

**EFFECTIVENESS OF PRODUCT PLACEMENT:  
FACTORS AND IMPACTS ON CONSUMERS' RESPONSES**

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The thesis is submitted in partial fulfillment of the requirements for the award of  
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## DECLARATION

“I hereby declare that this report is the result of my own, except the certain explanations and passages where every of it is cited with sources clearly.”

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## **DEDICATION**

I would like to dedicate the appreciation to beloved family members who supported me from spiritually and financially, supervisor and panel who guided me throughout the research, friends that assisted me through the journey of research.

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## ABSTRACT

Due to the media fragmentation and consumer sophistication, the insufficient use of product placement may lead to unfavourable evaluation of consumers' responses. Thus, this research desire to study the product placement as an effective tactic through the measurement of factors of product placement as independent variables and consumers' responses as the dependent variable. The primary objectives are to identify the factors influencing consumers' responses towards product placement, to identify the execution factors as well as individual differences factors of product placement which has a significant impact on consumers' responses. To accomplish this study, the research is classified to descriptive study in order to collect primary data by using quantitative method through survey questionnaire as well as secondary data collected through related published sources. Through the target respondents with 250 young adults at selected geographic areas, non-probability sampling is used due to the population has been predetermined in the non-random way on the judgment of researcher. The data collected was undergone data analysis by using SPSS software. The findings reveal there is a significant relationship between placement modality, product familiarity, character likeability and program likeability with consumers' responses. However, placement prominence fails to achieve a significant relationship with consumers' responses. Furthermore, placement modality and program likeability have most significant impact on consumers' responses. Based on the discussion on findings, this research able to discover insightful information with empirical evidence in order to gain contribution to industry and academic as well as to facilitate the necessity of future research.

*Keywords: Product placement, execution factors, individual differences factors, consumers' responses*

## ABSTRAK

*Revolusi media pada masa kini menyumbang kepada penggunaan penempatan produk yang kurang efektif berpotensi menyebabkan cara penilaian daripada pelanggan respon. Oleh itu, penyelidikan ini ingin mengkaji faktor-faktor yang menyebabkan respon daripada pengguna. Objektif utama adalah untuk mengenal pasti faktor-faktor yang mempengaruhi respon pengguna terhadap penempatan produk, seterusnya mengenal pasti faktor-faktor pelaksanaan dan faktor-faktor perbezaan individu yang menyumbang kepada impak yang signifikan kepada respon pengguna. Untuk melaksanakan kajian ini, penyelidikan tersebut diklasifikasikan sebagai kajian deskriptif untuk mengumpul data primer dengan menggunakan kaedah kuantitatif melalui soal selidik serta data sekunder diperolehi daripada sumber-sumber terbitan. Melalui responden yang menyasar kepada 250 golongan dewasa di kawasan yang terpilih, persampelan secara tanpa kebarangkalian telah digunakan kerana populasi adalah ditetapkan oleh pertimbangan penyelidik. Data yang dikumpul telah menjalankan analisis dengan menggunakan perisian SPSS. Hasil kajian menunjukkan hubungan yang signifikan antara modaliti penempatan, keakraban produk, karakter kegemaran dan program kegemaran dengan respon pengguna. Namun, penonjolan penempatan gagal mencapai hubungan signifikan dengan respon pengguna. Tambahan pula, modaliti penempatan dan kegemaran program mempunyai kesan yang paling signifikan terhadap respon pengguna. Berdasarkan perbincangan mengenai hasil kajian, penyelidikan dapat menemui maklumat yang mendalam dengan bukti empirikal bagi menyumbangkan kepada industri dan akademik serta memberi cadangan bagi keperluan kajian masa depan.*

*Kata Kunci: Penempatan produk, faktor-faktor pelaksanaan, faktor-faktor perbezaan individu, respon pengguna*



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**LIST OF ABBREVIATIONS**

PPL	=	Product Placement
SPSS	=	Statistical Package For Social Science
PSM	=	Projek Sarjana Muda

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Promotional mix is a blend of promotional variables or activities which aim to assist a firm to reach its business goals. The activities identified as promotional mix are varied and numerous. One of the promotional mix is product placement.

Product placement, also known as embedded marketing strategy which refers to a technique or tool to promote products through broadcast media (Liao, Chen-Huei, & Hsiu-Li, 2015). In the other words, product placement is also known as brand placement (Nelson & Deshpande, 2013). According to Kit & P'ng (2014), product placement can also define as placing a brand in media content to affect consumer behavior as mentioned in (Newell, Jay, Salmon, & Susan, 2006). Hence, product placement and brand placement are interchangeable terms which able to express the same definition. Additionally, product placement also referred as an indirect advertisement tool through the appearance of product on broadcast sets (Myung-Jin & Hye-Jin, 2013). Product placement becomes a practice in which manufacturers of a product or service gain exposure for their products by paying to media parties in order to be featured in entertainment programs. Product placement often associated with an agreement between a product manufacturer and the media company whereby the media company will receive economic benefit.

Product manufacturer will pay a fee to entertainment channel in order to promote their products through the exposure of products displayed or significantly featured in a movie or show. The use of product placement as a marketing tool is increasing as well as penetrates into the majority of manifestations of the entertainment business.

According to PQ Media (2014), a media research provider indicated that product placement becomes a 'strategic must-have' in the consumer brand activation marketing mix. Besides that, product placement through TV continues to dominate spending as well as product placement through digital platforms are the fastest growing and increasing recently. Based on the research report the United States is the largest product placement market with a 64% share and China posted the fastest growth of 15 major markets covered. Additionally, the research examined that the brand marketers spent approximately around 8.25 billion U.S dollar on worldwide product placement in 2012. It shows that the increasing spending amount if compared with 2009 which is 6.25 billion U.S dollar. PQ Media examined the top global product placement markets worldwide and found that U.S is the largest product placement market. The findings show that fastest-growing countries are Russia, China, South Korea, India, and Germany.

Quinn (2012) indicated that the fastest growing media platform for product placement through the digital, online as well as mobile social world encourage media content has become more social, interactive and engaging. Hence, it leads the brand marketers to increase the effort in investment in order to evolve product placements to connect and reach audiences as well as potential consumers by using digital and wireless technology to encourage them to consume content more often and to view advertising indirectly. Therefore, product placement has gained its importance as a non-traditional method to reach consumers through commercial persuasion efforts (Srivastava, 2015).

Recently, young adult audiences around the world become the main target group for product placement due to the increasing of converging in terms of lifestyle and taste of young adults. Moreover, the widely available of global social media and communication technology enable young adults often expose to the information

regardless of which part of the world they live in (Srivastava, 2015). Additionally, young adults are the most active groups of moviegoers. Moreover, young consumers are quite positive about product placement but they are annoyed by excessive and repetitive brand integration (Chan, Lowe, & Petrovici, 2015).

Product placement is gaining more attention in marketing domain due to the media fragmentation and consumer sophistication (Srivastava, 2015). Moreover, product placement has become an alternative strategy of marketing communication for marketers as well as firms to inform, remind as well as pursue consumers' awareness and concern towards product or brand. Thus, there is the need to study the impact of product placement through the measurement of product placement effect on consumers' responses.

## 1.2 Problem Statement

The adoption of product placement as marketing tool has arisen in order to create the awareness of consumers as well as purchase intention through the form of entertainment. The effectiveness of product placement relies on an understanding of consumer responses to products based on cognition and affection (Jin & Villegas, 2007). Due to the product or brand placements are having a fast growing in the advertising industry, marketers become more interested in identifying this tactic as sufficient marketing strategy (Matthes & Naderer, 2016).

According Kramolis & Kopeckova (2013), some authors such as Brennan & Laurie A (2004) and Gregorio & Yongjun (2010) classified the product placement into several criteria, which are movie or film, drama, reality show, TV program as well as music video. The adoption of product placements practices typically overcoming the problem of zapping because audiences are unlikely to change the channel when a product appears in a movie or TV program like what they might do during commercials. Today's, during the era of media fragmentation and consumer sophistication, product placement has become a preferable tactic as well as a strategy for marketers and advertisers to build brand awareness and develop favorable relations with consumers (Chan, 2012). According to Reijmersdal, Smit, & Neijens (2010), younger viewers tend to be more aware towards the persuasive intents in the types of entertainment contents with the commercials motive.

However, the increasing product placement practice leads to the insufficient use as a marketing tactic in positioning product or brand in consumers' mind. In other word, the ways of executing the product placement may lead to the favorable or unfavorable perception of consumers. This may due to the over expose of the product or brand through featured in entertainment content potentially lead to unfavourable evaluation of consumers' perspective on product placement. Moreover, external factors of product placement may potentially influence consumers' perception of the placed product or brand. Due to the product placement has emerged and penetrates into manifestations of the entertainment business nowadays, there is the need to explore product placement from consumers' perspectives.

Although there have been many studies on product placement, however the effects on consumers' responses have remained less unexplored. Furthermore, limited studies have been discussed about the influential factors in affecting consumers' perception of product placement as well as the effect of product placement on their responses. Thus, this research desire to address the research problem to examine the product placement as an alternative way in marketing communication.

Therefore, this research aims to study the relationship between product placement and consumers' responses. Furthermore, this study will investigate the potential factors in influencing consumers' perception on product placement.

### **1.3 Research Questions**

1. What are the factors influencing consumers' responses towards product placement?
2. Which execution factors of product placement has significant impact on consumers' responses?
3. Which individual-differences factors of product placement has significant impact on consumers' responses?

### **1.4 Research Objectives**

1. To identify the factors influencing consumers' responses towards product placement.
2. To identify which execution factors of product placement has significant impact on consumers' responses.
3. To identify which individual-differences factors of product placement has significant impact on consumers' responses.

### **1.5 Scope of Research**

The study investigated the factors and impacts of product placement on consumers' response. Thus, this research determined the factors influencing consumers' responses towards product placement. Furthermore, this research will identified which execution factors and individual-differences factors of product placement had significant impact on consumers' response. To accomplish the study, this research was conducted from September 2016 to June 2017. Additionally, the

respondents focused on young adults through the consideration of geographical area which focused at Melaka, Johor and Selangor. Hence, the methodology of the study was through quantitative research to accomplish this study.

## **1.6 Importance of Research**

The importance of research is to explore and investigate the knowledge regarding product placement strategy. Product placement has contributed the effort as an effective initiative in promoting product or service. Product placement act as broadcast advertising through featuring of product or service on media programming. Additionally, this research may be used as a guideline to marketers or advertisers to implement product placement as a marketing communication. This research aims to apply theoretical ideas to identify and discuss the issues arises. Furthermore, this research may be able to construct and provide a better understanding as well as insight on product placement. Hence, this research will be able provides academic and practical contribution in the area of product placement.

## **1.7 Summary**

In this chapter, the research is aim to examine the influential factors and impact of product placement on consumers' responses. Through the description of background of study, problem statement, research questions and research objectives are discussed in order to give a fundamental understanding of whole research. Moreover, scope of research and importance of research are discussed in this chapter to provide insight to the report.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Overview of Product Placement

Product placement, also known as embedded marketing. It refers to the inclusion or reference of a product or a brand in a media program such as drama or movie. Additionally, product placement can be defined as promoting product or brand in the form of paid inclusion of branded products or brand identifiers, generally through audio or visual means within mass media programming (Karrh, 1998). According to Chan (2012), product placement and brand placement have been used interchangeably in previous studies which bring the same consensus.

From the view of Kim, Kim, Song, & Tak (2002), product placement abbreviated as PPL can be defined either in broad sense or narrow sense. In broad sense, PPL able to refer to a form of indirect advertisement which allows company to promote products through role of a sponsor. In narrow sense, product placement is defined as the products being used as props on broadcast sets. Thus, product placement could be used to develop a marketing campaign strategy through indirect methods to promote the sponsors by exposing consumers to their images, names, or locations.

Product placement can be defined as the insertion of brand logos or branded merchandise into movies and television shows. Due to the evolution of technology as well as the tendency of viewers to zip through or avoid commercials, adoption of product placement has increasingly popular. Furthermore, branded entertainment is a