

Product Placement in Movie Industry

Strategic Insights &
Fashion Apparel Case Studies

Agenda

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Section 1

Product Placement Overview in the Movie Industry

PwC Strategy advises fashion clients in defining their marketing strategies

There is a multiplicity of channels/means from which consumers can receive messages

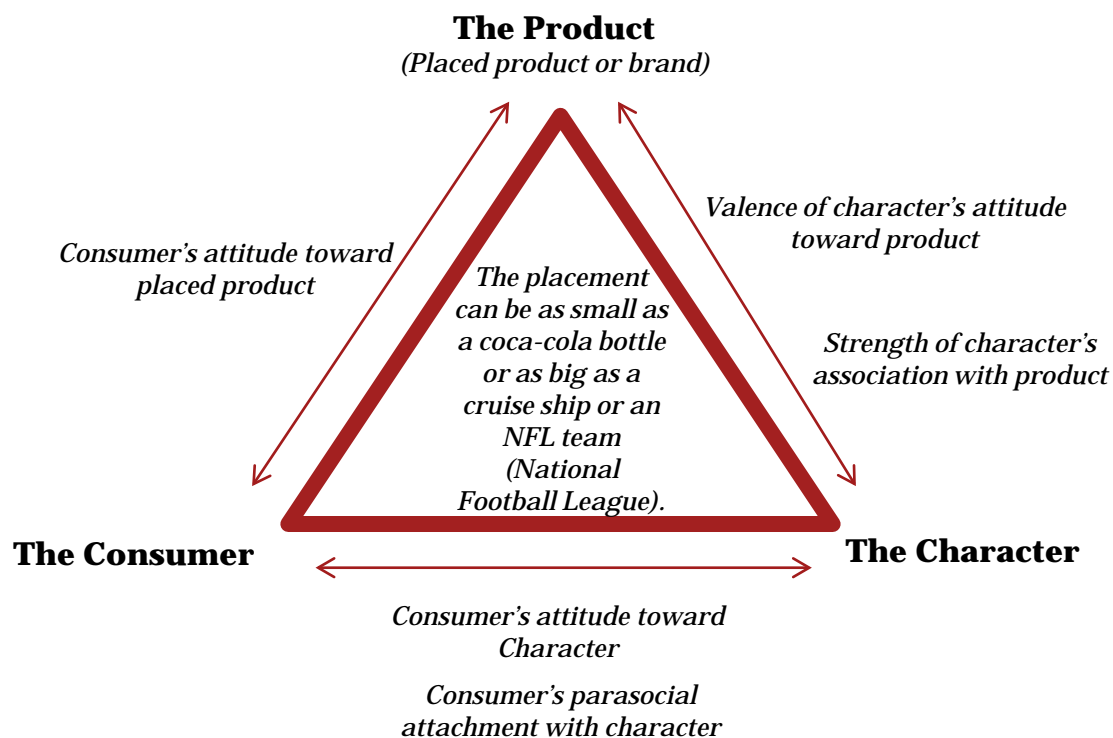


Product Placement



How to reach a captive and involved audience?

Product placement is a way of promoting a company or a product by using movies and other types of media to advertise the product or company. Product placements are often established by an agreement between a product manufacturer and the media company, in which the media company receives economic benefit.



Types of Product Placement in movies

Visual Placement - the product, service, or logo can simply be observed for a few moments or seconds

Spoken Placement - the product, service, or corporation is mentioned during the movie. This has a greater effect than visual placement on viewers, because they can process the information even when they are not looking at the movie screen.

Plot/Usage Placement - when an on-screen personality interacts or handles the product or service. A usage placement often involves also a visual and spoken element.

Product placement in the movie industry is something that dates back to 1896 ...

1900



- The Lumière brothers launched their invention on the market and in doing this, unknowingly, gave life to the first case of film product placement.
- In the movie "*La sortie des usines Lumière*" their factory is in the background as set for the exit of the wardens.

1950



- Only starting from the early 1950s, the phenomenon of Product Placement began to be conscious usage tool.
- In the movie "*The African Queen*" (1951) Humphrey Bogart and Katherine Hepburn are caught with a bottle of Gordon's Gin.

1980



- Many believe that it is impossible to speak of true Product Placement before the case of Reese's Pieces candy in Steven Spielberg's movie "E.T." extraterrestrial (1982)
- The placement of Hershey's Reese's Pieces caused the sales of the candy to grow by 65% in 3 months

**Post
1990**



- Because of drop in ticket sales prices and over- the-top film budgets, movie executives began to rely on product placement as a way to support the struggling film budgets

The Production companies receive various types of money compensation for placing the product (fees, leasing discounts, etc.) and marketer brands and products benefit from exposure.

The value of product placement agreements has grown over time and today represents a supplementary form of production financing.

Advantages for companies after a well done product placement

Key advantages

1. Exposure

- With Product Placement **the product can reach a large number of people over a long period of time.**
- Exposure is strengthened by the fact that **moviegoers are captive audience members.** Cinemas or theatres are designed to make the viewers focused - the dark environment, the almost-deafening sound and the way the chairs are arranged – all contribute to the atmosphere allowing the viewers to pay attention to the movie.

2. Frequency

- It refers to the **number of times a viewer watches a movie.** Normally some viewers expose themselves to a movie more than once. This number of times a **viewer sees the product is even multiplied by the number of times a product appears in the movie.**

3. Source association

- This happens when a **particular brand is seen when used by a celebrity.**
- There are **viewers who get affected by the personality of the celebrity using or even just holding the product.**

4. Recall

- Product Placement, due to **the wide coverage and multiple exposures per person, promises better recall** as opposed to products advertised on television.

5. Bypassing regulation

- Product Placement, in a way, is capable of **bypassing some laws applied to traditional advertising.** For example, liquor or cigarettes may be promoted without manufacturers getting penalized.

6. Targeting

- Choosing the right movie for Product Placement **can guarantee the effective reach of potential targets.** Moreover, exposure to Product Placement in movies cannot be avoided (zapping is not possible, **unlike for television advertisements**)

Risk levels in product placement are significantly higher than those involved in other types of advertisements

Key Risks

1. Time of exposure

- There is a possibility that **viewers won't even notice the product**, unless the camera zooms in on the brand name or perhaps unless the main character plugs the products.

2. Limited appeal

- **Movies do not allow detailed advertising** like informing target market of the features of the product.

3. Lack of control

- **The expectation of the manufacturer may not materialize due to some limitations he has no control over** (for example, a Champagne brand placed in a movie expected to be out by December but delayed to February, or the target audience is different from the original plan).

4. Public reaction

- **Product Placement creates public reaction, and sometimes this is not favorable to the movie industry** (i.e. social concerns arising from Product Placement).

5. Competition

- **High number of movies advertising brands:** competition may make it tough for marketers to penetrate the movie that they select.

6. Negative placement

- Use of **competing products in the same movie with opposite images**. For example a movie on a murder case in which the Pepsi logo is used noticeably as background in the scenes that show “the bad guys” and, on the other hand, Coca Cola strategically placed on scenes that show the so called “good guys”.

Collaboration between movie directors and advertising managers is key to make the Product Placement differ from a normal commercials spot

*“We started to use the product placement as movie additional source of financing since 2004, when the legislative measure was introduced... **Product Placement is now a tool that is starting to become a significant source of funding.**”*

Manager of a Production company

*“Cinemagoers are a captive audience, sitting there with the intention of being entertained. **Thus the advertiser has an increased chance of gaining the audience’s attention.**”*

Manager of an Advertising Agency

*“After the Urbani Decree in 2004, **the natural development of our business was to take care also of product placement**, a sort of duty... We are of course very careful to keep separate TV-related activities and those related to the movies.”*

Manager of an Advertising Agency

*“I suggest that the marketer companies working in product placement would be involved much more with the making of their own product placements in movies. This could be done by **having the advertising director that co-operates with the movie directors on how the product is to be placed in and make the product placement differ from the normal commercials spot.**”*

Manager of a Production company

Measuring the effects of product placement

- There is not one way to measure the effects of Product Placement in movies.
- The measuring of the effect of product placement can be done by:
 - ✓ making quantitative and qualitative interviews through questionnaires about a company before and after a product placement (brand value/image measuring)
 - ✓ comparing sales revenues some months before and after the release of the movie.
- By doing this, it is possible to evaluate if product placement has been successful even though the movie didn't get good ratings or vice versa.

PwC point of view

Each Product Placement in movies should be followed by a set of interviews, made to selected target people, to analyze the impact on brand/product positioning and to define additional actions to reinforce the “message”

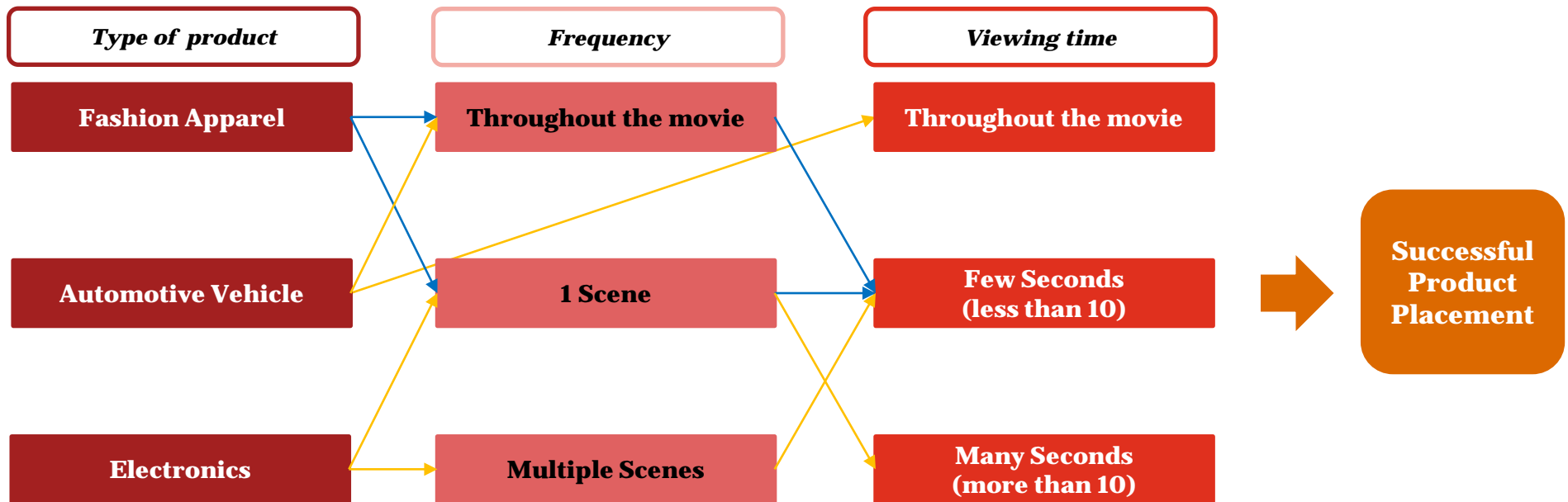
Product Placement in cinematographic works was regulated in Italy for the first time in 2004 and regulation was extended to television programs in 2010

- Product Placement (PP) was legalised in Italy by the **2004 « Decreto Urbani »**, that regulates for the first time PP in cinematographic works.
- Based on the Decree, the **placement of brands and products in cinematographic works has to be clear, truthful and correct** and have to be integrated in a consistent manner with the narrative context.
- Moreover, the closing credits of the movie containing product placement must inform the audience of the presence of brands/products, with specific details of marketers. Product placement of cigarettes, tobacco, weapons, and medicines is not allowed, and there are several restrictions for spirits.
- **In 2007 the European Union issued the Directive 2007/65/EC on Audiovisual Media Services (AVMSD).**
- **Legislative Decree No. 44/2010 « Decreto Romani»**, issued in adoption of Directive 2007/65/EC on audiovisual media services, introduced new rules on product placement.
- Among the new provisions introduced by the Legislative Decree No. 44/2010, special mention must be made of the **possibility of using product placement marketing, i.e., the promotion of a product during the scenes of a program in return for payment of consideration by the advertiser**. The use of product placement is allowed in certain types of television programs such as: TV films and series, sports programs and light entertainment programs. The details of the rules are entrusted to self-regulation procedures applied by the operators involved (broadcasters, producers and advertising agencies).

Section 2

Product Placement in Movie Industry – Fashion Apparel Case studies

Fashion Apparel product placement should have a limited time of exposure throughout the movie or should get the attention of the audience during key movie scenes



PwC point of view

Brands/Products and/or designer names should be mentioned or shown during the runtime of the movie for no longer than a few seconds in a single scene (the key scene if possible) or throughout the movie.

The investment in Product Placement made by marketers should be measured evaluating the fitting of the target audiences with respect to the brand/product to promote

James Bond movies represent a clear example of “full product placement”

- The most used products of all times in the James Bond movies are **Sony**, **Omega** watches, Brioni suits as well as cars which include **Aston Martin** and **BMW** to name a few.
- Even though the names of the products are not mentioned, logos and symbols tell the viewer what the products are.



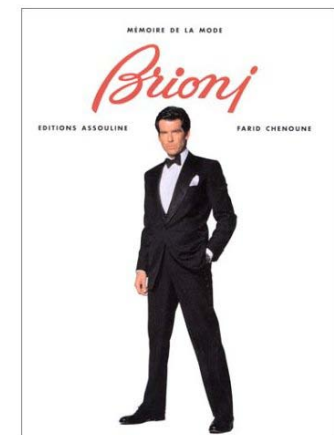
“James Bond - The World Is Not Enough” (1999)



“James Bond - Casino Royale” (2006)



“James Bond - Quantum of Solace” (2008)



PwC point of view

The placements are not disturbing and are in the movie to support the reality.

European couturiers were contractualised by Hollywood production companies, between the 1920s and the 1930s, to design movie scenes costumes (product tie-ins). “The film fashions of today are your fashions of tomorrow” Elsa Schiaparelli



Gloria Swanson
dressed by Chanel for
‘Tonight or Never’ (1931)



Jeanne Moreau
dressed by Chanel for
‘Les Amants’ (1958)



In the early 30s, Gabrielle (Coco) Chanel signed contract with Metro Goldwyn Mayer, when Samuel Goldwyn, during the Depression, thought he could increase box-office revenue by promising Paris fashions in his films...



Chanel made costumes for Resnais’s ‘Last Year at Marienbad’ (1961)

Schiaparelli designed the wardrobe for several films, she worked on 29 British, French and American productions between 1931 and 1952



Margaret Lockwood in
‘The Beloved Vagabond’
(1936)



Anna Neagle in
‘Limelight’ (1936)



Costumes for **Zsa Zsa Gabor** in
‘Moulin Rouge’ (1952)



*During her work in Hollywood, she wore **Mae West** (Every Day’s a Holiday [1937]) using a mannequin based on West’s measurements, which inspired the torso bottle for Shocking perfume*

From the 1950s on, movies start to act like seductive storefronts full of clothing and stylish consumer goods



'Sabrina' (1954)

Edith

Head, who designed the costumes in 'Roman Holiday' just the previous year, was substituted by the star's and director's decision to acquire an actual Paris wardrobe for Sabrina



'Funny Face' (1957)



'Breakfast at Tiffany's' (1961)

'little black dress' look



Hubert de Givenchy and Audrey Hepburn's successful collaboration on films

Christian Dior
PARIS

Christian Dior designed for a relatively small and eclectic series of films



René Clair's 'Le silence est d'or' (1946)



Marlene Dietrich wearing Dior in Alfred Hitchcock's 'Stage Fright' (1950)



Jean-Pierre Melville's 'Les enfants terribles' (1950)

During the 1960s and the 1980s, both fashion and film created illusions, dreams and fantasy images



Yves St Laurent
'Belle de Jour' (1967)

Yves Saint Laurent designed the outfits for Catherine Deneuve's character, Séverine, in Buñuel's surrealist Belle de Jour. Mrs Deneuve remained Yves Saint Laurent's muse until his death



Paco Rabanne
'Barbarella' (1968)



Ralph Lauren - 'The Great Gatsby' (1974) and 'Annie Hall' (1977)

Over the last decades, after the 1980s, we have seen many examples of fashion product placement in American movies with specific brand messages



*“American Gigolo” (1980)
Armani Product Placement
“PERFECT FIT”*



*“Top Gun” (1986)
Ray-Ban Product Placement
“COOL GUY”*



*“The Wedding Planner” (2001)
Gucci Product Placement
“ATTENTION TO DETAILS”*



*“The Devil wears Prada”
(2006) Chanel Product
Placement
**“YOUNG CLIENTS-
TOTAL LOOK”***

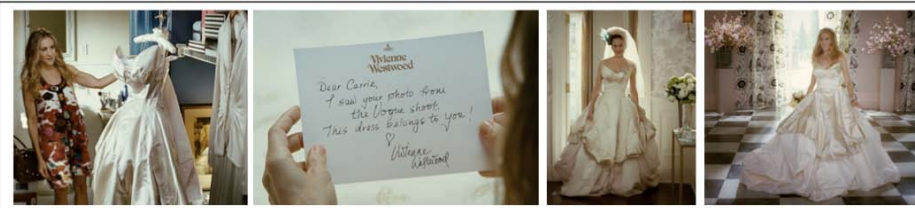


*“The Proposal” (2009)
Hermes Product Placement
“CAREER AND ELEGANT WOMAN ”*



*“The Tourist” (2010)
Salvatore Ferragamo Product Placement
**“SOPHISTICATED
WOMAN”***

The top movies in relation to the product placement - 26 different designers mentioned in the two movies “Sex and the City” and in “Sex and the City 2”



“Sex and the City” (2008)



“Sex and the City 2” (2010)

PwC point of view
Too many, too much
It looks more like an advertising spot

At the beginning of Men in Black 3 (2012), a pussycat doll with zippers going as low as her high heels brings a decoy-cake in Lunar Max prison facility in order to free the villain of the story: Boris



PwC point of view

Christian Louboutin style perfectly fits with the character that looks very sensual and agile in her high heels boots

Visual Product Placement, in this case, is at the beginning of the movie in a moment of high audience attention