MEASURING THE EFFECT OF
PRODUCT PLACEMENT STRATEGY
ON ATTITUINAL ASPECTS

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Abstract

Conventional advertisements due to its over exposure are losing their effectiveness; consequently product placement strategy is becoming a popular marketing tool. The aim of this paper is to ascertain the influence of predictors variable “product placement” on dependent variables (“brand recall, purchase intention and brand loyalty”). This study has a sample of 300 respondents who were selected via Mall intercept method. The data was evaluated through a multiple steps procedure and the overall model tested through SEM. The model was able to successfully explain how consumer’s reacts on product placement strategy. The results were consistent with the earlier literature, and all the three hypotheses failed to be rejected. This study revealed that the strongest effect of product placement was on brand loyalty. Purchase intention and brand recall also significantly affect product placements.

Keywords: Product Placement, Brand Loyalty, Brand Recall, Purchase Intention.

JEL Classification: M 310

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Introduction

Traditional advertisement is losing its efficacy due to the choices that the consumer has of switching channels during commercial breaks (Akyol & Okan, 2014; Srivastava, 2015). Product placement is a strategy that the marketers are utilizing to break through the clutter of information and target consumers effectively. Two thirds of the advertising budget is spent on product placement globally (Meyer, Song, Ha, Lee, & Dawes, 2016). Whenever a brand is strategically placed in movies and other mediums it is called brand placement. Researchers have used the terms product placement and brand placement interchangeably (Akyol & Okan, 2014; Yang & Bergh, 2016).

Most of the earlier studies have measured the effectiveness of product placement in different media (TV, Movies, virtual games) (Akyol & Okan, 2014; Wennekers, Vandeberg, Zoon, & van Reijmersdal, 2016). Product placement has also been studied in audio and visual context as well (Khalbous, Vianelli, Domanski, Dianoux, & Maazoul, 2013; Lahav & Zimand-Sheiner, 2016). But a few studies have adequately measured the effects of product placement on attitudinal behavior (Krishen & Sirgy, 2016; Kumar & Balbanis, 2016; Liang, Hsiao, & Cheng, 2015). Thus this study will ascertain the effect of predictor product placement on the three dependent variables: recall, intention to purchase and loyalty to the brand.

Literature Review

Product Placement

Product placement is not a new phenomenon, it dates back to 1890s. A documented example is of Lumiere Brother’s film in which the producer used the brand placement strategy for a known brand sunlight soap (Kumar & Balbanis, 2016). Early placements of products in different mediums was usually done haphazardly, but over a period
of time this strategy of product placement became subtle and natural looking (Meyer et al., 2016). A good example of subtle placement could be traced to an old movie “E.T” in which Reeses’s candy (Hershey candies) was shown subtly and naturally, consequently its sales increased significantly. In view of its success product placement approach became extensively popular in other mediums such as movies, games, music and videos, to name a few (Rovella, Geringer, & Sanchez, 2015; Uribe, 2016).

The strategy of placing the product in noncommercial mediums is called product placement. These mediums can be programs on television, movies, music videos and video games (Krishen & Sirgy, 2016; Narang, 2015). The subtle placement of the products or brands in the main story line of the script of a program is such that the product blends with the main setting of the program (Zerhouni, Bègue, Duke, & Flaudias, 2016). This placement is done in such a way that the consumers associate the product with the characters of the program (Wang & Wise, 2016).

Product placement is a strategy that practitioners have been utilizing since the late 1800s however theorists recognized the potential in the 1980s (Rovella et al., 2015; Yee Chan, 2016). Placement strategy was used by the film and television producers to reduce overhead costs of productions (Liang et al., 2015). In the 1930s Proctor and Gamble placed their soap powders in radio programs and at the same time tobacco was portrayed in the movies as the right attitude for the main lead characters (Chan, Petrovici, Lowe, Cadogan, & Ford, 2016). Product placement received a lot of negative publicity; where activists were of the opinion that placement increased health issues and challenged value system, hence the strategy of placement was left till then the 1960s (Balakrishnan, Shuaib, Dousin, & Permarupan, 2012; Chan et al., 2016).

Currently product placement does not mean just having a product placed in the movie and television show. When a logo is
visible throughout the television show that too is considered to be product placement (Marchand, Hennig-Thurau, & Best, 2015). Product placement thus is being used extensively for increasing the sales. Studies found that the target audiences for subtle placement and blatant placement are quite different (Akyol & Okan, 2014).

**Conceptual Framework**

The developed conceptual framework comprised of predictor product placement and the three affected variables recall, purchase intention, and loyalty (Refer to Figure 1). The literature supports for the derived hypotheses are discussed in the following sections.

**Figure 1:**

*Derived conceptual model*

![Conceptual Model Diagram]

**Linkage b/w Product placement and brand recall**

There is sufficient empirical evidences that supports placement strategy significantly impacts the consumer’s brand recall (Kim & Eastin, 2015). Numerous researches throughout the world have proven the influences of placement and brand recall (Kim & Eastin, 2015; Narang, 2015). An experiment was conducted to establish a link between brand placement and brand recall, individuals were
shown a feature film and even after a considerable time 38% respondents were able to recall the brand (Kim & Eastin, 2015). A recall of a brand as a result of placement depends on how the brand appeared in the film. A prominently displayed brand results in higher recall as compared to a subtle placement (Boerman, Van Reijmersdal, & Neijens, 2015). Numerous researchers were able to validate that link between recall and placement; a consensus between the studies was that no additional cues are required for spontaneous recall of the brand (Liang et al., 2015). Similarly the association between the brand and the lead character in a film also helped increase the brand recall significantly (Chan, Lowe, & Petrovici, 2015; Patel & Patel, 2015). Researchers also found a link between the personality of the consumers and the kind of placement which was most effective, for example some consumers preferred subtle placement whereas some preferred prominent placement (Noguti & Russell, 2015). The level of involvement with the products also impacted the recall (Pantoja, Rossi, & Borges, 2015). The following hypothesis has been developed based on the literature review which states that:

H1: Product placement has positive effects on brand recall

*Linkage between Brand Placement and Purchase Intention*

Research links awareness of a brand with purchase intention; hence studies have been able to establish a relationship with placement strategy with purchase intentions (Chan et al., 2016). A documented increase in sales and popularity of Ray Ban sunglasses were witnessed when consumers saw the actor of the movie “Risky Business” wear the brand (Shaouf, Lü, & Li, 2016).

The efficacy of placement and its link with purchase intention is gauged by the increase in sales of the product placed in any medium. Researchers have conducted experiments and found
that whenever a product or products are strategically placed in the movie, the purchase intention increases among the consumers; a recent example is Wayne’s World (Gonzalez-Brambila, Jenkins, & Lloret, 2016). A classic example which resulted in a 65% increase in sales remains the Hershey’s brand Reese which was placed in the movie Extra Terrestrial. The candy played a pivotal role in the script of the movie. (Gonzalez-Brambila et al., 2016)

James Bond movie are another example where products are placed effectively. The manufacturers of BMW were so convinced that they promoted their new brand Z3 through the film Golden Eye (Marchand et al., 2015). Placement in movies tends to increase purchase intention of products as the awareness of the product increases which triggers recall (Ott, Vafeiadis, Kumble, & Waddell, 2016).

Traditional advertising is not yielding the kind of recall that the strategists would like. Hence with the established link between placement and the eventual increase in purchase intention is making strategists prefer product placements as the main strategy to promote products/brands (David, 2016). The hypothesis derived from the above discussions is:

\(H_2: \text{Product/Brand placement positively influences purchase intention.}\)

**Linkage b/w Brand Placement and Brand Loyalty**

Placement of products helps change a consumer’s attitude and form loyalties with the product (Balakrishnan et al., 2012; Uribe, 2016). The presence of the celebrity and the association of the product with the celebrity helps in building brand loyalty (Jain, 2015).

Experimental research found that the consumers tend to perceive the celebrity using the product as if the product is the celebrity’s own choice. This is far more effective than traditional
advertising (Krishen & Sirgy, 2016). On the other hand, product placement in games specifically virtual games helps the consumers to place brands of their choice in the virtual scenario (Kim & Eastin, 2015).

Virtual games have been able to create a higher loyalty among consumers by letting them create and place personalized logos on their virtual space such as blogs or website. This is an example of reverse product placement (Balakrishnan et al., 2012; Jin & Phua, 2015). In view of the existing literature it can be hypothesized that:

\[ H_3: \text{Product/brand placement positively influences brand loyalty} \]

**Methodology**

The developed model has one predictor product placement that positively affect brand recall, brand loyalty, and purchase intention.

**Procedure**

Questionnaire was administered in the malls located at the affluence area. This data collection method is convenient for targeting middle and higher income groups, which were the target audience for this study. Adopted questionnaire was pretested and after removing questions against social norms were finalized.

**Sample**

Three hundred and fifteen subjects were intercepted in the mall and only three hundred responded. Minimum sample size based on anticipated effect size of 0.10, desired statistical power of 0.90, number of 4 latent variables, and 16 observed variable comes out to 221 (Sooper, 2016). Since normality of data is important in SEM...
therefore a higher sample size of above 300 was administered in this study (Kline, 2015). About 40% responded were male and the rest 60% were females. About 30% responded were single and the rest 70% were married. Twenty percent respondents were students and the rest 80% were employed or were entrepreneurs. About 30% respondents were at least graduate 40% respondents had at least matric level of education, and the rest 30 percent had primary level of education.

Scale and Measure

All the adopted questions were first converted to seven point Likert scale.

Product Placement Scale

Incorporation of brands/products into Televisions, movies and video games for promotion of the products/brands is refer as product placement (Williams, Petrosky, Hernandez, & Page, 2011). Reelialities of this measure in earlier studies was as high as .78 and as low as .74.(Chan et al., 2015; Chan et al., 2016).

Brand Recall Scale.

Consumer ability to correctly recall refers to brand recall (Grazer & Kessling, 2011). For this construct five items were adopted from the measures developed Balakrishnan et.al, (2012). The reliability of this measure in earlier studies is as high as .68 and as low as .65 (Chan et al., 2015; Patel & Patel, 2015).

Purchase Intention Scale

The probability of consumer buying a brand or product is known as purchase intention (David, 2016). The five items for this measure were adopted from the study of Balakrishnan et.al, (2012).
Reliability in earlier studies for this constructs ranged between .87 to .90 ((Ott et al., 2016)

Brand Loyalty Scale

Long term purchase affiliation is refer as brand loyalty (Dawes, Meyer-Waarden, & Driesener, 2015)

. This measure has been adopted from the scale developed by Balakrishnan et.al, (2012). The reliability of this construct in previsou studies was as high as .80 and as low as .85 (Akyol & Okan, 2014; Pappu & Quester, 2016)

Data Analysis

After preliminary analysis including normality, validity, and reliability the developed model was tested through SEM in two Stages. Initially CFA for each construct was tested followed by CFA of the developed model. In all seven indices were reported two belonging to absolute category, three belongling to relative category and another two of parsimonious category.

Table 1.

Reported Fit indices

<table>
<thead>
<tr>
<th>Categories</th>
<th>Absolute</th>
<th>Relative</th>
<th>Parsimonious</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fit Indices</td>
<td>$\chi^2$</td>
<td>$\chi^2$/df</td>
<td>CFI</td>
</tr>
<tr>
<td>Criteria</td>
<td>Low</td>
<td>&lt; 5.0</td>
<td>&gt; 9.0</td>
</tr>
</tbody>
</table>

Note: $\chi^2$ = Chi Square; $\chi^2$/df= Relative Chi Sq; CFI= Comparative Fit Index, NFI= Normed Fixed Index; IFI= Incremental Fixed Index, PNFI= Parsimonious Fit Index, PCFI is Parsimonious Fit Index
Results

Preliminary Analysis

Some of the pre-requisites foresting the model through SEM are normality, reliability, and validity. Results related to Univariate normality and reliability are shown in in Table 2.

Table-2:
Descriptive Analysis

<table>
<thead>
<tr>
<th>Measures</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Variance</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Placement</td>
<td>3.59</td>
<td>0.94</td>
<td>-1.01</td>
<td>0.53</td>
<td>0.89</td>
<td>0.91</td>
</tr>
<tr>
<td>Brand Recall</td>
<td>3.50</td>
<td>0.90</td>
<td>-0.75</td>
<td>0.19</td>
<td>0.19</td>
<td>0.84</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>3.58</td>
<td>0.85</td>
<td>-0.96</td>
<td>0.92</td>
<td>0.72</td>
<td>0.84</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>3.61</td>
<td>0.81</td>
<td>-0.91</td>
<td>1.19</td>
<td>0.65</td>
<td>0.80</td>
</tr>
</tbody>
</table>

Table 2, above shows product placement (Mean =0.91, and SD=.94) has the highest reliability (α= 0.91). On the other hand brand loyalty (Mean= 3.61, SD= 0.81) has the lowest reliability (α=.80). Cronbach’s alpha for all the constructs are at least 0.70 demonstrating acceptable level of internal consistency (J. Hair Jr, Black, Babin, Anderson, & Tatham, 2010).

Convergent Validity

As all the indices related to absolute, relative and parsimonious categories exceeding the recommended criteria. Additionally factor loading of all the indicator variables are at least 0.50, therefore it is safe to assume that of fit indices were meeting the requirement of convergent validity (Refer to Figure 2) (Bryman & Bell, 2015).
Discriminant Validity

Table 4 shows that under root of the variance explained of all the constructs is is greater than square of each pair of correlation. This confirms the constructs full the discriminant validity requirement (J. F. Hair Jr, Wolfinbarger, Money, Samouel, & Page, 2015)

Table 3

Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>BP</th>
<th>BR</th>
<th>PI</th>
<th>BL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BR</td>
<td>0.54</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PI</td>
<td>0.52</td>
<td>0.45</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>BL</td>
<td>0.48</td>
<td>0.42</td>
<td>0.52</td>
<td>0.82</td>
</tr>
</tbody>
</table>

1) Diagonal entries show the square-root of average variance extracted by the construct (2) Off-diagonal entries represent the variance shared (squared correlation) between constructs

Confirmatory Factor Analysis

As suggested by Kline (2015) initially confirmatory factor analysis (CFA) for each construct was carried (refer to Table 4), followed by CFA for over all model (Table 5)

Table 4:

Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2 2</th>
<th>Absolute</th>
<th>Relative</th>
<th>Parsimonious</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 2 df</td>
<td>DOF(p)</td>
<td>CFI</td>
<td>NFI</td>
</tr>
<tr>
<td>Product Placement</td>
<td>8.587</td>
<td>1.717</td>
<td>5(0.127)</td>
<td>0.996</td>
</tr>
<tr>
<td>Brand Recall</td>
<td>1.409</td>
<td>0.704</td>
<td>2(0.494)</td>
<td>0.990</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>1.269</td>
<td>0.645</td>
<td>2(0.525)</td>
<td>0.999</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>5.309</td>
<td>2.655</td>
<td>2(0.070)</td>
<td>0.989</td>
</tr>
</tbody>
</table>

Note: 2 2 = Chi Square; 2 2 df = Degree of Freedom and probability, CFI= Comparative Fit Index, NFI= Normed Fixed Index, IFI= Incremental Fixed Index, PNFI= Parsimonious Fit Index, PCFI= Parsimonious Fit Index
Factor loading for each observed variable is at least 0.40, and standardized residual are below ±2.58 and fit indices are close to the prescribed criteria confirming the fitness of each construct used in the study (Kline, 2015).

*Hypothesized Model*

The hypothesized model run through AMOS confirms it fitted very well (Refer to figure 2)

*Absolute indices are within the limit*

\[ \chi^2 = 87.65, DF = 41, p = 0.001 < .05 \]; \[ \chi^2/df = 2.4 < 5 \] All the relative indices are also within the prescribed criteria  CFI = .94 > .90; NFI = .95 > .90; IFI = .98; PNFI = .71 > .50; PCFI = 0.72 > 0.50.
**Table 5**

**Standardized Regression Weight**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>SRW</th>
<th>SE</th>
<th>CR</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Placement</td>
<td></td>
<td>.699</td>
<td>.077</td>
<td>10.471 .0</td>
</tr>
<tr>
<td>Product Placement</td>
<td></td>
<td>.796</td>
<td>.072</td>
<td>11.022 .0</td>
</tr>
<tr>
<td>Product Placement</td>
<td></td>
<td>.905</td>
<td>.073</td>
<td>9.213  .0</td>
</tr>
</tbody>
</table>

**Discussion and Conclusion**

The developed model and construct developed in West have been successfully extended on the present set of data, increasing their generalizability. All the hypotheses were substantiated (Refer to Table 5).

The proposition brand placement influences brand recall failed to be rejected (Refer to Table 5). Thus the market practitioner appreciates may augment products placement strategy in addition to traditional ones for increasing brand recall (Balakrishnan et al., 2012; Brennan, 2015). Studies also found that consumer who saw brand placement of a brand their retention of that brand was longer. This was the opinion of about 38% respondents (Balakrishnan et al., 2012; Liang et al., 2015).

The proposition product placement influences purchase intention was accepted (Refer to Table 5). Studies have validated that consumers watching brand placed in movies become highly motivated to purchase that brand (Noguti & Russell, 2015). In this context the sales of Hershey increased 65% after the release of the movie Extra Terrestrial in which the actress Elliot was making friend by gifting the candies to Aliens (Noguti & Russell, 2015) Others while validating this
relationship observed that adequately brand placement strategy influences consumer’s implicit memory which increases the purchase intention (Balasubramanian, Karrh, & Patwardhan, 2006).

The proposition on the influence of product placement on brand loyalty was also accepted (Refer to Table 5). The earlier literature and studies are akin to these results. (Liang et al., 2015). Others on the effect of this relationship found that consumers while watching celebratory consuming a brand change their priority towards the brand placed in the movie (Liang et al., 2015). In case of virtual games brands also act as reverse product placement, which allows consumers to transform virtual scenario into real life scenario (Meyer et al., 2016).

Limitation and Future Research

The scope of this study could be extended from high strata to low strata. A comparative study between ethnicity and democratic factors could bring further insight on the issue. Product placement strategy varies from one media to other. These types of studies have been undertaken, but not in Pakistan. This could be an avenue to explore.

These aspects could also be incorporated in future research. It was a generalized study, individuals opinion may vary from one product category to other product category. Future studies could compare the effects of high and low involvement product separately. This study has been conducted without the use of a stimulus and is only measuring the impact of placement on recall, intention to purchase and loyalty. Additionally the scope of the study is limited to measure the impact of product placement on brand recall, purchase intention without any particular stimuli. Future studies could consider aspects such as brand’s product life cycle, core strategies the brand follows and brand’s persona.
References


