

**Cross-cultural differences in response to product placements:
A comparative study of the UK, Germany and Mexico**

DiplmKfrau Insa Charlotte Tews

Professor Chris Halliburton

ESCP Europe, London

Corresponding Author:

Professor Chris Halliburton

ESCP Europe

527 Finchley Road

London NW3 7BG

Email: challiburton@escpeurope.eu

Tel: +44 20 7443 8883

Abstract

Product Placements are increasingly used by international marketers. However, they have received little research attention in non-US contexts. This comparative study examines cross-cultural and individual differences in the UK, Germany and Mexico using an online survey of 338 respondents. The results indicate that although significant differences in response to product placement across cultures were found, product placement can still be used as a standardised global marketing strategy, though adaptation could increase its effectiveness. The findings imply that marketing managers should be mindful of both individual and cross-cultural differences when developing international product placement strategies.

Keywords

Product placement; global product placement; cross-cultural marketing

1. Introduction

Product Placement (PP) is increasing in importance however cross-cultural differences are seldom considered. This study investigates consumer responses to PPs in three countries, the UK, Germany and Mexico and the implications for standardisation or adaptation.

2. Literature review

Scholars have called for more studies on cross-cultural aspects of PP (Gould et al. 2000; Eisend 2009). The cross-cultural comparisons that do exist in the field of PP have a strong US focus. The single-country studies are also dominated by US research. Apart from the US only Australia, Turkey, Italy and the UK have been examined (Tiwsakul et al. 2009; McKechnie & Zhou 2003; Karrh et al. 2001; Rössler & Bacher 2002; Chan 2012; Eisend 2009).

The first time a branded product was placed in a movie was in 1896, when Lever Brothers' Sunlight soap appeared in a Lumière Brothers film. It then took more than 80 years for this tactic to become a focus area. PP can be defined as "placing products as props on TV shows or in films as a form of advertising" Television accounted for 21% of the global paid placement market of \$7.2Bn. in 2011 and movies 64%. Research on PP covers five main areas: the nature of placements; placement effectiveness; general development and trends; practitioner views; cross-cultural comparisons; ethical acceptability, (Chan 2012). This study is largely in the fourth category as well as the second and fifth to a lesser extent.

The two main claimed effects of placements are brand evaluation and purchasing behaviour. The results of studies range from positive, to neutral, to negative effects. Studies have shown that the use of real, existing brands make media content more realistic. Negative attitudes were mostly found to be due to very prominent placements or consumer realisation that there is a covert marketing intent (Chan 2012).

Ethical concerns regarding PP relate to the placement of certain product types and towards the practice itself. Product placement offer marketers a way to reach consumers without facing advertising regulations, especially for products that have are 'ethically-charged' or 'non-ethical', such as alcohol, tobacco or weapons. In Germany and Mexico regulations are similar to the UK. In contrast, there are no regulations for these non-ethical products in terms of PP and it is not uncommon to see alcohol or tobacco brands being placed in movies (Chan 2012). The practice has been described as 'covert', 'masked' or 'stealth' marketing (Darke & Ritchie 2007).

The prominence of the placement design has been subject to great controversy and has even been described as the 'double-edged sword for PP' (Chan 2012). The more prominently a brand is placed, the more attention it attracts and thus the higher its memorability and recall (Gould et al 2000). However, prominent placement can also result in more negative attitudes of the audience towards the brand placed.

Culture has been referred to as the 'collective mental programming' of one society that makes it different from another (Hofstede et al 2010). This paper uses Hofstede and the GLOBE study which show that there are significant cultural differences among the three study

countries. In addition, all three belong to different cultural groups: (Latin American, Anglo and Germanic Europe clusters). No study in the field of PP has compared these three cultures.

Standardised marketing is based on Levitt’s (1983) assumption that there is a global convergence of consumers’ needs and desires. However, since the 1990’s there are many voices in marketing literature doubting the convergence assumption and claiming that cultural differences continue to exist, which implies the need to adapt marketing operations (Halliburton & Hunerberg 2005 ; Viswanathan & Dickson 2007).

More recently there have been demands to expand this discussion to PP, (Chan 2012; Karrh 2001). Compared to traditional advertising, PP’s are less adaptable, as they are embedded within the media, however this is changing with advances in digital technology.

3. Conceptual background, research hypotheses and research question

The central research question concerns whether product placement can be used as a standardised global marketing strategy, or whether there are significant differences in consumers’ reactions to PP’s across cultures. Hypotheses were derived for five topics, each containing two hypotheses, one for cross-cultural differences (Hxa) and one for individual differences based upon gender, frequency of movie watching and perception of realism enhancement (Hxb), see Figure 1.

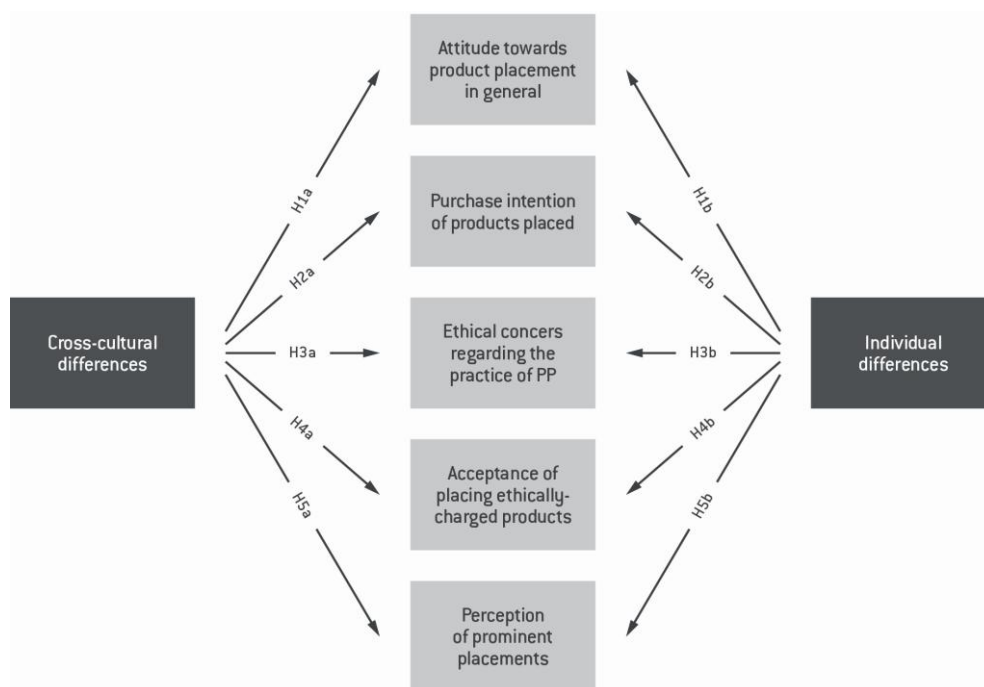


Figure 1: Hypotheses framework: Cross-cultural vs. individual differences

H1a: The attitudes towards PP in general will differ across cultures, with British consumers the most positive and Mexican consumers the most negative attitudes.

H1b: Regardless of culture, frequent movie watchers will have more positive attitudes towards PP in general than less frequent movie watchers.

H2a: The likelihood of consumers stating that they would buy a brand they had seen in movies will differ across cultures, with British consumers being the most and Mexican consumers being the least likely.

H2b: Regardless of culture, consumers who perceive that PPs make movies more realistic are more likely to state that they would buy a brand they had seen in movies.

H3a: Collectivistic cultures will be more likely to show ethical concerns regarding PP than individualistic cultures and more likely to favour stricter regulations.

H3b: Regardless of culture, women are more likely to show ethical concerns regarding the practice of PP than men.

H4a: The degree of acceptance of ethically-charged products will differ across cultures, individualistic cultures the most, collectivistic cultures the least accepting.

H4b: Women will be more concerned about ethically-charged products than men.

H5a: Cultures with higher levels of assertiveness and performance orientation will find prominent PP more favourable.

H5b: Consumers who perceive that PPs make movies more realistic are less likely to find prominent PP unfavourable.

4. Methodology

An online survey was developed containing 31 statements related to PP's in movies developed from existing studies and authors' proposals using a five-point Likert scale in line with previous PP studies. The questionnaires were translated, back-translated and double-checked by native speakers from the three different cultures. Pilot tests were carried out for all three language versions. A total of 338 respondents (112 German, 104 British, 109 Mexican), 58% female, 42% male. Other than the under 15 group, all age groups were represented, with the 25 – 29 year group 38% of the total. Confirmatory factor analysis produced nine factors. Subsequent reliability testing resulted in six final factors, see Table 1..

Factors & corresponding items Note: R = Reversed	Correlation	Cronbach's Alpha Coefficient	Mean inter-item correlation
Factor 1 (APP): Attitude towards PP in general (items: 2R,5,9,14R)			
2. I hate seeing brand name products in movies if they are placed for commercial purposes	.667	.712	.383
5. I don't mind if movie producers receive money or other compensation from manufacturers for placing their brands in movies	.757		
9. I don't mind if brand name products appear in movies	.786		
14. The placement of brands in movies should be completely banned	.720		
Factor 2 (PUI): Purchase intention (items: 15,17)			
15. I buy brands I see movie stars using or holding in movies	.850	.614	.443

17. I am more likely to buy brands I am exposed to in movies than those I see advertised	.850		
Factor 3 (PRO): Prominence of placement (items: 10R,21,25)			
10. I don't mind seeing prominent placement of brands in movies	.850	.678	.407
21. I will not go to a movie if I know beforehand that brands are placed prominently in the movie for commercial purposes	.642		
25. I don't like it when brands are prominently placed	.833		
Factor 4 (REA): Realism enhancement (items: 6R,18,23)			
6. Movies should use fictitious brands rather than existing brands	.797	.710	.450
18. I prefer to see real brands in movies rather than fake/fictitious brands	.851		
23. The presence of brand name products in a movie makes it more realistic	.738		
Factor 5 (ETH): Ethical concerns (items: 7,20,24,27)			
7. Manufacturers are misleading the audience by disguising brands as props in movies	.708	.693	.358
20. It is highly unethical to influence the captive audience by using brand name products in movies	.796		
24. I would consider PPs as 'commercials in disguise'	.746		
27. Movie viewers are subconsciously influenced by the brands they see in movies	.627		
Factor 6 (ECP): Ethically-charged products (items: 4R,16,22,29)			
4. There is no issue with placing brand name tobacco, guns and alcohol products in movies	.744	.774	.459
16. Brand named tobacco, guns and alcohol products should not be placed in movies	.830		
22. Use of brand name tobacco, guns and alcohol products should be banned from movies that children are likely to watch (PG and PG-13 rated movies)	.722		
29. Cigarette PPs in movies should be banned completely	.788		

Table 1: Outcome of confirmatory factor analysis and reliability testing

The quantitative data-collection was supplemented by qualitative insights obtained during in-depth expert interviews.

5. Results

The hypotheses were tested with ANOVA, independent-samples t-test and bivariate correlation with preliminary analyses to ensure no violation of the normality assumption. Post-hoc comparisons, using the Tukey HSD test, indicated that the mean score for the Germans was significantly different from the Mexicans and from the British, however, there was no significant difference between the Mexicans and the British therefore H1a is only partially supported. The relationship between frequency of movie watching and attitude towards PP in general was investigated using Pearson product-moment correlation coefficient but almost no correlation was observable. H1b is therefore rejected.

There was a statistically significant difference at the $p < .01$ level in purchase intention scores for the three nationalities however the actual difference in mean scores was relatively small. The mean score for the Germans was significantly different from the Mexicans and the

British, however there was no significant difference between the Mexicans and the British. The results indicate that H2a is only partially supported. The relationship between perceived realism enhancement through PP was investigated using Pearson's r. There is a moderate positive correlation with higher levels of perceived realism enhancement associated with an increased purchase intention of placed products hence H2b is supported.

The results indicated that the Mexicans (collectivistic culture) had higher ethical concerns regarding PP, and were more in favour of stricter government regulation than the Germans and the British, H3a is therefore supported. H3b is rejected, since women did not show more ethical concerns regarding the practice of PP than men. The results showed that the degree of acceptance of placing ethically-charged products differed significantly across cultures, thus H4a is partially supported. The British were the least accepting, although it was hypothesised that, as an individualistic culture, they would be more accepting than Mexicans. Therefore H4a is only partially supported. H4b was supported as women were more concerned about the placement of ethically-charged products than men.

The results showed that the German participants found prominent PP more favourable than the Mexicans and the British, both representing cultures with lower levels of assertiveness and performance orientation. Therefore H5a is supported. The results showed that consumers who perceive that PP makes movies more realistic had a more favourable attitude towards prominent placements, meaning that H5b is supported.

Figure 2 shows the results of the hypotheses testing (the asterisks indicate the level of statistical significance and the absolute level of effect is indicated by the colour tint (and H1b & H3b are not significant). The majority of the cross-cultural difference hypotheses have a small effect size, apart from H1a, The effect size of the individual differences range from small to large.

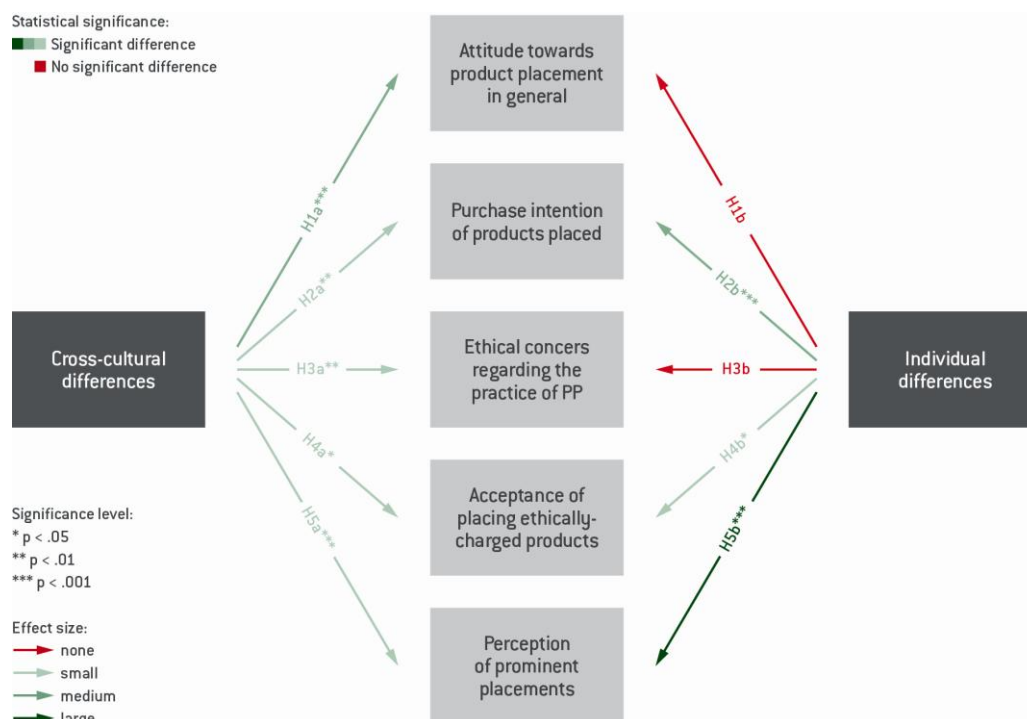


Figure 2: Results of hypotheses testing

The overall attitudes to foreign placements (all cultures) was positive (56%) with 35% neutral and only 9% a negative attitude.

6. Discussion

The results indicate that cross-cultural differences in response to PP do exist. All cross-cultural difference hypotheses were statistically significant, though some were only partially supported. The order of cultures in H1a and H2a was based on the theoretical approach of cultural distance or proximity to the US, based upon previous studies. The results of this research indicate that this approach was not valid, which in itself is an important contribution to academic knowledge as it shows that cultures cannot simply be assumed to respond to PP in a similar way due to their cultural proximity.

British consumers were found to have much more negative attitudes towards PP in general, as well as much lower reported purchase intentions than was assumed and German attitudes were rather positive. The results therefore indicate that PP's do not only encounter positive attitudes amongst the German audience, but the likelihood of the placed product being potentially purchased is also remarkably high. The Mexicans, as predicted, had the lowest scores in attitudes towards PP in general and in likelihood of buying a placed brand. Interestingly, they had the highest scores when the underlying reasons for the purchase intentions were more specific. This could indicate that celebrities are appealing to Mexicans.

Regardless of culture, the percentage of consumers having a positive attitude far outnumbered the percentage of consumers having a negative attitude. The same applied in terms of purchase intention of placed products. While collectivist cultures (represented by Mexico) show the highest ethical concerns regarding the practice of PP in general, this is not true for the second ethics-related aspect. Contrary to expectations, Mexican consumers do not have the lowest acceptance of ethically-charged products, although this could be attributable to the possibility that Mexico might not be the most representative collectivist culture. Another unexpected finding is that it was the Germans that showed the lowest concern about both ethical aspects (H3a, H4a), and not the British, who are considered to be the most individualistic culture.

Overall, consumers are more concerned about the placement of ethically-charged products than about the practice of PP itself, as indicated by an average mean score differences. This could depend upon the genre of movie and on the target audience as suggested by the practitioner interviews. Many consumers across cultures indicated they would like to be informed at the beginning of the movie about the brand placements in the film. While there was no statistically significant difference across cultures, the mean scores in all cultures were higher than those favouring more government regulation. Germans, representing a culture with higher levels of assertiveness and performance orientation, find prominent PP more favourable than the cultures with lower levels, namely Mexico and the UK.

One individual difference factor in PP design is the perceived realism enhancement through the placement (H2b, H5b). This not only increases the reported purchase intention (H2b), but seems to make the audience more open to, or rather more forgiving of, prominent placements. It can also be concluded that realism enhancement is a way to counteract a negative attitude.

The survey results show that women are more concerned about the placement of ethically-charged products than men (H4b). Unexpectedly, women do not have more ethical concerns regarding the practice of PP itself (H3b).

Overall, the results found significant differences in consumers' reactions to PP across cultures. However, significant individual differences also were found across cultures (gender, movie viewing frequency, PP enhancing realism). Hence, while significant differences in consumers' reactions to PP across cultures do exist, PP can still be used as a standardised global marketing strategy, though adaptation could increase its effectiveness.

7. Managerial implications

The results confirm PP is a useful marketing instrument which encounters an overall positive attitude by consumers, and an even higher likelihood of the brands placed being purchased. The most suitable culture to target with PP out of the three that have been examined in this study, is undoubtedly Germany. German consumers have the highest scores in attitudes and purchase intentions, while also showing the lowest ethical concerns regarding the practice, the highest acceptance of ethically-charged products, and the most positive perception of prominent placements. Extra care is advised when intending to sell such products to the British, since their acceptance of this type of PP is particularly low. Quantitative and qualitative findings indicate that Mexicans may prefer PP over traditional marketing communication measures. Another finding of interest for marketing managers is that placing brands with celebrities could work particularly well in Mexico. Given the relatively lower acceptance by women of ethically-charged PP, managers may have to consider other marketing measures than PP to target the female consumer segment.

The perceived realism enhancement through PP was found to increase purchase intention as well as to make consumers more acceptable of prominent placements. Representing placements in an authentic and realistic way, integrating them well, and ensuring a good fit between brand personality and movie characters and storyline should play an important role in PP design and strategy. The interviewed practitioners advised that PP's are most effective when combined with other marketing measures.

Overall, the findings imply that marketing managers should be mindful of both individual and cross-cultural differences when designing international PP strategies. Marketing managers should weigh up the costs of adaptation against the increased effectiveness of the placement when deciding about the degree of adaptation or standardisation.

8. Limitations and future research

Given the size of the total research population non-probability sampling was therefore the feasible option. Self-selection sampling could have led to a degree of self-selection bias. The sample size of 338 participants is another limitation although a sample size of more than 100 participants per country enabled hypothesis and significance testing. Only three cultures were represented, although their rationale was supported from cross-cultural literature and the three diverse cultures had not previously been researched. No socio-economic variables were included in the questionnaire, additionally; there are also substantial discrepancies in fixed-

line internet penetration between Europe and Mexico. Another limitation could have been the difference in age distribution of the three samples. On average, UK respondents were older than German and Mexican respondents. The age group of 25-29 years old was over-represented within the German sample. A theoretical limitation could also lie in the cultural frameworks themselves. Both Hofstede's cultural dimensions and the GLOBE study have suffered criticism (Tung & Verbeke 2010).

Future research could be conducted with a larger sample size and with probability sampling techniques. Replication studies with different cultures would also provide additional insights including former Communist countries. Similarly, countries that differ even more significantly in their assertiveness and performance orientation scores could be worthy of examination. Product differences and movie genre could also be added. Country of origin effect of both the placement and the movie could also be explored further.

9. Conclusion

The results show that significant cross-cultural and individual differences exist. Mexican and British consumers have higher ethical concerns than German consumers. Furthermore, German consumers were found to have more positive attitudes towards PP in general, a higher likelihood of purchasing a placed product and a less negative perception of prominent placements than Mexican and British consumers.

Significant individual differences were discovered in terms of gender and perceived realism enhancement through PP. Women were found to have lower acceptance levels of ethically-charged PP. It was also shown that if consumers perceive that placements increase the realism of movies, they tend to have higher purchase intentions of the product placed and are more accepting of prominent placements.

The findings imply that PP is generally a recommendable strategy to target consumers in all three cultures, since the majority showed positive attitudes towards this marketing instrument and relatively high intentions to purchase the product placed. Nevertheless, it is suggested that marketing managers should design PP strategy judiciously, as consumers across cultures revealed ethical concerns regarding this marketing practice and regarding the placement of ethically-charged products; with women being particularly concerned about the latter. Similarly, it was found that the degree of prominence of the placement and its realism enhancing characteristics are important factors for marketers.

It was concluded that a standardised global PP strategy can be effective; however adaptations could increase the effectiveness of placements in the different cultures. The findings from this study contribute to narrowing the research gap that exists in the field of cross-cultural PP studies, the contribution being unique in that it compared three non-US cultures that have not been compared before. Despite the trend of increased human mobility and global convergence, this research has shown that cross-cultural differences continue to exist. Thus, the question of standardisation or adaptation of all kind of marketing measures, including those that have traditionally not formed part of the discussion such as PP, continues to be of high importance and offers significant strategic implications to marketing managers.

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