

4-30-2014

Influence of Brand Equity and Movieliking can Override Impact of Misleading Brand Placement toward Brand Attitudes

Adi Zakaria Afiff
Universitas Indonesia, adi.zakaria@ui.ac.id

Westi Noria Furi
Universitas Indonesia

Denyza Wahyuadi Metroprawiro
Universitas Indonesia

Follow this and additional works at: <https://scholarhub.ui.ac.id/seam>



Part of the [Management Information Systems Commons](#), and the [Management Sciences and Quantitative Methods Commons](#)

Recommended Citation

Afiff, Adi Zakaria; Furi, Westi Noria; and Metroprawiro, Denyza Wahyuadi (2014) "Influence of Brand Equity and Movieliking can Override Impact of Misleading Brand Placement toward Brand Attitudes," *The South East Asian Journal of Management*: Vol. 8: No. 1, Article 5.

DOI: 10.21002/seam.v8i1.3102

Available at: <https://scholarhub.ui.ac.id/seam/vol8/iss1/5>

This Article is brought to you for free and open access by the Faculty of Economics & Business at UI Scholars Hub. It has been accepted for inclusion in The South East Asian Journal of Management by an authorized editor of UI Scholars Hub.

INFLUENCE OF BRAND EQUITY AND MOVIELIKING IN OVERRIDING IMPACT OF MISLEADING BRAND PLACEMENT TOWARD BRAND ATTITUDE

Adi Zakaria Afiff

Universitas Indonesia
adi.zakaria@ui.ac.id

Westi Noria Furi

Universitas Indonesia

Denyza Wahyuadi Mertoprawiro

Universitas Indonesia

The starting point of this study is the phenomenon termed misleading brand placement, a condition found where the brand placement in a movie depict the brand in a time where the brand has not yet exist, providing the brand an older age. As the brand used in the brand placement is a brand with high brand equity, the combination of older age and high brand equity is suspected to give a higher evaluation of the brand. To test these suspicions, 3 experiments were conducted to see the influence of consumer knowledge of the misleading brand placement, brand equity and movie liking toward the brand attitude. The results show that when consumers do not have knowledge of the misleading brand placement they are not affected by misleading brand placement; but when they know of the misleading brand placement, brand attitude tend to be still be high when brand equity is high; and finally, when brand equity is high, a positive movie liking can further strengthen brand equity in reducing the negative effect of the misleading brand placement.

Abstract



Keywords: Brand/Product Placement, Brand Equity, Movie Liking, marketing ethics, Brand Attitude

Even though brand placement, also referred as product placement, as a marketing tool of communication has been used since 1890 (Newell, Salmon and Chang; 2006), many agrees that its popularity as a marketing tool surface with the success of Reese's Pieces in Spielberg's globally box office movie *E.T. (Extra Terrestrial)* in 1982, or some

will even say since the usage of the Coca Cola bottle in the movie *The Gods Must Be Crazy* in 1981. Regardless of when is exactly the starting point of the realization of the power of brand placement, it is currently acknowledged that its usage has only increased (Bressoud, Lehu and Russell, 2008; Gupta and Gould 2007; and Donaton, 2004). The *Transformers* movie

series, the *James Bond* movie series, and other box office movies in the last decade always use some kind of brand placement in their movies. Brand placement can also be found in almost every movie genre.

In addition to brand placement in movies, this marketing tool usage has been expanded to many other entertainment forms, such as television movie series (*Sex in the City, House*), reality shows (*American Idol, The Voice*) and video games (*FIFA International Soccer, Second Life*). It seems that the collaboration between entertainers and marketers are increasing, but on the other hand it can be seen as a normal extension of marketing activities in line with the increase importance of entertainment in our society. Especially for video games, the improve technology development, has made video games the latest frontier for using brand placement; both in term of online video games and offline video games.

However, in the mid of this increase of brand placement popularity among marketers and movie producers/directors, critics toward the practice as being unethical because of its deceptive characteristics arise (Balasubramanian, 1994, DeLorme & Reid, 1999, Tiwsakul, Hackley and Szmigin, 2005; Russell and Belch, 2005). They build their argument on the rationale that the blur between entertainment and promotion makes the viewer unable to differentiate the commercial message in the brand placement, resulting in a deceptive character of this marketing tool. The counter argument over this from the marketer's side is usually that consumers are knowledgeable, able to

separate the entertainment and the promotion, and able to make rational decision regarding their purchases.

At the practical level, according to Asvhalom and Levi-Faur (2010) these critics are effective in two sensitive areas, namely brand placement in movies/television shows watched by children and brand placement of contentious products (tobacco, alcoholic beverages, etc.) Hackley, Tiwsakul and Preus (2008) evaluate further the practice of brand placement, discussing its pros and cons from the traditional marketing ethics framework (Utilitarianism, Deontology and Virtue ethics). Even though they conclude the need of for a more pragmatic approach in achieving a win-win condition for analyzing the ethics of brand placement; the ethical debate cannot be fully concluded.

Interestingly, we found a very different phenomenon in Indonesia regarding brand placement that from the ethical perspective can be categorized as misleading, namely the placement of certain brands in movies settings where the brand actually did not exist at the time. We identified at least two movies that show this phenomenon after going through a list of national movies produced in 2010- mid of 2013 period. First was the movie *Dibawah Lindungan Ka'bah* that was produced from a popular novel in the 1940s but that has its story setting during the Dutch colonial era of 1920 to 1930s, here two brand placements were found for brands that have not existed yet. Second was the movie *Habibie dan Ainun* that also comes from an autobiography book of an important figure in the Indonesian history. This film that goes

through the life time of this prominent figure shows a number of brands that were placed in the movie's setting; however again here see it can be found the two brands were placed in periods where the brands have not actually existed yet.

It should be noted that these movies were produced in 2010- mid of 2013 period, namely in the mid of an increase domestic movie production in Indonesia. Similar to increase usage of brand placement in many parts of the world, it also occurred in Indonesia. The popularity of brand placement as a marketing tool has also influenced marketers and movie producers in Indonesia. This increase is also highly related with the increase role of the Indonesian movie industry in the domestic market. After more than a decade of low movies production in Indonesia, reaching its lowest plateau in 2000 – 2002 just after the Asian Financial Crisis with less than ten movies per year, starting 2003 the domestic movie production increase, up to more than 120 movies in 2013. The 10 years movie production increase was significant and can be seen as a revival of the domestic movie industry. Even though this number is still low compared to Hollywood, Bollywood and Hong Kong movies production that are powerhouses of the global movie market, the Indonesian 240 million population represents an attractive market for the domestic movie industry.

This increase in movie production is supported by the increase of young talented and creative movie directors that seem to be able to relate more with the domestic movie-viewers. As stated above the Indonesian population is

relatively high, in fact it is the fourth largest population in the world. This population is also characterized with a large young age population (less than 55% below the age 30), making the connection between the new talented directors with young movie viewers easier to understand.

Back to the specific phenomenon above, all brand placements in the movies found are considered as brands with strong brand equity in each of their target market. This follows the normal practice of conducting brand placement in movies to video games that wants to increase awareness and brand image (Newell and Salmon, 2003; Moser, Bryant and Sylvester, 2004). But the practice of placing the brand in a time period where the brand has not yet exist gives a misleading perception of the brand age, making consumers to believe that the brand has a longer live than it actually has. This combination of a longer live perception of and a current leading position in the market (high brand equity) we believe will create a favorable perception of the brand as being a stronger brand than it actually is.

This misleading perception of brand strength is the reason that we named this phenomenon as misleading brand placement. Parallel to the definition of deceptive or misleading advertising (Gaeth and Heath, 1987), misleading brand placement can be defined as “discrepancy between the fact of a product and the consumers belief generated by the brand placement”. This definition covers the scope of the misleading brand placement phenomenon above.

Intriguingly, during and after the movie viewing there seem to be no public reaction toward these misleading brand placements. This raises the question whether the movie viewers were not aware of or were not bothered by this misleading brand placement. In the former case, could the different brand placement strategy (prominent and subtle) have different effect? If the consumers are not bothered is the case, could it be the strength of the brand or brand equity that cause this? Or does the movie liking, a term we used denoting to the similar term of program liking (Murry, Jr., Lastovicka and Singh; 1992) but referring to evaluation of movies instead of television programs, overshadow the misleading brand placement that consumers see the brand as still favorable. In other words, no brand attitude changes occur. Theoretically, interaction of all these factors may also influence how the consumers see brand or brand attitude. As brand attitude is the overall evaluation of a brand (Solomon, 2010), understanding these relationships is important. Understanding these relationships then may add to our understanding of how brand placement influence brand attitude and the implication of this understanding.

So based on the above discussions, the purpose of this study is to understand how consumer knowledge, brand equity and movie liking affects brand attitude in a misleading brand placement situation. Specific objectives are: (1) to understand the influence of brand placement strategy (prominent and subtle) toward brand attitude; (2) to understand the influence brand equity and consumer knowledge of the misleading brand placement toward brand

attitude, and (3) to understand the influence of movie liking and brand equity of misleading brand placement toward brand attitude

LITERATURE REVIEW

Brand Placement Strategy: Prominent versus Subtle

Brand or product placement has been variously defined (Moriarty, Mitchell, and Wells, 2009; Solomon, 2009; Russell and Belch, 2005; La Pastina, 2001; d'Astous and Chartier, 2000; Gupta and Lord 1998; Karrh, 1998; Balasubramanian, 1994), however Russell and Belch (2005) definition will be used in this study because it does not limit brand placement to movies only. Russell and Belch's (2005) product placement definition is "the purposeful incorporation of a brand into an entertainment vehicle", providing a wider media to be used by the marketers and more accurately represents the current practice.

Magiera (1990) and Homer (2009) identify the importance that a brand placement acquires a clear visual image in the movie, or referring to the definition by Russell and Belch (2005) above, in the entertainment vehicle. Russell (1998, 2002) and Panda (2004) further emphasize the importance that a brand should integrated within the movie plot to be effective. So together, a clear visual image and integration to the entertainment vehicle plot will give a chosen brand placement a better probability to be effective in gaining higher recall (Lord and Gupta, 2010). The degree of both aspects can vary, resulting into further classification of brand placement to prominence (Karrh, 1998; McKechnie and

Zhou, 2003; Russel and Belch, 2005) or subtle (Gupta and Lord, 1998; Russell, 1998, 2002; Steertz, 1987). Even though the prominence brand placement strategy is supported to be effective in awareness in recall (Lord and Gupta, 2010), negative attitudes are more likely to arise after viewing prominence brand placement due to the audience awareness of the commercial intent (Cowley and Barron, 2008; Hackley Tiwsakul and Preuss, 2008; Van Reijmersdal, Neijens and Smith, 2009). Subtle brand placement strategy, on the other hand, is less likely to gain awareness or recall as high as prominent brand placement strategy, however perceived commercial intent will also tend to be lower.

Misleading Brand Placement: Paralleling from Misleading Advertising

Back the misleading brand placement phenomenon above, namely the placement of certain brands in movies settings where the brand actually did not exist at the time. The term misleading brand placement was chosen to represent the phenomenon we describe above because the similarity it has with misleading advertising. Following Gaeth and Heath (1987) definition of misleading advertising, namely *a discrepancy between the factual performance of a product and the consumers belief generated by the advertisement*; the misleading brand placement then can be defined as a “discrepancy between the fact of a product and the consumers belief generated by the brand placement”. The selection of the term misleading instead of deceptive as a term to describe this type of brand placement follows Jacoby and Small (1975) argument that misleading will

cover a broader concept and will not be limited to only deliberate manipulation.

Brand Equity

Brand equity is an important concept in managing brand that emerges in the beginning of the 1990s. Aaker and Keller (1990) that demonstrated the importance of brand in brand extension, and Aaker (1991) and Kapferer (1992) that emphasized the importance of brand equity sources in building a brand on the other hand, were influential in starting the many writings and research on the topic of brand equity. Aaker's (1991) explanation that brand equity is the difference between all *assets* (positive associations) and all *liabilities* (negative associations) related to the brand is one of the strongest references of how the term brand equity was established. In addition, Keller (2009) that states the importance of having strong, favorable and unique brand associations in developing brand equity only emphasize the significance of *assets* or positive associations of the brand.

Keller (2009) further introduced the term Customer Based Brand Equity to stress the importance of the understanding of brand equity is from the customer side. This is understandable as the equity is a term that originates from finance/accounting and refers to the company side. The importance of building customer or consumer perspective of brand equity (Mackay, 2001; Romaniuk and Sharp, 2004; Keller, 2009; Park and Srinivasan, 1994; Srivastava and Shocker, 1991) is summarized by Keller (2009) into two sources of brand equity, namely brand awareness and brand associa-

tions or brand image. Every strong brand, or brands with high brand equity, should have (1) high awareness in its target market, and (2) strong, favorable and unique brand associations (Keller, 2009).

Movie Liking

The term movie liking follows the more popular term brand liking or ad liking, or a more similar term but only used in evaluating television programs, program liking. Previous researches on program liking have shown that the liking of a television program has a positive influence on attitude toward the ad and brand (Murry, Jr., Lastovicka and Singh, 1992; Lord, Lee and Saur, 1994; Cowley and Barron, 2008; Redker, Gibson and Zimmerman, 2013). As a television program, even though can range from television series to news program, usually refers to the television series is similar to a movie with the exception of having a shorter duration and advertising breaks, the rationale of developing a definition of movie liking by referring to program liking is strong.

Program liking was defined by Murry, Jr., Lastovicka and Singh (1992) as a *summary evaluation of the experience of viewing a television program* and was used by Lord, Lee and Saur (1994) Cowley and Barron (2008) in their studies. This means that movie liking then can be defined as a “summary evaluation of the experience of viewing a movie”. This definition of movie liking is close to attitude definition in psychology, namely *a relatively enduring organization of beliefs, feelings and behavioral tendencies towards socially significant objects, groups or symbols* (Hogg and

Vaughan, 2005); or attitude definition in marketing, namely *general evaluation of a product or service formed over time* (Solomon, 2008). However as the English word like (liking) includes a number of meaning, namely (1) *to enjoy (something), to get pleasure from (something)* (2) *to regard (something) in a favorable way*, (3) *to feel affection for (someone), to enjoy being with (someone)* while the word attitude has the meaning (1) *the way you think and feel about someone or something*, (2) *a feeling or way of thinking that affects a person's behavior*, (3) *a way of thinking and behaving that people regard as unfriendly, rude, etc.* (Webster Third New International Dictionary, 1966); the word liking seem to better describe the experience of viewing a movie.

STUDY 1

The main difference of between the two brand placement strategies is on whether the brand in the brand placement becomes the consumer or movie viewer focus of attention (Avery and Ferraro, 2000). The consumer reaction related to the implementation of to the different brand placement strategy in a misleading brand placement condition then may be different. Under a subtle brand placement strategy, consumers may be less aware of the situation of the brand placement, resulting in less influence of the misleading brand placement. The prominent brand placement strategy, on the other hand, should make the consumers more aware of the situation involving the brand in the movie and his/her ability to evaluate the brand.

In addition, as discussed above, the prominent brand placement strategy that may more likely to generate nega-

Table 1. Study 1: 2 x 2 Factorial Design

<i>Brand Placement Strategy</i>	<i>Misleading Brand Placement</i>	
	<i>No Misleading Brand Placement</i>	<i>Misleading Brand Placement</i>
<i>Prominent Brand Placement</i>	Pre - Post Brand Attitude	Pre - Post Brand Attitude
<i>Subtle Brand Placement</i>	Pre - Post Brand Attitude	Pre - Post Brand Attitude

tive attitudes due to the awareness of the commercial intention will tend to have no increase in brand attitude, or even decrease in brand attitude. So comparing between prominent no-misleading brand placement strategy with and prominent misleading brand placement should generate a higher difference in brand attitude than when the comparison is between subtle brand placement strategies. Based on this rationale, the following hypotheses are proposed:

- H1a: Consumers who are exposed to prominent (no-misleading) brand placement will experience a higher increase brand attitude compared to consumers who are exposed to prominent misleading brand placement
- H1b: Consumers who are exposed to subtle (no-misleading) brand placement will experience no significant difference in brand attitude compared to consumers who are exposed to subtle misleading brand placement

METHOD

Participants were 140 undergraduate students (69% women and 31% men: 70% at the age of 19-21 years old) who were recruited to participate on a study of Indonesian movies in exchange for payment. Participants were then randomly assigned to one of 4 conditions in a 2(prominent versus subtle type of brand placement strategy) x 2 (no

misleading versus misleading brand placement) between-subjects design. They were gathered in a 4 classes representing each cell (group) of the experiment.

Participants in each group were first given verbal instructions by the experimenter explaining that there are three parts of the study: first, filling in the first questionnaire, second, watching a number of movie clips, and finally filling in the second questionnaire. The first and last part was a ten minutes task, while watching the movie clips took about fifteen minutes. All parts of the study in each cell were done together at the same time. The first part of the questionnaires asked questions about the participant attitude toward a number of actors, actress, movie directors and brands (including the brand used in the brand placement); beside the brand used as object of this experiment, other questions around other brands, actors, actress and movie directors ‘function as fillers. In the second part of the Study 3 movie clips were shown in each class in which one movie clip that includes the brand placement were different for each class as it function as the manipulation in the experiment. Finally in the last part of the study, participants were again asked questions about their attitude toward the actors, actress, movie directors and brands asked before the movie clips were shown. All attitude measurement used a six-point scale (1: negative to 6: positive).

Pre-Test. To support the experiment, Study 1 process starts with two pre-test. The first pre-test was conducted to choose two movies, one that has misleading brand placements and another that has non-misleading brand placements. These movies were chosen from all movies produced in the Jan 2010 - Jun 2013 period. Movies were selected based on having both prominent and subtle brand placement in the same movie. The result is two movies having both prominent and subtle misleading and no misleading brand placement. However finding movies who have these characteristics for the same brand is difficult. The second pre-test was conducted to confirm that the different brands used in four cells of the experiment has relatively similar brand position. To achieve this we use secondary data from brand ranking published by a prominent brand award event that use top-of-mind awareness, last usage and future intentions as basis for their ranking. The four brands used are market leaders in each of their category, even though from different background. For the second factor in the experiment, prominent and subtle brand placement strategy classification follows Homer (2009), namely prominent brand placement was determined by the criteria of having both visual images and verbal references in the scene; while the subtle prominent follows the criteria of having only visual images in the scene.

RESULT AND DISCUSSION

Under the condition of no misleading brand placement, the usage of prominent brand placement strategy resulted in the brand attitude post brand placement (4.1) increased compared to brand attitude pre brand placement

(3.6); while under the subtle brand placement condition, brand attitude post brand placement (3.1) increased compared to brand attitude pre brand placement (2.8). While under the condition of misleading brand placement, the usage of prominent brand placement strategy resulted in the brand attitude post brand placement (4.8) slightly increased compared to brand attitude pre brand placement (4.7); similarly, the subtle brand placement strategy also shows a relatively same result; namely the brand attitude post brand placement (4.1) narrowly increased compared to brand attitude pre brand placement (3.9).

The change of brand attitude under prominent brand placement, whether there are misleading (brand attitude increase 0.4) or no misleading brand placement (brand attitude increase 0.1) is positive, meaning an increase of brand attitude. This direction of change seem to follow hypothesis 1a, however the average change (0.5 versus 0.1; $p > 0.83$) is not significantly different. This result means that hypothesis 1a is not supported.

The change of brand attitude under subtle brand is even smaller (0.1 versus 0.2; $p > 0.181$) and not significantly different also. However this result is as predicted, hypothesis 1b is then accepted. The analysis of variance also shows that no significance interaction was found between the brand placement strategy and misleading or not condition of the brand placement in influencing brand attitude when the consumers lack brand knowledge ($F(1,136) = 1.01$, $p > .036$; see Figure 1).

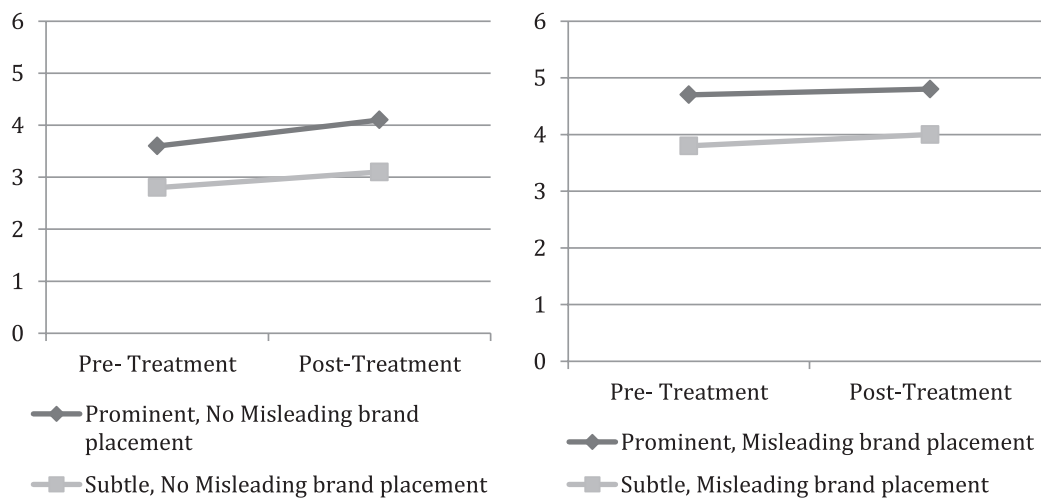


Figure 1. Brand Attitude Before (Pre) and After (Post) Consumers were Shown Brand Placement

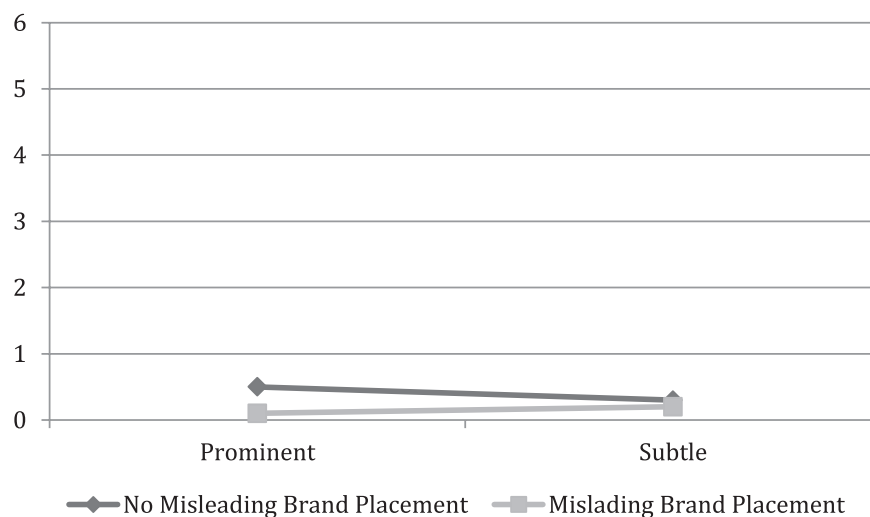


Figure 2. Difference in Brand Attitude Before (Pre) and After (Post) Consumers were Shown Brand Placement

The above results show that (1) there is no difference in brand attitude due to prominent brand placement and prominent misleading brand placement; (2) there is no difference in brand attitude due to subtle brand placement and subtle misleading brand placement. Even though these results were expected when the marketers use subtle brand placement strategy as the movie audience may not be aware of the placement; however, the

result when marketers used prominent brand placement was not as predicted as the movie audience were expected to be aware of the misleading brand placement. From these results can also be concluded that there is no difference on consumer evaluation between misleading and no-misleading brand placement.

The latter conclusion is bothering. How could movie audience not be

bothered by the misleading brand placement when they are aware of the brand placement? An alternative explanation may be that the movie audience was aware of the misleading brand placement due to the prominent brand placement strategy used, however they are not aware of the misleading aspect of the brand placement. The rationale here can follow the formation of brand attitude as influenced by consumer knowledge (Kapferer, 2009; Keller, 2009). If there is no negative beliefs (knowledge) of the brand placement then there will be no decreased in brand attitude.

This explanation shows that consumer knowledge of the misleading information should play an important role in consumers' evaluation toward the misleading brand placement. Consumer knowledge of the misleading information will automatically lead to the ability to spot inconsistent behavior of the brand and unethical behavior of the brand. Based on this rationale, consumer lack of knowledge about the misleading information may make the movie audience unaware of the misleading aspects of a certain brand placement; on the other hand, consumer knowledge of the misleading information will make the movie audience aware of any misleading aspects regarding time existence of a certain brand placement. This result may also explain why there is a lack of public reaction toward the misleading brand placement. Lack of reaction is due to lack of consumer knowledge of brand age.

Logically this should mean that when consumer has knowledge of brand age they should be aware of the misleading

message and decrease their attitude toward the brand. But is this true? Here we would like to propose that consumers, who has knowledge of brand age, respond to the misleading brand placement will also be influenced by the strength of the brand's brand equity. Study 2 is conducted in order to test this proposition.

STUDY 2

In Study 2, we expand on the first study's conclusion that consumer knowledge of the misleading information is important by testing the importance of consumer knowledge and introducing a new variable that may also influence the consumers' brand attitude after viewing the misleading brand placement. In term of consumer knowledge, knowledge itself can be seen to cover at least two meanings, namely (1) *information, understanding, or skill that you get from experience or education*, and (2) *awareness of something: the state of being aware of something* (Webster Third New International Dictionary, 1966). The Psychology Dictionary, on the other hand, define knowledge as *an awareness of the existence of something and information and understanding of a specific topic of the word in general that is usually acquired by experience or learning*". It is important to note that both definitions refer to a specific topic that became the object of the knowledge.

In relation to the misleading brand placement phenomenon above, the object of the knowledge is the brand age/birth. This knowledge of the brand's age will influence how the consumers evaluate the brand placement. If consumers have the knowledge of the

brand age, namely when the brand was introduced to the market, they can judge whether such brand placement distorts reality or not. However, if the consumers have no such knowledge, they will not be able to see the misleading message within the brand placement, making them conclude that the misleading brand placement is not misleading.

In term of brand equity, to test the influence of brand equity in evaluating a misleading brand placement, this second study compared brands with high brand equity and low brand equity on consumers having knowledge of the brand age used the misleading brand placement. Consumers with low brand equity will not have any cognitive dissonance as they do not have any favorable impression of the brand. This of course will lead to conflict in beliefs in the consumer mind. However, if the brand equity is high, meaning that the consumers already have a favorable perception of the brand, the conflict in beliefs then will force the consumers to choose among the conflicting beliefs. In this study it is proposed that brand equity will tend to win in this conflict of beliefs. The rationale here is that brand equity is usually the result of medium to long term brand building activities, making it an overall impression that is far stronger compared to the one time view of misleading brand placement.

In addition to consumer knowledge and brand equity, similar to advertising where frequency has enforcing effect on consumers' belief, the frequency of misleading brand placement occur in a single movie may have stronger effects compared to one time occurrence

of the brand placement. As most movies are viewed generally once, the frequency of viewing a misleading brand placement may also have an impact of processing the misleading information in the brand placement. Based on this argument, the following hypotheses are developed:

H2a: Under the condition of consumers having knowledge of the misleading information, consumers who are exposed to misleading brand placement of brands with high brand equity will have a higher brand attitude compared to brand attitude of consumers who are exposed to prominent misleading brand placement of brands with low brand equity

H2b: Under the condition of consumers having knowledge of brand age, consumers who are exposed to misleading brand placement of brands with high brand equity two times will have a higher brand attitude compared to brand attitude of consumers who are exposed to prominent misleading brand placement of brands with low brand equity

H2c: Under the condition of consumers having knowledge of brand age of brands with high brand equity, consumers who are exposed to two times misleading prominent brand placement of brands will have a higher brand attitude compared to brand attitude of consumers who are exposed to one time prominent misleading brand placement of brands

H2d: Under the condition of consumers having knowledge of brand age of brands with low brand equity, consumers who are exposed

Table 2. Study 2: 2 x 2 Factorial Design

<i>Brand Placement</i>	Brand Equity	
	<i>High Brand Equity</i>	<i>Low Brand Equity</i>
<i>1- Time Exposure</i>	Brand Attitude	Brand Attitude
<i>2- Times Exposure</i>	Brand Attitude	Brand Attitude

to two times prominent misleading brand placement of brands will have a higher brand attitude compared to brand attitude of consumers who are exposed to one time prominent misleading brand placement of brand

METHOD

Participants were 140 undergraduate students (59% women and 41% men: 82% at the age of 19-21 years old) who were recruited to participate on a study of Indonesian movies in exchange for payment. Participants were randomly assigned to one of 4 conditions in 2 (high versus low brand equity) x 2 (once versus twice exposure of misleading brand placement) between-subjects design. Similar to Study 1, participants were gathered in four classes in which each class participants were randomly assigned.

Verbal instructions were first given by the experimenter to the participants to explain the two parts of the study. Participants were then distributed scenarios from a movie and asked to read it as it illustrating movie parts in which misleading brand placement occur plus an explanation that these brands are misleading as they actually do not exist in the year used in the movie (making sure participant are aware of the misleading message within the brand placement). There are four scenarios relating to the different manipulation of each cell that was written from the movie that has misleading brand placement in Study 1. After given a five

minutes period to read these scenarios, participants were asked to complete a questionnaire that asks about brand attitude.

Pre-Test. Two pre-test was conducted to find the movie and brand that will be used in this study. Between the two movies that had misleading brand placement, the movie with lower movie likeability was chosen so that any effect of the movie can be controlled in this experiment. This is in line with the objective of the study to see the effect of the brand equity has toward brand attitude. Lower movie liking was decided by number of attendance of the two movies. The result shows that one movie was not successful in the market while the other one was a very successful movie. This follows Barwise and Echrenberg (1987) findings that show positive relationship between television program liking and movie viewing. Both movies then will be used in Study 3, however for the purpose of Study 2, the lower movie liking movie was chosen. For further support to this rationale, manipulation check was used to check difference in movies liking of the two movies in Study 3. The second pilot test was conducted to find the brand that has higher brand equity among the three brands used in the misleading brand placement. Based on a brand ranking published by the brand award event that analyze top-of-mind awareness, last usage and future intentions, the strongest brand was chosen; even though all brands can be said to have high brand equity

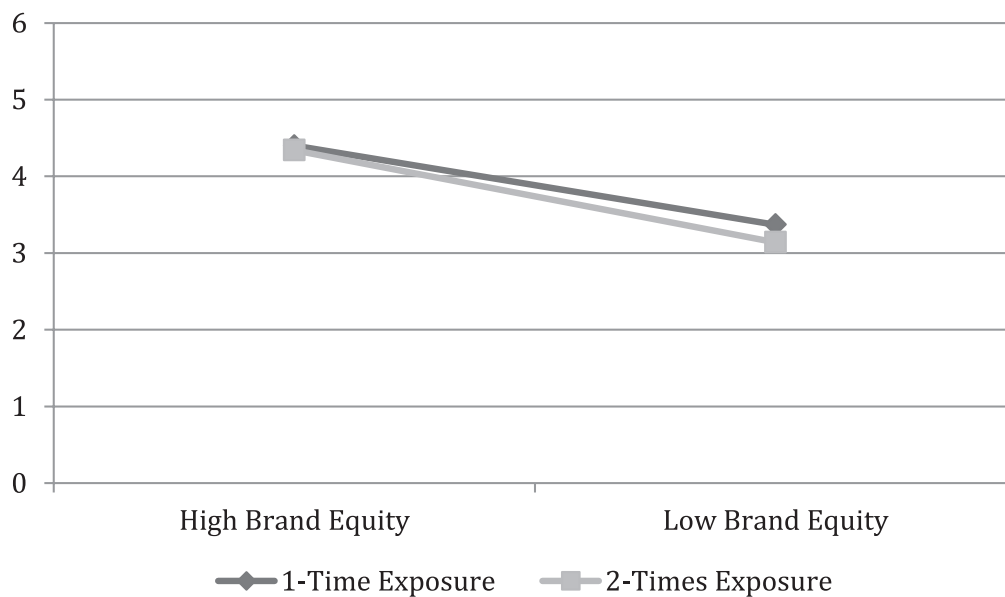


Figure 3. Brand Attitude for High and Low Brand Equity Brands after Exposed to Misleading Brand Placement

as they are in the top three brands of each category. However, to strengthen this result, questionnaires were given to thirty respondents to give their evaluation based on the three brands found in the movie. The result was similar; the same brand surface as number one from the brand award event report. For the low brand equity used in this study, a fictitious brand was developed. The fictive brand that does not have any awareness and brand associations of course will have low brand equity.

RESULT AND DISCUSSION

The analysis of variance also shows that no significance interaction was found between the brand equity and frequency of misleading brand placement exposure in influencing brand attitude when consumers have full knowledge of the misleading information. However, brand equity has significant influence ($F(1, 136) = 54.35, p < 0.00$; see Figure 3). The mean of brand attitude for high brand equity brands

when exposed once to the misleading brand placement (4.40) is significantly higher ($p < 0.00$) than brand attitude for the low brand equity brands (3.37). This is similar when the consumers are exposed twice to the misleading brand placement. Brand attitude for the high brand equity brands is significant ($p < 0.00$) higher than for the low brand equity (4.34 $>>$ 3.14). The significant results here show that hypothesis 2a and 2b are supported in this study.

As shown in the analysis of variance, frequency of exposures does not have significant effect on brand attitude. The mean of brand attitude for high brand equity brands that are only once exposed is not significantly different than the brand attitude with those brands that are exposed twice (once; twice: 4.40; 4.34; $p > 0.807$). The similar result is also found for the low brand equity brands (once; twice: 3.37; 3.14; $p > 0.281$). Hypothesis 2c and 2d is not supported in this study.

This result shows that brand equity can reduced the negative effect of executing a misleading brand placement. High brand equity will cause the consumer to be in a conflicting position between the positive beliefs represented by high brand equity and the negative beliefs due the knowledge of the misleading brand placement executed by the brand. As high brand equity is usually achieved through a long time period and misleading brand placement is usually a one-time event, the cognitive dissonance condition faced by the consumers are most likely solved through ignoring the misleading message. This is not true when the brand equity is low. Here there is no cognitive dissonance condition, as the consumer has no previous positive belief of the brand, making him/her making an easy judgment of a low brand attitude toward the brand.

STUDY 3

In the third study, we expand on the findings on the first and second study's conclusion, namely the importance of consumer knowledge of brand age and brand equity in influencing brand attitude; to include the influence of movie liking. The rationale here is similar with brand equity, cognitive dissonance theory. If the brand promoted in the brand placement already has high brand equity, high movie liking will then give more reasons to **not consider** the negative impressions due to the misleading message in the brand placement. This is especially true when the brand equity is high as shown by Study 2 results. In other words, the positive attitude toward the brand and the movie will override the negative impression of the misleading message in the brand placement.

To test the influence of movie liking in evaluating a misleading brand placement, this third study compared the change of brand attitude before and after shown misleading brand placement for brands with high brand equity in movies that are perceived as likable and not likable movies. Consumers showed misleading brand placement in high movie liking would have less cognitive dissonance as they have favorable impression of the brand and favorable impression of the movie on the one side, and negative message from the misleading brand placement on the other side. This condition should create a tendency to not side with the negative impressions. On the other hand, this is not true if the movie has low movie liking, the conflict in beliefs toward brand on the one hand, and misleading message from the brand placement and movie low likability on the one hand, will then make the consumers tend to consider more this negative beliefs. However, as shown Study 2, the strong influence of high brand equity that is usually built in the previous years, it is proposed that brand attitude will not decreased but remained the same. Based on these arguments, the following hypotheses are developed:

H3: Under the condition of high brand equity, consumers who are exposed to misleading brand placement in high movie liking will experience an increase brand attitude compared to consumers who are exposed to misleading brand placement in low movie liking

METHOD

Participants were 70 undergraduate students (54% women and 46% men:

Table 3. Study 3: 2 x 1 Experiment Design

<i>Brand Placement</i>	<i>Movie liking</i>	
	<i>High Movie liking</i>	<i>Low Movie liking</i>
<i>Misleading Brand Placement</i>	Pre - Post Brand Attitude	Pre - Post Brand Attitude

83% at the age of 19-21 years old) who were recruited to participate on a study of Indonesian movies in exchange for payment. Participants were then randomly assigned to one of two conditions (misleading brand placement shown in a low movie liking versus in a high movie liking) between-subjects design. They were gathered in two classes representing each cell (group) of the experiment.

Participants in each group were first given verbal instructions by the experimenter explaining that there are three parts of the study: first, filling in the first questionnaire, second, watching a number of movie clips, and finally filling in the second questionnaire. The sequence of this experiment and the type of questions (pre and post the movie clip that include: actors, actress, movie directors and brands, including the brand used in the brand placement) is the same with the first experiment. The main different is that the movie clips used are different in Cell 1 and Cell 2, representing different in movie liking. There is no pretest in Study 3 as both the movies and the brand used in this experiment was the result of pretest in Study 1 and Study 2.

RESULT AND DISCUSSION

Manipulation check in Study 3 shows significant difference ($p < 0.00$) between high movie liking (5.2) compared to low movie liking (3.4). The result of this study shows that brand attitude change before and after viewing the misleading brand placement signif-

icantly increased under the condition of high movie liking (Pre: 4.54; Post: 5.20; $p < 0.00$). As predicted this is not the case if the movie liking is low (Pre: 4.57; Post: 4.74; $p > 0.48$). Hypothesis 3 then is significantly supported by the data obtained in this experiment. This support to the hypothesis demonstrates the influence of movie liking in supporting the reversing affect of high brand equity toward misleading brand placement.

This result demonstrates that movie liking can support high brand equity in reducing the negative effect of executing a misleading brand placement. High movie liking that create positive feeling toward the movie will then provide additional positive feeling toward the brand. The rationale of this transfer of positive attitude from the movie toward the brand follows the classical conditioning theory of learning. Movie liking functions as the unconditioned stimuli while high brand equity functions as the conditioned stimuli. The positive pairing of the unconditioned and conditioned stimuli then provides the conditioned response, an increasing positive brand attitude.

This is an important finding, as all brand placements would like to have their brand in highlay accepted movies (high likability), any misleading brand placement that occur will tend to have no effect on brand attitude even though the consumers are aware of the misleading message (knowledge on brand age).

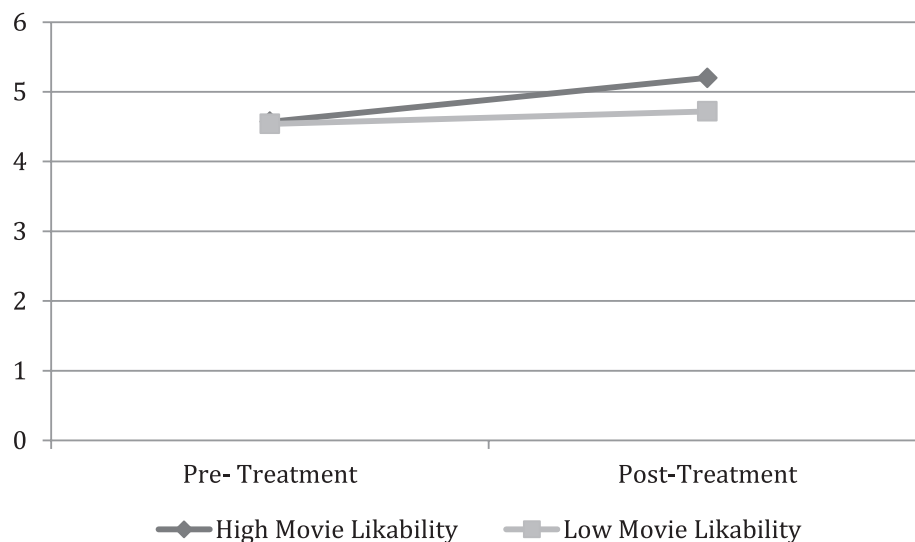


Figure 4. Brand Attitude for High and Low Movie Likability after Exposed to Misleading Brand Placement for Brands with High Brand Equity

CONCLUSION

This paper starts with two phenomena found among Indonesian movies that were termed misleading brand placement, developed based on paralleling misleading advertisement with misleading message (providing a wrong impression of a brand placement existence) found in the brand placement. The term misleading was used instead of deceptive because of Jacoby and Small (1975) argument that it will cover both intentional and unintentional motives. But the interest of this research is not only to study why this phenomenon occurs but why does it have a small impact toward the brand itself.

As the first notion in answering this question is that consumers who watch the movies where misleading brand placement occurs may not have the specific information of this misleading message. Study 1 tested the impact of misleading brand placement against no misleading brand placement un-

der each prominent and subtle strategy. The result shows that consumer knowledge of the misleading information (in this case the brand age) is very important, as no difference can be found in consumers' brand attitude after viewing the brand placement, both under prominent and subtle brand placement strategy.

As the first notion in answering this question is that consumers who watch the movies where misleading brand placement occurs may also be affected by the brand placement strategy, prominent or subtle. Study 1 tested the impact of misleading brand placement against no misleading brand placement under each prominent and subtle strategy. The result shows that consumer knowledge of the misleading information (in this case the brand age) is very important (shown in Study 2), as no difference can be found in consumers' brand attitude after viewing the brand placement, both under prominent and subtle brand placement strategy.

Based on the above findings, it would be easy to conclude that if the consumer knowledge of the misleading brand placement exists that the consumers brand attitude will tend to decrease. However, Study 2 demonstrates that this is not the case. High brand equity seems to reverse this negative influence of misleading brand placement. Even though this can be explained by the cognitive dissonance theory, namely due to far stronger positive beliefs toward brand against a relatively new negative belief derive from the misleading brand placement (once or even twice viewing); the result provides another insight on why consumer had no reaction to the misleading brand placement phenomenon.

An additional reason of this happening is the product category of the brand that is low involvement may also be an enforcing factor of why consumers' brand attitude did not decreased. Low involvement products mean products that are less relevant to consumers and lack consumer willingness to process information in evaluating it (Solomon, 2009). This lack of information processing can be an important factor why consumers are not too bothered by the misleading brand placement that they are exposed to. In relation to the study, and most brand placement in Indonesian movies, mostly are low involvement products.

Another important factor that strengthens brand equity is the movie liking. The more positive the movie, the more positive is the brand and the less negative is the misleading message in the misleading brand placement. This follow the classical conditioning theory of learning; and especially enforced

by the fact that the products used in all three studies are low involvement products.

Practical Implication

There are two directions of how the study's results can affect the marketing practice. First from the marketers side and second is from the policy maker side. For the marketers, these three studies demonstrate the upper hand the marketers have through brand equity and the advantage through movie liking in communicating their message to their customers through brand placement. From the relationship paradigm that is currently the foundation of the marketing discipline, this creates a huge responsibility for the marketers in managing their relationship with their customers. True relationship paradigm requires an honest and trusting relationship between the company/marketer and their customers. It should be noted that marketers should include not only brand owners but also the movie industry (producers and directors).

Misleading messages, even through brand placements, cannot be ethically accepted using the classical approach to marketing ethics: deontology, virtue ethics and utilitarianism mindset (Hackley, Tiwsakul and Preus, 2008). Deontology that can go back to Immanuel Kant' categorical imperative requires treating others as like we would be treated. This very fundamental ethical principle clearly states that if marketers will feel a disappointment if they are given misleading messages by their consumers than do not do the same thing. Virtue ethics, on the other hand, focus on intent; in the case of misleading brand placement, the in-

tent of conducting misleading brand placement. This is obvious by itself; it is very difficult to think of a good intention behind providing misleading information. How about unintentional misleading brand placement? By virtue ethics this cannot be concluded as unethical; however if later the marketer realize this misleading message, by virtue ethics they then should correct consumers' belief that was influenced by the misleading message. Finally, using utilitarianism the same unethical verdict can be established on misleading brand placement. As utilitarianism address the ethical issue through net benefit of the many. What is certain is that through misleading brand placement many consumers of who saw the movie and the misleading brand placement may have a wrong belief of a brand (in this case the brand age). The many wrong belief should be seen as a loss or cost to society, concluding that through the utilitarianism mindset misleading brand placement is unethical.

From the public policy point of view, the result of this study shows the need for regulation that makes sure that misleading brand placement is not allowed. Even though the case we found was only in two movies, it can increase in the future. The ethical discussion of above shows that the consumers should be protected from wrong beliefs or information of a brand, especially regarding utilitarianism that deals with influence to the mass. Following the right of consumers to receive true information of the brand, this should not be limited toward only in advertising but in many marketing communication tools including brand placement.

Suggestion for Future Research

Findings in this study provide at least two directions of future research. First is investigating how brand equity, consumer knowledge and movie liking affect misleading brand placement for high involvement products. As the misleading brand placement found in the phenomenon and used in this study are for low involvement products, the lack of affect toward the brand can be caused by the less relevance and the less motivation to process this negative information that normally follows consumer reaction to low involvement products. This direction is interesting since usage of brand placement for high involvement products in motion pictures are quite high.

Another direction of research related to the above studies is measuring further the how does strength of brand equity can handle negative information of the brand. The result of the studies demonstrates that brand equity can override negative information about the brand that comes from brand placement. Further studies can try to see how brand equity handles negative information from social media and from public media (such as newspapers, magazines, television news, government agencies, etc.). Brand equity strength as measured by ability to fight negative information is not a new phenomenon. The Toyota product recall is a clear example. The ability of Toyota to still be number one in the USA market even though has to do a high number of car recall shows how brand equity can provide the marketer with a lot of advantage in facing negative perceptions attacking their brand.

- Aaker, D.A., Stayman, D.M. & Hagerty, M.R. (1986), Warmth in advertising: measurement, impact and sequence effects. *Journal of Consumer Research*, 12 (March), 365– 81.
- Aaker, D.A. (1991), *Managing Brand Equity*, The Free Press, New York, NY.
- Aaker, D.A. & Keller, K.L. (1990), Consumer Evaluation of Brand Extensions, *Journal of Marketing*, 28 (January), 27-41.
- Avshalom, G. & Levi-Faur, D. (2010), Regulating Product Placement in the European Union and Canada: Explaining Regime Change and Diversity, *Journal of Comparative Policy Analysis: Research and Practice*, 12 (5), 467-490.
- Balasubramanian, S.K. (1994), Beyond advertising and publicity: hybrid messages and public policy issues. *Journal of Advertising*, 23 (4), 29–47.
- Barwise, T.P. & Echrenberg, A.S.C. (1987), The Liking and Viewing of Regular TV series, *Journal of Consumer Research*, 14, 63-70.
- Bressoud, E., Lehu, J.M. & Russell, C. (2008), Integrating placement and audience characteristics to assess the recall of product placements in film: findings from a field study, *paper presented at the 7th International Conference Research in Advertising (ICORIA)*, Antwerp, Belgium, 27-28 June.
- Cowley, E. & Barron, C. (2008), When product placement goes wrong: The effects of program liking and placement prominence, *Journal of Advertising*, 37(1), 89-98.
- DeLorme, D.E. & Reid, L.N. (1999), Moviegoers' Experiences and Interpretations of Brands in Films Revisited, *Journal of Advertising*, 28 (Summer), 71-95.
- Donaton, S. (2004), *Madison & Vine*, New York, NY, Editions Advertising Age, McGraw-Hill.
- D' Astous, A. & Chartier, F. (2000), A Study of Factors Affecting Consumer Evaluations and Memory of Product Placements in Movies, *Journal of Current Issues and Research in Advertising*, 22 (2), 31-40.
- Fontaine, I. (2005), Brand Placements in Movies: A Matter of Exposure, Milan, Italy: *EMAC 34th Conference*.
- Hackley, C., Tiwsakul, R.A. & Preus, L. (2008), An ethical evaluation of product placement: a deceptive practice? , *Business Ethics: A European Review*, 17 (2), 109–120.

- Haefner, J.E., Deli-Gray, Z. & Rosenbloom, A. (2011), The Importance of Brand Liking and Brand Trust: in Consumer Decision Making: Insights from Bulgarian and Hungarian Consumers during the Global Economic Crisis, *Managing Global Transitions*, 9 (3), 249–273.
- Homer, P.M. (2009), Product Placements: The Impact of Placement Type and Repetition on Attitude, *Journal of Advertising*, 38(Fall).
- Jacoby, J. & Small, C. (1975), The FDA Approach to Defining Misleading Advertisement, *Journal of Marketing*, 39 (October), 65-68.
- Gaeth, G.J. & Heath, T.B. (1987), The Cognitive Processing of Misleading Advertising in Young and Old Adults: Assessment and Training, *The Journal of Consumer Research*, 14 (1), 43-54
- De Gregorio, F. & Yong, J.S. (2010), Understanding Attitudes Towards and Behaviors in Response to Product Placement, *Journal of Advertising*; 39(Spring).
- Gupta, P.B & Gould, S.J. (2007), Recall of products placed as prizes versus commercials in game show, *Journal of Current Issues and Research in Advertising*, 20, 1, 43-53.
- Karrh, J.A. (1998), Brand placement: a review, *Journal of Current Issues & Research in Advertising*, 20(2), 31-48.
- Kapferer, J.N. (2009), *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*, Kogan Page Limited, London, U.K.
- Keller, K.L. (2009), *Strategic Brand Management*, 3rd edition, Prentice Hall, New Jersey.
- Kim, H.G. & Richardson, S.L. (2003), *Annals of Tourism Research*, 30, (1), 216–237.
- La Pastina, A.C. (2001), Product placement in Brazilian prime-time television: the case of the reception of a telenovela, *Journal of Broadcasting and Electronic Media*, 45(4), 541-549.
- Lord, K. R., Gupta, P. B. (2010), Response of buying-center participants to B2B product placements, *Journal of Business & Industrial Marketing*, 25(3), 188-195.
- Mackay, M.M. (2001), Evaluation of brand equity measures: further empirical results, *The Journal of Product and Brand Management* 10(1): 38-51.

- Magiera, M. (1990), Disney Plugs Up New Film, *Advertising Age*, 61(October 15), 8.
- McKechnie, S.A. & Zhou, J. (2003), Product placement in movies: a comparison of Chinese and American consumers' attitudes, *International Journal of Advertising*, 22(3), 349-374.
- Moriarty, S., Mitchell, N. & Wells, W. (2009), *Advertising Principles & Practice*, 8th edition, Pearson Education
- Moser, R.H., Bryant, L. & Sylvester, K. (2004), Product placement as a marketing tool in film and television, *National Social Science Journal*, 22(1), 76–86.
- Murry, Jr., J.P., Lastovicka, J.L. & Singh, S.N. (1992), Feeling and Liking Responses to Television Programs: An Examination of two Explanations for Media Context Effects, *Journal of Consumer Research*, 18, 441-451.
- Nelson, M.R. (2002), Recall of brand placements in computer/video games, *Journal of Advertising Research*, 42(2), 80–92.
- Newell, J. & Salmon, C. (2003), Product placement from Lumière to E.T.: the development of advertising in motion pictures *Kansas City, MO: Association for Education in Journalism and Mass Communication Conference, Ad Division: Special Topics*; 2003.
- Newell, J., Salmon, C.T. & Chang, S. (2006). The Hidden History of Product Placement, *Journal of Broadcasting & Electronic Media*, 50(4), 575–594.
- Panda, T.K. (2004), Consumer Response to Brand Placements in Films: Role of Congruity and Modality of Presentation in Bringing Attitudinal Change Among Consumers with Specific Reference to Brand Placements in Hindi Films, *South Asian Journal of Management*, 11 (4), 7-25.
- Park, C.S. & Srinivasan, V. (1994), A Survey-Based Method for Measuring and Understanding Brand Equity and Its Extendibility, *Journal of Marketing Research* 31 (May), 271-288.
- Redker, C., Gibson, B. & Zimmerman, I. (2013), Liking of Movie Genre Alters the Effectiveness of Background Product Placements, *Basic and Applied Social Psychology*, 35, 249–255.
- Romaniuk, J. & Sharp, B. (2004), Conceptualization and measuring brand salience, *Marketing Theory*, 4 (4), 327-342

Russell, C.A. (1998), Toward a Framework of Product Placement: Theoretical Propositions, in *Advances in Consumer Research*, 25, ed. Joseph W Alba and J. Wesley Hutchinson, Provo, UT: Association for Consumer Research, 357-362.

Russell, C.A. (2002), Investigating the Effectiveness of Product Placements in Television Shows: The Role of Modality and Plot Connection Congruence on Brand Memory and Attitude, *Journal of Consumer Research*, 29 (December), 306-318.

Russell, C.A. & Belch, M. (2005), A managerial investigation into the product placement industry, *Journal of Advertising Research*, March, 73-92.

Solomon, M.R. (2009), *Consumer Behavior Buying, Having, Being*, 8th edition, Person Education.

Srivastava, R.K. & Shocker, A.D. (1991), Brand Equity: A Perspective on its Meaning and Measurement *Cambridge Mass: Marketing Science Institute*.

Steertz, E.M. (1987), The Cost Efficiency and Communication Effects Associated with Brand Name Exposure within Motion Pictures, unpublished Master's thesis, West Virginia University, Morgantown, WV.

Tiwsakul, R., Hackley, C. & Szmigin, I. (2005) Explicit, non-integrated product placement in British television programmes, *International Journal of Advertising*, 24, (1). 95-111.

Van Reijmersdal, E. V., Neijens, P. & Smit, E. G., (2009) A new branch of advertising: Reviewing factors that influence reactions to product placement, *Journal of Advertising Research*, 49(4), 429-449.

<http://psychologydictionary.org/knowledge/>