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**Product Placement Optimization: A Viable  
Tool for Brand Positioning**

## **Product Placement Optimization: A Viable Tool for Brand Positioning**

Other than conventional advertising, one of the useful ways for brands to reinforce existing products or introduce new products to the market is through product placement. Product placement is a modern merchandising strategy utilized by brands in reaching their target audiences without going the route of traditional advertising methods. Otherwise known as embedded marketing or advertising, product placement seeks to integrate brands into films, television shows or music videos for efficient positioning and visibility of the brands. This arrangement also works as an effective way of providing production financing and additional source of film revenue.

Apple watch and Mercedes cars have appeared in the trailer for *Star Wars: The Force Awakens*. *Superman: Man of Steel* reportedly had more than \$160 million in product placement promotions and more than 100 global marketing partners.<sup>1</sup> Also, Heineken reportedly signed a \$45 million partnership to have its beer featured in the James Bond movie, *Skyfall*.<sup>2</sup> Brands like Panasonic, Von Dotch, Nokia, and Under Armour have all featured in the *Fast and Furious* series.

Indeed, products placed in storylines of movies can be a lot more successful for brands than conventional advertisements. The influx of over-the-top (OTT) media platforms such as Netflix, Amazon Prime, Hulu, Apple TV, and Showmax have continued to raise the number of subscription video-on-demand users<sup>3</sup> as people are cutting the tie with conventional television services and moving to OTT and streaming services for their daily consumption of content.<sup>4</sup> Brand owners can optimize this opportunity by exploring and including their products strategically in movie scenes in an organic way. Not only would a television show which enjoys large audience most likely be an effective channel of marketing brands' products,<sup>5</sup> celebrity endorsement of products in television shows and movies can also influence fans in purchasing the endorsed products.<sup>6</sup>

Product placement is not only useful in raising brand reputation, but it can enable an audience develop a stronger connection with the brand in a more natural way, rather than

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<sup>1</sup> See <https://adage.com/article/news/superman-reboot-man-steel-snare-160m-promotions/241822> (June 3, 2013).

<sup>2</sup> See <https://www.cheatsheet.com/entertainment/skyfall-heineken-reportedly-paid-estimated-45-million-product-placement-despite-james-bond-love-martinis.html/> (September 18, 2021).

<sup>3</sup> In a 2021 projection Digital TV Research, a London-based business intelligence company, it was stated that the number of subscription video-on-demand users in Africa is projected to reach more than 5 million by the end of this year, and triple to 15 million by 2026, according to a new projection by Digital TV Research. See <https://qz.com/africa/2052540/african-streaming-platforms-have-an-edge-over-netflix-and-disney/> (August 27, 2021).

<sup>4</sup> Users appreciate the convenience of OTT services because of the following reasons: they can choose what they want to watch, when they want to watch it, and pause or replay content as needed; OTT services often cost less than traditional cable or satellite; and OTT services also allow for specific demographic targeting. See <https://info.zimmermarketing.com/blog/ott-vs.-tv> (July 8, 2020).

<sup>5</sup> For instance, it was said that Starbucks gained an estimated \$2.3 billion in free advertising over the last few days after a modern-day coffee cup was spotted during a "Game of Thrones" episode; it turned out it wasn't even a Starbucks cup. See <https://www.cnbc.com/2019/05/07/starbucks-got-2point3-billion-in-free-advertising-from-game-of-thrones-gaffe.html> (May 8, 2019).

<sup>6</sup> See <http://www.brandba.se/blog/celebrity-product-placement> (March 30, 2017).

being directly marketed to.<sup>7</sup> The use of product placement by brands in pushing their products to the market can lead to increase in profits for the brand. In most cases, large brands usually have a high budget for marketing and would have paid large amounts of money to have their products placed in movies. While the product placement cost can be high depending on the arrangement, the amount to be recouped by brands could be even higher. For instance, it was reported that Mini Cooper car manufacturer BMW saw a 22% increase in Mini Cooper sales the year after the heist movie *The Italian Job* featured a fleet of more than 30 Mini Coopers.<sup>8</sup>

Apart from an increase in profits, product placement can also enhance brand recognition. According to a study published by Nielsen Media Research, 58% of viewers recognized a brand when viewing a product placement in combination with commercial, while 47% of viewers recognized a brand exposed only to commercial. Although this may not necessarily translate to immediate sales, increased brand recognition will however benefit a brand in the long run. Furthermore, product placement provides viability of reaching out to a wider audience because of the unlimited range of seeing the film or show in any place of the world. It is an attractive offer for companies operating globally as it proffers them with an opportunity to international customer base. With social media, product placement extends to using online influencers to drive brands to the public. Online personalities can make short videos or comedy skits with branded products strategically positioned in the content and share them on their social media pages like Instagram, Facebook, and Twitter where they enjoy huge followership.

While product placement offers businesses better ways to position their brands and market their products with a possibility of attracting more consumers and increasing their revenue, businesses must however be mindful of the way their brands or products are portrayed in films or television shows. In instances where a producer intends to portray a brand in a film or show, it is recommended that a licence be obtained from the brand owner before the product of such brand is used in the film or show. Generally, a product can be used in a film without permission as long as the product is used in the manner intended by the brand owner without negatively defaming the product or brand. However, film producers must be careful of (i) portraying brands without licences from the brand owner, and (ii) the manner in which a brand is portrayed in a movie or show.

Disparaging a brand can have far-reaching damage and implications on the reputation and goodwill of the brand and expose a producer to liability. For instance, where two cars made by two popular brands are put into a scene where after a large crash, one of the cars still appears as though it merely suffered a small collision while the other car looks like a pile of metal. Obviously, the other car brand will most likely be perceived by the viewers as having low quality and not worthy of trust in the consumer's mind, whereas the first car brand will look like a product of a high quality. The legal remedies that may be available to such an aggrieved brand owner include claim for damages for the reputational damage done to the brand, order to have the scene(s) depicting the brand in a bad light in the movie removed from the entire production, order to take the movie down from the OTT media platforms on

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<sup>7</sup> See <https://www.investopedia.com/terms/p/product-placement.asp> (last updated July 4, 2020).

<sup>8</sup> See <https://www.cnbc.com/2011/06/03/10-Big-Successes-in-Product-Placement.html> (last updated January 29, 2014).

which it has been uploaded, and order of injunction to restrain the producer from releasing the movie.

However, an incidental display of a branded product in a production may not violate trademark rights. A use that will qualify as “incidental” is a question of degree and will depend on the circumstances of the particular case. For example, an incidental use of a product could be where, in the course of production, a branded product is caught by the camera and there was no intention by the film producer to have that brand included in the scene. Even where a film producer intends to rely on the defence of fair use or incidental use after including a brand’s product in their movie, the likelihood that this defence will avail them is uncertain, as there is usually a blurred line between what is fair and unfair.

Therefore, it is recommended that before using branded products in film production, the best and safest approach is to get permission (content clearances) from the brand owner. This saves a producer from a lot of troubles which may arise post-production, where, for example, the producer disparaged the brand. Seeking permission post-production could also be disastrous in instances where the brand owner declines to grant a licence to use the brand, as the brand owner can stop the film producer from releasing the film or delete the affected scene, if the use of the brand is substantial, disparaging or in any way misrepresents the image of the brand.

In recent times, other new forms of product placement have been identified to include through social media influencers (as explained above), printed publications (e.g. including brand names in the texts of fictions), and video games (which may particularly target kids.) Investing in product placement could pose certain challenges such as uncertainty of the success of the film, unpredictable number of customers, and ineptitude in placement. Brands would therefore need to ascertain the likelihood of the success of the film they are investing in and also play an active role in the way their brands are depicted in movies. While product placement is more prominent in large budget films, low budget film producers can also negotiate with brands to have product placement arrangement as this may provide marketing access to a niche market and ideological synergies with the theme of the movie.

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