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# FIKUSZ

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# The rise of product placement in Hungary

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*In the last few years the European countries are starting to use the rules of the European Union about product placement. First of all it is really important for the European shows, programs and films to stay competitive with the American programs because in the USA product placement is permitted and an important financial source. Second of all with it the „ad avoiders” – who immediately switch the channel because of the commercials - are becoming available to target. The article describes the Hungarian situation and experiences because since this January product placement has become legal again. A detailed comparison between the classic TV commercial and product placement is also shown.*

*Keywords: ad-avoiders, advertising, commercial, Hungary, product placement, tv-spot*

## 1 Definition

„The classic, 30 second commercial is dying” – wrote Joseph Jaffe in his popular book in 2005. [1] It seems it becomes more and more annoying for us and we try harder to avoid it. The Hungarian Advertising Association has a research from 1999, which showed the 85% of the Hungarians are bothered by the film interrupting commercials. [2] 25% of them immediately switch the channel while in Germany it's 46% and in Spain it's 42%. [3] It was the waterworks of Toledo, which previously showed that during the commercial blocks the average use of water increased: lots of people went to the bathroom or kitchen.

But the most dangerous and dead-meaning for the 30-second-long spot are the digital video recorder (DVR) and the IPTV which is easy to use for recording programs so we can watch them whenever we want, with the possibilities of avoiding the commercials. Besides these more and more people can afford the channels where there are no commercials. So it is not a random choice of a slogan: „It is not TV. It's HBO”.



The advertisers know about the danger therefore they use alternative methods more usually. One of them is product placement. Maybe people are not paying attention to the commercials anymore, but they do pay attention to films and TV shows.

So let us put the ads into films! Possibly in a way, in which the consumer is aware of the ad, but it does not feel as if it were a classic commercial, when he is used to switching the channel.

But how can we define product placement? It is a type of marketing communication when the corporation pays for putting, showing its product/service into films/shows/programs.

In the USA product placement always had its freedom for the movies, films and TV shows but in most of the European countries it was forbidden until today. However in 2007 a supporting directive came to light which allows product placement in movies, films, soap operas, sport programs and TV shows. [4,5] Important to state, it suggests a ban for the news, informative programs, guidance programs and kids programs. As this is not a regulation but a directive, meaning that each country can decide how to adopt it. Most of the states build this directive into their laws: for example both in Great-Britain and Hungary from the 1st of January 2001 the advertisers and program makers can use product placement.

## 2 The short story of product placement

Product placement is much-much older than its regulations. It is just as old as the film, which was born in 1895. A year later the Sunlight soap appeared in the movie of the Lumière brothers ("Défilé du 8e bataillon"). Even the term "soap opera" is connected to product placement: the brands of Procter&Gamble, Colgate-Palmolive and Lever Brothers (Unilever) were put into radio and TV shows.

According to other sources it began in 1982 when the product wasn't simply a prop but was integrated into the story. In Spielberg's classic movie of "E.T. – The Extra-Terrestrial" the little boy tried to communicate with E.T. with the help of Reese's Pieces sweets, and E.T. loved it. The product sales were growing by 65% with the film's success. It is probable that the marketing manager of the competitor brand, M&M's did not get a promotion because of turning down Spielberg's cooperation offer earlier. Allegedly when the director approached them and asked about the amount of the money they would be willing to invest in order to show the brand in the film, the brand manager of M&M's turned the question back to Spielberg: how much would they pay to show the favorite brand of children in their movie? [6]

Today product placement is part of the movies. The record breaker is the James Bond movie, "Die Another Day" which was sponsored by advertisers' 70 million dollars. More than twenty „007-lifestyle" brands showed up like Visa, Avis, BMW, Aston Martin, Smirnoff, Heineken, L'Oreal and Ericson. Because of it the critics renamed it: „Buy Another Day"!

In other movies the brands got full sentences. In "Yes Man" Jim Carrey says: „You ever had a Red Bull? I've never had a Red Bull before, but I had a Red Bull last night - I really



like Red Bull.” Sometimes the whole film is adapted to brands, for example Tom Hanks’ “Cast Away” with Fedex and Wilson. The Fedex brand showed up 56 times in the movie.

In America product placement is permanent accessories of the series. From the “Sex and the City” the whole world got to know the Manolo Blahnik shoes. Moreover placement is regular in quiz shows and reality shows: the “American Idol” is sponsored by Coca-Cola. The judge is drinking cola and the competitors are waiting in a Coca-Cola room. [7]

### 3 Regulation of Product Placement in Hungary

The last two mentioned solutions until 2011, more precisely between 1996 and 2010 were not possible in Hungary due to regulations. This all changed because of the new media law. This new law following the EU directive made product placement possible in the following genres: [8]

- movies
- TV films
- TV series
- sports programs
- entertaining programs

All this is possible with one supplement, which forbids viewers younger than 14 years to watch these programs.

Although product placement is banned in:

- news programs
- political programs
- programs reporting national holidays
- religious programs

From the other aspect, there were some product categories that were banned for obvious reasons:

- Tobacco products, cigarettes
- Prescription drugs
- Other products banned by the Advertising law

This regulation put an end to a 15 year long and difficult period. It is true that the regulations of 1996 were necessary because the producers often used product placement to a degree which jeopardized the programs themselves. (Note: In Hungary the change to a democratic government took place in 1989. This brought about a real competitive scenario with respect to advertising.)



In the beginning of the nineties the so-called “Kisváros” (“Small town”) TV series about soldiers and the police used the following brands as product placement: OMV, Videoton, Aegon, Oriflame, NIVEA, Eduscho, Kádár Trans, Tele5 Taxi, Steffl, Conti Car, Ford, Műszertechnika, Medina Tours, Opel, Budget, RealBank, JVC, KGB band. These were sometimes so direct that the actors actually said for example: “Hold on a moment darling, I have to call Kádár Trans for a transport!”

“Familia Kft.”, another TV series portraying a “typical” Hungarian family also did a lot to advertise BB champagnes, Pickwick teas, Horváth Rozi spices, or Douwe Egberts coffee in the beginning of the nineties. According to the legend, some of the episodes were especially written for the “sponsors”. So we could hear lines like: “Have a little Pickwick tea Hajnalka, it would be good for you!”

However even the soap opera “Szomszédok”, which had little or no product placement, outperformed itself. “Thermo Optima Euro Plus. Easy name right? What does it do? – asks the taxi driver, Taki, while we can see the package with the company’s name, Hargita Kft and its address. “It decreases fuel consumption during autumn and winter by about 20%. I hope this will be a good investment. Install it into your car” – comes the reply.

Or in another scene the IT specialist and printer Feri Vágási explains to his wife: “If I had ten thousand Forints I could buy the original Microsoft Windows 95 program!” [9]

## 4 The Hungarian practice since the introduction of new legislation

The previous dialogues would hardly be acceptable in 2011, since the implement of the new media law, which allows product placement again, but also regulates it. In fact the purchase or rental of goods or services cannot be shown. Another important consideration is that “non-broadcast content may otherwise not follow the undue emphasis on the displayed product.” Of course, what is the undue emphasis; it is not easy to decide. Annamária Drotár, from the National Communications and Media Authority’s Media Management Department staff said that this practice will shape through all the years of experience. [10]

At the moment one case is being investigated by authorities since the introduction of the new legislation on the 1st of January 2011. In one reality show’s accompanying program related to the “Való Világ”, the “Neked Való” broadcasted a Superman costume figure entering from under the counter, taking a big sip of Coca-Cola, then offering it to the presenter as well. Even the interviewed guy thought that it was incongruous and he noted: “I did not know that Supeman drank Coke too. Anyway, he needs it to fly, right? But to drink coke, during the show, you ...”

But otherwise everyone seems to be trying to follow the rules. The real progress will come when creative solutions appear. That is, if you manage to integrate the brand such as Fedex was in the “Runaway Bride”. When Maggies (Julia Roberts) flees from the wedding and jumps on a Fedex van one of the characters asks, “where is she going?”. And



the reply is: “wherever is, she will be there by 10:30 tomorrow.” - Referring to the main Fedex promise to deliver everything within one day, to be exact, by 10:30.

In relation to this one can ask who the real expert of product placement? Is it the media owner? The producer? But how would this person know the various aspects of a brand? Is it the advertising agency? They are well educated in the creative opportunities in advertising but this is a rather new genre. The media agency, whose expertise is in telling where the brand should appear, but perhaps they are less powerful in creativity? Not to mention that product placement should be coordinated with the whole marketing communications mix. [11]

From this point of view it is logical that based on the American model agencies specializing in product placement appear in Europe as well. They then will be able to incorporate product placement into the script of a new film or program and plan this process consciously from the beginning. Or the other way around, meaning that these agencies would have a list of potential brands who prior to any agreement state the kind of settings which would be beneficial for them. WPP, the world's largest advertising agency network, for example, only does the product placement of Ford, therefore founded a company, called Showcase International for this specific purpose. The multinational advertising agency Leo Burnett in India has set up a separate company for product placement in Bollywood films. [12]

Such an agency is likely to be successful if it integrates all the above mentioned professionals. So product placement can be very beneficial for the marketing communications industry, enhancing cooperation. Perhaps there is only one aspect associated with where it can be painful: for the prop-guys, product stylist who have developed special packaging, for otherwise existing brands to be “covered” with. And they established (invented) brands which were only seen in the programs. Perhaps it was for their own entertainment that they came up with funny product names such was the Somyas-Ok (meaning: “thirsty people”) mineral water, the Estisol champagne (“you drink this”), and the rum Buthyt (“it makes you stupid”).

## 5 Advertising vs. Product placement

Finally it is worth summarizing how the classic TV commercial compares to product placement, what are the important issues for marketing communications experts. [13]



Table 1. - Classic 30 second TV commercial versus product placement

Criteria	Classic 30 second commercial	Product placement
The time of the brand appearance	30 second long. 6-12 minute advertising time in an hour.	The main character can be the brand, with a lot of appearances, like Fedex and Wilson in the "Cast Away" movie.
How many times does the viewer see it, frequency	Multiple broadcast and appearance.	We usually see a film once, but in TV reality shows and series the brand can appear in every part.
The life of the commercial	Limited life, you have to pay if you want to extend.	Long life without plus cost if we talk about films.
Type of communication	Image advertisement and ads for a certain period of time and price. Emotional and rational argument: It is useful for a new brand introduction and for keeping brand recognition/reputation.	It cannot be directed towards purchasing the product. It is usually image advertising. There is no opportunity to show arguments, show the benefits of the product. Important in launching a brand and maintain brand awareness.
Production time, appearance	Relatively short time	Longer preparation in case of films. It is possible that the premier is late, or that the product won't appear in the show or film.
Target group	With mass media everybody can be reached and with special channels special target customers can be reached.	In the case of films it is especially good for reaching the young generation: 75 % of cinema goers are 16-39 years old, moreover they are opinion leaders. In the case of TV series and other programs it can be tailored to specific audiences.
The receptive capability of consumer	Lack of concentration, attention: they do other activities during the commercial, self-defense mechanism.	Higher concentration, attention for the film or the show.



Criteria	Classic 30 second commercial	Product placement
The disturbing effect	Very disturbing (in Hungary 85% of the people find TV commercials that interrupt their programs disturbing).	Less disturbing, especially if well designed.
Credibility	Generally we do not believe TV commercials.	In films the brand could appear in a believable form.
Size	Maximum the display of the TV, limited voice and pictures parameters	In case of a cinema, big picture and good quality, real colors and digital sound. In TV the same as in the case of commercials.
Number of views	It can be estimated (ads can be bought for GRP, gross rating point, actual number of viewers)	Previously difficult to estimate, unless it is an already running program
Geographic scope	Depends on the brand's global presence, requiring media planning and buying.	In case of internationally successful films the reach is high ("Tomorrow never dies" was introduced in 57 countries and 20 languages)
Advertising noise	Big noise in a commercial block.	Generally low (at present)
Competition	Competition could appear in the same advertising block.	Competition usually not present at all in the film or the show.
Cost	Cost per person is precisely available	The cost of reaching one person is difficult to predict in advance, it depends on the number of viewers.

It is not only worth to compare the two devices: many times the winning tactic is to have both TV commercials and product placement as well. In Las Vegas Nielsen Media Research conducted a research, in which more than ten thousand people participated. 50 screenings and 200 brands were placed in the films, and in addition to the advertising blocks.

The result was: 46,6 % of the audience recognize the brand from the ad block, and 57,5% recognize it if it was also in the film. [14] This is something to pay attention to when designing product placement.



## 6 What do we need to pay attention to?

It's important to consider what the consumer may accept as lifelike, and when they say: this is not a show this is an ad-block. Erwin Ephron – the editor of ephronmedia.com – says that if the product appears too obviously shown in the film then the people are taking it as an advertisement, becoming nervous and the “boomerang-effect” occurs. But if the consumers don't notice the product, then the advertiser just threw the money out of the window. [15] Fabricius Gábor, the creative manager of Republic of Art agency says: “Product placement is good when you feel like it's just accidental, but you – the spectator – were clever and spot out that they are talking on a Nokia.” Hungarian solutions have a lot room for improvement. Szigeti Péter the editor in chief of Kreatív, the Hungarian Advertising Age writes [17]: “The difference between an average Hollywood and Hungarian product placement solution is just like between an American and Hungarian “movie”: it is rich, professional and usually funny, but it's lacking taste sometime”. “The disturbing acts show that the makers have no idea how to put a product into the story. The main goal of product placement is that the viewer doesn't notice that he/she is watching an ad when they are using and promoting a brand in the show. So in the ideal case the product is noticeable, but the usage is not strained.” – sums up the article “Swooping ads in Hungarian movies” on hvg.hu. [18] Yes, there is a lot room for improvement. But at least from 2011 the legal rules are clear and more brands can use product placement in Hungary.

### Acknowledgement

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