

# The Impact of Product Placements on Brand Attitude

Bachelor Thesis for Obtaining the Degree

**Bachelor of Science** 

In

Advanced International Management

Submitted to Dr. Marion Garaus

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# Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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# Abstract

As society continues to evolve and new technological advances emerge, companies are constantly adapting their marketing approaches to better reach customers. Stimulus-disrupting factors of traditional forms of advertising resulted in effectiveness failures of classical advertisements. Consequently, more subtle forms of advertising were demanded and implemented. Besides above the line marketing, below the line marketing arose. It involves an effective form of information transfer, in which customers are addressed by advertising messages embedded in the storyline, which subsequently influences the conscious as well as the unconscious of recipients. The impact of product placements on implicit as well as explicit memory has already been researched. The thesis therefore focuses on the effects of product placements on the brand attitude of customers, the analysis of possible resulting alterations of purchase intentions as well as the exploration of the perception of the disruptive factor experienced by customers. Likewise, an analysis of these factors was made of traditional advertisement to be able to contrast and compare the two forms.

An experiment in the form of an online survey was conducted to explore, test and measure the factors just mentioned based on the case of the brand "Coca Cola". An experimental group for product placements and a control group for the traditional forms of advertising were studied. The allocation of the participants was randomized via an online survey platform. The data analysis revealed that product placements trigger greater brand attitudes than those of traditional advertising. Consequently, customers feel more attracted to the product or brand. Correspondingly, it could also be analyzed that such a positive attitude towards a brand has a positive effect on the purchase intentions of customers and accordingly they are more willing to purchase a product on the market. This suggests that companies can generate better profits from the use of product placements. At the same time, however, it



became clear that the correct use of product placements is crucial and that the environment in which they are placed plays a decisive role for consumers. The correct integration into the storyline is important to avoid disruptive factors that can have a negative impact on customer behavior. However, in order to explore these issues more extensively and in a meaningful way, long-term research will be required in the future.



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# 1 Introduction

Nowadays, it is becoming increasingly difficult for the average citizen to recognize the origin and intention of the content published by the media and to filter whether it is purely journalistic information or entertainment which may conceal calculated advertising messages (Harro-Loit and Saks, 2006). As digitalization changes, companies are constantly looking for new ways to promote their products or brands to ensure that advertising for their products is still perceived and the desired marketing successes can be achieved (Nebenzahl and Secunda, 1993). For this reason, classic means of communication such as radio spots, TV commercials or print ads, also known as above-the-line marketing, have been supplemented by creative below-the-line marketing. This form of marketing focuses on promoting brands and products through non-traditional mainstream ways and channels. Direct marketing, guerrilla marketing as well as product placement are included in this category (Esch et al., 2009).

Product placement, meaning the "advertising-effective, targeted integration of products or services into the plot of a cinema, video or television program" (Bente, 1990), has become a widespread measure in the advertising mix over the last two decades, influencing the conscious as well as subconscious of recipients. In this context, the placement of advertising "information" goes far beyond a mere presence in the media. Embedded advertising messages are often not perceived as such by the audience and thus promote desires that were not present before. Given the subtle ways in which product placements enter people's minds, consumers easily build a familiarity which can lead to a preference for or dislike of a brand (Auty and Lewis, 2004).

While consumers often refer to product placement as an abuse of purchasing behavior, proponents of its use argue that the goal lies in increasing customers' brand awareness and identification, and in achieving a learning effect in terms



of information about products even though the latter is only tenable to a limited extent (Schramm and Knoll, 2015). Research dealing with product placements, their various forms and the effects achieved in each case, is wide-ranging but less intensive when it goes beyond the bare existence of a brand or product. Recent findings on the cognitive effects of product placements suggest that such learning effects are influenced by factors including brand experience and its relevance, education, and the attractiveness of the medium. People thus remember a product that has been shown and react with a change in behavior the next time they encounter a product or see a brand (Brunbauer and Matthes, 2016).

Below-the-line marketing focuses on appealing to people's conscious and subconscious, influencing it and consequently intentionally attracting unnoticed attention to a brand or product. Ultimately, product placements, in addition to increasing awareness, can have a significant impact on purchasing behavior, to be precise memory, recognition and recall (Law and Braun LaTour, 2004). The bachelor thesis addresses these issues and analyzes the effects of below-the-line marketing on adults and young people. The aim of the study is to find out the impact of product placements on brand attitudes, the resulting buying behavior, the disruptive factor of this form of advertising and ethical concerns.

The following research questions arose from the points mentioned above:

#### Which impact do product placements have on brand attitude?

To what extent is the intervention in the subconscious of consumers through below-the-line marketing morally acceptable?

The thesis elaborates on the effects of product placements on brand attitude. Not only should a deeper understanding of the advertising medium be created, but also insights gained into its effects on explicit memory and the associated



recognition and recall. In order to elaborate the ethical aspects of the intervention of the subconscious, literature will be used, as the access to the required measurement instruments is not available within the scope of this bachelor thesis.

The findings of this thesis aim to contribute to existing literature on the impact of product placement on consumer behavior by identifying the extent to which subtle forms of advertising affect brand attitudes and whether purchase intentions consequently shift. In addition, it helps to determine to what extent the disruptive factor of such forms of advertising plays a corresponding role.

The thesis is divided into four parts under which the literature review, an empirical investigation called "methodology", as well as a data analysis including results and conclusions with limitations, recommendations for future research but also implications fall.

The literature part focuses on a definition and consequently differentiation of above-the-line marketing and below-the-line marketing. Reasons for the use of product placement are explained, objectives are mentioned as well as placement characteristics are described. In order to address the research question in more depth, the effects of product placements as well as the related factors and models are elaborated. Additionally, learning processes will be addressed and ethical concerns regarding influence on the subconscious of recipients will be discussed.

The methodology section will provide an overview of the framework of the chosen research method and design. Therefore, through a quantitative data collection in the form of an online experimental survey, a research analysis including interpretation will take place, which will be summarized in the final part.



# 2 Literature Review

## 2.1 Above-the-Line Marketing: Advertisement

Although being exposed to advertising messages has become a part of everyday life for most people, the success of such campaigns tends to be limited. Reasons for such unsuccessful advertising campaigns range from information overload to sensory satiation, up to the interchangeability of competing goods. These are the trigger for an advertising avoidance behavior developed by consumers already for a long time Among these lie channel changes during commercial breaks, so-called zapping, or the omission of commercial breaks from recorded video recordings, so-called zipping (Kitchen, 1986). Consumer behavior of this kind automatically leads to a decline in the effectiveness of advertising messages. As a result, companies no longer achieve the success they expect with their investments in traditional forms of advertising. The rising media costs have led to a sharp drop in the priceperformance ratio of advertising spots. Companies are therefore often no longer convinced enough to implement these advertising formats (Ramme et al., 2002).

Above-the-line marketing includes all communication instruments that are intended to address prospective customers impersonally or through mass communication (Madleňák et al., 2015). A general definition of the subcategory advertisement is provided by Behrens (1970, p. 4) with a description of some characteristics: "Advertising is the intentional and non-coercive form of influence which is intended to induce people to fulfill advertising objectives". Advertising thus belongs to the part of the sales and brand policy of companies. Brand policy is an important component of marketing and accordingly encompasses all decisions concerning marked products. The primary purpose of brand policy is to ensure that the identification and communication potential of the marked product is fully exploited (Schweiger and Schrattenecker, 2016; Sieberts, 2016). In addition to personal selling, as



well as increasing sales figures and public relations, the deliberate manipulation of consumers plays a decisive role in this regard. Target groups are to be convinced of the positive aspects and advantages of a product through a wide variety of media (Schweiger und Schrattenecker, 2016).

For the goal of product sales, companies must make decisions within the marketing mix. By making the right choices regarding product, price, distribution and communication policy, the market is to be influenced and sales figures are to be increased as a result (Schweiger and Schrattenecker, 2016).

#### 2.2 Below the Line Marketing: Product Placements

Product placement can be seen as a subcategory of brand placement. While the term product placement is used for the physical presentation of the product, brand placement focuses in generalized terms on the presentation of the brand, which can consist of showing a product with a brand name or only the name of the brand. The two terms should be distinguished from each other in the sense that product placement focuses on the type of product, while brand placement emphasizes the brand as a whole (Babin and Carder, 1996).

Product placements are taking on an increasingly important role in companies' marketing strategies. The permanent change in the field of digitization has led to a constant evolution of advertising approaches. In addition, the younger generations are becoming steadily more influential and powerful, which is why companies, and their marketing strategies must continuously adapt in a subtle way to the new target groups in order to achieve success in the market (Schneider, 2019). This gave rise to the so-called "below-the-line" activities, which refer to the inclusion of personalized or individualized content (Madleňák et al., 2015). In addition to product placements, below-the-line marketing also includes other non-classical forms of advertising such as sponsoring, licensing or merchandising (Auer and Diederichs, 1993).



The positioning of product placements within communication cannot be clearly defined. While it can be regarded as an independent instrument in consumer language alongside advertising, it is often also incorporated into the advertising field (Wilde, 1986).

According to changes observed in the past, product placements have proven to be a highly successful marketing tool. Placements appear in all media genres, thus are widespread and have a superior effect on brand attitudes (Babacan et al., 2012). Compared to traditional marketing in the form of advertising, product placements also influence the subconscious and therefore serve as an effective strategy and valuable tool for marketing. Brand names, logos or products, and advertising messages are carefully embedded in entertainment media to increase sales. In a subtle way, a product or brand is introduced to the consumer in a medium without making a specific sales pitch. The conveyance to the customer is based on building familiarity and creating positive associations to subsequently persuade and sell products successfully (Wilson and Till, 2011). By addressing target audiences in a non-obvious way, consumers do not associate negative attitudes with a brand, but are made familiar with it in a pleasant way. Companies try to show potential customers how they can incorporate and use product innovations in their daily lives (Babin et al., 2021).

Although the placement of brands or products in movies is not a novelty, their presence is becoming more common. Companies are investing an even higher amount of money in this type of marketing, hoping to generate increased sales. Heineken, for example, paid \$45 million for the placement of its beer brand in



the popular James Bond film "Skyfall" (Babin et al., 2021). Excerpts of them are shown in the figures 1 and 2 below.



Figures 1 & 2: Product Placement of Heineken in the Movie "Skyfall"

Product placements offer many advantages, such as access to audiences that cannot be reached through traditional marketing. Another benefit is the creation of brand awareness without the need for bold advertising, as advertising is done in a subliminal way. Forcing viewers to watch a commercial may cause them to like or dislike it, but they are likely to associate their knowledge of the product (La Ferle et al., 2006).

#### 2.3 Differentiation: Product Placement vs. Hidden Advertising

It is necessary to distinguish between the terms product placement and hidden advertising, as these are often confused or equated with each other. Even if the boundary between the two forms of advertising is rather unclear and blurred, and product placement internationally finds itself in a media-law skeptic zone (Schumacher, 2007), hidden advertising is legally defined by means of a paragraph as follows: "Hidden advertising is the mention or presentation of goods, services, brands, names or activities of a manufacturer of goods or a provider of services in programs if it is intentionally intended by the broadcaster for advertising purposes and can mislead the general public with regard to the actual purpose of this mention or presentation. In particular, a mention or representation shall be deemed to be intended for advertising



purposes if it is made in return for payment or similar consideration." (§ 2 II No. 6 RStV).

Both product placement and hidden advertising pursue primarily the same goals, whereby it is a matter of transmitting advertising messages to consumers (Schumacher, 2007). The difference lies in the fact that product placements usually involve the placement of the object with the storyline associated requisites through compensation such as payment (Diller, 1994). In contrast, hidden advertising presents a product without any reference to the plot (Tata, 2006). A medium is used here for purposes without a paid insertion order and its advertising character should not be immediately transparent.

## 2.4 Placement Characteristics

According to the literature, product placements can be classified respectively categorized at different levels and in various ways. Bente (1990) divides these into:

- Information Transmission
- Type of Placement Object
- Product Intent and Degree of Program Intention

The following subsections will elaborate on these different levels in more detail.

#### 2.4.1 Information Transmission

The communication of product placement information in media can occur either visually, verbally or audiovisually (Brunbauer, 2013). The visual form of information transfer involves the purely visual presentation of products, brands or logos without verbal integration of product messages in the background of broadcasts or films. Media content is visually perceptible and is usually also clearly recognized by consumers (Bente, 1990). The duration of a visual placement can range from a short camera sweep to long presentations with full action integration (Berndt, 1993). The number of insertions, the way



the product is presented, and camera movement fall under the categorization criteria for this type of information transfer (Russel, 2005). Visual product placement does not necessarily have to be limited to movies or television. Print media such as magazines, journals, or books can also be used for placements (Hormuth, 1993). Even live broadcasts or interviews make use of visual product placements. Coca-Cola, for example, collaborated with the casting show American Idol from 2002 to 2014. Coke bottles were placed on the tables of the judges in such a conspicuous way that consumers could consciously notice them (Lindstrom, 2008).

Verbal placement is contrasted with the above. In this type of information transfer, the focus mainly lies on the mentioning of brand names in connection with product messages instead of image insertions (Gupta and Lord, 1998). Consequently, they can only be perceived acoustically and are characterized in terms of the number and context of times the brand name is referred to as well as the pitch of the voice when the brand name is uttered (Schumacher, 2007). Like visual placement, verbal placement is not limited to a single medium. In addition to movies and broadcasts, these can also be realized in audio books or novels. Advantage of this kind of information transfer lies in placements being placed target-exactly in only certain synchronization versions. This means that only selected countries or continents can be addressed, for example, only in the English version. This makes it possible to cut costs if target groups are addressed only selectively (Hormuth, 1993).

Parallel use of both information channels is also possible. In the audiovisual variant, images of brands and products are projected simultaneously with verbal messages to significantly increase the effectiveness of the placement. A study by Gupta and Lord (1998) found that prominent placements are much better remembered than pure product advertising. However, the latter is still perceived and remembered better than subtle product placement.

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Wilson and Till looked at the effectiveness of different types of information delivery in a study on "Product Placements in Movies and on Broadway" conducted in 2011. A total of 315 moviegoers were studied via a survey on perceptions of placed products in movies (Wilson and Till, 2011). Results indicated that there was not much of a difference between visual and verbal placement. Visual placement was imprinted on respondents at 4.10%, while verbal placement was perceived at 4.5%. Audiovisual placement, on the other hand, proved much more memorable. At 23.8%, the combination of the two methods was remembered significantly better. In addition to positive effects, the increased memorability and the associated potential impact can also trigger negative effects (Hormuth, 1993).

#### 2.4.2 Type of Placement Object

For the placement of products within programs, a certain degree of brand recognition is required so that it can be recognized by customers as an embedded brand. Innovation placement is considered an exception (Auer & Kalweit, 1988a).

To clarify the variety of product placements, various authors divide them into different types of placing. Image Placement, Generic Placement, Corporate Placement, Idea Placement and Innovation Placement fall under terms that authors use to describe and differentiate the type of object and consider to be relevant (Schumacher, 2007; Auer et al. 1988; Bente, 1990).

Product placement in the narrower sense – also known as brand placement – involves replacing products that appear in the context of media content with branded products. Products are integrated into the storyline as creatively as possible. They should represent a realistic requisite, which viewers could also make use of in everyday life. Product placement in the narrower sense is not only the oldest form of placement, but also the most frequently used, which leads to the term "product placement" being regarded as the general form (Auer et al., 1988).



Product placements aim to trigger image effects. Explicit image placements focus on the placement of a product in individual scenes. The storyline of a movie and the product are linked to each other. A film incorporates a company or product into the plot in such a way that it becomes an important part of the movie message (Auer et al., 1988). Since the brand plays the central role, themes or content of the plots are even often tailored to the product or company itself, resulting in an extremely high degree of integrity (Rathmann, 2014). The goal of companies placing special focus lies in creating a positive image of more woven objects. Since image placements pursue similar goals and procedures as corporate placements, they can be classified as a special form of the latter (Hermann, 2012).

While image placements focus primarily on the placement of image factors of companies, corporate placements aim to place a name or logo of a company (Bente, 1990). Thus, not specific products per se are placed in the scene, but a company presents itself much more as a whole (Schumacher, 2007). Services and products can thus be integrated into the plot and thereby introduced to viewers (Voeth and Herbst, 2013). Through this type of placement, a company can present itself to the public, positively influence target groups and thereby support existing marketing measures (Hermann, 2012).

Generic placement deals with the advertising of an entire product group, such as cigarettes or alcoholic beverages. The aim of such a placement is to enhance the image of such product groups that are in danger of falling into disrepute among consumers and thus to increase sales (Bente, 1990). In Generic Placement, the brand name itself is not shown or mentioned (Dörfler, 1993). Generic placement can also be defined differently: It serves the "unmarked" promotion of brands. Products are integrated into promotions based on their shape, color or other features, and consumers recognize them as a specific brand without deliberately putting a product's logo or name first. Opportunities with this placement exist especially for market leaders in the respective industry. These can profit insofar, since it can be assumed that in



consequence of a generic placement consumers will show a particularly high purchase readiness opposite the market leader (Auer and Kalweit, 1988a; Hormuth, 1993).

Idea placements aim to draw attention to ideas as well as attitudes and beliefs within societies and to promote them. Often this type of placement is aimed at raising awareness among the public. Moral issues, such as drug use or viral diseases, are addressed through realistic integration into film storylines. The aim is to appeal to the general public without deliberate advertising having a negative effect on the audience (Hormuth, 1993).

Innovation placement is the placement of an absolutely new product or brand. Since no recognition effect can be achieved with this type of placement due to its novelty, there is a possible danger that the product will not be noticed at all in the first place, but on the contrary will be overseen (Asche, 1996).

#### 2.4.3 Program Intent and Degree of Product Integration

The term degree of program intent can be understood as the extent to which features reach the center of the audience's attention. When a product is presented as part of a brand presentation, it is referred to as implicit placement. Integrated placements involve the specific presentation and discussion of a product, while non-integrated placements involve the presentation of products in a storyline without being tied into a specific situation (d'Astous and Seguin, 1999).

Product integration, like intent, is used at different levels. The placement of products can range from barely visible appearances in the background to clearly visible or audible appearances in the storyline. Smooth transitions and the use of often different types of product placement are used to best engage customers. A distinction can be made between on-set placement and creative placement in terms of the type of integration (Auer and Kalweit, 1988a; Hormuth 1993).



On-set placement involves the use of products as requisites. However, these only represent a certain part of the plot environment. Products are used to describe the plot, the characters, or the environment. Thus, the inclusion of products in this type of integration tends to be passive and static, resulting in the fact that products are often used interchangeably and therefore represent only an accompanying role (Hermann, 2012).

In creative placement, the advertised product plays an integral role in the context of the film and represents an important part of the plot. Creative placement can either involve multiple placements or the use of the product to characterize the actors. Products can even be given their own role within the storyline. For this reason, businesses who invest a lot of money can often even influence the script (Auer and Kalweit, 1988a; Hormuth 1993).

## 2.5 Reasons for the Use of Product Placements

The initial idea expressed in product placements was to give films a more realistic appearance. However, this goal was already caught up a long time ago by communicative goals from which companies can benefit. Companies have recognized their benefit in better and more efficient realization of the degree of brand awareness as well as the strengthening of the image through such an advertising medium (Zwinger, 2004).

Apart from the direct effects, product placement has numerous and varied advantages for companies. Not only do they offer a more cost-effective way to advertise products for a one-time payment. By realistically incorporating an advertising message into the storyline, credibility with consumers is dramatically increased. At the same time, the right placement can narrow down and appeal to desired audiences through targeted placement. Furthermore, product placements also offer the advantage of constantly updating brand presence and exploiting an unrivaled advertising situation (Zwinger, 2004). Likewise, the general defensiveness in the form of



"reactance" and the associated avoidance "zapping" of traditional classical advertisements can largely be circumvented (Lehrian, 2012).

In the objective of product placement, the anchoring of a product in the memory of the user is the primary step. By providing product information and generating a positive attitude towards the product, incentives to buy are to be created. Only after the product has been purchased the placement can be concluded as successful (Auer et al., 1998) and be reflected in measurable economic data (Bente, 1990). The communication objectives of product placements can be divided into the categories of brand awareness, product knowledge, usage confirmation, image and attitude objectives, and purchase incentives (Auer et al., 1988; Hormuth, 1993).

#### 2.6 **Objectives of Product Placements**

Objective setting can be presented in the form of a step-by-step process that is likely to achieve the best results in the use of product placements. During the first phase, a specific level of awareness should be developed, ranging from increase to stabilization. The anchoring of a product in the memory of the recipient must take place so strongly that the recipient can identify the product within a program. Subsequently, product information and confirmations of use should be provided, which not only generate a positive attitude towards the product or brand, but also have a purchase-inciting effect. Accordingly, an information aspect is assigned to product placement, since the creative integration of a product into the storyline creates the opportunity to convey product advantages and characteristics (Auer and Kalweit, 1988a; Hormuth 1993).

Confirmations of use can reduce cognitive dissonance in the consumer. This is achieved by the fact that the setting leading role model function uses the product itself or confirms its product or mark choice. Consequently, the product decision should appear justified to the consumer (Bente, 1990). Additionally, by the purposeful placement in a certain surrounding field and



the use by determined actors improvements, changes or stabilizations of the image can be reached (Auer and Kalweit, 1988a; Hormuth 1993). In connection with this, image transfer, which is described by Lippegaus (1984) as a process of transferring a certain image to a product, can also be explained as an objective. Finally, purchase incentives are considered as a direct economic objective of stimulating purchase behavior. This substantiated by the fact that product placements create a close connection between the product and the actors. Nevertheless, this objective is not a measurable effect, since it is often achieved exclusively coincidentally or in combination with other advertising measures (Auer and Kalweit, 1988a; Hormuth 1993).

## 2.7 Prerequisites for Product Placements

The correct and optimal use of product placements is crucial for their usefulness and efficiency. To achieve this, certain requirements must be met. Among them lie qualitative requirements (Spitzer, 1996).

Brand awareness is of the highest priority. With the strength of the anchoring of a brand in the memory of the viewer, the recognition potential increases in order to be able to achieve an increase in the registration of this during a movie. This enables viewers to identify and perceive the product within a storyline better and more promisingly (Auer and Kalweit, 1988a). Brand recognition is also inevitable for a successful placement. A product must not only be recognizable because of its brand name but must also be projected long enough to be actively identified by viewers. This category includes factors such as the size of the logo, the number of lights, and the reference to the action. However, in order to avoid a negative perception or defensive reaction from the target audience, care should be taken not to present products too obtrusively. Too long or frequent placement should be avoided accordingly (Spitzer, 1996).

The environment in which products are placed must also be taken into consideration. On the one hand, it should be taken care of placing a product



within a positive environment, and on the other hand, within an activating one. It must be paid attention thus to the fact that a product does not become associated in a negative context (Spitzer, 1996). The term "replacement" belongs to this area. This involves companies making an effort, in return for payment, to ensure that their products do not appear in films. Daimler-Benz, for example, placed great emphasis on ensuring that its vehicles did not appear in a context of serious accidents or were driven by rebellious individuals (Harbrücker and Wiedmann, 1987). The use of an activating environment is also of great importance for the success of product placements. The product should be placed in an exciting scene, where the attention span of the audience is high and consequently their receptiveness is increased by the greater activation (Spitzer, 1996).

The conformity of the film and/or actor with the brand ensures the authenticity of the placement. Furthermore, actors should have a certain role model function so that a positive image can automatically be assigned to the product by the viewers (Spitzer,1996). It has been proven that the reception and processing of media-mediated content can be influenced by the communicator's perceived expertise, trustworthiness, appeal, likeability, power, and intention to influence or persuade. The credibility of the communicator is not relevant. Attractiveness, which depends on the similarity between the source of information and the person gathering it, plays a much more decisive role. This can lead to higher attention, activation and a greater willingness to interact (Bonfadelli, 2004; Gierl and Bambauer, 2002). Even the physical attractiveness dimension, represents, in general, a salient and appealing stimulus that can promote the recipient's attention and encourage him or her to imitate (Bandura, 1979).

All these requirements are also to be brought in line with the international positioning. With such a placement, the audience reach is automatically

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increased enormously. Nevertheless, it should be considered that international positioning of products does not only consider political but also cultural and social conditions of the broadcasting countries. This includes a high expenditure of time and costs, in order to avoid a misapplication of a placement, which could lead to opposite initial consequences and possibly intercultural disputes (Spitzer, 1996).

#### 2.8 Advantages and Disadvantages of Product Placements

The advertising industry considers product placement to be an innovative and effective approach to communication. As economic interests are crucial for business transactions, the role of financing plays a major role for companies. Product placement is seen as a cost-effective way of advertising to attract a large number of customers, without any additional expenses. Only the manufacturer of the product or the employment agency is obliged to pay the fee. Observers can imagine the benefits of the product beyond advertising interruptions. From an entrepreneurial point of view, additional advantage consists in the fact that viewers cannot escape advertising measures of the circuit and perceive content information unconsciously by actions. The purchase incentive desired by the company, which is triggered in the best case with the customer, results in an increase in sales for the former (Scherer, 1990).

Product placements, as other forms of advertising, have limitations, weaknesses and disadvantages. A particularly salient factor to note is that product placements are a method by which a recipient notices products and branded goods almost exclusively peripherally compared to traditional advertising, which can lead to a possible general non-perception of the product or the related information. Likewise, the effects of product placements are strongly dependent on the success of the film used in them. Apart from that, incorrect use during placement can lead to problems. This includes too long,

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unrealistic or frequent placements, which can result in an irritated or upset reaction in viewers (Auer and Kalweit, 1988a).

# 3 Effects of Product Placements

## 3.1 Hierarchy of Effects

Several factors must be considered when analyzing the effectiveness of product placements. Empirical research on advertising effects focuses on the hierarchy of effects and the three associated levels for the analysis of the impact. Collectively, these consist of cognitive, affective, and conative effects which act on different levels, as depicted in table 1 below (Babin et al., 2021). At all stages the level of attention plays an important role in the process of advertising impact (Waiguny, 2011).

The cognitive level represents the process of information processing, which are the learning and memory processes measured by brand awareness and brand recall. Studies have shown that cognitive effects aim to make consumers aware of brands or products, simultaneously provide them with knowledge, and subsequently achieve a specific placement of these (van Reijmersdal et al., 2009). In cognitive product placement, consumer contact with a brand has been shown to leave strong impressions in consumers' explicit or implicit memory. According to research, in most cases there is a positive relationship between attitudes toward a brand and its awareness (Babin et al., 2021).

Affective outcomes aim to measure a relationship between consumer liking and brand placement. The latter can range from low to strong influences and is therefore categorized into levels that can lead to different attitudinal mechanisms (Balasubramanian et. al, 2006). The level of affective outcomes can also be described as emotional level, as it deals with and describes the change of feelings emotions or mood. Attitudinal changes to product evaluations are related to this (Kroeber-Riel et al., 2019). Research has shown



that these can range from affective effects to pure exposure effects to evaluative conditioning (Balasubramanian et. al, 2006).

Conative effects are concerned with changes in consumers' buying behavior when they are exposed to certain brands while facing alternatives. Studies have shown that these effects can be both positive and negative. At this point, the actual "do" moment occurs, whether a product is purchased or not (Babin et al., 2021).

Consumer Behavior	Hierarchy of Effects
Cognitive	Awareness
(thinking, understanding, remembering)	
	Knowledge
Affective (feeling, experience)	Liking
	Preference
	Conviction
Conative (behavior, feeling)	Purchase

#### Table 1: Hierarchy of Effects Model

According to research, advertising effects have already been determined and measured on all three levels. It was found that product placements can lead to increased recall, recognition and brand awareness. In addition, it has been shown that product placements have an influence on product evaluation and correspondingly influence customers' purchase intentions and buying behavior (Zipfel, 2009).

#### **3.2 Factors influencing the Effects**

The effect of product placements depends on influencing factors that must be considered for their success. These include the placement arrangement, the placement environment of the advertised product the characteristics of the viewer and the role of involvement.



Placement arrangement refers to the frequency with which the placed product appears or occurs. Previous studies show that more frequent appearance leads to positive advertising effects (Zipfel, 2009). At the same time, studies have found that the influence of the frequency factor is often associated with salience. Factors such as size, duration, image position, and involvement in the storyline fall into this category (Homer, 2009). Similarly, the way information is conveyed, the prominence of the product, the degree of integration, relevance to the action, and modality all fall within the realm of salience (Zipfel, 2009).

Placement context is another factor that influences the impact of advertising. It refers to the medium in which a product is broadcast, such as television or cinema, and the product content, namely a movie or series (Zipfel, 2009). Studies have shown that product placements lead to stronger effects in cinema than in television (Lehu and Bressoud, 2008).

Recipient characteristics refer to attitudes toward product placements as a form of advertising, but also to the extent to which a product is included in the placement environment. In this form of influencing factors, the product-inserting protagonist also takes on an important role. Depending on sympathy, congruence and attractiveness with the advertised product, but also the protagonist, different effects can occur on the brand attitude of a viewer (Zipfel, 2009).

The role of disclosure plays a particularly important role with regard to the influencing factors of commercial impact. Program involvement is defined as "an active, motivated state, signifying interest and arousal induced by a television program" (Moorman et al., 2007, p. 131). The higher the program involvement and the associated stronger attention of viewers, the better they perform in processing than those with a low involvement. In this respect, the program element has an impact on the disclosure and enjoyment of a program. If a viewer focuses strongly on the program content, there is a higher likelihood



that the disclosure will be ignored by viewers (Van Reijmersdal et al., 2010). At the same time, studies found that too much engagement decreases recognition of the disclosure (Boerman et al., 2015b). This is due to the fact that viewers who are highly engaged in the program content must exhibit more cognitive resources for processing (Buijzen et al., 2010). The theory of limited cognition states that its full disclosure competes with the program content for the allocation of the viewer's cognitive resources. Consequently, the recipient's processing speed may decrease, leading to a lower liking of a program. In contrast, viewers who are less involved in the program reserve more cognitive resources for processing the placed brand, leading to positive outcomes for attitude toward a brand (Lang, 2000).

## 3.3 Theoretical Models for Product Placement Effects

Several theoretical mechanisms are used to describe the effects of product placement on consumer behavior. These include social cognitive learning theory, evaluative conditioning, and the mere exposure effect, which will be explained in the following.

#### 3.3.1 Social Cognitive Learning Theory

Bandura's social learning theory considers a wide variety of constructs. The fundamental component states that an individual's behavior is determined by three interacting factors. This includes interference of environmental factors, individual factors, and likewise behavioral factors (Kim, 2013).

Environmental factors are said to influence behavior insofar as they impact affective state, as well as aspirations, personal norms, and efficacy emotions. However, behavior is not exclusively the result of environmental factors. Indeed, vice versa applies as well. Accordingly, behavioral factors have a certain influence on environmental and individual factors such as the selfefficacy belief in which people judge their capabilities based upon their own personal direct experiences (Bandura, 1997). Increased self-efficacy beliefs can



increase the likelihood of behavior. Consequently, it can be concluded from the social learning theory that the way individuals interpret the results of their past behavior influences and modifies their environment as well as individual factors such as cognition, which causes effects on future behavior. The individual factors of the social cognitive learning theory also influence behavioral and environmental factors through human action (Kim, 2013).

An equally important cognitive factor in social cognitive learning theory is the outcome expectancy of a particular behavior. La Rose et al. (2001, p.399) define this factor as "individuals' beliefs about the outcomes of a future behavior based on comparisons between expected incentives and incentives achieved. Positive and negative expectations can be perceived as incentives and disincentives that regulate individuals' behavior and actions (Bandura, 1997). Unless people perceive that their behavior can lead to better outcomes, they are unlikely to perform the behavior in the face of difficulty. Following social cognitive learning theory, outcome expectations include both positive and negative results in behavior (Kim, 2013).

Social cognitive learning theory can be applied in the context of product placement effects on consumers to conduct an analysis of how an observer's behavior is imitated after a product is introduced, used, or even purchased by a protagonist (Zipfel 2009). Bandura's theory, specifically, assumes that individuals acquire certain new response tendencies through modeling and also by imitation. Behavioral changes of this kind are particularly evident when products are associated with characters with whom observers identify. Additionally, cognitive learning theories assume that viewers are especially receptive to the influence of products and messages that are unobtrusively embedded in the storyline since these subtle forms of influence do not elicit counterarguments. If viewers are captivated by the actor or story, the impact is particularly strong (Paluck et al., 2015.).

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#### 3.3.2 Evaluative Conditioning

Evaluative conditioning is often defined as an "effect". This refers to a change in the valence of a stimulus resulting from a coupling of two stimuli (de Houwer, 2007). Therefore, this theory indicates the association of a brand with affectively charged stimuli such as prominent endorsers or pleasant images (Sweldens et al., 2010).

Evaluative conditioning states that a repeated combination of a brand with different positive or negative stimuli influences the attitude towards this brand accordingly. A study by d'Hooge et al. (2017) showed, for example, that prominent brand placements have a positive effect on memory, recognition and brand attitude by placing the brand in various positive scenes. Modifications of the brand attitude can be distinguished between an indirect and a direct attitude change. While indirect brand attitude change is achieved by creating a memory link between the brand and the affective stimulus, direct brand attitude change is achieved by transferring the affective stimulus to the brand. While indirect evaluative conditioning requires repeated occurrence and presentation with the same affective stimulus, direct evaluative conditioning requires simultaneous presentation of a brand with different affective stimuli. Direct attitude changes are considered to be much more robust than indirect attitude changes, for example, with respect to interference by subsequent information or the activation of persuasive knowledge (Sweldens et. al, 2010).

#### 3.3.3 Mere Exposure Effect

Exposure has been identified as one of the most important variables affecting persuasive messages (Krugman, 1972; Zajonc, 1968, 2001). Since brand placements are seen as a type of persuasive message, there is a strong likelihood that the repeated appearance of objects will also affect brand placement effects. Accordingly, changes in brand image might reflect an overall positive brand valuation in which the context of the brand's occurrence



is irrelevant (van Reijmersdal et al., 2007). Although effects of mere exposure cannot be clarified at the memory level and in subliminal conditions it proves to be more prominent, existing literature on this indicates that repeated exposure to an object consequently leads to increased positive affect or at least decreased negative affect toward the object (Harmon-Jones & Allen, 2001; Zajonc, 1968, 2001).

In social psychology, the effect of mere exposure is described as an increase in favourability towards an object to which a positive attitude exists, after the subject has been repeatedly exposed to stimuli associated with the object of attitude. For the assertion of this, numerous observations of diverse cultures, species, and types of stimuli have already been studied in this regard (Zajonc (1968; Harrison (1977), Bornstein (1989)).

The extent of the mere exposure effect depends on several factors, including presentation frequency, involvement, and persuasion knowledge (Matthes et al., 2007). A determination of a correct presentation frequency which leads to the maximum mere exposure effect could not be determined so far. Nevertheless, studies have shown that a product positioned too frequently can consequently lead to saturation effects. This means that from a certain point onwards, the evaluation of consumers towards a product can no longer be increased or even decreases (Zajonc et al., 1972). Another important determinant of the strength of the mere exposure effect is the role of involvement, which was described in section 3.2.1. It is assumed that viewers' cognitive processing capacity for product placements is limited, which can consequently affect their evaluation of brands and products (Winkielman et al., 2003). Persuasion knowledge is also a decisive factor for the effectiveness of the mere exposure effect and varies from person to person. People rapidly develop negative attitudes and try to generate counterarguments when they notice that they are exposed to influence attempts. This is also applicable to product placements. If a recipient recognizes the persuasion efforts, this can



lead to an inhibition of the mere exposure effect (Friestad and Wright, 1995; Russell, 2002).

## 3.4 Memory: Implicit and Explicit Learning

Learning can be understood as an active and constructive process. The learner makes use of his or her cognitive resources to assimilate information from the environment, consequently embedding it into structures in order to create new knowledge structures from it (Kozma, 1991). It is important to distinguish between implicit and explicit memory (Moonhee et al., 2007). Implicit memory deals with the unconscious. This refers to the fact that target groups are not consciously recalled and thus influenced. Thus, people's consciousness is addressed involuntarily, and resulting from this their behavior is changed. In contrast to this stands explicit memory. This is where factors such as brand recognition and recall are addressed. Memory of this kind occurs both consciously and intentionally. People are aware that they are remembering past events and intend to recall them voluntarily (Law and Braun-LaTour, 2004).

#### 3.4.1 Impact on Implicit Memory

Implicit memory refers to the influence of the subconscious and thus to involuntary recall. Lemke (2003, p. 78) describes this term as the "... process of acquiring knowledge without the involvement of conscious processes." The observer thus performs a learning process without being able to consciously recall the learning situation. A product placed in an advertisement cannot be consciously recalled or recognized by the recipient (Babin et al. 2021). This learning process requires only low physical as well as psychic effort, as well as no high degree of attention is required. A relaxed state is even said to be conducive (Lemke, 2003). According to research, such implicit learning mechanisms can have an impact on brand awareness, attitudes, or purchase intentions even without the support of brand placement memory (Babin et al., 2021).



Although implicit learning occurs on an unconscious knowledge basis and is neither explicable nor realizable, the influence of implicit memory can still be measured. Generally, this is accomplished solely through actual observation of people's behavior. Such measurements of implicit memory range from monitoring simple tasks to computerized response tests. Implicit memory impact testing is particularly characterized as never involving a direct reference to a tested product (Law and Braun-LaTour, 2004).

#### 3.4.2 Impact on Explicit Memory: Recognition and Recall

Explicit learning processes involve a recipient observing an advertising scene with full attention. By actively perceiving a product placement, the recipient manages to remember the brand or product to a sufficient degree (Babin et al., 2021). According to studies, people use explicit memory to selectively access previous information (Valenzuela-Fernandez et al., 2015). Analyses of these cognitive processes found that both brand recall and brand awareness are part of explicit memory (Law and Braun, 2004).

Explicit memories and the effects of product placement on them are measured by memory or unaided recall tests (Valenzuela-Fernandez et al., 2015). Usually, these take the form of written surveys asking specific questions about which products in movies were remembered or which brands were recognized. Compared to implicit tests, these tests involve direct questioning (Law and Braun-LaTour, 2004).

According to a study by Nielsen Media Research (2006) on the evaluation of product placements, 60 percent of the target groups recognize brands in classic commercials. For product placements, the value seems to be even higher – 60 percent have a positive attitude toward this form of advertising, 40 percent a negative one as can be seen in figure 3 below. This initially shows a clear brand effect on the target groups not mentioned in this study: Brand awareness is increased and the relationship with the brand is positively charged. Nevertheless, although a product placement in a commercial



increases brand awareness, it has no advantage over a stand-alone spot when it comes to persuading viewers to buy the brand in question. How brand awareness and buying interest develop always depends on how familiar the target group is with the brand and what it triggers in them (Nielson Media Research, 2006).

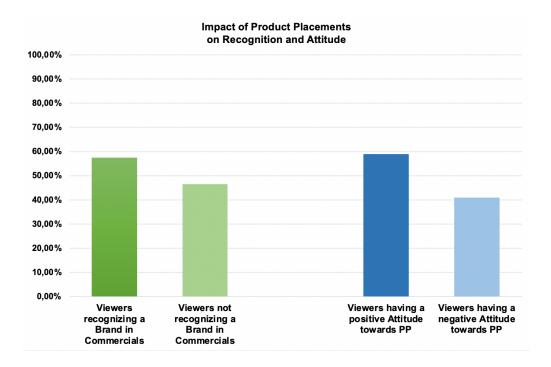


Figure 3: Impact of Product Placements on Explicit Memory

#### 3.5 Ethical Concerns of Product Placements

Considering that advertising mostly appeals to the general public and therefore has a decisive impact on society, it is important to ensure that responsible use is ensured. Therefore, moral aspects must be taken into account regarding the proper handling of advertisements and the ethical norms of society must be respected. Correspondingly, it is essential that general human rights, especially with regard to discrimination, are protected (Donadt, 2014).

Related to this, moral concerns arise in particular with the advertising form of product placement, as it insidiously, deliberately and intentionally misleads the



recipient in order to achieve a certain brand attitude or buying behavior (Donadt, 2014). In contrast to traditional communication tools, the recipient cannot avoid product placement in any way. Options such as switching channels or turning away an ad are not possible in this case. Criticism therefore exists insofar as an actual imposition exists with product placements (Hartmann and Beiersdorf, 2013).

Ethical concerns therefore play a crucial role in the use and consequent acceptance of product placements. Due to the constantly increasing frequency of the use of product placements in films, television, social media or computer games, the associated controversy is also growing (Schumacher, 2007). Consumer advocates criticize the advertising medium because target groups that are particularly easy to manipulate, such as children, are easy victims who are not protected sufficiently from these kinds of advertising forms (Lehrian, 2012).

In this context, it is important to address the role of the age of target groups in order to gain a better understanding of the ethical concerns involved in the intervention of the unconscious of recipients. Due to the not yet fully developed cognitive development and consumer competence of children, persuasive messages are processed differently and consequently have a different impact. From various theories of developmental psychology, children can be divided into age groups and the associated handling of advertising messages. It is said that from the age of 12, children acquire the increasing ability to process information contained in messages and, consequently, a better understanding of the motives of advertising campaigns as well as information distortions (Uribe and Fuentes-García, 2015).

The particularly problematic aspect of influencing children is when products are advertised that have a negative impact on health. Starting with the extremes such as alcohol or cigarettes, everyday lifestyles are also particularly affected. Among children, the prevalence of obesity has been especially



alarming for two decades. Numerous research studies have addressed the actual impact of food advertising on children. Evidence of crucial relationships between exposure to an advertisement and brand recall, as well as related attitudes and specific preferences, has been collected and analyzed. It was found that advertising increases the recall of the advertised brand in immediate and delayed memories (Uribe and Fuentes-García, 2015).

However, opinions on the influence of adult individuals and their personal feelings towards them differ. Several studies have been conducted on the attitudes and opinions of recipients regarding product placement. In 2009, for example, a study was conducted on the ethical aspects of product placements. The study "Non-student consumer attitudes towards product placement" included 3000 respondents. As the name of the study suggests, the aim was to find out the opinions of viewers on product placements. Positive attitudes towards the form of advertising also prevailed at this point (Sung, 2009). Nevertheless, it was found that the moral issue of the respondents lies more in the type or category of the advertised product. Weapons are the least accepted, followed by cigarettes, gambling, and political parties (Rathmann, 2014).

In the following year 2020, a further study carried out by Statista examined the opinions and attitudes of U.S. consumers on the fairness of product placement. Slightly more than half of respondents felt that brand placement was fair, but only if it was obviously disclosed. A quarter of respondents, on the other hand, felt it was unfair. Only 5-10% agreed with product placement, even if it was not openly displayed (Statista, 2020).

Concluding, it can be stated that the moral aspect is viewed differently from one individual viewpoint to another. While for some recipients the influence of product placement on the unconscious does not play a decisive role, others are critical of it.



### 3.6 Hypotheses

After elaborating and analyzing previous research on the effects of product placement on brand attitude, recognition, and recall, as well as the subconscious, several hypotheses were formulated, which will be explored and answered in the course of this thesis.

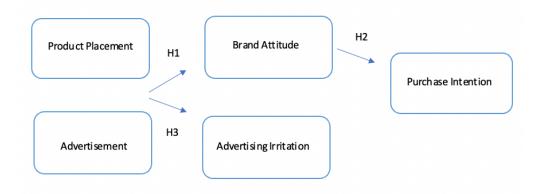
The three main hypotheses are as follows:

**H1:** People have a more positive brand attitude if exposed to product placements than traditional TV commercials.

**H2:** Brand attitude has a positive impact on purchase intention.

**H3:** Product placement prompts less advertising irritation than traditional TV commercials.

Adapted to the hypotheses, a research model was created to represent the interaction of the variables Brand Attitude, Advertising Irritation and Purchase Intention, which is shown in figure 4. This model also illustrates that a comparative analysis between product placements and advertising is conducted.



*Figure 4: Research Model showing the Interaction of Product Placements and Advertisement, Brand Attitude, Purchase Intention and Advertising Irritation* 



# 4 Methodology

## 4.1 Research Design

During the bachelor thesis it was important to choose a suitable research design as well as the right research method. Thus, a quantitative approach was chosen. Through statistical analysis, the relationship between the variables should be tested as best as possible.

Creswell (2014) designed a Framework for Research, which states that the research approach consists of three important elements. These are philosophical worldview, research design, and subsequently research method. The quantitative research approach is based on post-positivism. Through observation and measurement of objective reality and numerical assessment using instruments, this worldview emphasizes validity and reliability (Creswell, 2014). The quantitative approach can be designed experimentally or non-experimentally. To test the hypotheses, experimental research was chosen. Apart from the active influence on the course of the experiment, the choice of this particular research method made it possible to collect own data and thus to gain insights beyond already existing findings. Accordingly, unconscious aspects of human behavior were also captured.

#### 4.2 Data Collection

#### 4.2.1 Online Experimental Design

An experimental study was conducted using the online platform "SoSci" to investigate the effects of product placements on customers' brand attitudes and, consequently, purchase intentions. Likewise, the advertising irritation factor aimed to be tested. The survey contained 19 close-ended questions and a picture to which the participants were exposed before answering the survey queries. The brand "Coca Cola" was chosen for the experiment. Participants in the experimental group were exposed to an image of a product placement from the popular television show "American Idol," while the control group was



provided with a traditional advertisement image. The survey questions can be divided into four categories, which (1) Brand Attitude, (2) Purchase Intention, (3) Advertising Irritation, and Demographics (4). The questions in the first three categories are related to the advertising image shown, while the fourth category is designed to develop a better understanding of the respondents.

An introductory text is shown at the beginning of the survey, which informs the respondents about the topic of the work and explains the intentions of the survey. Likewise, the participants were informed about the guaranteed confidentiality of the data and the use for solely academic purposes

Consequently, participants were randomly assigned to one of the two groups. The experimental group was presented with the image of the product placement as depicted in figure 5, the control group with that of a classic advertisement shown in figure 6. Respondents were asked to observe the image for at least 15 seconds before they were able to respond to the questionnaire.

#### Both images are displayed below:

Product placement of "Coca Cola" in the television show "American Idol":



Figure 5: Product Placement of "Coca Cola" in the TV Show "American Idol"



Advertisement of the brand "Coca Cola":



Figure 6: Traditional advertisement of the brand "Coca Cola"

After observing the assigned image, the first two questions were to be answered, which focused on the perception of which brand was seen in the image displayed and whether one was assigned to product placement or the traditional advertisement.

In the next step, the effects on brand attitude were tested. The questions focused on determining the respondents' attitude towards the brand. These included questions about feelings, desire, favorability, credibility and awareness. The questions were to be answered with a five-point Likert scale, which ranged from strongly disagree (1) to strongly agree (5).

Subsequently, an investigation was carried out to ascertain how the brand attitude of customers can affect their purchase intention. For this purpose, statements were made on willingness to purchase and on brand recommendation. These were also to be assessed on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

To evaluate the disturbance factor of product placements and advertisements, four statements were chosen to measure the degree of irritation, boredom and annoyance. A five-point Likert scale ranging from not at all (1) to extremely (5) was chosen.



On the last page, customers were asked about their demographics. These included age, gender and education level. The survey can be found in the appendix.

Before the survey was officially sent out, pre-tests were conducted to ensure that the participants had an understanding of the questions and that the questions could be answered clearly and unambiguously. This further increased the validity and reliability of the online survey experiment.

#### 4.2.2 Sampling Method

The experiment in the form of an online survey was distributed via a link, which randomly assigned the participants to a control and experimental group. The test was distributed via the social media platforms Instagram and Facebook. Thus, acquaintances, relatives as well as friends could be reached. Not only is this method cost-effective, but it is also time efficient. Participants in the test were able to take part on a voluntary basis. However, since these involve random sampling, it must be taken into account that the sample could not only be biased but also possibly not representative. The aim was to reach 200 people within one week.

#### 4.2.3 Measures

Within the scope of the research paper, several variables were investigated using an experiment in the form of an online survey. These include brand attitude, purchasing intention and advertising irritation. Consequently, these measures are described in more detail to provide a better understanding. The corresponding survey questions were chosen in such a way that the measured values could be tested properly.



#### **Brand Attitude**

Regarding the first measure, brand attitude was tested with the first hypothesis. This measure examined whether being exposed to product placements has a more positive impact on brand attitude than the exposure to traditional advertisements. Therefore, participants were asked to indicate the degree to which they agree with the following five statements: *"The brand is favorable."* (1), *"The brand gives me a good feeling."* (2), *"The brand is desirable."* (3), *"This brand is famous and credible."* (4), *"The brand has positive attributes."* (5). Responses were provided to the statements on a five-point Likert scale taken from Wang et. Al (2019) and Abzari et al. (2014).

#### **Purchasing Intention**

The second measure relates to purchase intention. It was intended to test and determine the effect of brand attitude on people's purchasing intentions. Respondents were required to answer their level of agreement on a five-point Likert scale to the following statements: "I would buy the product or service of the brand." (1), "There is a probability that I would consider buying the product or service of the brand." (2), "I would buy this product/brand rather than any other brands available." (3), "I am willing to recommend others to buy this product/brand." (4), "I intend to purchase this product/brand in the future." (5). Statements and the corresponding scales were taken from the research by Wang et. Al (2019) and Abzari et al. (2014).

#### **Advertising Irritation**

Advertising Irritation is the third measure of this research paper. The aim was to find out whether product placements or traditional advertising cause more irritation among viewers. In order to assess the extent of irritation, four statements and the associated scales were adopted from the study by Beuckels et al. (2017). Participants were asked to rate their agreement with the following statements: *"To what extent was the advertising annoying to you?* 



(1), "To what extent was the advertising irritating to you?" (2), "To what extent was the advertising boring to you?" (3), "To what extent was the advertising bothersome to you?" (4).



# 5 Data Analysis and Results

After the completion of the online experiment, in the form of an online survey, the data collected from the 203 respondents was downloaded and statistically tested through the use of the program Statistical Package for the Social Sciences (SPSS). Various statistical tests were run in order to evaluate the impact of product placements by investigating the three main hypotheses. First the sample demographics, consisting of the age, gender, and educational level of respondents will be displayed in order to gain an understanding of the experiment's test group. Section 5.3 provides details regarding Hypotheses Testing.

## 5.1 Sample Demographics

The first section of the results demonstrates the sample demographics depicted in table 2, which include the respondent's age group distribution, gender, and education. The vast majority of the respondents are in the age group 18 until 29, with the mean age being 23. Additionally, some of the 203 respondents were allocated to the under 18, 30 to 49, and 50 and older group. Conspicuous in the test group appears that the dominant age group ranges from 19-29. This indicates that the results of the survey are more likely to be indicative of young people than those in the older age group. The gender distribution amount participants are relatively evened out, depicting a higher percentage of females with 52.5%, and 47.5% male. Lastly, respondents' level of education is relatively widespread, ranging from those still attending school until individuals with university degrees. Overall, the majority has either completed the A-Levels or International Baccalaureate or holds a university degree.



Sample Characteristics		N = 203
Age Groups	Under 18	4.4%
	18-29	87.7%
	30-49	5.9%
	50+	1.5%
Gender	Female	52.5%
	Male	47.5%
Education	Still in School	6.5%
	Finished School (No Qualifications)	3.5%
	Junior High Diploma	8.0%
	GCSEs	3.5%
	Secondary School	10.0%
	A-Levels or IB	30.3%
	University Degree	35.3%
	Other school-leaving qualification	3.0%

#### Table 2: Sample Demographics

## 5.2 Preliminary Analysis

Before conducting statistical tests for the three hypotheses of this research paper, a reliability analysis was done with Cronbach's Alpha. The Cronbach's Alpha measures the internal consistency of variables, allowing people to understand to what extent the variables are related (Bruin, 2006). The three variables Brand Attitude, Purchasing Intention, and Advertising Irritation were tested, which all consisted of either four or five items. As can be seen in Table 3 below, measurement values are relatively similar, as Brand Attitude has a Cronbach's Alpha of 0.855, Purchasing Intention has 0.901, and Advertising Irritation has the lowest with 0.840. As all of these values are high (larger than 0.8) they suggest an overall strong reliability, allowing for further hypotheses tests to be conducted.



Measures	Cronbach's Alpha	N		
Brand Attitude				
BA1: The brand is favorable.				
BA2: The brand gives me a good feeling.	0.855	5		
BA3: The brand is desirable.	0.855	5		
BA4: This brand is famous and credible.				
BA5: The brand has positive attributes.				
Purchasing Intention				
PI1: I would buy the product or service of the brand.				
PI2: There is a probability that I would consider buying the product or service.	0.901	5		
PI3: I would buy this product/brand rather than any other brand available.	0.901	5		
PI4: I am willing to recommend others to buy this product/brand.				
PI5: I intend to puchase this product/brand in the future.				
Advertising Irritation				
Al1: To what extent was the advertising annoying to you?				
Al2: To whatextent was the advertising irritating to you?	0.840	4		
Al3: To what extent was the advertising boring you?				
Al4: To what extent was the advertising bothersome to you?				

 Table 3: Cronbach's Alpha for Brand Attitude, Purchasing Intention, and Advertising

 Irritation

#### 5.3 Hypothesis Testing

To perform the hypotheses tests, composite scores for each measure were calculated by combining the scores for each item into a mean. The data test was divided into an experimental group being exposed to product placements and a control group facing a traditional advertisement. There was approximately the same number of respondents in both groups. The experimental group comprised 106 individuals and the control group 97.

#### 5.3.1 Brand Attitude

Figure 7 shows the distribution of the brand attitude composite scores divided into the two test groups. Visually, it can be seen that they lie relatively close to each other. To test the experimental group (product placement) and the control group (advertisement), a one-way ANOVA (= Analysis of Variance) was conducted considering the experimental group as factor variable and the control group as dependent variable.



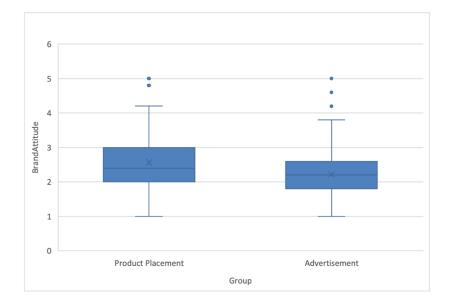


Figure 7: Distribution of composite scores for brand attitude

After obtaining the composite score, a Levene's test has been conducted which shows the homogeneity of variances (p = 0.314). Variances in both groups are equal, which is a prerequisite for ANOVA testing. Table 4 shows a p-value of 0.002, which indicates that the test is significant at the 0.05 level. Therefore, significant difference between the experimental group and the control group exists. Considering the mean values in table 5, it is evident that the experimental group, which was exposed to the product placements, shows slightly higher values than the control group with the traditional advertisement.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.188	1	6.188	10.050	.002
Within Groups	123.771	201	.616		
Total	129.960	202			

Table 4: ANOVA Test for Brand Attitude



	Ν	Mean	Std. Deviation	Minimum	Maximum
Product Placement	106	2.5660	.81578	1.00	5.00
Advertisement	97	2.2165	.74926	1.00	5.00
Total	203	2.3990	.80210	1.00	5.00

#### Table 5: Descriptives for Brand Attitude

Based on the statistical tests, H1 can be accepted, which states that people have a more positive brand attitude if exposed to product placements than traditional advertisements. The results of the test prove a verifiable and significant statistical difference between the groups with regard to the agreement of the statements, while at the same time it can be concluded that the difference remains rather modest. It can thus be claimed that people exposed to product placements have a slightly more positive brand attitude than people exposed to traditional advertising.

#### 5.3.2 Purchase Intention

In order to test whether brand attitude has a positive impact on purchasing behavior, a regression analysis was conducted. Table 6 shows the correlation measure (R = 0.677) which indicates that a positive correlation between brand attitude and purchase intention exists. The R Square value is 0.459 which states that brand attitude can account for 45.9% of the variation in Purchase Intention. These results indicate that the regression model does allow a good prediction to be made from brand attitude to purchase intention. The model parameters for the regression lines are shown in table 8 coefficients. However, as can be seen in Figure 8, the data points are scattered relatively strongly around the range of the regression model. Nevertheless, the ANOVA test in table 7 shows a p-value of less than 0.001, which indicates a correlation. The b-value of brand attitude states that purchase intention increases by 0.868 when brand attitude rises by 1 point.



Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 <sup>a</sup>	.459	.456	.75806

#### Table 6: Model Summary for Purchase Intention

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.820	1	97.820	170.221	<.001 <sup>b</sup>
	Residual	115.507	201	.575		
	Total	213.327	202			

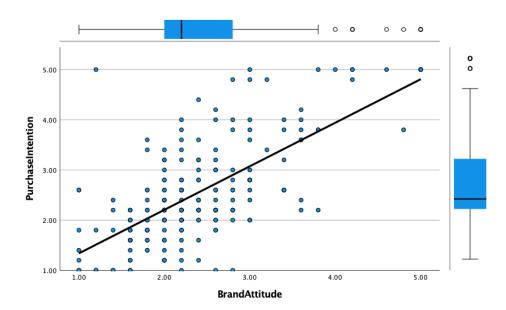
a. Dependent Variable: PurchaseIntention

b. Predictors: (Constant), BrandAttitude

#### Table 7: ANOVA Test for Purchase Intention

		Unstandardize d Coefficients	Standardized Coefficients		
Model		В	Beta	t	Sig.
1	(Constant)	.470		2.797	.006
	BrandAttitude	.868	.677	13.047	<.001

a. Dependent Variable: PurchaseIntention



#### Table 8: Coefficients for Regression – Brand Attitude/Purchase Intention

Figure 8: Regression model: Brand Attitude – Purchase Intention



The statistical findings revealed that H2 can be accepted. Accordingly, it can be concluded that brand attitude has a positive influence on purchase intention.

#### 5.3.3 Advertising Irritation

Figure 9 shows the distribution of advertising irritation composite score divided between the experimental and control group. The histogram in figure 10 displays conspicuously that in the control group two modal values exist which lie at the rather low values. One of the values is at low irritation, the other in the centre. There are relatively few values indicating strong irritation. In the experimental group, likewise few values indicate strong irritation, nevertheless the majority of the values lies around 3 as figure 11 shows. The agreement to the statements therefore seems to be rather neutral.

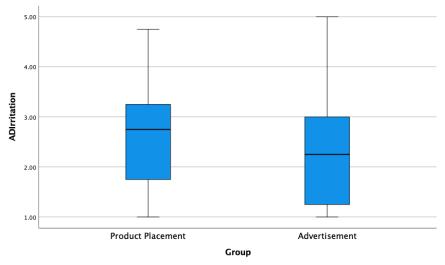


Figure 9: Distribution of composite scores for advertising irritation



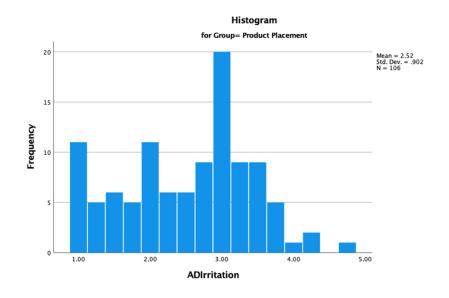


Figure 10: Histogram for experimental group – Advertising Irritation

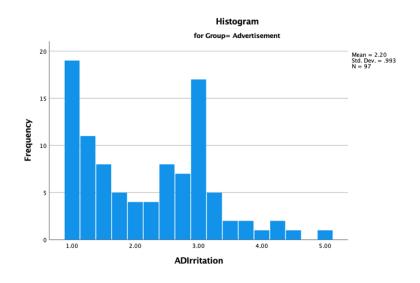


Figure 11: Histogram for control group – Advertising Irritation

Since the two distributions appear to be so different, a Kolmogorov Smirnov test was performed to check for a normal distribution of the data within both groups. This test showed that the data distributions in both groups deviated significantly from a normal distribution. Therefore, instead of a one-way ANOVA, the non-parametric Mann-Whitney-U test for two independent groups was performed which is depicted in table 9 below. This shows that the



two groups differ significantly with respect to advertising irritation. In comparison, the ANOVA was nevertheless performed, see table 10, which shows the same result (p = 0.018).

	Null Hypothesis	Test	Sig. <sup>a,b</sup>	Decision
1	The distribution of ADIrritation is the same across categories of Group.	Independent-Samples Mann- Whitney U Test	.010	Reject the null hypothesis.

Table 9: Nonparametric Test for Advertising Irritation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.117	1	5.117	5.716	.018
Within Groups	179.917	201	.895		
Total	185.034	202			

#### Table 10: ANOVA Advertising Irritation

The results show that H3 which states that product placements prompts less advertising irritation than traditional advertisements cannot be considered applicable and therefore has to be rejected. A comparison of the mean values for the experimental group and the control group (Product Placement: 2.519; Advertisement: 2.201) in table 11 below shows that the mean value for the control group appears to be slightly lower, which suggests that the hypothesis has the opposite tendency. Consequently, it can be claimed that traditional advertising triggers less advertising irritation than product placements.

	Ν	Mean	Std. Deviation	Minimum	Maximum
Product Placement	106	2.5189	.90152	1.00	4.75
Advertisement	97	2.2010	.99258	1.00	5.00
Total	203	2.3670	.95708	1.00	5.00

Table 11: Descriptives for Advertising Irritation



# 6 Conclusion

The aim of the thesis was to investigate the effects of product placement on consumers' brand attitudes and consequently to determine the impact of the associated factors on consumers' buying behavior. After differentiating belowthe-line marketing from above-the-line marketing, the thesis provides an introduction to the advertising form of product placement. Related aspects such as different types, placement environment and reasons for its use were given. Furthermore, the effects of product placement on explicit memory and the associated elements of recognition and recall, along with implicit memory, were examined. Moral concerns of product placements were also addressed. Subsequently, an online experiment was conducted to test the relationship between the constructs and to analyze their interaction as well as the effects upon each other. Previous research on product placements varies and shows different results depending on the placement, product and brand. The effects on explicit and implicit memory have already been investigated. This paper focused on an analysis of product placement and advertising of the Coca Cola brand and was intended to provide research insight into the effects of these forms of advertising on brand attitudes, purchase intentions, and the advertising irritation factor. The aim of this thesis is therefore to complement extant literature with a comparison of the two forms of marketing.

After conducting a thorough research on existing studies on product placement, a conceptual model and related hypotheses were developed. To test the hypotheses, an online experiment was conducted, which divided the participants into the two conditions of experimental group and control group, which were related to product placements and traditional advertising. The purpose was to compare the marketing forms and at the same time to understand their effects on brand attitudes. The respective brand attitude was consequently investigated in connection with the subsequent purchase



intention. Additionally, an investigation was conducted to determine for each marketing form which of the two triggers a stronger disruptive factor.

Overall, the results of the experiment showed that product placements induce greater brand attitudes than traditional forms of advertising. This was shown by the ANOVA test, as a verifiable and significant distinction could be drawn at statistical level between the groups with regard to the agreement on answering the statements posed. Nevertheless, the mean distribution showed that exposure to product placements only slightly increased brand attitudes compared to traditional advertising. In the regression analysis between brand attitude and purchase intention, a significant correlation was found, which suggests that a positive brand attitude can have an effect on increased purchase behavior. Nevertheless, due to the fact that brand attitude can account for 45.9% of the variation in purchase intention, no good prediction of brand attitude on purchase behavior can be drawn. The tests addressing advertising irritation yielded results that deviated significantly from a normal distribution. The results of both the Mann-Whitney U test and the ANOVA analysis showed that H3 cannot be confirmed. Accordingly, it can be concluded that advertisements have fewer disruptive factors than product placements.

From the results obtained, it can be concluded that product placements are an effective form of marketing which, if used correctly, can achieve higher success rates than the traditional advertisement of products. Consequently, such an increased brand attitude results in positive effects on the purchase intentions. For the success of product placements, however, it must be taken into account that correct positioning is important so that disruptive factors are avoided.

#### 5.1 Managerial Implications

The main finding of the research shows that people exposed to product placements have a greater brand attitude than those confronted with traditional advertising. Impact theories and learning processes can be applied in this context to further explain this claim. Not only do product placements,



as a subtle form of advertising, affect explicit memory resulting in recognition and recall, but even influence implicit memory, meaning the subconscious. Consequently, consumer buying behavior can be increased through the use of this form of below-the-line marketing, which is why it represents an attractive advertising opportunity for companies that potentially increases sales. Nevertheless, the study's findings show that proper and well-designed product placement is essential. Companies must ensure that they reduce disruptive factors to achieve optimal results.

#### 5.2 Limitations and Further Research

In the context of the findings of this research, some limitations have emerged that need to be addressed and should be considered in future studies. First of all, only one brand was chosen to test the measures. Due to the limitation to such a single product, a bias of the results could exist. For future studies, several products or brands from different sectors could be tested to increase the significance of the results. An additional limitation seems to be that the test persons were only shown a picture instead of a video with sound recording. Thus, further research could be conducted to also better elaborate on the different transportation ways through various media. Due to the scope, the testing in the fitting of a storyline could only be studied to a lesser extent. Considering that only a moment in time was taken, research on testing over a longer period of time would be interesting for future research.

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# Appendices

## **Appendix 1: Online Questionnaire**

13% completed Dear Participant, I am currently investigating consumers' perceptions of different types of advertisements for my Bachelor Thesis at Modul University Vienna. I would highly appreciate it if you could spare a few minutes to answer the following questionnaire. I guarantee that your answers will remain confidential and will exclusively be used for academic purposes. Thank you for your input and participation. Clicking on the "Next" Button below would indicate that you have read the information above and that you voluntarily agree to participate.

Katharina Vilimsky, MODUL University Vienna – 2022

25% completed

Next

Please take a look at the screenshot below. The next button will appear after 15 seconds.





Please take a look at the screenshot below. The next button will appear after 15 seconds.



Katharina Vilimsky, MODUL University Vienna – 2022

	38% completed
1. Which brand have you seen in the screenshot? Please select your answer.	
⊖ Fanta	
🔿 Coca Cola	
⊖ Sprite	
2. Have you seen a screenshot of a TV commercial or of a TV show? Please select your answer.	
⊖ TV commercial	
○ TV show	
	Next



#### 50% completed

63% completed

#### 3. Brand Attitude

For each statement, please use the scale to indicate your level of agreement.

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
The brand is favorable.	0	0	0	0	0
The brand gives me a good feeling.	0	0	0	$\bigcirc$	0
The brand is desirable.	0	0	0	0	0
This brand is famous and credible.	0	$\bigcirc$	$\bigcirc$	$\bigcirc$	0
The brand has positive attributes.	0	0	0	0	0

Katharina Vilimsky, MODUL University Vienna – 2022

Next

Next

L

#### 4. Purchase Intention

For each statement, please use the scale to indicate you level of agreement.

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
I would buy the product or service of the brand.	0	0	0	0	0
There is a probability that I would consider buying the product or service of the brand.	0	0	0	0	0
I would buy this product/brand rather than any other brands available.	0	0	0	0	0
I am willing to recommend others to buy this product/brand.	0	0	0	0	0
I intent to purchase this product/brand in the future.	0	0	0	0	0



71% completed

#### 5. Advertising Irritation

For each statement, please use the scale to indicate you level of agreement.

	not at all	slightly	neutral	moderately	extremely
To what extent was the advertising annoying to you.	0	$\bigcirc$	$\bigcirc$	0	$\bigcirc$
To what extent was the advertising irritating to you.	0	0	0	0	0
To what extent was the advertising boring to you.	$\bigcirc$	0	0	0	0
To what extent was the advertising bothersome to you.	$\bigcirc$	0	0	0	0

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Katharina Vilimsky, MODUL University Vienna – 2022

	86% completed	_
6. What is your gender?		
⊖ female		
⊖ male		
7. How old are you?		
I am years old		
8. What is the highest level of education you have completed?		
○ Still in school		
○ Finished school with no qualifications		
<ul> <li>Secondary school-leaving certificate/Junior High Diploma</li> </ul>		
○ General Certificate of Secondary Education (GCSEs)		
O Vocational secondary certification (completion of specialized secondary school/college)		
O A-levels/International Baccalaureate, subject-related higher education entrance qualification		
O University degree		
Other school-leaving qualification:		

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