

The Impact of Product Placement on Consumer Behaviour (Case of Georgia)

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Abstract

The paper shows the role of product (brand) placement as a special way of reaching customers in modern marketing activities. Acceptance of product placement, awareness of the placed brand, brand attitude, and purchase intention are thought to be the four key factors (variables) affecting product placement in this article. In order to determine the relationship between the named variables, marketing research was conducted, on the basis of which the respondents' opinions regarding traditional advertising and product placement were identified. It has been demonstrated that traditional advertising loses its potency over time, and that's why product placement is now preferred in the Georgian market over traditional advertising. Using regression analysis, statistically significant values were obtained, which reflect the relationship between the acceptance of product placement and awareness of the placed brand, as well as the impact of the mentioned variables on the attitude towards brands. The article further examines how product placement influences Georgian consumer's attitudes towards brands and thereby impacts their purchase intentions.

Keywords: Product placement, consumer behaviour, marketing research.

1. Introduction

In modern marketing communications, product placement is widespread, a unique way to reach customers. Product placement is a marketing technique that uses a message, brand logo, or product in a visual or graphic medium in a variety of forms of media entertainment such as television programs, films, music, video games, and advergames (European Commission, 2021).

The popularity of product placement is fuelled by the saturation of the market with traditional advertising appeals and the refinement of technologies to avoid them (Chan, Petrovici, & Lowe, Antecedents of Product Placement Effectiveness across Cultures, 2016). In recent years, the effectiveness of traditional advertising appeals has been questioned, and the popularity of product placement practice has grown significantly (Guo, et al., 2019). Based on this, studying the role of product placement is one of the current problems in marketing. While there have been some recent efforts in the field of marketing communications in Georgia, the specific marketing aspects of product placement still remain unexplored and have yet to be studied (Todua & Jashi, 2015; Todua, 2017; Todua, 2019; Matin, Khoshtaria, & Todua, 2022). The

present paper aims to fill this gap by studying the attitude of Georgian consumers towards product placement.

2. Literature Review and Development of Research Hypotheses

Acceptance of product (brand) placement in films plays an essential role in implementing marketing actions, which ensures high effectiveness in influencing consumers (Balakrishnan, Dousin, & Permarupan, 2012). Brand placement acceptance shows how the audience remembers the brand and how positive the consumer's perception of the brand is, which usually affects the consumer's purchase intentions (Barnhardt, Manzano, Brito, Myrick, & Smith, 2016). Brand awareness refers to consumers' ability to recognize and recall a brand in different situations (Aaker, 2009). This ability depends on the level of communication or the consumers' perceptions of the brand. Studies show that, from a marketing point of view, the primary purpose of incorporating product placement into the entertainment medium is to increase brand awareness (Wiles & Danielova, 2009).

Studies indicate that product placement is a factor that affects brand awareness among consumers (Pancaningrum & Ulani, 2020; Kumar, 2017; Mohd-Nordin & Baharom, 2018). Besides, it is noteworthy that consumers can also recognize brands in foreign films (Pancaningrum & Ulani, 2020). However, this is only sometimes the case. For example, respondents in Hong Kong believe that placing lesser known brands has little impact on brand awareness, which researchers attribute to integration problems (Chan, Lowe, & Petrovici, 2015). Well-integrated product placement in films can lead to high brand awareness and positive incentives among consumers, particularly when a celebrity is associated with the brand (Kumar, 2017). Based on literary materials, we developed the following hypothesis:

H1: Acceptance of product placement has a positive impact on brand awareness.

Once consumers become aware that a specific brand is featured in a film, their attitude towards that brand also becomes evident. The methods and characteristics of information gathering can significantly influence the formation of the initial attitude towards a brand (Lu, Chang, & Chang, 2014). Exposure to positive content can lead consumers to modify their negative attitudes (van Dijk, van Witteloostuijn, Vasić, Avrutin, & Blom, 2016). Positive content information about a product placed in movies can foster favourable attitudes towards a brand (Yao & Huang, 2017; Gillespie, Muehling, & Kareklas, 2018; Barbarossa & de Pelsmacker, 2016). Research shows that brand awareness among consumers caused by product placement significantly impacts their brand attitudes (Ong, Santiago, & Verdejo, 2022). This conclusion supports the opinion that there is a direct relationship between brand awareness and brand attitude (Drumond, 2017). Therefore, we developed the following hypotheses:

H2: Acceptance of product placement has a positive impact on brand attitude.

H3: Product placement-induced brand awareness has a positive impact on brand attitude.

People's attitudes towards brands are shaped by perception, emotion and cognition process. (Krishna, 2012). Brand attitude is consumer's overall evaluation of a brand, regardless of whether he likes it or not (Zhao, 2014). A positive attitude toward a brand predicts high interest, purchase intention, and brand retention (Schivinski & Dabrowski, 2016). Brand attitude is one of the most critical factors in measuring brand value. According to Amornvivat (2014),

attitudes are shaped by the environment and people with whom individuals have regular interactions. Furthermore, the attitude towards a brand significantly impacts consumers' purchase intentions (Wang, Law, Hung, & Guillet, 2014).

Numerous cross-country studies have consistently demonstrated that attitude towards a brand plays a pivotal role in shaping purchase intentions. This claim is substantiated by diverse research findings, including studies carried out in various countries, such as Poland (Schivinski & Dabrowski, 2016), India (Kshetri & Jha, 2016; Kudeshia & Kumar, 2017), China (Yao & Huang, 2017) and Indonesia (Purwianti & Niawati, 2022). According to research by Peck & Childers (2008), memory is improved when the modality of product placement and the story connection are incongruent. Inappropriate or irrelevant product placement can have adverse effects on brand attitudes, as it appears out of context and is consequently rejected by consumers. On the other hand, congruent placement feels natural and aids in convincing and persuading consumers. For example, the results of a video game study show that highly congruent games help players remember the brands that are used in the games (Bonsteel, 2012).

In contrast to the case of direct contact with a product, consumers who use Instagram influencers as a source of information about a brand have higher trust in the business and more positive attitudes towards the posts published by the company on the social network (Kapitan & Silvera, 2016). Consumer responses to product placements featured on Instagram influencer profiles vary based on the influencer's level of involvement in the placement. When the product is showcased without the influencer's direct association, it elicits negative perceptions among consumers (Jin & Muqaddam, 2019).

According to a study by Daems and Macken (2019), brand exposure positively affects purchase intention, awareness, memory, brand attitude, and information-sharing rates. When exposed to product placement, consumers' awareness of persuasive messages is activated (Matthes & Naderer, 2016). Ewers (2017) concludes in his research that prior disclosure of placement increases the brand recall level among consumers.

The findings of a study conducted among adolescents revealed that prior disclosure regarding the presence of product placement in a program has no significant impact on their attitude towards the brand (van Reijmersdal, Boerman, Buijzen, & Rozendaal, 2017). The study conducted by Campbell et al. (2013) established that disclosing the presence of covert marketing tactics before exposure only resulted in correction for effects on recall. Interestingly, consumers' attitudes remained consistently high when provided with prior disclosure, comparable to situations where there was no disclosure about the placement. Rozendaal et al. (2013) found that viewers do not exhibit negative attitudes towards product placement when disclosure information is placed either at the beginning or end of the program. Conversely, other studies suggest that product placement disclosure operates as a kind of switch, activating psychological resistance in consumers when they are warned about the presence of a persuasive message. As a consequence, this activation of psychological resistance ultimately leads to negative attitudes towards the brand (Boerman, van Reijmersdal, & Neijens, 2012). The considered views allow us to develop the following hypothesis:

H4: Consumers' attitude towards the brand caused by product placement has a positive impact on their purchase intention.

Based on the hypotheses, we can develop a conceptual model of the study, the structure of which is shown in Figure 1.

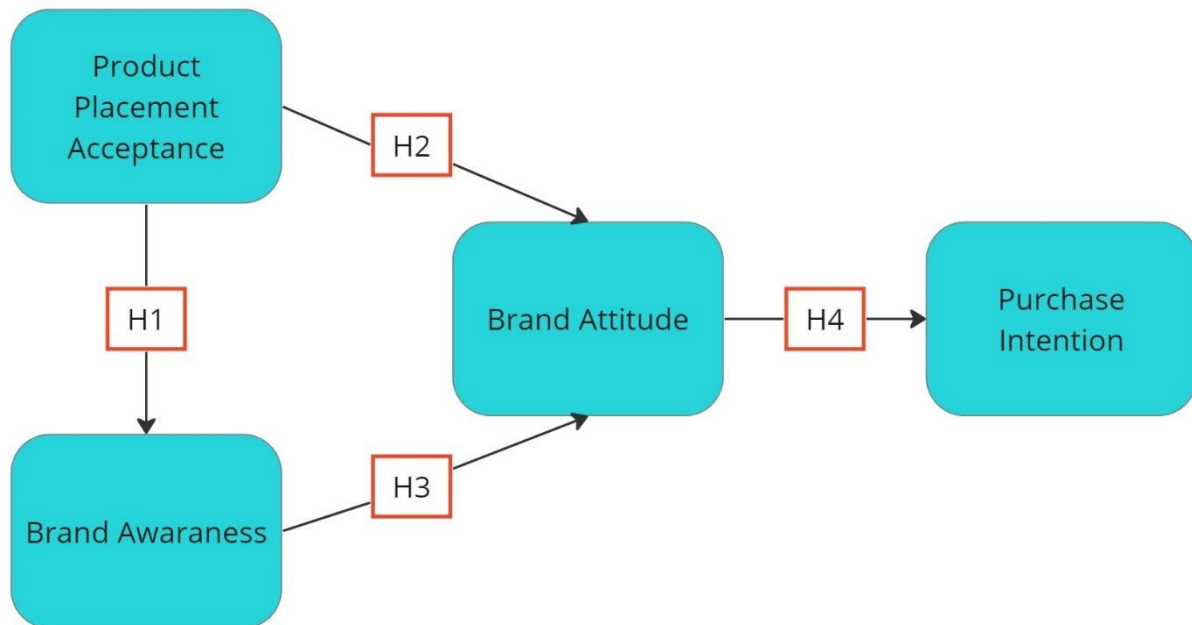


Figure 1. Conceptual framework of the study

3. Research Methodology

The research was carried out using the consumer survey method, and as a research tool, we selected a questionnaire consisting of several structured questions. The questionnaire included information on respondent consent and confidentiality, as well as an explanation of the study and instructions for completion. A five-point Likert scale is used in the questionnaire. The survey was conducted using the electronic interview method. In the study, we used a self-administered survey method in order to avoid errors caused by the interviewer's subjectivity (Malhotra, 2010). A systematic random sampling method was used. Considering a 95% confidence level and a 4% margin of error, a total of 654 respondents over the age of 18 were interviewed (280 were men, 374 were women). The obtained results were processed by the statistical software SPSS 21.0. In this study, we employed the regression analysis method to investigate the relationship between the variables. Additionally, to measure the reliability of the individual items of the selected variables, we used Cronbach's alpha which yielded an average value exceeding 0.9.

4. Research Results

Research has shown that the attitude of Georgian consumers towards traditional advertising is changing (see Fig. 2). According to them, traditional advertising practices lose their effectiveness over time. Therefore, today, the practice of product placement is more attractive than traditional advertising. Most respondents believe that placing brands in movies and TV shows is more memorable than traditional advertising.

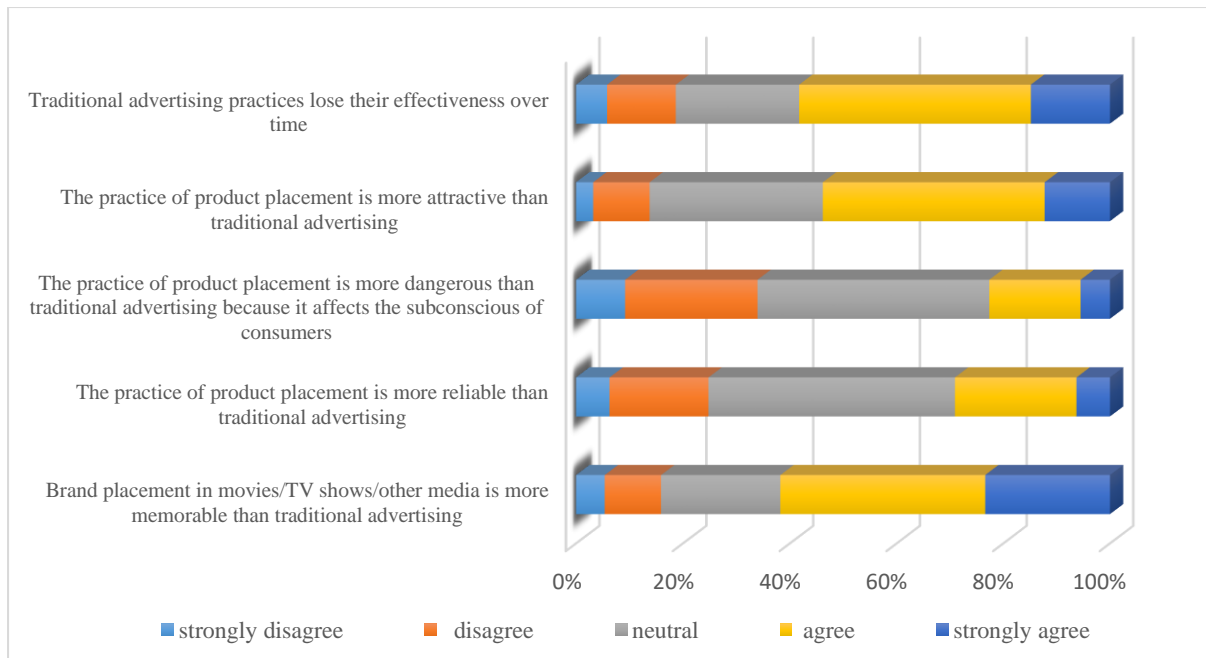


Figure 2. Respondents' opinions about traditional advertising and product placement

We used regression analysis to test the hypotheses that were interesting to us. In the present paper, through regression analysis, we determine the relationship between independent and dependent variables. In this study, the independent variables are product placement acceptance and awareness of the placed brand, and the dependent variables are brand attitude and purchase intention. First, we determined the influence of the independent variable, product placement acceptance, on the second independent variable, brand awareness (see Table 1). It was found that this influence is quite significant ($F=83.844$, $P<0.005$), and the first hypothesis is supported.

Table 1. Regression analysis of brand awareness impact on product placement acceptance

		Sum of Squares	DF	Mean Square	F	P
Product Placement Acceptance	Regression	1671.013	1	1671.013	183.844	.000
	Residual	5935.329	653	9.089		
	Total	7606.342	654			

Notes: Independent Variable: product placement acceptance; Dependent Variable: brand awareness

Source: SPSS output based on the data

We further investigated how the independent variables, product placement acceptance and brand awareness influence brand attitude (see Table 2). The results show that $P<0.005$ for the above variables, respectively, acceptance of product placement and awareness of the placed brand, are significant variables of product placement, thereby supporting the second and third hypotheses.

Table 2. Regression analysis of product placement acceptance and brand awareness impact on brand attitude

		Sum of Squares	DF	Mean Square	F	P
Product Placement Acceptance	Regression	1141.979	1	1141.979	26.488	.000
	Residual	28152.561	653	43.113		
	Total	29294.540	654			
Brand Awareness	Regression	4358.775	1	4358.775	183.762	.000
	Residual	15488.911	653	23.720		
	Total	19847.685	654			
Notes: Independent Variables: product placement acceptance and brand awareness; Dependent Variable: brand attitude						

Source: SPSS output based on the data

We used regression analysis to examine how brand attitude affects purchase intention (see Table 3). The results reveal that brand attitude plays an important role in the formation of purchase intention ($F=243.919$; $P<0.005$). Accordingly, the fourth hypothesis was supported.

Table 3. Regression analysis of brand attitude impact on purchase intention

		Sum of Squares	DF	Mean Square	F	P
Brand attitude	Regression	6755.632	1	6755.632	243.919	.000
	Residual	18085.614	653	27.696		
	Total	24841.246	654			
Notes: Independent Variable: brand attitude; Dependent Variable: purchase intention						

Source: SPSS output based on the data

5. Conclusion

Our research demonstrates that Georgian consumers hold a positive perception of product placement practices, valuing them even more than traditional advertising appeals. The statistical analysis confirms the reliability of the model employed in the study, and the selected variables and their individual items exhibit relevance in the context of product placement. These findings bear theoretical significance for the application of product placement methods in business.

Moreover, the study's results provide valuable insights for marketers, enabling them to enhance their comprehension of product placement and utilize it more effectively as a communication tool with consumers. By leveraging these insights, marketers can actively engage product placement strategies to foster stronger connections with their target audience.

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