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Product placement soars

Reality shows use half of 'real' merchandise on TV

By Greg Hernandez
Staff Writer

Wednesday, March 30, 2005 - Fueled by things as small as the Coca-Cola cups Simon, Paula and Randy drink from on "American Idol" to major stunts like the 2005 Pontiac sedans Oprah Winfrey gave away to hundreds of audience members, the value of television product placements surged by 46.4 percent to \$1.87 billion in 2004.

Reality shows such as "The Apprentice," "Survivor," and "Extreme Makeover: Home Edition" have made product placement so commonplace that the genre accounted for approximately half of what was placed on television shows last year, according to a study released Tuesday by custom media research firm PQ Media LLC.

Overall, the combined value of the product placement market in television, films and other media grew 30.5 percent to a high of \$3.46 billion in 2004. While product placement spending surged, advertising and marketing expenditures rose just 7 percent for the year.

Patrick Quinn, president of Stamford, Conn.-based PQ Media, said the reasons for the shift - which is expected to continue - are ad-skipping technologies including the remote control and digital video recorders, and accelerating audience fragmentation due in part to the popularity of the Internet and video games.

"Leading advertisers are questioning more and more the relevance of the 30-second television spot," Quinn said. "To compensate for this perception, marketers have ratcheted up the role of product placement in their buying strategies."

NBC's "The Apprentice" has been providing high-profile exposure to such companies as Burger King, Crest toothpaste, Domino's Pizza, Nescafe, Dove soap and Home Depot, which have all figured into the tasks given to contestants who are trying to avoid hearing the words "You're fired!"

"In reality (programming), it's not out of place and sometimes it enhances," said Robert Thompson, director of the Center for the Study of Popular Television at Syracuse University. "On 'The Apprentice,' you could have a hypothetical challenge and make up a toothpaste. But if you can actually get a product like Crest toothpaste with vanilla or the Angus burger at Burger King and let (contestants) do a campaign for these big-name things, it's more exciting."

The turning point for the reality show product placement craze began with the very first episode of "Survivor" in 2000 when the winner of the first challenge was rewarded with a bag of Doritos and a six-pack of Mountain Dew.

"That's what we see as the inflection point," Quinn said. "That was the beginning of a real upswing in product placement spending, which had mostly been in films."

And "Survivor" has continued through its run with heavy product placement, including last week's episode when a group of contestants feasted on Pringles potato chips that are currently on sale with trivia questions about past "Survivor" seasons imprinted directly on each crisp.

The report, which includes three decades of historical trends, projects that the product placement market will expand 22.7 percent to \$4.24 billion in 2005. The growth will be fueled by an increase in paid placements, larger placement deals and deeper penetration of personal video recorders.

"The real world is constantly shoving commercial messages down our throats," Thompson said. "When it begins to appear in drama, it just makes it more realistic to a certain point. One does have to be careful if it gets to the point where major decisions are being made simply to appeal to the highest bidder."

Also fueling the growth of television product placements has been the debut of niche instructional cable networks like Food Network, The Learning Channel and Outdoor, where house, home and garden marketers are pitching their wares.

Film, which for many years was the primary medium for product placement, is still increasing in value at a strong rate even though its share of the overall product placement market has declined.

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