

# Effects of Placement Marketing on Product Attitude and Purchase Intention in Traditional Industry

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## ABSTRACT

In the information explosion era nowadays, various television advertisements are on television. However, such traditional message delivery is losing the efficacy to directly communicate with target consumers; consumers have appeared zapping behaviors as they are fed up with traditional advertisement. At the time, seeking other alternatives for effective commercial communication is important and urgent for traditional industry. Product placement is now a broadly applied alternative. Why is such marketing communication with skillful product placement largely utilized by companies? It is considered in traditional industry that product placement is comparatively inexpensive but could achieve high contact, reinforce memory, and create positive links with program characteristics. Taking Chinese general consumers of the product in traditional Industry as the research subject, on-site questionnaire distribution and collection is adopted in this study. Total 250 copies of questionnaire are distributed and 218 valid copies are retrieved, with the retrieval rate 87%. The research results reveal 1. significant effects of placement marketing on product attitude, 2. remarkable effects of placement marketing on purchase intention, and 3. notably positive effects of product attitude on purchase intention. At the end, suggestions are proposed according to the results, expecting to assist domestic traditional industry in executing placement marketing.

**Keywords:** placement marketing, product attitude, purchase intention, cognitive component, behavioral intention

## INTRODUCTION

In the information explosion era nowadays, traditional message delivery is losing the efficacy to directly communicate with target consumers. Advertisement, as a communication and persuasion process, delivers message to consumers with texts, screens, and images through distinct media to affect consumers' impression on the advertisement and brand to further present the purchase action. With rising consumer awareness of advertising sensitivity, extremely commercialized or exaggerated advertisements show no reliability and could possibly result in the negative perception of consumers. Besides, consumers have multiple channels to receive messages that product placement marketing is gradually moved from early movies and television to networks.

In face of changeable technologies and the rapid growth of networks, most companies have invested the marketing resources in novel media like networks. Under such a market trend, many enterprises with the major business in traditional industry are bearing great pressure. A reason is that the existing frame of traditional industry could not have new-generation customers understand the meaning of products so that the market is shrinking and losing. Another reason lies in the unfamiliarity with new media.

The choices of shooting CF, print advertisement, network activity, or key words have annoyed traditional industry with comparatively conservative marketing. Placement marketing has become a creative marketing tactic and a popular marketing tool in past years. In the ear when traditional industry faces the industrial transformation,

### Contribution of this paper to the literature

- Customers therefore would first take product attitude into consideration when purchasing products. In this case, companies in traditional industry have to establish good product attitude with customers to further present the purchase intention.
- Marketing representatives of companies in traditional industry should establish good placement marketing to promote customers' purchase intention. Marketing tactics have been innovated in past years to have customers appear deep impression, curiosity, and sense of freshness on brands or products through placement marketing so as to achieve customers' purchase intention.
- Research revealed certain effect of placement marketing on traditional Industry of consumers' purchase intention and product attitude.

placement marketing has fully penetrated into communication media in the world to create considerable sales performance for traditional industry. Product placement also has remarkably changed the market in traditional industry that relevant issues have been studied, with scientific methods, to explore the key success factors in placement advertisement marketing. Previous research mainly focused on possible ethic problems derived from placement marketing but did not show major breakthrough on the placement marketing tactic in practice. For this reason, this study aims to discuss the effect of placement marketing on product attitude and purchase intention in traditional industry.

## LITERATURE REVIEW

### Placement Marketing

Lu et al. (2014) stated that placement marketing was also named product placement and brand placement. Placement marketing became an emerging marketing tactic and was broadly applied to Hollywood movie industry and television industry in past years. Duarte et al. (2012) considered that programs with the emergence of placement marketing should be more diversified and defined product placement as purposively placing brands in entertainment devices. They noticed that product placement could be applied to various entertainment devices, such as operas, home video games, music videos, radio dramas, and pop songs, rather than being restricted to television and movies. Hsu et al. (2013) proposed placement marketing as placing messages related to brand names, products, logos, or trademarks in movies, television programs, or music videos. Cantallops & Salvi (2014) defined product placement as integrating products or brand identity, with payment, into various media through vision or hearing. Ladhari & Michaud (2015) defined placement marketing as companies, with payment, placed brands or products in television or movies with planned and unobtrusive shooting in order to influence the audience. Ponte et al. (2015) defined that placement marketing aimed to acquire profitable rewards or increase the movie publicity among other marketing advertisement by placing products or services in movies shown in movie theatres.

Referring to He et al. (2012), placement marketing is divided into two sub-dimensions in this study.

- (1) Brand significance: A purposive and significant presentation by adding products with brands to television or movies.
- (2) Product significance: A purposive and significant presentation by adding products to television or movies.

### Product Attitude

Attitude refers to a specific observed subject's evaluation and state of likes and dislikes (Filieri & McLeay, 2014), the feelings and opinions generated based on the evaluation of affairs, or the durable and stable evaluation and preference. In addition to expressing the positive and negative evaluation and feelings, attitude also reflects the action intention of agree or disagree (Lin et al., 2012). Poudpongpaiboon & Arakvichanun (2014) further defined that attitude could be learned; according to specific subjects, the learned persistent reaction intention stood for personal standards of likes and dislikes, right and wrong. Bilgihan et al. (2013) regarded attitude as individual belief, emotion, and behavioral intention to others, affairs, and environments and individual behavioral intention of closeness because of likes and avoidance due to dislikes to specific people, affairs, and objects; attitude was stable and learned individual behavioral intention. In other words, it was individual perception, evaluation, feeling, and behavioral intention to agree or disagree with certain affairs or concepts. Brand attitude (or product attitude) refers to consumer preference for specific brands (or brands) (Hudson & Elliott, 2013). Product attitude was consumer preference for specific products (Smith, 2013). Consumers' product attitude was the comprehensive result of the product in various brand attribute evaluation (Luo & Zhong, 2015). Product attitude would affect consumers' product purchase decisions (Wang et al., 2014). Ponte et al. (2015) also indicated that consumers' product use

opportunities relied on the attitude; consumers would evaluate various products before the purchase intention that product attitude was a primary factor in purchase intention. Nonetheless, factors in product attitude were diverse. Sometimes, thoughtfulness was unnecessary; various brand/product attributes and brand/product profits, such as brand/product users, use situations, real functions, sensory experiences, and taste of status, might affect the formation of brand/product attitude (Sparks & Browning, 2011).

Referring to Cho et al. (2014), brand attitude in this study is divided into following sub-dimensions.

- (1) Cognitive component: Customers' perception and knowledge about brands.
- (2) Affective component: Customers' emotional reaction to brands.
- (3) Behavioral intention component: The intention and possibility of customers taking certain specific action or behaviors and recommending to others. It was also named purchase behavior.

### Purchase Intention

Kwon et al. (2012) defined intention as individual subjective probability to engage in specific behaviors. Dickinger (2011) pointed out purchase intention as individual action intention to products. Pennington-Gray & Schroeder (2013) pointed out purchase intention as the possibility of a consumer considering purchasing a certain brand; consumers with higher agreement and sensory value of the brand would enhance the intention to purchase the products. According to above definitions, purchase intention is the key in consumers' decision-making process. Regarding purchase intention, Liu & Park (2015) mentioned that consumers would search for information related to the purchased products according to the experiences or external environments; after accumulating such information to some degree, consumers would start to consider and evaluate and then judge and compare to eventually generate the purchase behavior (Racherla & Friske, 2012). Boyland & Halford (2013) defined it as certain transaction behavior after the overall evaluation of products, i.e. the perceptual reaction to take certain action aiming at attitude targets. Sparks et al. (2013) considered two factors in purchase intention, including (1) others' attitude, which was divided into negative attitude of others to one's preference and obedience to other's expectation and (2) unpredictable situational factors, referring to consumers' purchase intention being formed based on expected family income, expected prices, and expected product profits, but changed by unexpected situational factors during the purchase. Fotis et al. (2012) regarded it as to measure the possibility of a consumer purchasing certain products that the higher purchase intention stood for the larger probability of purchase. Xie et al. (2014) indicated that purchase intention was the most accurate predictor for marketing representatives predicting consumers' purchase behavior.

Referring to the definition proposed by Hong & Yi (2012), purchase intention is revised according the requirement for this study and is measured with a single dimension.

### Placement Marketing and Product Attitude

Hsu et al. (2013) proved that audience, after watching the short video with placement marketing, was enhanced the product attitude; besides, placement marketing, integrating products with brands into important status in the story, showed higher product attitude than putting products with brands in scenes. In short, combining people, affairs, and objects with placement marketing and integrating products with brands into the story would generate higher product attitude (Lu et al., 2014). Yen et al. (2015) indicated that consumers still remained positive attitude towards placement marketing in dramas when brands and products did not appear too much. He et al. (2012) also proposed audience, in several studies on placement marketing, did not show negative attitude towards placement marketing but could better understand the information about the brands and products to enhance the product attitude. The following hypothesis is therefore proposed in this study.

**H1:** Placement marketing presents significant effects on product attitude.

### Placement Marketing and Purchase Intention

Bilgihan et al. (2013) utilized in-depth interviews and focus groups for understanding the way audience interpreting placement marketing in movies and organized two subjects. (1) Movie oriented: The respondents considered that placement marketing allowed them better experiencing the authenticity of brands and products and enhancing the familiarity; the placement in movies could provide more information about the roles (Wang et al., 2014). (2) Consumption related: Placement marketing would affect purchase intention that the past experiences could be connected to induce the identity to brands and products. Most respondents agreed that placement marketing represented social trend and cultural changes (Lin et al., 2012). Wang et al. (2014) pointed out (1) high correlations between auxiliary memories and memories that audience would enhance the memories of brands and products under the information with prompts of brands and products (Luo & Zhong, 2015), (2) the neutral attitude of most respondents towards placement marketing that placement marketing was regarded as the promotion tactic

of enterprises, and (3) the higher purchase intention of more than 16% respondents after watching the movies where the number was higher than those regarding placed brands and products as the favorable ones (Filieri & McLeay, 2014). Ponte et al. (2015) also mentioned that fluent placement marketing and significant introduction could more easily form positive attitude of consumers towards brands and products to induce the purchase intention. Accordingly, the following hypothesis is proposed in this study.

**H2:** Placement marketing shows remarkable effects on purchase intention.

### **Brand Attitude and Purchase Intention**

Boyland & Halford (2013) indicated that consumers would follow the preferred product attitude as the purchase reference of brands when making purchase decisions that product attitude would directly affect consumers' purchase intention and purchase behavior. In the measurement of advertisement effect, Kwon et al. (2012) stated that consumer attitudes towards brands and products were a critical indicator of the purchase. When consumers presented positive attitudes towards brands and products, they have a better image in mind to generate better purchase intention. Hong & Yi (2012) pointed out the key factor of consumers' product attitude in the purchase. Although "attitude" was not the sole factor in "behavior", most psychologists regarded it as a critical factor, as attitude represented the specific trend of consumers to brands and products. Xie et al. (2014) proposed product attitude as a key factor in purchase behavior and revealed that individual behavioral intention of consumers could accurately predict the purchase intention or behavior through the understanding of consumers' product attitude. Fotis et al. (2012) pointed out product attitude as consumers' consistent idea of a brand to make the final selection by evaluating each product during purchasing the products. Boyland & Halford (2013) considered that product attitude and reputation were the link between consumers and products and the strength and composition of such a link would influence consumers' purchase intention. The following hypothesis is therefore proposed in this study.

**H3:** Product attitude reveals notably positive effects on purchase intention.

## **RESEARCH METHOD**

### **Measurement of Research Variable**

#### 1. Placement marketing

Referring to He et al. (2012), placement marketing is divided into (1) brand significance and (2) product significance.

#### 2. Product attitude

Referring to Cho et al. (2014), product attitude is classified into (1) cognitive component, (2) affective component, and (3) behavioral intention component.

#### 3. Purchase intention

Referring to the definition proposed by Hong & Yi (2012), purchase intention is revised according to the requirement for this study that it is measured with a single dimension.

### **Research Subject and Sampling Data**

Chinese general consumers of the product in traditional industry are taken as the research subject in this study. With on-site questionnaire distribution and collection, consumers are invited to watch the film with placement marketing in traditional industry and then fill in the questionnaire. The film contains brand significance and product significance, and each consumer is randomly sampled a film for the experiment. Total 250 copies of questionnaires are distributed, and 218 valid copies are retrieved, with the retrieval rate 87%. Each retrieved copy stands for a valid sample of this study. The retrieved questionnaire is analyzed the data with SPSS, and Factor Analysis, Reliability Analysis, Regression Analysis, and Analysis of Variance are utilized for testing the hypotheses.

### **Analysis Method**

Analysis of Variance is utilized in this study for discussing the effect of placement marketing on product attitude and purchase intention, and Regression Analysis is further applied to understand the relations between product attitude and purchase intention.

**Table 1.** Variance analysis of placement marketing on product attitude

Variable	F	P	Scheffe post hoc
cognitive component	10.625	0.000*	2>1
affective component	13.422	0.000*	1>2
behavioral intention component	12.751	0.000*	1>2

\* stands for  $p < 0.05$

**Table 2.** Variance analysis of placement marketing on purchase intention

Variable	F	P	Scheffe post hoc
purchase intention	18.783	0.000*	1>2

\* stands for  $p < 0.05$

**Table 3.** Analysis of factors in product attitude towards purchase intention

Dependent variable→	Purchase intention	
Independent variable↓	Beta	t
product attitude		
cognitive component	0.176	1.841*
affective component	0.184	1.916*
behavioral intention component	0.257	2.684***
F		23.86
Significance		0.000***
R2		0.315
Adjusted R2		0.288

Note: \* stands for  $p < 0.05$ , \*\* for  $p < 0.01$ , and \*\*\* for  $p < 0.001$ .

Data source: Self-organized in this study

## ANALYSIS RESULTS

### Reliability and Validity Analysis

With Factor Analysis, product attitude in this study is extracted three factors of “cognitive component” (eigenvalue=3.162,  $\alpha=0.87$ ), “affective component” (eigenvalue=2.581,  $\alpha=0.83$ ), and “behavioral intention component” (eigenvalue=2.114,  $\alpha=0.82$ ). The accumulated covariance explained achieves 82.612%.

Purchase intention, after Factor Analysis, is extracted one factor (eigenvalue=5.633,  $\alpha=0.88$ ), with the accumulated covariance explained reaching 85.433%.

### Effects of Placement Marketing on Product Attitude and Purchase Intention

#### 1. Variance analysis of placement marketing on product attitude

According to Analysis of Variance, the effect of placement marketing on product attitude is discussed in this section, i.e. the analysis and explanations of placement marketing towards cognitive component, affective component, and behavioral intention component. From **Table 1**, distinct placement marketing appears remarkable differences on cognitive component, affective component, and behavioral intention component that H1 is supported.

#### 2. Variance analysis of placement marketing on purchase intention

According to Analysis of Variance, the effect of placement marketing on purchase intention is discussed in this section, i.e. the analysis and explanation of placement marketing towards purchase intention. From **Table 2**, different placement marketing shows notable differences on purchase intention.

### Correlation Analysis of Product Attitude and Purchase Intention

#### (1) Correlation Analysis of product attitude and repeated purchase

To test H1, the analysis results, **Table 3**, reveal significant effects of cognitive component ( $t=1.841^*$ ), affective component ( $t=1.916^*$ ), and behavioral intention component ( $t=2.684^{***}$ ) on repeated purchase that H3 is supported.

## CONCLUSION

The research results show that product placement is the mixed information of advertisement and public promotion, which presents the advantages of the advertisers being able to control the presentation of advertisement and the message source for public promotion being hidden so that consumers misunderstand the fair and objective reports of media. Placement marketing in traditional industry does not present product information with advertisement, but with the media contents of news or dramas, and is added planned placement. In this case, the audience unconsciously contacts product information in traditional industry when consuming media contents. In current social background with popular networks and diverse information, consumers could receive rich advertisement information every day. To avoid consumers being disgusted at too many advertisements, placement marketing in traditional industry indeed is a popular advertisement in practice. Nevertheless, the marketing budget for marketing representatives in traditional industry is limited that effective marketing is selected once marketing representatives decide to use placement marketing.

## RECOMMENDATIONS

Aiming at above research results, the following suggestions are proposed in this study.

### 1. Establish favorable brand attitude

It is considered in this study that a company in traditional industry establishing good product attitude would enhance customers' purchase intention. Safety events of products have constantly appeared in China in past years so that distrusted product attitude has filled in the society. Customers therefore would first take product attitude into consideration when purchasing products. In this case, companies in traditional industry have to establish good product attitude with customers to further present the purchase intention.

### 2. Establish favorable placement marketing

Marketing representatives of companies in traditional industry should establish good placement marketing to promote customers' purchase intention. Marketing tactics have been innovated in past years to have customers appear deep impression, curiosity, and sense of freshness on brands or products through placement marketing so as to achieve customers' purchase intention. In the approaching digital era, placement marketing is not simply restricted to television and movies. Traditional industry is suggested to expand the placement marketing to micro-movies, Youtube, and Facebook, which are currently popular in networks. Marketing representatives in traditional industry, when clearly understanding consumers' product attitude, would draft effective placement marketing strategies or activities to create good reputation, evaluation and continuous purchase intention for the brands in traditional industry.

3. Research revealed certain effect of placement marketing on traditional Industry of consumers' purchase intention and product attitude. However, different groups of consumers presented distinct sensitivity to prices. It might result in different perception of placement marketing. Retail enterprises should stress on such a point. The establishment of a complete price database could provide important reference for traditional industry managing and controlling placement marketing.

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