

Amazon, NBCUniversal take product placement to another level via ad formats unveiled at NewFronts

Article

The news: Amazon and NBCUniversal introduced advertising innovations for their streaming services at Monday's IAB NewFronts.

- Some **Prime Video** and **Freevee** ([the former IMDb TV](#)) series—both streamers are Amazon platforms—will feature virtual product placements (VPPs). These placements will be capable of appearing in the foreground or background of programming, and could also appear in the form of dynamic ads on in-program billboards.
- At NewFronts, Amazon demonstrated a VPP insertion of an M&M's poster in a scene from Making the Cut on Prime Video.
- Not to be outdone, NBCU launched a similar ad style on its streaming platform **Peacock**, dubbed In-Scene Ads. Peacock is experimenting with the potential for advertisers to embed their ads within programs after production, such as on a billboard displayed inside a specific frame.

The impact: While Amazon didn't name specific brands that are beta testing VPP, it did report that one consumer packaged goods brand saw a 6.9% increase in favorability as well as a 14.7% jump in purchase intent attributable to its VPP campaign.

Zoom out: Product placement has been a fixture of television advertising since its debut, but digital and streaming TV is rethinking the concept.

- Virtual product placement is a post-production technique for inserting a brand into a scene. It allows the platform to insert new ads in the future and continually remonetize a piece of content.
- But typically, placement deals had to be made far in advance. In a time with severe supply chain shortages, you can imagine an advertiser not wanting to have a placement for a product that's out of stock, unavailable, discontinued, or one that has proven to be unpopular.
- For years, network TV broadcasts and live sports have experimented with digital product inserts. Stadiums can digitally inject different companies into their billboards, and the NBA makes money from on-court ads.

The number of streaming services is on the rise: 65% of paid video subscribers owned three or more subscriptions in 2021, up from just 32% in 2018, [per](#) Activate. That's likely to lead more consumers to ad-supported platforms, which is why Netflix is [openly mulling](#) its ad-supported tier plans. But no platform wants to disturb the viewing experience more than

necessary—which means platforms may see product placements as a legitimate way to bring in ad revenue without interrupting the viewing experience.

Will it work? In-scene ads, shown on billboards in the background, are not particularly obtrusive. But marketers may find it difficult to engage customers if the brand is only shown in a brief period.

- Many advertisers feel that television product placement works. 2019 figures from PQ Media show that product placement in TV, digital, and film surpassed \$20.5 billion.
- Global spending on product placement was projected to be \$23.3 billion in 2021, per PQ Media. That’s a 13.8% increase versus 2020, a significantly greater growth rate than marketing spending (5.9%) on the whole.
- Despite that, product placement is less favored as a brand touchpoint across generations, falling behind most others in a 2021 Data Axle study.

How Do US Internet Users Want to Interact With Brands?

% of respondents, by generation, Aug 2021

	Gen Z (1997-2003)	Millennials (1981-1996)	Gen X (1965-1980)	Baby boomers (1946-1964)
Social media	63%	47%	35%	20%
Email	56%	64%	53%	58%
Influencer marketing	29%	17%	14%	3%
TV ads	27%	27%	34%	40%
Digital ads	23%	23%	29%	25%
Mail	23%	23%	28%	28%
Text messaging	20%	20%	16%	12%
Product placement	19%	21%	21%	22%

Source: Data Axle, "Generational Shifts in Marketing Preferences" conducted by SurveyMonkey, Sep 9, 2021

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Tread carefully: While "product placement has the potential to explode," says Beth Fossen, assistant professor of marketing at Indiana University, marketers must tread carefully and not be too overt. That’s because viewers are averse to "persuasion knowledge," when they become overtly aware someone is trying to sell them something. If VPPs become less subtle, they have the potential to disrupt the viewing experience and even backfire.

What it means: The flexibility afforded by dynamic product placements is vast; as this technology proliferates and expands, expect more brands to experiment within this space to break through the cluttered advertising landscape.