



HBR CASE STUDY AND COMMENTARY

Should Bryant
Pharmaceuticals
approve Laura's
idea for product
placement?

Four commentators offer
expert advice.

And Now, a Word from Our Sponsor

by M. Ellen Peebles

Bryant Pharmaceuticals is looking for alternatives to traditional advertising—including product placements in TV shows and other media. But when does clever marketing become trickery?

HBR CASE STUDY

And Now, a Word from Our Sponsor

by M. Ellen Peebles

“Grey Goose martini, please,” Laura Goldenberg said to the bartender as she settled onto her stool. She glanced at her Rolex, pulled an issue of *Harvard Business Review* out of her Coach bag, and leafed through it, tapping her foot impatiently as she waited for her son to show up. A college senior, Alex was juggling exams, a job at a health club, and a long list of friends and girlfriends—not to mention a Web business he was launching. But when he finally sauntered in 20 minutes later, Laura’s irritation quickly gave way to surprise. Alex had the words “Gold’s Gym” emblazoned across his forehead in bright yellow letters. “What is *that*? Are you coming from some sort of Halloween party? Or is this a fraternity stunt? Wait—don’t tell me it’s permanent!” She reached up to touch the letters.

“Mom,” said Alex, brushing her fingers away, “it’s just a way to pick up some extra cash. Gold’s is paying me a hundred bucks a

week to wear it. You know I’m trying to get my Web site up and running. I’ll take money anywhere I can get it.”

“A hundred dollars doesn’t seem like nearly enough for turning your face into a billboard,” Laura muttered. “What if I lent you the money instead?”

Alex frowned. “Thanks, Mom. But we want to do it on our own. Bob and Jennifer are wearing the Gold’s logo, too, and we’ll find a way to get the company going.”

Laura decided to drop the subject. They moved to a table and sat down to dinner. This was a meeting that Alex had requested. He wanted advice on putting together a marketing program for his business—on a shoestring, of course. Even though Laura worked for a large company now, she had experience with start-ups. She launched into a quick lesson on frequency and reach, trying to ignore the yellow letters marring her son’s appearance.

HBR’s cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.

Plop, Plop, Fizz, Fizz

"For National Public Radio News, I'm Jean Cochrane..." With the voice from the radio slowly seeping into her consciousness, Laura opened her eyes, squinted at the clock, and remembered that she had an early morning meeting with her advertising agency. She was vice president of marketing for the geriatric products division of a major drug company, Bryant Pharmaceuticals. Bryant's flagship product, a popular arthritis medicine called Seflex, had been selling well, but growth was starting to level off—a particular cause for concern as the patent was due to expire in less than two years. The company was looking for a dramatic increase in sales before generic versions started showing up on the shelves.

Making matters more difficult, the Bryant family still owned a 5% stake in the business and wielded enormous influence. Joe Bryant had been grumbling that the company's new CEO, Henry Winters, was green-lighting too many promotional programs that Bryant considered "off brand." Henry's most recent sin was approving the sponsorship of a women's tennis tournament that had generated controversy when the winner chose her upset victory as the moment to announce her sexual orientation to the world. The Bryants were staunch conservatives—and since Henry supported various liberal causes, other differences of opinion arose. But the real problem, Laura suspected, was that Henry was the first nonfamily member to hold the top job in the company. Whatever the reason, the pressure was trickling down to Laura's boss, chief marketing officer Isabel Hines, and to Laura herself. Laura was feeling an acute need to show results—to support Henry and Isabel, both of whom she liked, and to preserve her own job. "The stress is getting to me," she thought as she poured herself a glass of water and dropped in two Alka-Seltzer tablets.

And that was why she'd called a meeting with her ad agency.

Think Different

Thanks to heavy traffic and a much-needed Starbucks stop, Laura was the last to arrive for her meeting with PJE Communications. She went directly to the conference room, found a seat, and set her cup down in front of her. "Sorry to keep you waiting," she said. "Let's get started."

PJE account executive John Capin stood up and shoved a tape into the VCR. It was the most recent commercial for Seflex—standard pharmaceutical fare, showing 60-something couples frolicking with their grandchildren, and happy families in the bloom of health.

"Our research shows that the campaign's been effective," John said, handing around copies of an Excel spreadsheet demonstrating that the public's awareness of Seflex was continuing to grow. "But I know you're looking for a change, and I agree. I think we could freshen up our creative, try something new." He reached into his briefcase, pulled out a photograph, and handed it to Laura. It was a picture of Jeanne Alyson, a 1940s movie icon who seldom made public appearances. "She suffers from terrible arthritis, and I happen to know she uses Seflex. She's a favorite with our target market." John leaned on the table and looked directly at Laura. "What if we hire her as a spokesperson? We could shoot an interview-style commercial, with her talking about how Seflex changed her life."

Laura stared at the picture and considered what John had said. "It sounds expensive," she said. "And is the concept really that new?"

"Well, it's still a commercial," John agreed. "But you get more credibility—a real Seflex user speaking about the product in a very personal way. What you don't get is a captive audience. With TiVo and ReplayTV—and even old-fashioned remote controls—viewers can pretty easily skip over TV ads. Which brings me to the other idea we wanted to put on the table: product placement. Mix your promotional message with the content. Consumer product companies do it all the time. Remember Reese's Pieces in *E.T.*? Or Tom Cruise wearing Ray-Bans in *Risky Business*?"

"You aren't suggesting that we have John Mahoney popping Seflex on *Frasier*, are you?"

"Not quite," John said. "I was thinking more along the lines of having a character on a show like *ER* taking Seflex. More on brand."

"Maybe we could get Jeanne Alyson a cameo on *ER*," another PJE executive suggested. "Or even a recurring role. It would be a way of increasing her visibility, and then when she does the commercials, people will connect her with the show."

John stopped, looking thoughtful. "You might be on to something," he said. "But let's take it a step farther. What if we could get

M. Ellen Peebles is a senior editor at HBR and can be reached at ep Peebles@hbsp.harvard.edu.

Jeanne on a news show, interviewed in a segment featuring arthritis—and, of course, Seflex. That way, we're pure content. No TiVo-ing. And without the baggage that comes with advertising."

"Would a news show do that?" Laura asked.

"Can't hurt to try," John replied. "It's not that far removed from using a taped news release."

"Well, it's certainly different," Laura said. "I'm not sure what I think about it, but give me the weekend to mull it over."

Reach Out and Touch Someone

Laura looked at the crisp autumn sky and then at the pile of leaves on her lawn. Alex had shown up to help her rake—still wearing the Gold's logo—and she'd paid him a modest sum for giving up a couple hours of his Saturday morning. But even as she admired their yard work, her advertising challenge was foremost on her mind. Getting a beloved celebrity to extol the virtues of Seflex on the news sounded like a sure thing. But then, why weren't others doing something similar?

She wandered into the house and picked up the phone to call her friend Lesley Dorin, a marketing professor at nearby Forrester University. Lesley would certainly know something about product placement and might have a useful perspective on it. After explaining the Jeanne Alyson idea, Laura summed up her own impressions. "I think it's pretty clever," she said. "And I'm looking for something new. But I don't know—do you think it's a little unseemly? Could it backfire on us?"

"I don't know," Lesley replied. "I've certainly heard worse. Not long ago, there was a story on the radio about a town in Maine that was getting free police cars with corporate ads plastered all over them. The police chief wasn't thrilled, but he didn't have the budget to buy the cars. And then there was that book—*The Bulgari Connection*. The author got a bundle from Bulgari to write it. And get this: I read that a video game company was looking to pay families to put ads for a new game on their dead relatives' tombstones. Now *that's* unseemly. Putting Seflex on the morning news seems pretty tame in comparison. As a member of the TV-watching public, I don't love it, but it's probably a good move from a marketing standpoint. If I were you, I'd at least meet Jeanne Alyson."

Does She or Doesn't She?

On Monday morning, Laura went directly to Isabel's office, knocked twice, and opened the door. Isabel was on the phone. "OK, Henry. Thanks for the heads up, though I don't know why Joe should have anything to say about it."

Rolling her eyes, Isabel hung up the phone and told Laura what was going on. "It's Joe Bryant. Believe it or not, he thinks our ads are getting too slick—we're getting away from our scientific roots, he says."

"It's advertising," Laura said. "Does he expect us to get into the details of chemical compounds?"

Isabel merely shrugged, so Laura went on. "Well, maybe my timing's a little off, then, but here's what I came to tell you. PJE came to me with a new idea. We could hire Jeanne Alyson as a spokesperson and get one of the morning news shows to do a segment on arthritis in which she'd talk about her treatment. She takes Seflex, of course."

"Jeanne Alyson the actress? How much would it cost us?"

Laura hesitated. "About a million. Not just for the one interview; she'd do some other media as well. But a spot on a news program would pay for itself, I think. We have the money in the budget—it just means we'd do one or two fewer commercials."

Isabel gathered some papers and picked up her Franklin Planner. "I've got to run to a meeting," she said. "Let me give it some thought. Sounds interesting—and I can't imagine Joe Bryant calling Jeanne Alyson 'too slick.'"

Where's the Beef?

Back in her own office, Laura saw that she had a message from John Capin, who had called to report that Jeanne Alyson was interested and willing to meet Laura and him for breakfast Wednesday morning at the Four Seasons. And, he said, *The Morning Show* had expressed some interest in an interview. Laura spent the rest of the morning returning phone calls, then dialed Isabel's extension after lunch.

"Isabel Hines."

Laura could tell from the echoes and ambient sound that Isabel was on speakerphone. "Am I interrupting a meeting?" Laura asked.

"Marion's here, but that's OK." Laura's heart sank. Marion DeMaria was Bryant's CFO, and she was taking a particular interest

"What if we could get Jeanne on a news show, interviewed in a segment featuring arthritis – and, of course, Seflex. That way, we're pure content."

in Bryant's marketing budget of late. "Perfect timing. We were just talking about the Alyson deal. Marion's raised some interesting questions."

"No doubt," thought Laura. Aloud, she said, "I'm all ears. I should start by telling you I'm meeting with Jeanne and her people on Wednesday. And the best part is, *The Morning Show* wants to put her on the air."

"Here's the thing," Isabel said. "It's a lot of money, and what do we get? We can't control what she'll say. And we can't control what the interviewer will say, either. It's live TV, right? Jeanne Alyson is no doctor, and she's no PR professional either. She could very easily get in over her head. What if they ask her something, and she doesn't know the answer? These are journalists; they don't care if we come off looking good. How do we know this won't turn out to be a gotcha?"

"Isabel, *The Morning Show* doesn't do gotcha. And if we want to stay ahead we have to get creative," Laura said. "We could spend the same money on a commercial, and you wouldn't even question it—and I promise, we'd lose a lot of viewers thanks to TiVo and ReplayTV. Even people who are using plain, old-fashioned remote control jump ship when a commercial comes on, thanks to cable and satellite dishes. People have a lot of choices."

"Well, that's something I've been thinking about," Marion interrupted. "Maybe we shouldn't be doing so much advertising. There's no way to measure it. Why not put the money into direct mail and other activities where we can get a good read on ROI?"

Why had Isabel brought Marion into this conversation? "If we sign Jeanne Alyson, we'll have a credible spokesperson, and the message becomes part of the news," Laura said. "I don't know how we can lose. But I'm certainly not ready to abandon direct mail or even regular TV commercials. No worries there. But if we don't do this, somebody else will. As for controlling what she'll say, I imagine we can write her contract in a way that allows us to get out if she says something that's wrong or that could get us into trouble. And, of course, we'll coach her." Laura took a deep breath. "I'm not saying we should definitely do this. I'm saying, let me meet Jeanne, and meanwhile let's all sleep on it."

"OK. Take the meeting," Isabel said. "We can talk about it afterward."

Laura called John to confirm the meeting with the actress.

Raise Your Hand If You're Sure

Glad to be home, Laura walked into the living room to the mouthwatering smell of popcorn. Her daughter Susan looked up from the couch where she was watching *Die Another Day*, a large bowl of Orville Redenbacher in her lap.

"Look," Susan said, shoving a magazine toward her mother. "October is popcorn-popping month. I had to make some." Glancing at the magazine, Laura saw that her daughter was right. According to the article, October was also national cookie month, fire prevention month, and computer-learning month.

"Wouldn't you do better to celebrate computer-learning month?" Laura asked halfheartedly as she took a handful and sat down next to her daughter. As the movie progressed, she couldn't help but notice the liberal use of product placements. Pierce Brosnan drove an Aston Martin. He used a Sony cell phone and an Omega wristwatch. Up to a point, the use of brand names lent atmosphere, even made James Bond seem more real, she thought. But the movie was starting to look like a series of commercials—funny that she'd never noticed it before. Would she even have registered all those placements, Laura wondered, if the Jeanne Alyson deal hadn't been on her mind? She shifted in her seat and eventually got up and headed into the kitchen to join her husband, Matt, a lawyer. She opened the Sub-Zero refrigerator, pulled out a bottle of Poland Spring water, twisted off the cap, and tossed it across the room into the trash. A perfect shot.

"She shoots, she scores!" said Matt, sitting at the table, a bowl of Cheerios in front of him. "How come I always miss?"

"Hey, can I get your opinion on something?" Laura asked. She pulled up a chair next to him and began telling him about the next day's meeting and her conversation with Isabel and Marion. "Marion's resisting it because you can't quantify it—and also because it's new, I think. But you know, hearing her list the reasons we should hold back just makes me want to do it all the more. Why are we letting bean counters make our marketing decisions?"

"That's not fair to Marion," Matt said. "She's just doing her job. And she has a point—you don't know what you're getting."

*"It's live TV, right?
Jeanne Alyson is no
doctor, and she's no PR
professional either. She
could very easily get in
over her head."*

Besides, aren't you entering questionable territory here—blurring the line between journalism and paid promotion? People will assume Jeanne Alyson is talking about Seflex because she really believes in it, not because you're paying her to."

"She does believe in it," Laura said. "So do I. It's a good product. Besides, I think the lines are blurring anyway. Newspapers and magazines use press releases verbatim. Radio and TV news programs use recorded news releases. This isn't so different—and it's a lot more interesting."

"And if word gets out that you're paying her to talk?"

"I don't see how it would. Jeanne's not going to tell. I doubt *The Morning Show* would say anything. And if people did find out? I'm not sure anyone would even care."

Matt raised his hands in surrender. "Hey, I'm a lawyer. I get paid to look for the downside. If you think it's a good idea, I'm sure it is."

The Real Thing

Fifteen minutes late, with her agent in tow, Jeanne Alyson slowly yet gracefully entered the dining room of the Four Seasons and sat down with Laura and John. Nodding at each in turn, a bemused look on her face, Jeanne asked, "Now, what is it exactly you had in mind for me to do?"

Upon hearing the explanation, Jeanne's face lit up. "Well, you know, I use Seflex, and it's been a tremendous help." She leaned closer to John and Laura and added in a conspiratorial tone, "But it upsets my stomach sometimes."

"Oh, you need to take it with food," Laura hastened to point out.

"Yes, I know," said Jeanne. "And that reminds me." She pulled out a small bottle, opened it, and extracted a familiar yellow pill. "I'll take this with my breakfast."

The next two hours passed quickly, as the articulate, funny actress regaled Laura and John with stories of Hollywood in the 1940s and 1950s. Heading back to the office behind the wheel of her Mercedes, Laura reflected on the meeting. She wasn't particularly starstruck, but she was tickled by the morning's

events. Jeanne would be a charming and entertaining spokesperson—a TV audience would eat her up. As for that comment about the upset stomach...well, she could be coached. Jeanne really did like the product, and she seemed ready to sign. Now Laura just had to convince Isabel—and Marion. She fished in her purse for her StarTAC, pulled it out, and hit speed dial for Isabel's number. "I just came from the Four Seasons. Do you have a few minutes? I'd like to come by and talk about this Jeanne Alyson thing."

Just Do It

Both Isabel and Marion were waiting for Laura when she walked in and took a seat by her boss's desk. Isabel was looking weary. "I just got off the phone with Henry," she said. "He's worried about the numbers for next quarter. And he's got Joe Bryant breathing down his neck, just waiting for him to make a mistake. If we're going to do this spokesperson deal, I need to know it's not going to blow up on us. Are you sure you want to get us into a situation we may not be able to control?"

Isabel glanced over at Marion. "I also want to make sure it's the best use of our marketing budget," Isabel continued. "Getting Jeanne to talk about arthritis and Seflex may just be playing to the generics that are going to hit the market in two years. If we don't own the message, we can't be sure that this will do anything for Seflex's name recognition. We may just be creating a customer base for our competition by educating people about their treatment options. And what if she slips up and says something wrong—or negative?"

Laura fidgeted in her chair. So much of her work depended on intuition. The Jeanne Alyson deal felt right, but she could offer no guarantees. Could something go wrong? Was it a good investment? She fiddled with her PalmPilot, weighing whether she wanted to stake her reputation on this deal.

Should Bryant Pharmaceuticals approve Laura's idea for product placement? • Four commentators offer expert advice.

See **Case Commentary**

"People will assume Jeanne Alyson is talking about Seflex because she really believes in it, not because you're paying her to."

Case Commentary

by Bob Gamgort

Should Bryant Pharmaceuticals approve Laura's idea for product placement?

My advice to Laura and her colleagues: Don't make product placement the centerpiece of your strategy. While it can deliver a tremendous boost to brand awareness and credibility, it's too unpredictable.

Of course, nontraditional campaigns can generate incredible buzz. Everyone wants to find the next *Blair Witch Project*, which got tons of publicity out of a grassroots campaign at little cost to the film's producers. But for every *Blair Witch Project*, a hundred such efforts go unnoticed.

The key is to make placement part of a larger, sustainable strategy. Stories about product placement always mention the movie *E.T.*, which featured Reese's Pieces—a placement opportunity M&M/Mars (as our company was then known) famously turned down. Was it a nice placement? Yes. But 20 years later, M&M's is the number one candy brand in the world, and where is Reese's Pieces? A good placement can put you on the map for a short period of time, but it certainly won't drive your brand over the long term.

The problem Laura's facing—trying to break through the advertising clutter—is real. The average American is exposed to 650 advertising messages a day and has become skilled at tuning out the noise. It's true that using a celebrity spokesperson can make your message stand out, especially in marketing prescription drugs, because the category is inherently confusing and the law requires alarming disclosures in ads. The right spokesperson can connect with consumers on a personal level and offer some assurance that help is available.

But your core, traditional marketing efforts will still deliver most of your reach. Consider that a single PR placement—even in the highest-rated morning news program—will reach less than 3% of the adult population.

Laura would do much better to use a spokesperson in a paid television ad. That way, she could manage the base level of reach, control message content, and ensure a return on Bryant's marketing investment. (I don't, by

the way, think Jeanne Alyson is the right spokesperson, because she doesn't project an image of an active person who's overcome the symptoms of arthritis.) Then I'd approach product placement opportunistically. For example, I'd look for extra exposure by tying my campaign to something newsworthy. In Bryant's case, there's good potential for news coverage. The company could start a conversation about arthritis symptoms and new treatments, with Seflex as one of the options discussed.

At Masterfoods, most of our product placement is opportunistic, and in many cases our best placements cost us little or nothing. That's because TV and movie producers are looking for products with images that align with their own goals—or sometimes they want to place a product just because they like it. M&M'S got placement on *The West Wing* because the real *Air Force One* carries customized boxes of the candy. David Letterman talked about Snickers on three consecutive shows after he sent a camera crew into a deli, spotted our display on the counter, and asked the crew to bring back some candy. The next night, he suggested that we come down to the studio and deliver Snickers to the audience. Finally, on the last night, we showed up with a van full of product, which Letterman gave to charity. We also received significant news coverage on our M&M'S color-vote promotion, where 10 million consumers around the world voted for the next M&M'S color. The news media responded to the global nature of the story and the fact that we received votes from countries where people aren't even allowed to vote for their own leadership.

Stories tied to real-life issues or events have legs—you get a lot of exposure in a variety of media. When it comes to Bryant hiring an actress for a product placement, I don't think the company will get enough exposure to justify spending \$1 million.

Bob Gamgort is the president of Masterfoods USA, a division of Mars Incorporated. The company is based in Hackettstown, New Jersey.

The key is to make placement part of a larger, sustainable strategy.

Case Commentary

by Michelle R. Nelson

Should Bryant Pharmaceuticals approve Laura's idea for product placement?

It's not surprising that Bryant is looking for new ways to reach consumers. Budget constraints, fragmented audiences, and technological advances that allow consumers to zip, zap, and circumvent advertising are making it harder for advertisers to stick out from the clutter. But before hiring Jeanne Alyson, Bryant's senior team needs to take a hard look at several concerns. In the end, this might not be the right time to launch a celebrity campaign.

It's true that products embedded in a story line are less likely to be ignored than ads, and messages may have more credibility, because consumers' defenses are down during noncommercial programming. So while \$1 million is a lot of money, it may be cost-effective in terms of reach.

With product placement, brand names can also enhance audiences' sense of realism. The case study itself includes more than two dozen real brand names, which offer context and social meaning just as placement does in a movie script. And spokespeople are effective when they're credible and likable—and relevant to the target audience—as Jeanne appears to be.

It's important that Jeanne Alyson isn't endorsing other products, so people will associate her only with Seflex. When a celebrity promotes too many products, the association is watered down and the credibility may be lost. When you think of Michael Jordan, for example, you might think of the Chicago Bulls, Rayovac batteries, Hanes underwear, Nike, or McDonald's.

But while product placement does have advantages, Laura's plan is problematic for a number of reasons. First, hiring a celebrity spokesperson may not be the "new" approach she's seeking. The technique has become quite common in the pharmaceutical industry, dating back to Ciba-Geigy's use of Mickey Mantle to announce FDA approval of an arthritis drug in 1988. Public relations firms now keep databases of stars as potential endorsers—sports figures like NFL coach Dan Reeves for the cholesterol drug Zocor, along with actors, models, musicians, and even politicians, as with Bob

Dole's endorsement of Viagra. Kathleen Turner, a paid spokesperson for Enbrel, appeared on *Good Morning America* in 2002 to tell how she was diagnosed with rheumatoid arthritis. Lauren Hutton, paid by Wyeth, spoke to *Parade* magazine about estrogen in 2002. At some point, consumers might start to see such endorsements as additional noise.

Second, studies have shown that consumer responses to placement vary by gender, ethnicity, and age, with younger viewers responding more favorably than older viewers, who happen to be Seflex's target audience. Bryant should, at the very least, run focus groups to gauge response to Jeanne and the idea that she may be on the company's payroll.

Third, when they combine content and promotion, companies often lose control over how their brands are depicted. The interview could end up on the cutting room floor. Or paid spokespeople (or their agents) may say the wrong thing. And it's not just what the spokesperson says or does on camera—the potential for scandal or even a premature death, even if unrelated to the product, may sully the brand's reputation.

And finally, given that they don't intend to disclose the fact that they're compensating the star, Laura and her colleagues may face PR trouble if news gets out. Critics lambasted Olympic medalist Dorothy Hamill for talking about Vioxx before the 2000 Summer Olympics without disclosing she was paid. Of course, Bryant can avoid this problem by being forthright about the financial relationship. Proactive, honest public relations have always succeeded over reactive communication strategies.

Regardless of what strategy Laura decides to pursue, she needs to think carefully about what she's trying to achieve. Her current campaign already seems quite effective—why change it?

Michelle R. Nelson is an assistant professor of journalism and mass communication at the University of Wisconsin, Madison.

When they combine content and promotion, companies often lose control over how their brands are depicted.

Case Commentary

by Mozelle W. Thompson

Should Bryant Pharmaceuticals approve Laura's idea for product placement?

This scenario raises, to my mind, three types of issues: legal, business, and ethical. Bryant Pharmaceuticals needs to consider all three before taking on Jeanne Alyson as a spokesperson.

From a legal standpoint, the FTC Act allows the Federal Trade Commission to take action against deceptive trade practices, including deceptive advertising. Our guidelines mandate that a celebrity endorsement has to reflect the endorser's honest opinions and experiences. And if a financial arrangement might materially affect the weight or credibility of the endorsement—in a context where the viewer wouldn't expect that the person is getting paid—the endorser has to disclose the arrangement. In other words, if someone says, "I eat X brand of hot dogs," the average viewer would expect that the hot dog company is paying for that. That expectation isn't there in a news program. In fact, we've established in a number of infomercial cases that it's a violation of the FTC Act for an advertiser to use a format that would mislead consumers into believing an ad is actually an independent news program.

So this story raises a couple of issues that would concern law enforcers. First, as I just mentioned, the FTC would have a problem with Bryant's intent not to disclose that it was paying Jeanne Alyson. This type of placement is very different from putting Coca-Cola into a Tom Cruise movie, where you can argue that it's artistic license. This is a news show.

Second, it's pretty clear that Alyson will be coached—and that the company hopes she won't be completely honest. Jeanne specifically mentioned that the medicine upsets her stomach, and Laura and her colleagues want to make sure she won't mention side effects on TV. That might raise some questions at the FDA, which has rules about disclosing side effects in a clear and conspicuous way.

Laura is also making the assumption that nobody would find out, or even care, that Bryant paid Alyson. That's a pretty big assumption. An incident very much like this made headlines in the *New York Times* a little more than a year ago, when Lauren Bacall was paid

by Novartis to talk about a drug on a morning television show. And in case you think nobody's watching, the American Association of Advertising Agencies, a self-regulating trade association, is one of the biggest sources of referrals to the FTC. But even without a referral or any legal action, the issue could easily surface if the program's host were to ask, "Are you being paid to advertise this drug on this show?" So if a company is engaging in questionable advertising practices, it's unlikely to go unnoticed.

The next set of issues the Bryant team needs to consider are business related. Here a group of executives and their advisers are talking about how they intend to mislead the public. They acknowledge that if people find out, the company's reputation could be seriously damaged. The team should know better than to put Bryant's reputation at risk, especially considering that the sale of drugs is based on trust. A consumer might wonder, "If they're misleading me about the spokesperson, are they misleading me about other things?"

The other business concern comes down to pure dollars and cents. If you're spending \$1 million for a celebrity endorsement, and you don't know exactly what she'll say or how she'll say it, you're gambling that money.

Finally, we come to the ethical considerations, which obviously overlap with the legal and business issues. We know that Laura is under some pressure to produce results, and I'm concerned that the pressure may lead her to recommend an essentially deceptive advertising campaign. I'm also concerned that she may disillusion and demotivate her staff by sending a message that the company is willing to run a dishonest operation. But most important, doesn't the public have a right to full disclosure?

Mozelle W. Thompson is a commissioner on the Federal Trade Commission in Washington, DC.

These comments are Commissioner Thompson's and do not necessarily represent the views of the FTC or of any of the other commissioners.

The team should know better than to put Bryant's reputation at risk, especially considering that the sale of drugs is based on trust.

Case Commentary

by Mike Sheehan

Should Bryant Pharmaceuticals approve Laura's idea for product placement?

In general, I like using product placement and celebrity spokespeople because they allow marketers to communicate with consumers in attention-getting ways. We've done a number of successful branded content deals for our clients. For example, we created a promotion for LoJack, the automobile security system, during last year's NESN broadcast of the Boston Red Sox games. Whenever an opposing player was caught stealing a base, he was tagged on screen with the LoJack logo and branded "caught stealing." We also negotiated a national placement deal for Dunkin' Donuts in the reality TV show *Big Brother*. Viewers watched the "houseguests" earn one week of Dunkin' Donuts coffee, bagels, muffins, and doughnuts.

And while the logo on Alex's forehead may seem a little far-fetched, we've done exactly that. Together with a sports marketing company, we put Dunkin' Donuts logos on the foreheads of a bunch of college kids at this year's NCAA basketball tournament. It was a great fit because college students love Dunkin' Donuts, and we got extra publicity for our client because ESPN put the story on its Web site and talked about it on the air.

These promotions worked because in each case the product fit naturally with the setting or programming. The more seamless, the better. You don't want it to look like a commercial, which was the case with *American Idol*'s treatment of Coca-Cola and its heavily promoted "Red Room." And while placement is relatively new to TV, on the big screen products have been subtly integrated into plots for years. The Omega watch tie-in with James Bond works well because the watch plays a role in the movie. The same goes for Reese's Pieces in *E.T.* and the Mini in *The Italian Job*.

But while I'm a fan of product placement and I think it's here to stay—especially with the advent of TiVo and similar technologies—I don't think traditional advertising is going away. TiVo will force advertisers to think more creatively—if a commercial is entertaining, people will watch. There's no substitute for a great 30-second spot. And with TiVo, people consistently watch the television shows they want to

watch, rather than viewing whatever's on. So you can target programs more effectively.

As for celebrity endorsements, they're most successful when there's an element of surprise. That's why I'd go back to the drawing board when it comes to Bryant's choice of spokesperson. Jeanne Alyson seems like a natural fit for the target audience, but she's not very interesting because she's exactly the type of person you'd expect to talk about arthritis. When Rafael Palmeiro, first baseman for the Texas Rangers, talked about Viagra, there was something unexpected and brave about it. People think of athletes as young, strong, and healthy, yet here was Palmeiro reminding consumers that even someone as vibrant as he shares some of their health problems. In this case, the publicity didn't end with a one-shot television appearance but continued to live on in the media. Reporters kept asking him, "Why did you do it?" Interestingly enough, Palmeiro never admitted to actually taking the pill. But the intention was clear: Viagra is not just for Grandpa. With Alyson, I don't think Bryant will get its million dollars' worth.

A couple of caveats: There are some risks inherent to celebrity endorsements and product placements. The pharmaceutical industry is coming under increased scrutiny by the FDA. To comply with FDA regulations, Bryant would have to train the spokesperson to talk about side effects, and then it starts to smell like a regular commercial. And with product placement, you can lose creative control. But for the most part, any exposure has some benefits. Harry Truman, among others, is said to have remarked, "I don't care what they say about me as long as they spell my name right." That sentiment applies here, too. 

Mike Sheehan is the president and CEO of Hill, Holliday, Connors, Cosmopolos, which is headquartered in Boston.

Reprint R0310A

To order, see the next page
or call 800-988-0886 or 617-783-7500
or go to www.hbr.org

Bryant would have to train the spokesperson to talk about side effects, and then it starts to smell like a regular commercial.





Harvard Business Review OnPoint articles enhance the full-text article with a summary of its key points and a selection of its company examples to help you quickly absorb and apply the concepts. *Harvard Business Review* OnPoint collections include three OnPoint articles and an overview comparing the various perspectives on a specific topic.

Further Reading

The *Harvard Business Review* Paperback Series

Here are the landmark ideas—both contemporary and classic—that have established *Harvard Business Review* as required reading for businesspeople around the globe. Each paperback includes eight of the leading articles on a particular business topic. The series includes over thirty titles, including the following best-sellers:

Harvard Business Review on Brand Management

Product no. 1445

Harvard Business Review on Change

Product no. 8842

Harvard Business Review on Leadership

Product no. 8834

Harvard Business Review on Managing People

Product no. 9075

Harvard Business Review on Measuring Corporate Performance

Product no. 8826

For a complete list of the *Harvard Business Review* paperback series, go to www.hbr.org.

To Order

For reprints, *Harvard Business Review* OnPoint orders, and subscriptions to *Harvard Business Review*:
Call 800-988-0886 or 617-783-7500.
Go to www.hbr.org

For customized and quantity orders of reprints and *Harvard Business Review* OnPoint products:
Call Frank Tamoshunas at
617-783-7626,
or e-mail him at
ftamoshunas@hbsp.harvard.edu

Harvard Business Review 
www.hbr.org

U.S. and Canada
800-988-0886
617-783-7500
617-783-7555 fax