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ADVERTISING

More Products Get Roles in Shows, and Marketers Wonder if They're Getting Their Money's Worth

By STUART ELLIOTT

AS branded entertainment becomes an increasingly popular marketing strategy, advertisers and agencies are pondering how to handle problems that could potentially slow what, until now, has been robust growth.

Branded entertainment involves embedding advertising inside the content of television and radio programs and movies by placing products in important scenes or making brands intrinsic elements of plot lines.

The goal of such ploys, on display in TV series like "American Idol" and "The Apprentice," is to regain the attention of consumers who can avoid advertising by using digital video recorders, satellite radio and digital juke boxes.

In the last week alone, there was word of deals in branded entertainment from Energizer, Home Depot, McDonald's and Volkswagen. Actually, Home Depot had two - one on an English-language network, NBC, and one on a Spanish-language network, Telemundo.

"You don't want to be the last one in," said Peter Gardiner, partner and chief media officer at Deutsch in New York, part of the Interpublic Group of Companies. "But because we're in the early stages, it's so confusing."

"What you're seeing right now is the same kind of fuzzy marketplace we saw 8 or 10 years ago, when people were trying to figure out how the Internet would work for marketing," said Mr. Gardiner, whose agency opened Media Bridge Entertainment, specializing in branded entertainment, last year under his aegis.

A company named iTVX, based in New Rochelle, N.Y., is providing data to Media Bridge to help determine the answer to a question that particularly vexes marketers: What is the return on investment for money spent on branded entertainment?

"With all the deals that are happening, it's the Wild West," said Frank Zazza, chief executive of iTVX, which sells a service that seeks to measure the quality of a product placement or other forms of branded entertainment.

The brand managers responsible for making marketing decisions are "getting proposals from ad agencies, networks, product-placement agencies and producers," he added. "They're being looked at as walking checkbooks."

Branded entertainment is novel enough that even the amount of the checks being written is not entirely known. To address that problem, PQ Media, a research company in Stamford, Conn., plans to release a report today that summarizes spending on product placement for the last three decades.

The report predicts that spending this year will total a record $4.25 billion, an increase of 22.8 percent from the $3.46 billion spent in 2004. As recently as 1999, the spending totaled just $1.63 billion.

"Technological advances, most notably DVR's, mean that a more engaged consumer can skip ads at the touch of a button," said Patrick Quinn, president of PQ Media, adding that while branded entertainment "is not the answer to the problem, it's one of the many answers, so advertisers are ratcheting up its role in their buying strategies."

But as that happens, Mr. Quinn said, branded entertainment is becoming more sophisticated, making it "harder to gauge its effectiveness" than "in the days when there was a handshake deal between a director and the prop person, who said, 'Here's a six-pack of Budweiser; put it in the movie if you get a chance.' "

The growing sophistication also means, said Mark Kaline, global media manager at the Ford Motor Company in Dearborn, Mich., that advertisers must carefully pick and choose their projects. Ford's have included "American Idol" on Fox and "American Dreams" on NBC.

"There has to be a comfort level among the network, the producer and the advertiser," Mr. Kaline said, which is not always the case.

Additionally, Mr. Kaline said, a marketer's efforts may require fine-tuning as they proceed, citing some vignettes during episodes of "American Idol" that presented contestants with Ford products.

"Some things didn't feel compelling or natural, and we were able to make them more entertaining," he added, which is important because of the problem that branded entertainment, when consumers perceive it to be intrusive or obtrusive, can be deemed to cross the line into product-peddling.

Or as Mr. Kaline put it more succinctly, "When it's bad, it's an infomercial."

Mr. Kaline spoke with a reporter after appearing on a panel last week about branded entertainment, which was part of the 2005 Television Advertising Forum sponsored by the Association of National Advertisers in New York. The panel members also discussed the results of a survey of association members on the topic.

While 63 percent of the 118 survey respondents said that they took part in branded entertainment projects in the last year, 26 percent not only said that they did not, but also that they had no plans to do so in the next year. The remaining 11 percent said that they planned to do something in the coming year.

Among reasons for not becoming involved in branded entertainment, 38 percent of respondents said that they needed to learn more about it, 32 percent said that they were put off by a "lack of measurable results" and 27 percent cited cost. Respondents could offer more than one reason for their decisions.

On the cost issue, 79 percent of respondents said that deals for branded entertainment tended to be overpriced, while 19 percent said that they tended to be reasonably priced.

The remaining 2 percent of respondents described such deals as underpriced.

Hmm. Media companies left money on the table in making some deals? Alert the media.