

TV's New Brand of Stars

The line between shows and ads isn't just blurring—it's being wiped out altogether, with brands often cast in lead roles. How product placement is transforming the business

By **Johnnie L. Roberts**
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Nov. 22 issue - Each week, the cast of ABC's "Extreme Makeover: Home Edition" faces a tough task—completely rebuild and transform every room in a house in just seven days. An even tougher task, it seems, would be to make hardware and appliances a heart-tugging emotional sell. Yet this reality hit, which airs at 8 o'clock on Sunday and is watched by 14 million to 15 million viewers, manages to do just that for Sears, its main sponsor. The chain's Kenmore appliances and Craftsman tools play front and center as the crew goes to work and designers go shopping. At the end of a recent episode, host Ty Pennington unveiled the completely rebuilt home of the Vardon family of Detroit (lucky families are sent on a vacation while the work is done). The emotional payoff for the family—the parents are both deaf, and one son is blind and autistic—is authentic and effective. And so is the marketing ploy for Sears, whose research shows that viewers are 25 percent more likely to shop at Sears after the show. The retailers' executives—who worked with ABC on the show before it existed and, in September alone, spent \$3.2 million (a Nielsen estimate) on ads with ABC—refer to this kind of advertising as an "enhanced television media buy." But that's just jargon. Call it what it is: a pitch-perfect pitch.

There hasn't been much in the way of warm and fuzzy news in the television business lately, particularly for the broadcast networks. Viewership is splintered across hundreds of cable and satellite TV channels, and there are endless new distractions for viewers, including the Internet, DVDs and videogames. Worse still, 6 million to 7 million homes now have personal video recorders like TiVo for zapping ads altogether. And for this, advertisers grudgingly pay ever-higher amounts for 30-second ads—an average of \$175,000 per spot on ABC, Fox, CBS and NBC.

And that's why shows like "Extreme Makeover: Home Edition" are making Madison Avenue giddy. It's not just that the line separating programming and advertising has been blurred—it's been erased altogether, and marketers can't get enough of it. "Every advertiser is asking for it," says Mike Shaw, sales boss for ABC, which has dedicated a group to handle integration deals. And everybody who might be in a position to handle placements wants a piece of the action, and to set guidelines and prices in this new frontier: global ad agencies, reality TV producers, even Hollywood set decorators. Mediaedge:cia, an ad agency owned by WPP, estimates the fees paid for product placements in TV and movies totaled \$3 billion in 2003. "All these people are trying to figure out what makes sense for what brand for what network," says Peter Gardiner, chief media buyer for Deutsch, which is working on placements for about 20 clients.

Just grab a remote, take a tour of the dial and you'll see how prime-time TV is becoming brand central. Ford joined the act on "Extreme Makeover: Home Edition," giving away new Mustangs and pickups to the lucky families. The judges on "American Idol" always have a Coke nearby. Campbell's Soup isn't just a meal on NBC's "American Dream," it's even woven into the storyline and mentioned in the dialogue. Several brands starred in "The Restaurant" on NBC, a now-canceled reality show about the startup of the Manhattan eatery Rocco's. On screen, owner Rocco DiSpirito used American Express a lot, drove a Mitsubishi and stocked only Coors beers at the bar. Last month Comedy Central debuted "Shorties Watchin' Shorties," an adult cartoon with close-up cameos by Domino's Pizza and Red Bull energy drink. In late November, Lowe's will appear regularly on TBS in "The Real Gilligan's Island," a new reality series based on the 1960s sitcom about castaways. The idea: real people marooned on an island plot their rescue. "It lends itself to product placement," says David Levy, ad-sales boss for Turner Broadcasting. "Funny things wash up on the shore."

Not everyone finds it funny, though, and there's an organized backlash against this brand of programming. Critics have petitioned federal regulators to crack down on product placements, slamming it as deceptive advertising. The Federal Trade Commission and Federal Communications Commission could address the subject within the next few weeks. The critics, led chiefly by Commercial Alert, a Naderite watchdog group, plan to take their fight to the next Congress, pushing for the Product Placement Disclosure Act (the law would require every medium with embedded ads—television, movies, videogames or books and magazines—to prominently disclose the ad

upfront). The Radio Act of 1927 grants the public the right "to know who's trying to persuade them," says Gary Ruskin, Commercial Alert's executive director. Networks, he charges, "are brazenly violating the right." Perianne Grignon, a Sears executive overseeing "Extreme Makeover," disagrees. "Television is an evolving medium," she says. "We are helping it evolve in a qualitative way."

But is it evolving, or just reaching back to its past? Big brands, after all, sponsored the early years of television, including the medium's "golden age" of original dramas and variety shows from the late 1940s to about 1960. Among them: "Colgate Comedy Hour," "Kraft Television Theater" and "Ford Television Theater." Milton Berle became a household name on "Texaco Star Theater," which debuted in 1948. Among other things, Texaco employees were cast as "guardian angels" performing good deeds.

Today, though, product placement doesn't have quite the same halo, since it's now part of a pitched battle between marketers and consumers for their attention. People seem less tolerant of marketing clutter. The National Do Not Call Registry, established by Congress last year, has already put 64 million phones off-limits to telemarketers. In January the United States outlawed spam. In some towns, citizens have blocked moves to advertise on police cars and affix corporate logos on primary ballots in South Carolina. They struck down ads promoting the opening of the "Spider-Man" movie stamped on the bases at major-league baseball games. On Election Day, San Franciscans approved a measure to restore Candlestick Park as the name of its historic football stadium and banish Monster Park.

Yet each attempt to block or circumvent marketers simply prompts another clever and stealthy means of delivering the message. Want a moment to yourself, guys? Not anymore, thanks to something called Wizmark, a hockey-puck-like device with a sensor that fits in urinals in men's rooms. When an unsuspecting male approaches and answers nature's call, Wizmark lets loose with a jarring marketing pitch. "Advertising is growing more aggressive and people are growing more mad about it," says Ruskin of Commercial Alert.

If anyone can claim bragging rights for turbocharging the use of product placements, it's Mark Burnett, the *uber*-producer behind "Survivor," "The Apprentice," "The Contender" and "The Restaurant." Yes, there's long been product-placement specialists, like AIM Productions, that snared coveted TV cameos for top brands, often working personal ties to set decorators. (AIM represented the candy in that memorable Junior Mints episode of "Seinfeld.") But it was Burnett who dramatically raised the game by giving brands top billing and making them an integral part of financing shows.

Burnett's big breakthrough: those bags of Doritos and six-packs of Mountain Dew that were awarded to challenge winners on "Survivor." Burnett, a former British paratrooper, has since refined the formula, becoming arguably the most influential producer in TV. On "The Contender," a coproduction with DreamWorks for NBC, he snared Toyota, Pepsi, Gatorade and Home Depot to foot a big part of the bill as exclusive sponsors. The brands get on-screen time, of course, but they also run traditional ads during commercial breaks. Guess who sold them the ads? Burnett, not NBC. To secure rights to the show, the network relinquished ad time to the producer in an unusual arrangement that allows him to sell ads. "Of course, [NBC] would prefer not to have to give up" the ad time, says Conrad Riggs, a Burnett partner who, among other things, negotiates branding deals.

On Burnett's biggest hit—"The Apprentice"—brands arguably have a bigger role than the star, Donald Trump. The Donald's would-be apprentices, for example, are assigned a task to design a new toy for Mattel. On the Sept. 23 episode, they had to launch a new flavor of Crest toothpaste. For almost two minutes, an eternity in television, Crest was the star of the show. "I've been using Crest since I can remember, and I've never had a cavity in my life," says Mets star Mike Piazza, who was hired by one of the two teams to help hawk the new toothpaste.

The question of whether branded entertainment works depends on whom you're asking. Sears can point to spikes in Internet traffic in the days after "Extreme Makeover" airs. A P&G spokesman says its new Crest flavor saw surprisingly large jumps in sales at some major retailers after it was launched on "The Apprentice"—about 50 percent more than the brand managers had expected before the show aired. Generally, a consensus seems to be emerging that consumers better remember a brand they see on TV shows. One reason, ad experts theorize, is that product placements reinforce the 30-second ads touting the brand.

The trick is to make the brands stand out, without being distracting to the story. Many in the business point to Sears and "Extreme Makeover" as the model. "What they did with Sears, that's brilliant," says Jon Mandel, a top

ad exec with Mediacom. "You need tools to build a house. It's natural." But for many on Madison Avenue, exhibit A of how it can be overdone was "The Restaurant." Coors as the featured beer in a trendy New York Italian restaurant? Not a chance. And DiSpirito himself seemed to be reading from cue cards every time he talked about using his "American Express Open Small Business Network card." Yet it seemed to work. Awareness of the service shot up 70 percent. Still, American Express is sensitive to the issue. "No one wants to be hard-souled, and certainly not under the guise of entertainment," said John Hayes, top marketing exec for American Express.

At least three independent firms offer new services that try to measure this new field of advertising. Nielsen's Place*Views software tracks everything about product placements—how many, which show, where the brand was in the foreground or background, how many seconds it was on camera and which actor said what about it. Since the start of last year's fall shows, Nielsen has been recording every second of prime time to compile the data (the count so far: more than 87,000 instances of product placement). Meanwhile, iTVX helps advertisers determine what they should pay for product placement. And a third company, IAG, has launched a service called In-Program Performance, which gauges how well viewers recall seeing a brand placed in a particular show. Still, no one can say precisely how much sales grow solely as a result of a product placement. "There are certain models out there, but they aren't the holy grail," says ad-agency chairman Bill Cella, of Magna Global. It's really just a guessing game.

And it's an easy gut call to predict that viewers will see more product placements, rather than fewer. After all, this is the TV industry's new gold rush. "Every brand manager wants to know how many mentionings am I getting," says Mandel of Mediacom. It's also predictable that TV executives are likely to go overboard, just as they do by quickly copying each other whenever they stumble across a show that works (just look at all the knockoffs of "American Idol"). The viewers will be the ultimate judge, either changing the channel or shutting off the TV altogether.

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