degree to which this question should form a central focus for research now exploring product placement effects. Clearly, such branded content is becoming a more integral feature in television’s landscape. Research designed to better understand placement effects, framed as explicit rather than implicit cues, can contribute significantly not only to the literature but also to industry practice.

Almost every advertising and broadcasting industry association is currently grappling with the rapid changes associated with branded content. Discussions are beginning to surface around the possibility of articulating codes of practice in advance of possible industry regulation. Research framed around explicit placement effects, designed to complement the substantial body of literature already available exploring potential implicit effects, would almost certainly help facilitate many of these discussions. Such research may also contribute to the discovery of new advertising models delivering mutual value to advertisers, channels and viewers alike.

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