

White Paper



Product Placement and CRM

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Introduction

Product placement is a deliberate incorporation of a product or service into an audio-visual entertainment medium with the intent of advertisement of the product/service. Product placement though riskier than conventional advertising, is gaining popularity into mainstream media including films, TV, computer and video games, blogs, music videos and radio.

For product placement, companies pay a fee or provide services in exchange for the outstanding display of their products in media. With product placement, marketers are able to subtly market their product without affecting the viewer's experience. Product placement also helps marketers in not just selling a product but subtly building brands and creating a lasting impression in the minds of the consumer. Brands being an integral part of the consumers' life today, seeing a brand organically woven into consumers' favorite shows is gaining more and more acceptance. A successful product placement strategy would be one that creates a win-win situation for all the parties – consumer, marketer and the show producer.

Key Trends in Product Placement

Considering the effort spent by marketers on innovating marketing mediums, product placement is too lucrative to be left to destiny. There has been a growing trend towards opportunistic product placement, where-in marketers are on a constant search for exploring opportunities to instill relevant product placements in a show through product placement agencies that scout scripts and screenplays. The

future lies in moving towards planned placement which is an agreement to ensure a placement for the product whenever an opportunity arises in a show/ film produced by the entertainment company. The product company however, is free to pursue other placement opportunities elsewhere as well. For example, Toyota has already adopted this strategy by entering into a deal with Vivendi Universal to ensure every time an automobile is used in a television show, movie or music video produced by Universal, the first preference will be given to Toyota . This is the general direction in which product placement are expected to evolve over time.

New technology has promoted virtual product placement instead of the traditional means. This allows products to be added or substituted in a film or television program without making any changes to the script or production schedule. For example, if on a reality show, the judge is shown as using a coffee mug with say Brand A's logo on it, there are software that can mask the logo to some other (say Brand B) logo without actually having to change the coffee mug. Similarly, scroll strips on news channels, score boards in sports events can be branded without hindering the program.

Relevance to CRM

CRM applications today are more closely integrated with 1 to1 marketing but they need to be aligned more to the concept of product placement. The road ahead is full of opportunities in this area. CRM application and niche campaign management applications are coming up with a view to integrate placement rating systems, media analysis and customer behavior analysis features. When a customer responds to an advertisement, it will be up to the application to associate this response with one of the many placements the product has figured in and tracking where the customer witnessed the placement.

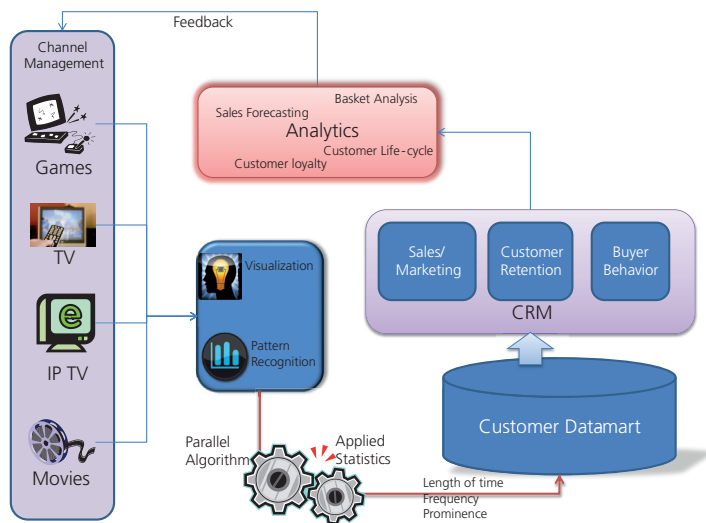
The depth of product/brand placement is measured based on various parameters like prominence, duration of visibility, recurrence, whether the mention was verbal or visual and the time of broadcast (prime-time/late night). A matrix weighing these parameters against the effectiveness indicators like recall rate from audience, sales and brand equity is helpful in optimizing the ROI on product placement.

Research has shown that a prominent product placement is significantly more effective than a 30 second advertising spot. This calls for a detailed understanding of brand recognition that product placement enables. Hence, measurement of product placement becomes an integral part of understanding consumer behavior and implicitly of CRM.

Applications and systems measuring brand placement have been around for quite some time now. Take for example Nielsen Media Research's on demand service that measures product placement. This service was started in early 2004 with six major broadcast networks. The subscribers of this service can logon to Nielsen web site and access data on product placement by category, advertiser or brand.

iTVX, which uses a Web-based tool to quantify the value of product placements on TV, is also planning to launch a movie placement service for its clients, which includes Unilever, Kraft and Fox . iTVX's system has a matrix of about 50 variables including foreground vs. background, and audible vs. visual, to assign a "Q-ratio" that determines the effectiveness of a placement. Leading communication giants should explore this capability owing to their presence in mobile, DTH and ISP space. The CRM systems for such communication conglomerates should be able to link a response SMS with a DTH subscription's channel viewing pattern or an IP addresses' browsing behavior.

The missing part of the jigsaw however is the link between these systems and CRM. The marketing module of most CRM systems today focuses on interactions mainly through email, direct mail, call centre and SMS channels. The incumbent CRM applications completely cover the 1-to-1 campaign management process; right from ideation to analytics. Though replicating the same for product placement campaigns could make the applications more complex, Developing integration capabilities will definitely make CRM applications more sellable to companies that are going the product placement way. The following graphic shows a typical IT landscape with a CRM system and a product placement measurement system.



Gathering data from various channels about product placement parameters is fruitful only when this data is used to identify the customer personas by their behaviour. A typical product placement system uses visualisation and pattern recognition techniques to create quotients to demonstrate the workability of a product placement. This data is written into a data warehouse after converting it into useful entities by applying various algorithms and statistical methods. From here, a CRM system, should access this data to segment the audience based on

parameters like the kind of program they watch and the corresponding product placement indicator from the system. This would make the segmentation more intelligent as buyer preferences from multiple channels are also taken into consideration while segmenting. Various CRM functions like Sales/ marketing, customer retention and buyer behaviour understanding will benefit from this improved segmentation.

On one hand, the CRM system uses the product placement data along with other useful data for more intelligent conversations with the customer across counters, call centres and social media while on the other hand a competent analytical system uses the interaction of the CRM system for generating insights that would help business to plan better. For example if a shoe manufacturer has placed a new product in a movie. The product placement application shows that a large number of the target segment has noticed the product. This leads to an outbound telemarketing initiative within CRM. The statistics from this campaign can be utilised for sales-forecasting and merchandising decisions. If the telemarketing campaign happens to be an ongoing process, the organisation can pick up early indicators from product placement application to realise the diminishing interest of the viewers and hence place optimum marketing investments depending on customer life cycle.

Conclusion

A growing choice of channels, technology advancements in the field of Digital Video Recorders and a consumer who has little time for mundane commercials has affirmed the arrival product placement as a viable marketing tool. If product placement is done scientifically, it can change the way marketing happens in organisations today. If accurately measured, it has the ability to be the pulse of the market in the anatomy of business. A CRM system, with a keen eye on its product placement's performance, will most definitely be making more informed decisions than otherwise.

About the Authors

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