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Commercial breaks vs. product placement: what works for young consumers?

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Abstract: *The article presents the results of a quantitative marketing research conducted on young consumers from Braşov County regarding their perceptions about commercial breaks and product placement during the most important reality shows. The purpose of this research is to determine to what extent young consumers watch the evening shows and to what extent they remember the brands advertised during commercial breaks and product placement within the shows. For young consumers, the evening shows are time spent with family and friends. A large majority do not watch the commercial breaks and they mostly remember brands that also practice product placement during the shows. There is a direct corelation between numbers of shows watched and the percentage of consumers who remember the main sponsors for evening shows.*

Key-words: *quantitative research, commercial breaks, product placement.*

1. Introduction

The television advertising industry in Romania accounts for 193 million euros, 63% of the advertising industry. The first two TV broadcasting companies, Media Pro Group and Intact, have received 80% of the 193 million euros. The combined market share of TV stations in their portfolios accounts for 55% (Obae, 2014).

Pro TV (Media Pro Group) and Antena 1 (Intact) run the most viewed shows in Romania. "Romania's Got Talent" (Pro TV) spring 2014 is the show that had the largest market share in the history of entertainment in Romania. The average audience rating was 29.7 points and the market share was 59.1%. In other words, the show averaged in its fourth edition 5.7 million viewers across the country.

In the fall of 2014, Pro TV and Antena 1 engaged in a competition for viewers with two singing shows (The Voice and X Factor respectively) and two cooking shows (Master Chef and Hell's Kitchen respectively). The singing shows had a combined market share ranging from 35% to 40%. The cooking shows had a combined market share ranging from 27% to 33%.

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Companies spend large amounts of money for advertising in these shows. A 30 second spot during these evening shows costs between 1500 and 5000 euros. With such advertising budgets, companies need to make sure that viewers see the commercial breaks and product placements within the shows.

The aim of this article is to measure to what extent young people from Braşov County watch the shows and the commercial breaks and to what extent they remember the brands advertised during these shows.

2. Literature review

Television has been one of the most powerful contacts with consumers. As one study has noted, TV continues its global hold as a dominant contact (Jamhouri and Winiarz, 2009). Their data captured consumers' perceptions of the influence of advertising on their buying decisions from 38 countries from Asia, Europe and North America from 2005 to 2008. They concluded that even if the influence of digital media has grown, it has not caused a corresponding decrease in TV influence, even among young people and that TV advertising is still indispensable for most large brands.

In recent days, the role of ad-agencies became much more complicated due to the media explosion and the number of clients demanding the services of international ad-agencies to buy the time slot from the preferred TV channels, the research organizations, and media owners quote different types of ratings for TV programme viewing (Arul, 2014). So, television has to deal with them on the basis of volume and share. A TV media owner will negotiate with a major advertiser the advantages to get a bigger share for their total advertisement budget. This is often done to benefit the TV company's overall market share.

In the advertising industry, an important barometer is a periodical tracking of the public sentiment toward television advertising (TvA). From a study which provided a quasi-longitudinal examination of Australian attitudes toward TvA across four time points (2002, 2005, 2008, and 2010) it was suggested that although attitudes toward TvA are generally negative, in fact they have not deteriorated over time (Ewing, 2013). So, attitudes toward TvA are unlikely to change dramatically in a short term and to improve perceptions of TvA within the general community it requires consistent and sustained efforts.

Studies were made to analyse the impact on consumer memory of the duration and serial position of a commercial. The results indicated that duration, competition, and the time lag until the onset of a commercial in a block have large effect sizes, while primacy and recency have only modest effect sizes (Pieters and Bijmolt, 1997). So, placing a commercial first is better than placing it last, given comparable costs and a goal to maximize brand recall. Also, it was found that advertisers may receive greater value from advertisements that are placed in the last pod position when advertising pods are relatively long and it may receive lower value from advertisements that are placed in the last position of short advertising pods (Swaminathan and Kent, 2013).

The results of a study based on a large survey administered to an online consumer panel maintained by Southwestern University in the United States had shown that consumer socialization contributes to product placement research. Findings revealed differences in both attitudes and behaviours across a range of demographic characteristics, including income, gender, and ethnicity (de Gregorio and Sung, 2010). The study provides a flexible yet theory-grounded framework by which variation in and source factors of public attitudes toward product placement as a practice as well as placement-related behaviours may be assessed and better understood.

Consumers are often exposed to subtle and blatant product placements as they watch a variety of evening television shows, so it was studied whether ego depletion moderates the impact of subtle versus blatant product placements on viewers' brand recognition and brand attitudes. By using experimenter-generated television pilots as stimuli, the findings of investigation indicated that viewers are less likely to recognize being exposed to subtly placed brands than to blatantly placed brands, and this difference is magnified by ego depletion (Gillespie, Joireman and Muehling, 2012). In addition, when viewers are not depleted, blatant placements lead to more favourable attitudes than subtle placements. When viewers are in a depleted state, however, subtle placements lead to more favourable attitudes than blatant placements. Also, it was shown that subtle placements are more capable of favourably influencing brand attitudes than are blatant placements, and that subtle placements are more likely to enhance brand attitudes above those held by non-exposed controls.

Today’s young adult audiences around the world are the main target group for product placement because they are believed to increasingly converge in terms of lifestyle and taste. Due to widely available global social media and communication technology, young adults often appear to be very similar regardless of the part of the world in which they live and can easily consume media from other countries.

A comparative study between Korean and American young adults observed cross-cultural differences for TV product placement. In the US, materialism and realism enhancement were found to be most powerful predictors of cognitive response to product placement. In contrast, the attitude towards advertising and materialism were found to be the strongest predictors in Korea (Lee, Sung and Choi, 2011). The study provides empirical evidence that culture influences how individuals perceive and evaluate product placement in TV. Also, product placement in television programmes may require local adaptation as audiences from different cultures may display different perceptions towards the practice due to cultural values and government regulations in local markets.

3. Material and methods

To capture the way young people interact with TV commercials, the authors developed a 16 questions quantitative questionnaire. The questionnaire was created in Google Docs and distributed over the internet for five weeks from December 2014 to January 2015 using a snowball sampling method. Although snowball sampling is not a random sampling method, the authors managed to calibrate the database so that in the end the gender distribution was 52.8% female to 47,2% male, a very close distribution compared with the actual population. The same result was achieved for the residential environment distribution: 73.6% urban to 26.4% rural, when in fact Braşov County has a 71.19% urban population.

At the end of the five weeks planned for gathering data in the field, the database contained 254 valid respondents that were included in the analysis. For data analysis, the authors used IBM's SPSS 19.0 software.

4. Results and discussions

The first direction of research was the TV consumption among the young consumers. The first question concerned what kind of TV sets respondents have in their households. The difference between living environments was the primary concern: in the rural area 37% of respondents still have CRT TV sets compared to only 25% in urban areas.

		Urban	Rural	Total
What kind of TV set do you have in your household?	CRT	25,4%	36,9%	28,4%
	LCD	26,5%	20,0%	24,8%
	LED	21,1%	16,9%	20,0%
	PLASMA	27,0%	26,2%	26,8%

Table 1. *The urban-rural distribution of TV sets according to the technology used*

Most young people watch TV between 1-3 hours (41%) and their favourite TV channels for evening shows are: Pro Tv (70%), Antena 1 (52%) and Kanal D (20%).

The most important evening shows concerning product placement in the fall 2014 were: The Voice and Master Chef on Pro Tv, X Factor and Hell's Kitchen on Antena 1. 62% of respondents watched The Voice, 57% watched Master Chef, 44% watched X Factor and 35% Hell's Kitchen. This means that 8% of Pro Tv viewers never watched The Voice, and 13% never watched Master Chef respectively. Also 8% of Antena 1 viewers never watched X Factor, 17% never watched Hell's Kitchen respectively.

Respondents from rural areas watched the cooking shows to a greater extent whereas respondents form urban areas were drawn to the singing shows. There is no significant difference in gender distribution between any shows whatsoever.

Respondents who have a LED TV in their households watched the competing shows to a larger extent on Pro Tv than Antena 1: 21% The Voice vs. 17% X Factor and 19% Master Chef vs. 15% Hell's Kitchen. These results are due to the fact that households with a LED TV probably use a high definition decoder. Pro Tv broadcasts a high definition signal whereas Antena 1 does not. This is a limitation of the research as the researchers did not include a specific question regarding the use of high definition decoders.

61% of respondents watch these evening shows with their families, 44% alone and 29% with friends. On all three categories there is a significant difference between males and females, with males watching the shows alone or with friends and females mostly with the family. The differences between urban and rural are not so consistent. Both urban and rural inhabitants watch the shows with their family to the largest extent. Urban inhabitants watch the shows alone and with friends more often than rural inhabitants. Rural inhabitants also watch the shows with their neighbours, as this does not happen in the city.

The second direction of research was the impact of product placement and commercials during the evening shows on young consumers' behaviour. First, respondents were asked what kinds of brands they remember from the shows in an open ended question. The descending order of brands mentioned is: Telekom, Orange, Fairy, Coca Cola, Tymbark, Carrefour and Ariel. Only 296 answers were accounted for.

The following question was a multiple choice with 12 of the most important brands that are placed in the four reality shows. 906 answers were registered from 254 respondents. The descending order resembles the open ended question, although the frequency of response is double. The table below shows the distribution of the brands taking into account the gender of respondents.

		Gender		Total
		Male	Female	
Brands	Avon	19	35	54
	Coca-Cola	72	49	121
	Deichmann	35	35	70
	Fairy	52	71	123
	Fares	25	30	55
	Giusto	19	34	53
	Jacobs	28	17	45
	L'Oréal	10	11	21
	Metro	22	14	36
	Orange	74	54	128
	Prigat	13	20	33
	Telekom	84	83	167
Total	Count	120	134	254

Table 2. *The distribution of male-female answers regarding the brands they remembered from the shows*

The valuable results for this question is to what extent respondents who said that watched the shows remember the main brand exposed. It appears that Telekom has a higher visibility during The Voice (72%) than Orange has on X Factor (61%). A different example is Fairy that does product placement in Master Chef. Fairy does product placement with competitors when in action whereas Telekom and Orange do it with the jury and the presenters are not in action. That is why viewers who watch the cooking show to a small extent do not remember the brand.

How much of the TV shows have you seen?	Percentage of viewers who remember Telekom from The Voice	Percentage of viewers who remember Orange from X Factor
0 – 25%	45.3%	32.8%
25 – 50%	64%	54.3%
50 – 75%	81.4%	70.2%
75 – 100%	88%	84.2%

Table 3. *Percentages of viewers who remember Telekom and Orange*

How much of the TV shows have you seen?	Percentage of viewers who remember Fairy from Master Chef
0 – 25%	25.5%
25 – 50%	53.8%
50 – 75%	65.2%
75 – 100%	90.9%

Table 4. *Percentages of viewers who remember Fairy in Master Chef*

We draw the following obvious conclusions from the tables above: the more a viewer watches a show, the bigger the chance he/she will remember the main products placed. Some viewers who watched the shows to a very large extent (75-100%) do not remember the main products placed within the shows. These are called resistant viewers as Tiwsakul and Hackley (2007) put it. It seems that resistant viewers account for 9 to 16%. Fairy has a smaller resistant viewers' percentage because it is a low involvement product, whereas Telekom and Orange sell high involvement services with large added value.

The last two questions are about the consumer behaviour during advertisements. 4.3% watch the ads and they are all females, 35.8% leave the TV running the ads but do something else (44% men and 56% female) and 59.8% change the channel (52% male and 48% female). As TV commercials are targeted mainly for urban consumers, their behaviour is even more important: 5.9% watch commercials, 38% leave the TV running the ads but do something else and 56.1% change the channel.

95.7% of viewers change the channel back once the commercial break is over. Females (97%) are more consistent than males (92%). Urban inhabitants (96%) are more consistent than rural inhabitants (92%).

5. Conclusions

The limitation of this qualitative research comes from the fact that the research did not use a random sampling method, thus the results cannot be generalized for the entire population.

Young consumers from Braşov County are very susceptible to TV commercials: 71% watch TV more than an hour a day and 72% have modern TV sets. They see the evening shows as quality time spent with family and friends. That is why 95% of viewers do not watch commercial breaks, but return to their favourite show once commercials are over. It does not come as a surprise that for the open question, consumers only remembered brands that do products placement within the shows. For the main sponsors of the singing shows there is a direct and strong correlation between numbers of shows viewed and percentage of remembering the brand.

With more than 95% of viewers not watching the commercial breaks, product placement within the evening shows becomes increasingly important.

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