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# **PRODUCT PLACEMENT**

JEL classification: M39

## ***Abstract***

*Despite the risk of losing current and potential customers due to socially irresponsible behavior, a lot of companies decide to improve their marketing mix with product placement. Besides the danger of losing customers, this form of advertising brings along the danger of penalty, usually followed by big fines. Nevertheless, the reason for such a dangerous behavior of the producer i.e. advertiser can be found in high returns of investment in product placement in case when customers are not even aware of the presence of advertisement, and a very low probability of punishment. On the other hand, this form of advertising harms the customers who receive rather distorted information from the media that are expected to provide truthful information. The purpose of this paper is to define the concept of product placement and its types, i.e. the differences between different types of media in which product placement is used, and also to determine customer awareness of product placements they come across on a daily basis and to what extent they are threatened by them. The results of the conducted research show the customer's inability to perceive a product placement. Despite the aforementioned facts, 58% of respondents believe they are not threatened by this type of advertising. When it comes to the legislation, the results point out that only 9% of respondents think that prevention of the above*

*mentioned form of advertising in the Republic of Croatia is well organized, and insufficient public awareness is identified as the main cause that leads to the absence of their reaction. This contradicts the hypothesis stating that the difficulty of proving guilt is the main cause for it. From the above, it can be concluded that product placement is extremely neglected and, moreover, it is also an omnipresent punishable offense which affects the judgment of many, especially when it implies advertising in the news media. Many causes can be found for this particular problem, one of them being the public's lack of knowledge and their carelessness regarding the issues involved.*

**Key words:** *product placement, truth in journalism, legislation*

## 1. INTRODUCTION

This paper will examine the phenomenon of product placement in the news and entertainment media and the legislation governing this issue.

The objective of this paper is to define the concept of product placement, provide an overview of the regulations affecting such form of advertising, compare customer awareness of the presence of product placement with the actual state, and find out the opinion of respondents on the dangers brought by such form of advertising and the related legislation in the Republic of Croatia.

The aim of the research is to investigate the influence of product placement on media users, emphasize the importance of truth in journalism, and point out some of the negative consequences that can occur due to this specific form of advertising.

The following section presents the hypotheses of the said research. It is assumed that respondents, before answering the survey questions, would not be familiar with the meaning of the concept of product placement and that because of that, they would have difficulties in responding to the questions posed in the survey. The next assumption is that respondents, i.e. most of them, would believe that there are no product placements in newspapers that are considered to be trustworthy, such as *Jutarnji list* and *Večernji list*, and that the majority of respondents would think that most product placements are present in *24 sata*. When it comes to newspaper supplements, it is assumed that respondents would believe that the largest share of product placements is present in the sections dedicated to entertainment and fashion, whereas they would not expect such form of advertising to be present in „serious“ sections such as supplements dedicated to economy and politics. Furthermore, it is assumed that respondents would think they are threatened by product placement because, due to the difficulty of its recognition, it makes objective reasoning impossible for them. It is, moreover, assumed that respondents would think that the greatest danger of product placement lies in the content intended for children. When it

comes to the issue of legislation governing such form of advertising in the Republic of Croatia, it is assumed that respondents would not be satisfied with the current legislation and would not be familiar with the cases of punishment of product placement in the Republic of Croatia. The last assumption relates to the causes of poor legislation and it is assumed that respondents would think that the cause of poor law enforcement lies in the impossibility or difficulty of proving the guilt of advertisers.

The paper is divided in three subtopics. The first subtopic deals with the methods used for conducting the research. The second subtopic provides an explanation of the very concept of product placement, outlines the legislative provisions relating to product placement in Croatia, points out the differences between European countries, and presents the issues related to lack of truth in journalism. The last, i.e. the third, subtopic provides an overview of the research conducted.

### 1.1. Research Model

For the purposes of this paper, a survey was carried out among 107 respondents. The said survey was conducted in the first half of 2013. Respondents that participated in the research were of age at the time of conducting the survey and exposed to information provided by mass media on a daily basis. The survey questions were designed based on two researches on the frequency of product placement in daily newspapers and magazines with the largest readership in the Republic of Croatia. The purpose of the survey is to examine readers' awareness of the frequency of occurrence of product placement and its being ethical or not, as well as their attitude towards the correctness of enforcement of the legislation, and to provide a link between respondents' opinions on such phenomenon and the results of the research on the frequency of occurrence of the said phenomenon. As it was previously mentioned, within the scope of the preparation of this paper, two scientific researches on the frequency of product placement in the content of the news media in the Republic of Croatia were taken into consideration; namely Haramija's research from 2011 on the topic of product placement in the Republic of Croatia – the phenomenon and its ethical implications (*Prikriveno oglašavanje u Republici Hrvatskoj – fenomen i etičke implikacije*) and the research of Jurišić et al. from 2007 on the topic of manipulation of readers – product placement in Croatian newspapers (*Manipulacija čitateljima – prikriveno oglašavanje u hrvatskim novinama*).

## 2. Product Placement

The simplest definition of product placement is provided by Homer (2009)<sup>1</sup> who stated that product placement is the practice in which firms pay to

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<sup>1</sup> the practice in which firms pay to place branded products (e.g., brand name/logo, package, signage, other trademarks) in the content of mass media programming

place products (e.g. logo or other brand elements) in the content of mass media programming. An extension of the concept above is provided by Guido<sup>2</sup> (2010) who stated that product placement refers to the planned and paid insertion of a product within a film or any other media that is capable of influencing the attitudes and the beliefs of the audience toward that specific product.

## 2.1. Overview of the Available Literature

The text below provides a brief overview of recent papers from the available literature on the topic of product placement. In their paper from 2012, Balakrishnan et al. examined the impact of product placement in movies<sup>3</sup> and stated that the aim of the research was to explain the relationship between the acceptance of brand placement based on consumers' perception and brand recall towards brand preference, loyalty and intention to purchase the specific brand<sup>4</sup>. The research was carried out on young movie viewers and the authors came to the conclusion that brand placement has become an exceptionally important marketing tool to reach emerging younger generation consumers<sup>5</sup>. Campbell, Mohr and Verlegh (2012) also came to the conclusion that covert marketing can increase brand recall and attitudes.<sup>6</sup>

In her paper *Product Placement and Brand Equity*, Corniani (2000-2001) examined the very concept of product placement, its advantages and limitations, and the impact of product placement on the consumers' awareness of the product. She stated that product placement, as a communication tool, impacts on brand equity because it influences the degree of consumers' awareness of the brand.<sup>7</sup> Thomas and Kholi (2011) concluded that consumers have accepted brand placements and that in the future such form of advertising will grow exponentially.<sup>8</sup>

In their paper *Television Product Placement Strategy in Thailand and the UK*, Hackley and Hackley investigated the implications for international

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<sup>2</sup> Product placement refers to the planned and paid insertion of a branded product within a film or any other media that is capable of influencing the attitudes and the beliefs of the audience toward that specific product

<sup>3</sup> The impact of brand placement and brand recall in movies

<sup>4</sup> The aim of this research is to explain the relationship between the acceptance of brand placement based on consumers' perception and the brand recall towards brand preference, loyalty and intention to purchase among Malaysian young movie viewers.

<sup>5</sup> These findings indicate to brand managers that brand placement has become an important marketing tool to reach emerging younger generation consumers

<sup>6</sup> Three experiments reveal that covert marketing, in the form of subtle product placements, can increase brand recall and attitudes

<sup>7</sup> As a communication tool, product placement impacts on brand equity because it influences the degree of awareness of the brand

<sup>8</sup> By and large, consumers have accepted brand placements. Given the explosion in media choices and branded entertainment, brand placement is slated to grow exponentially as advertising agencies, production companies, brand management teams, and media managers embrace this practice.

brand communications management of a quantitative research study on television product placement in the United Kingdom and Thailand.<sup>9</sup> The authors came to a conclusion relevant to the practical application of product placement. In fact, both countries offer many opportunities for brands to be placed in television and therefore, in the future, could form part of a co-ordinated international promotional campaign.<sup>10</sup> However, “local knowledge” is essential for brand clients intending to use the examined form of advertising.<sup>11</sup> A similar research was carried out by Jen Su et al. (2009) who studied the way in which product placement in Korean TV dramas affects Taiwanese consumers’ attitudes. They concluded that such form of advertising affects respondents who perceive the cultural similarity between Korea and Taiwan to be lower.<sup>12</sup>

Pardum and McKee (1999) conducted a survey of 106 public relations firms concerning their level of involvement with product placements as part of their public relations strategies. The findings of this research suggest that such firms actively use product placement i.e. that they often consider such form of advertising. Furthermore, they concluded that the surveyed firms are more knowledgeable about product placements than previously believed.<sup>13</sup>

Wilbur, Goeree and Ridder (2008) developed a random coefficients logit model of viewing demand for television programs, wherein time given to advertising and product placement plays a role akin to the “price” of consuming a program. The authors discovered that a 10% increase in the median advertising time leads to a 15% decrease in viewers. In sum, the results imply that networks should give price discounts to those advertisers whose ads are most likely to retain viewers’ interest throughout the commercial break.<sup>14</sup>

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<sup>9</sup> This paper discusses the implications for international brand communications management of a qualitative cross-national research study on television product placement in the United Kingdom and Thailand

<sup>10</sup> Thailand and the UK. Both countries offer many opportunities for brands to be placed in television and therefore could form part of a co-ordinated international promotional campaign.

<sup>11</sup> Local knowledge is essential for brand clients intending to use television programme exposure in their international promotional strategy

<sup>12</sup> This study examines of the ways in which Korean TV dramas affect Taiwanese consumers’ attitudes toward the locations where the dramas are filmed (onscreen locations). To account for the effect of similarity between Taiwanese culture and Korean culture, the concept of perceived cultural proximity is introduced into the balance-theory-based model. However, this relationship is significant only for those viewers with high perceived cultural proximity between Taiwan and Korea

<sup>13</sup> This article reports the results of a survey of 106 public relations firms concerning their level of involvement with product placements as part of their public relations strategies. The findings of this research suggest that public relations practitioners are active players in choosing whether to use product placements to enhance a client’s product or service. Results also indicate that practitioners are more knowledgeable about product placements than previously believed

<sup>14</sup> We estimate a random coefficients logit model of viewing demand for television programs, wherein time given to advertising and product placement plays a role akin to the “price” of consuming a program. In sum, our results imply that networks should give price discounts to those advertisers whose ads are most likely to retain viewers’ interest throughout the commercial break

Hang and Auty (2010) extended the product placement research. They studied the impact of interactivity on product placement effectiveness.<sup>15</sup> The authors concluded that in cases when the surveyed respondents, children, cannot directly interact with the placements, perceptual fluency is the underlying mechanism leading to positive affect. Therefore, the effects of the advertisements are only evident in a stimulus-based choice where the same stimulus is provided as a cue. However, in cases when the surveyed respondents, children, have the opportunity to interact with the placements in video games, they are influenced by conceptual fluency. In such instance, placements “remain” in the children’s memory.<sup>16</sup>

## 2.2. Product Placement in Newspapers

Product placement, as emphasized by Haramija (2011), misuses the newspaper form, because it has the form of a typical newspaper message, but it’s not. Its objective is to transfer a message to readers i.e. viewers through a newspaper article in print media or as a part of a news program in broadcast media.

When it comes to newspaper articles, product placements feature all characteristics of a newspaper article; they are hierarchically structured as newspaper articles, have a title as newspaper articles and, in most cases, are signed. On the other hand, they do not have qualities of an advertisement, such as the company logo or slogan, and their primary objective is to persuade consumers to purchase. The effect of product placement is based on the fact that consumers consider messages to be persuasive if communicated by a journalist who is considered impartial, objective, and not taking into consideration his own or his employer’s interests when writing. However, this issue should be approached carefully, because not all newspaper articles or supplements mentioning certain brands constitute a product placement; some of them really present the attitude of the journalist. More precisely, newspaper supplements will not be considered product placement in cases when, in a supplement about a specific product or service, they objectively outline both positive and negative properties of such products i.e. the specific brand. Furthermore, a newspaper supplement will not be considered product placement in cases when it indeed indicates independent and impartial sources or when it is about a particular type of product, but it does not indicate any specific trademarks (Haramija, 2011).

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<sup>15</sup> This study extends product placement research by testing the impact of interactivity on product placement effectiveness.

<sup>16</sup> The results suggest that when children cannot interact with the placements in video games, perceptual fluency is the underlying mechanism leading to positive affect. Therefore, the effects are only evident in a stimulus-based choice where the same stimulus is provided as a cue. However, when children have the opportunity to interact with the placements in video games, they may be influenced by conceptual fluency. Thus, placements are still effective in a memory-based choice where no stimulus is provided as a cue underlying

### 2.3. Product Placement Regulations

The Republic of Croatia has incorporated the concept of product placement in its legislation; it is clearly defined and prohibited. In the Electronic Media Act, article 18, it is stated:

*It is not allowed to use subconscious techniques in advertising and teleshopping. Product placement and misleading advertising and teleshopping are not allowed. Both client and publisher are liable for such advertising and teleshopping.*

The misdemeanor provisions for violation of this paragraph provide for a fine up to HRK 1 million (Electronic Media Act, Official Gazette 122/03). Moreover, in the article 20 of the Media Act it is clearly stated: „Product placement and misleading advertising and teleshopping are not allowed“. This Act also mentions product placement in its misdemeanor provisions and prescribes a fine up to HRK 1 million (Media Act, Official Gazette 59/04).

The enforcement of the Electronic Media Act is partially monitored by a regulatory body – the Electronic Media Council – which has relatively large powers. At the same time, there is no regulatory body in charge of the supervision of the enforcement of the Electronic Media Act, except for public attorneys that react each in his/her specific area (Jurišić et al., 2007). Croatian law on product placement is clear, but the problem lies in its enforcement. Media reports from 2012 indicate that HRT (Croatian Radio & Television) was fined with HRK 300.000 due to violation of the Electronic Media Act. The following was published on the official site of the Electronic Media Agency:

*The Electronic Media Council, at the session 46-12, issued a decision and pronounced three (3) misdemeanor warrants to HRT (Croatian Radio & Television) due to offences from:*

*- article 83 para. 1 p. 2 and para. 2 of the Electronic Media Act, with a reference to article 17 para. 1 of the Electronic Media Act, during the broadcast of the show Dobro jutro, Hrvatska, i.e. the piece Vježbajte s nama. The Council issued the decision that this particular case included the violation of the Electronic Media Act provision providing that viewers must be clearly informed of the existence of a sponsorship agreement*

*- article 82 para. 1 p. 14 and para. 2 of the Electronic Media Act, with a reference to article 29 para. 1 of the Electronic Media Act, during the broadcast of the show Dnevnik due to advertising that occurred in its reportage,*

*and it was concluded that in this particular case the advertising was not clearly separated from the other contents;*

*- article 46 para. 1 p. 4 and para. 2 of the Electronic Media Act, with a reference to article 37 para. 2 of the Croatian Radio & Television Act due to exceeding the advertising time limit within a given clock hour of program in June 2012.*

If taken into consideration that the planned revenues of HRT for 2012, as reported in the official statements of HRT, amounted to HRK 1.414.310.000,00, it is concluded that the fine in the amount of HRK 300.000,00 is extremely low. Moreover, it should be emphasized that one out of three misdemeanor warrants relates to product placement in *Dnevnik*, and it is a well known that it is a news program, and the fact that it is broadcast on national television stresses the importance of the need for true information.

In Europe, regulations regarding product placement differ to a large extent from one country to another. In some countries, e.g. Austria and Sweden, product placement is entirely regulated by law, whereas in others, such as Belgium, the law does not recognize such a concept. Until 2007, the European Union did not allow product placement, but on 29 November 2007 the European Parliament adopted new regulations regarding television advertising which allow product placement. The new directive was named Audiovisual Media Services Directive and it eases the regulations on product placement, and the member states were supposed to transpose the Directive into national law by the end of 2009. However, countries are allowed to prohibit this form of advertising, as Germany has already announced (Haramija, 2011).

Nowadays, there is an increasing trend of publishing sensationalistic information, which leads to a high degree of sensitivity regarding the truthfulness in journalism. The Code of Honor of the Croatian Journalists' Association from 1993, states in article 4 that „journalist is obliged to report true, balanced and verified information“. It furthermore emphasizes the necessity of indicating the source of information, but also the journalist's right to preserve the source anonymity, while accepting the moral and legal responsibility for the published data. An interesting fact is that the Code of the Croatian Journalists' Association from 2009 does not contain a clearly defined provision on the provision of true information. The section of the Code dealing with the journalist's profession emphasizes the search for truth, whereas in the section on the information flow, it is stated that information have to be accurate, complete and verified (Labaš and Grmuša, 2012). The said Code does not prohibit mentioning names or similar features of specific products by the journalist, as long as his/her words are true. This leaves room for journalists to promote a specific product by emphasizing only its positive sides.



### 3. Research Results

As indicated in the section on the research methods, the survey questions were developed based on the researches conducted by Haramija (2011) and Jurišić et al. (2007). The said authors carried out a research on the frequency of occurrence of product placements in newspapers, and this research, based on their researches, examined consumer awareness of the said phenomenon. It is exactly due to the above reasons that, when analyzing the obtained results, a comparison will be done with the findings of the above named authors.

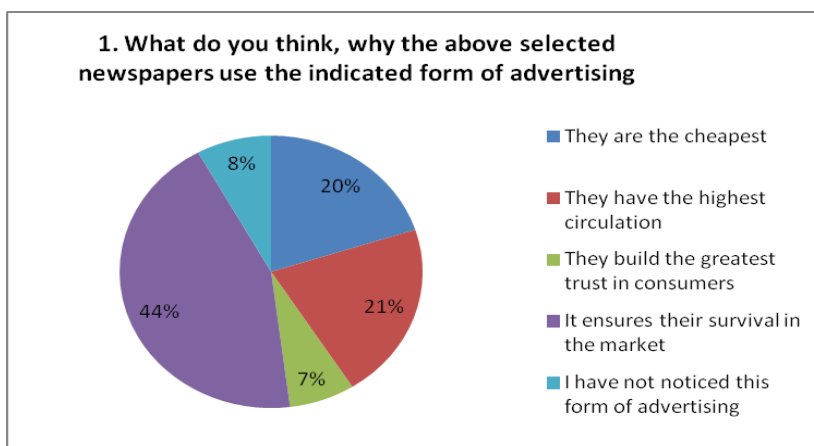
#### 3.1. Presence of Product Placement in Daily Newspapers

Due to the frequency of occurrence of product placements in daily newspapers, respondents were asked in which daily newspapers, according to their opinion, such form of advertising is mostly present. The highest percentage of respondents, i.e. 77% (82 respondents), answered that product placement is mostly present in *24 sata*, followed by *Jutarnji list* with 7% (8 respondents), *Večernji list* with 2% (2 respondents), and *Slobodna dalmacija* with 1% (1 respondent), whereas 13% (14 respondents) have never come across such form of advertising.

Haramija's research (2011) obtained exactly the opposite results. Namely, he stated that product placement occurs almost on a daily basis in daily newspapers, with one to five placements on average. He noticed a significantly lower presence of this form of advertising in the most read newspaper in the Republic of Croatia, *24 sata*, than in other newspapers; more precisely, not more than one placement a day. The results show that the hypothesis stating that respondents would believe that most product placements are present in *24 sata* was proven to be correct.

The obtained results suggest a high level of manipulation of readers. Namely, on the question: „What do you think, why the above selected newspapers use this form of advertising?“, the largest share of respondents, i.e. 44% (47 respondents), responded that it allows the daily newspapers to survive in the market. Due to the fact that *24 sata* is well-known for a large number of advertisements, we can conclude that readers have difficulties to recognize product placements. Even though in the first question, a large share of respondents answered that they had been introduced to the meaning of the concept of product placement, as much as 68% of respondents, it is evident that they experience difficulties in recognizing a product placement as such. These results do not come as a surprise, also due to the fact that product placement often remains unpunished partly because of the difficulties in distinguishing between product placement by the journalist, i.e. the person advertising in the particular instance, and his/her personal opinion. When it comes to the hypothesis stating that respondents, before responding to the survey questions, were not familiar with the meaning of the concept of product placement, according to the survey

results, the said hypothesis is rejected. Nevertheless, as the largest share of respondents answered the question „What do you think, why the above selected newspapers use this form of advertising?“ by claiming that product placement ensures the survival of the newspaper in the market and given that *24 sata* are loaded with classical advertisements, it can be concluded that respondents do not entirely understand the concept of product placements after all. The graph below shows other opinions of respondents on the reasons for product placement:



Graph 1 Reasons for the use of product placements in certain daily newspapers

Source: Authors (2013)

### 3.1.1. Forms of Manifestation of Product Placement in Daily Newspapers

Jurišić et al. (2007) studied in what form product placements are presented in daily newspapers. The results show problematic practices in advertising. Namely, as much as 32,1% of product placements are present throughout text, thus greatly affecting consumer decisions. 27,8% of this form of advertising appear in one sentence of the author's text, while 22% of product placements appear in several author's sentences. This is followed by the presence of product placements in quoting press releases, media statements and reports for press conferences in 11% of cases, and in the interlocutor's statement in 7% of appearances.

A frequent problem for analysts are texts in which corporations donate for charity, because they are put in doubt by such texts. The authors have found an example thereof in a newspaper article published in *Jutarnji list* on 23/12/2006 which says: „T-mobile distributed 2000 gifts to sick children“. On the face of it, it is indeed a news, but when the text is read, it is evident that only one corporation source is indicated, namely with the statement: „...the warmth with which the

employees chose and packed the gifts is touching – said Maja Weber, manager of the Public Relations Department”. Moreover, the journalists did not give an opportunity to the persons who received the gifts or their representatives to express their gratitude. In the same newspaper, on 31/12/2006 and 1/1/2007, pp. 38 and 39 across the centerfold, there was the following text: „The skiing stick that was purchased by T-mobile through *Jutarnji list* will be sold for charity every year from now on“. The company’s name was mentioned in five out of nine paragraphs and the topic sentence pointed out: „Thanks to an unselfish gesture of the telecommunication company T-mobile...“. The text is supported by photos of a famous skier with a skiing suit displaying the company slogan. The authors emphasize that they do not deny the humanitarian nature of the news in the aforementioned example, but they are concerned about the introduction which is very partial.

Based on the above text, the authors have concluded that it is really not difficult to notice that one of daily newspapers and one of telecommunication companies collaborate, i.e. collaborated, in product placement. The authors have also concluded that a big problem lies in the fact that, despite the unlawful level of such cooperation, no sanctions have been imposed. It is important to mention that the above mentioned text is only one of many examples of product placement in daily newspapers. The authors consider that these practices are expected due to the lack of regulation of product placement.

### 3.2. Product Placement in Specialized Newspaper Supplements

Haramija (2011) stated that specialized supplements are the most frequent place of occurrence of product placements and that they are typical of all Croatian newspapers. Product placements mostly appear in weekly supplements dedicated to fashion and in the entertainment pages; these texts mostly appear without signature. Jurišić et al. (2007) provided a table of the frequency of occurrence of product placements in specialized supplements in Croatian newspapers:

Table 1

Frequency of occurrence of product placements in specialized supplements in Croatian daily newspapers

Section	Newspaper		Total
	<i>Jutarnji list</i>	<i>Večernji list</i>	
Entertainment – Life – Performances	14,5	23,3	19,6
Event of the day – Croatia	14,5	15,9	15,3
City pages	14,5	12,7	13,5
Sports	7,2	2,6	4,6

Economy	8,7	0,0	3,7
Supplement – Politics (periodical)	4,3	3,2	3,7
Supplement – TV magazine	3,6	3,2	3,4
Supplement – Review	10,8	2,6	6,0
Supplement – others (Auto Moto, Real estate)	14,5	28	22,3
Crime news	1,4	3,7	2,8
Foreign policy	0,7	0,0	0,3
Culture	2,2	2,1	2,1
Comments	1,4	1,1	1,2
Last page	1,4	1,6	1,5
Total	100	100	100

Source: Jurišić et al (2007)

Respondents in the conducted survey were also asked in which of the aforementioned sections they had noticed the largest number of hidden messages. When it comes to the entertainment - life supplement, respondents believe that the largest share of product placements is present exactly in this section, i.e. 69% (72 respondents). It is followed by the supplements TV-magazine, Review, Auto moto, Real estate with 6% (6 respondents), which approximately overlaps with the results of the above mentioned research. The biggest problem in the readers' awareness of product placement is found in the supplements dedicated to the event of the day. Only 1% of respondents, i.e. 1 respondent, thinks these are targeted by product placements, whereas the actual state is that as much as 15,3% of product placements appear in such supplements. The aforementioned results confirm the hypothesis stating that respondents would think that the largest number of product placements is present in the sections specialized in entertainment and fashion.

Well known is the case of a product placement in the supplement dedicated to the event of the day, when the news "Day of free conversations" was published on 24/12/2006 in *Večernji list*, on the 4<sup>th</sup> page. The article described a new campaign of the telecommunication company Vipnet, and the news was laid out in such a way that it appeared between the following news: „Đapić and Ivić talked the day before“ and „Istrians organize a petition against the glass wool factory“.

In their research, Jurišić et al. (2007) provided another interesting matter, i.e. the frequency of occurrence of product placements by day of the week. The analysts were interested in the connection between Friday, when the newspapers are most sold because of the included TV magazines, and the number of product placements. However, it is not possible to conclude the existence of the assumed connection from the obtained results. Namely, as much as two days of the week, Wednesday and Saturday, have a larger number of product placements than Friday. The results are shown in the table below and the connection between the number of product placements and the days of the week needs to be further investigated:

Table 2

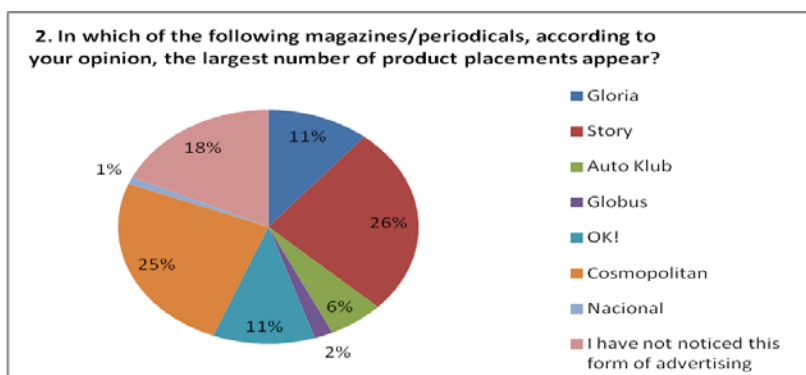
Connection between product placements and the days of the week

Day of the week	Newspaper		Total
	<i>Jutarnji list</i>	<i>Večernji list</i>	
Monday	12,3	10,6	11,3
Tuesday	8,7	7,9	8,3
Wednesday	8,7	22,2	16,5
Thursday	14,5	13,8	14,1
Friday	17,4	15,3	16,2
Saturday	29,7	17,5	22,6
Sunday	8,7	12,7	11,1
Total	100,00	100,00	100,00

Source: *Jurišić et al (2007)*

### 3.3. Product Placement in Croatian Magazines

It is well known that product placement often occurs in magazines i.e. periodicals. Respondents were asked in which of the listed magazines they believe the largest number of product placements appears. The answers are shown in the graph below:



Graph 2 Occurrence of product placements in magazines/periodicals

Source: *Authors (2013)*

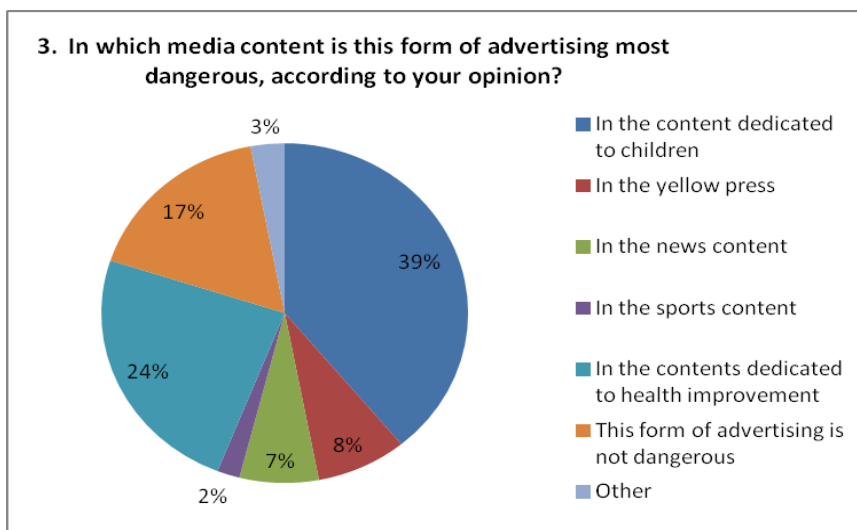
Respondents believe that the largest number of product placements is present in *Story*, i.e. 26% (28 respondents), followed by *Cosmopolitan* with 25% (27 respondents), and *Gloria* and *OK!* each with 11% (12 respondents), *Auto Klub* with 6% (6 respondents), *Globus* with 2% (2 respondents), *Nacional* with 1% (1 respondent), whereas 18% (19 respondents) have never come across such form of advertising.

Haramija (2011) indicated that a smaller number of product placements had been noticed in the leading weekly magazines *Gloria*, *Story*, *AutoKlub*, *Globus*, *Cosmopolitan* and *Nacional*, but, due to the publishing rhythm, even a greater number of product placements in comparison to daily newspapers. Since these are entertainment magazines, the texts published in them are not considered credible, thus reducing the misleading effect of product placement.

Moreover, it should be pointed out that newsweeklies *Globus* and *Nacional* have plenty of product placements. Some sections, such as „Shop-window“ in *Globus*, are entirely made of product placements. In these sections, specific products standing for fashionable style are promoted under the guise of the journalist's viewpoints. It is not rare that celebrities are used to promote specific products and services.

When it comes to the issue of consumers being threatened by product placements, most respondents, i.e. 58% (62 respondents), believe they are not threatened because of the presence of product placements. As it is evident from the above mentioned survey responses that respondents are basically not aware of the presence of product placements, it is to expect that they are often threatened without being aware of it. On the other hand, 21% (22 respondents) believe to be threatened by product placements as consumers, whereas 21% (23 respondents) don't know i.e. are not sure. The assumption that respondents would believe that such form of advertising threatens them is disproved.

Moreover, respondents were asked in which media content such form of advertising is mostly dangerous, according to their opinion. Most respondents, i.e. 39% (42 respondents), think that it is mostly dangerous in the contents dedicated to children, followed by the contents dedicated to health improvement with 24% (26 respondents). The above confirms the hypothesis stating that respondents would believe that product placement is mostly dangerous in the contents dedicated to children. Other results are shown in the graph below:



Graph 3 Danger of product placements in individual media contents

Source: Authors (2013)

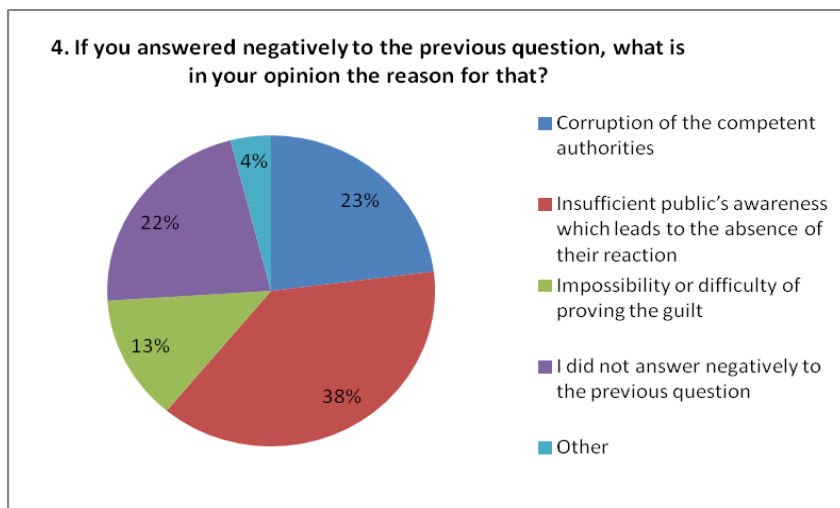
Jurišić et al. (2011) stated that most product placements were noticed in the magazine *OK!*, ranging from 130 to 200 product placements in each issue. These results are problematic, as respondents concluded in the above mentioned survey question, because of the audience the specific magazine is meant for. Namely, they are not capable of distinguishing a newspaper text from an advertisement and this is a vivid example of immoral behavior.

### 3.4. Legislation in Practice

Even though there is legislation in the Republic of Croatia that regulates product placement, the general public knows very few cases of punishment of such form of advertising. In the above mentioned survey, respondents were asked about the legislation in case of product placement. On the question whether they believe that prevention of such form of advertising is well regulated by law in the Republic of Croatia, only 9% of respondents responded that prevention of such form of advertising is well regulated in the Republic of Croatia, whereas 46% (49 respondents) think that it is not well regulated, and 45% (48 respondents) don't know i.e. are not sure. This is confirmed by the results of the next question where 94% of respondents answered that they have never heard of a case of punishment of such form of advertising in the Republic of Croatia, even though they are aware of its existence. For the hypothesis stating that respondents would not think that product placement is well regulated in the Republic of Croatia, it is not possible to pronounce a judgment regarding its acceptance or rejection. However,

the hypothesis stating that respondents would not know about the cases of punishment of product placement in the Republic of Croatia is confirmed.

As already concluded, the legislation in the case of prohibition of product placement i.e. punishment of such form of advertising are not accordingly enforced and the question arises as to what is the reason for that. Although the exact reason is not known, respondents were asked what the reason for that is according to their opinion. Most respondents, i.e. 41% (38 respondents), think that the reason for that is insufficient public's awareness which leads to the absence of their reaction. The second place is held by corruption of the competent authorities, i.e. 23% of respondents consider it the reason for the absence of legislation governing product placement, while 13% of respondents see the reason for that in the impossibility or difficulty of proving the guilt. The last hypothesis stating that respondents would think that the cause for poor law enforcement lies in the impossibility or difficulty of proving the guilt of advertisers is disproved, because only 13% of respondents reacted in accordance with the posited hypothesis. Namely, the results showed that most respondents, i.e. 38% of them, think that poor law enforcement is caused by insufficient public's awareness which leads to the absence of their reaction, whereas 23% of respondents believe that the reason for that is corruption of the competent authorities. The results are shown in the graph below. It should be mentioned that the previous question was: „Do you think that the Media Act (which prohibits product placement) is accordingly enforced in the Republic of Croatia?“:



Graph 4 Causes of non-functionality of the legislation

Source: Authors (2013)



#### 4. CONCLUSION

In the end, it can be concluded that product placement represents a big problem both in Croatian and international mass media. Despite the statutory legislation and journalists' codes, under the pressure of advertisers and PR experts product placement is increasingly becoming a conventional practice.

Product placements in the entertainment contents represent the greatest danger in the contents dedicated to children. They are not capable of recognizing such form of advertising, thus becoming misled after being exposed to product placements. The best known example in the Republic of Croatia is to be found in the youth magazine *OK!*. It provides various advices on fashion and beauty that induce the readers to use certain products or product brands with the explanation that these are the highest quality products. Unfortunately, it constitutes a paid advertisement that, if, moreover, presented by a reader, leads to a large increase in demand. No data on punishment of the outlined case are found in the literature.

A special problem associated with product placement is represented by its occurrence in the news media. They are expected to be true and objective, so that important decisions regarding the future can be made based on the information obtained from the news media. The presence of product placements in the news media, which are unrecognized by the public, bring substantial benefits to advertisers, but not seldom also big harms to the exposed public. From all the above, it can be concluded that the phenomenon of product placement is extremely neglected and also an omnipresent punishable offense which affects the judgment of many. The cause for the absence of a reaction to the said unlawful activities can be searched for in many items. One of them is the absence of the public's awareness and their light hearted understanding of the issues resulting from such activities. On the other hand, it is beyond a doubt that both advertisers and media corporations are aware of the fact that it is a legally prohibited form of advertising. The only reason why a media corporation would not report another media corporation, which is, moreover, its strong competitor, for breaking the law, can be detected in the fact that both companies use product placement advertising.

Lastly, based on the specific objectives of the research, the authors defined the concept of product placement and provided an overview of legislation affecting product placement. When comparing the respondents' awareness of the presence of product placement and the actual situation, the authors came to the conclusion that the respondents have insufficient awareness of the presence of product placement. As the main reason for that, the authors concluded that the public has a problem with recognizing product placement and is not aware of the danger of the investigated type of advertising. Referring to the attitudes of the respondents regarding the danger introduced by product placement, a large number of the respondents, i.e. 80%, believe that product placement represents a certain level of danger. The authors consider that this is still an insufficient share

of respondents, since the research results revealed that the respondents are often not able to recognize product placement.

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