PRODUCT PLACEMENT EFFECTIVENESS: A CROSS-CULTURAL ANALYSIS

by

Ciska Asriel
Bachelor of Economics, Tarumanagara University, 2002

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Name: Ciska Asriel

Degree: Master of Business Administration

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Supervisory Committee:

Dr. Colleen Collins-Dodd
Senior Supervisor
Associate Professor, Marketing

Dr. Mila Lazarova
Supervisor
Assistant Professor, International Business

Date Approved: October 5, 2006

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ABSTRACT

In this era of global competition, companies are trying to find efficient and effective ways to market their products and services to different national cultures. One way is through product placement that utilizes the global reach of Hollywood movies. However, minimal research has been conducted that studies product placement effectiveness across cultures.

The current study proposes a comprehensive model that analyzes the moderating factors of product placement across cultures: general attitude towards product placement, culture and modality. In addition, the effect of actors and individual differences are also explored. Effectiveness scores are measured using both explicit and implicit memory tests.

The findings suggest that modality and culture are the only significant predictors although the influence of culture decreases with the addition of other independent variables in implicit memory measurement.

To the most important people in my life;
Budhi Ishak, Ira Sudargo, Natasha Ishak and Charles Moore:
"Thank you for everything".

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CHAPTER 1: REVIEW OF THE LITERATURE

1.1 Introduction

Product placement can offer an economical way to advertise globally. However, as this literature review will reveal, it remains an unexplored territory of advertising research. The industry suffers from lack of standard valuation and minimal academic research can be found on the subject.

This study attempts to fill in a gap in the existing research and contribute to the industry by proposing a set of determinant factors that can be used in evaluating the value of product placement across cultures. The study will try to answer three main questions: first, is product placement effective? If so, is it effective across cultures? And last, what determining factors contribute to its effectiveness across cultures?

Due to the cross cultural nature of the study, the first main section of this review will cover the cultural segmentation of the Chinese and Canadian subjects on the basis of Hofstede's cultural dimensions and their aggregate consumption behaviour. Next, the focus will be on product placement with discussions on several major research findings. Lastly, the current use of explicit and implicit memory based tools in measuring product placement effectiveness will be discussed.

1.2 Culture

In the attempt to detect any significant differences that resulted from culture, it is important to first establish that the two cultures are indeed different. For the purpose of the current study, nationality is used as a proxy for culture. The current study also utilizes Hofstede's cultural dimensions in examining

distinct cultural differences between Chinese and Canadian which will be discussed in the following sections.

1.2.1 Hofstede's Cultural Dimensions

Despite its many critiques such as McSweeney (2002) and Fang (2003), Hofstede's cultural dimensions still stand out as one of the most cited and established cultural segmentation tools. Hofstede's cultural dimensions have been used in the field of cross-cultural management for many years and have recently been used in the field of advertising and marketing. The size and breadth of the research make these dimensions a segmenting tool and framework for many cross-cultural studies. The original study, conducted by Hofstede on IBM employees from 1967 to 1973, surveyed 116,000 respondents in 72 countries and 20 languages. It resulted in the first four cultural dimensions. These dimensions used a 0 to 100 scale and measured how each country scored on the degree of social inequality, individualism, masculinity, and reaction in facing ambiguities. A fifth dimension was later added based on the Chinese Value Survey conducted by Michael Bond and it measured how the observed cultures were influenced by Confucian values (Hofstede, 1997, p. 160).

Given the cross cultural context of the present study, it is important to briefly summarize how the two cultures differed on these five dimensions. The degree of social inequality in the society is measured by the Power Distance Index (PDI). In this dimension, China scored much higher than Canada which indicates a hierarchical society with counter dependent relationships among its members.

The Individualism Index (IDV) measures the degree of individualism within a society. China scored lower than Canada which was expected from most collectivist Asian societies. In regard to these two dimensions, Hofstede revealed two interesting correlations between them. First, although there are exceptions, individualism seems to be negatively correlated with power distance. Second, individualism seems to have a positive correlation with wealth. Based on this

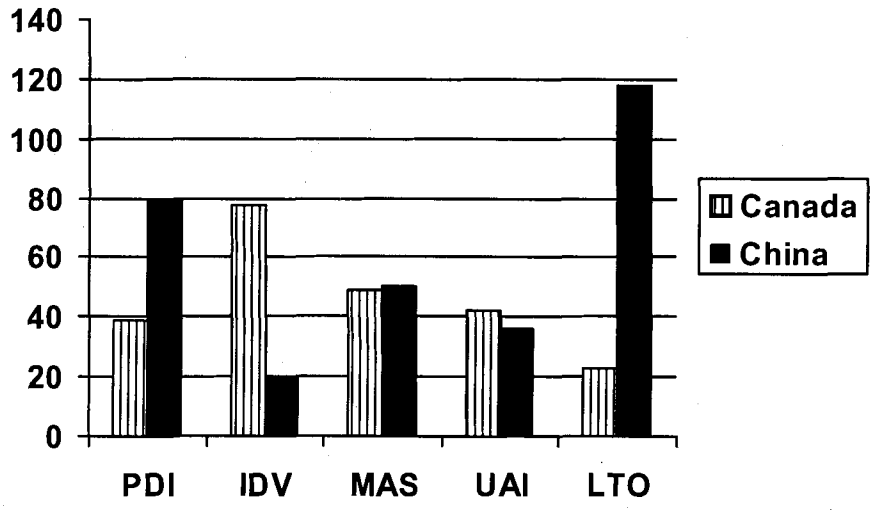
result, as countries reach homogenization of global wealth, national cultures might see future convergence of individualism.

With the third dimension, Hofstede measured how different cultures distinguish social gender roles. This aspect of cultural dimension is measured by the Masculinity Index (MAS). Interestingly, China and Canada had similar scores in this particular dimension which indicates a similar level of gender differentiation in both societies.

How a society deals with ambiguity and uncertainty as parts of life is measured by the Uncertainty Avoidance Index (UAI). Countries with strong uncertainty avoidance exhibit the need for structures and rules although they differ in objective and implementation. Similar to the Masculinity Index, the two cultures scored relatively close to each other.

The last dimension to be added measured the extent of Confucian teachings and principles embedded within a culture indicated by the Long Term Orientation (LTO) index. China scored much higher than Canada which revealed the Chinese society's tendency to embrace long term orientations and traditions. The complete comparison of scores between the two cultures is clearly shown by the figure below (Hofstede, 1983, p. 52; ITIM International, 2006).

Figure 1.1: Cultural Dimensions – Canada vs China



1.2.2 Chinese and Canadian Consumers

China is now a major hub for foreign investments and the land of opportunity for many companies. With GDP growth rate of almost 10% year, it is one of the fastest growing economies in the world (Smile, 2005). The growing affluence of the Chinese consumers drives multinationals to invest in China not only for the sole purpose of exploiting its cheap human resources but to gain access to its increasingly large upper middle class. China's luxury market grows at an astounding rate of 50% to 60% per year and attracts companies such as Bulgari and Prada to open up more stores to keep up with the demand (Forden & Ong, 2005). The influence of communism and globalization creates an interesting mix of consumption patterns. Shopping at Ikea or Wall Mart is no longer an unachievable luxury and self help programs and books are booming, an unthinkable idea in a Confucianist culture that suppresses individualism. Advertising in China, the fourth largest advertising market in the world, is no easy task. Advertisers have to adapt not only to the cultural complexities and vague government regulations but also to the wave of globalization. In developing a Chinese ad for Nike a few years back, the advertising agency JWT used local Chinese basketball stars instead of Michael Jordan thinking it was adapting to

the local culture. The ad flopped. Apparently, Chinese kids wanted to be like Mike and not Wang Zhizhi (Walsh, 2002).

Like many other countries, Hollywood movies dominate the Chinese film industry and local movie productions are struggling to survive. Chinese preference for Hollywood movies was apparent in a 1998 survey of 1,500 people aged 18 years old. Based on the survey, more than 35% of the subjects chose "Titanic" as their favourite movie. This "Hollywood invasion" has fuelled concern among local producers and directors (China Daily, 2002).

Not surprisingly, most people categorize Canadian culture and American culture in the same cluster. Both countries scored very close to one another in every one of Hofstede's cultural dimensions. The culture is characterized by small power distance, high individualism in a moderate masculine society with weak uncertainty avoidance. Just like United States; Canada is composed of various ethnic groups and subcultures. Similarity in language, lifestyle, and economic variables seem to indicate similarity in consumption behaviour. However, many examples have shown that Canadians are different from their American counterparts. Marketing efforts that work in the United States may not work in Canada. One example is the difference in eating habits. After a failed product launch, Campbell Soup Co. Ltd realized that Canadians have different eating habits from the Americans (Polegato & Solomon & Zaichkowsky, 2002, p. 503-505).

The Canadian film industry is experiencing a similar "Hollywood invasion" as China. Foreign made movies, most of them American, accounted for 98% of the movies shown in the year 2000 (Pulfer, 2001). Interest in Canadian made movies is low and some successful Canadian movies have been criticized as "too Hollywood" (Ghazal, 2004). Just like the Chinese, the Canadian film industry blames the structure of the industry and local film attitudes. Nevertheless, access to information, proximity and globalization will make it hard for the local industry to rebound and compete with the Hollywood invaders.

1.3 Product Placement

Simply stated, product placements are brands of products or services deliberately placed in motion pictures or television shows and more recently it also includes product placements in video or computer games (Gunn, 2001, p. S10). Law and Braun-LaTour define product placement as "the deliberate insertion of branded products into an entertainment program aimed at influencing the audience" (Law & Braun-LaTour, 2004, pp. 63). In this section of the literature review, we discuss the main issue faced by the product placement industry and the existing research on the subject of product placement.

1.3.1 Historical Background on Product Placement

The use of Hollywood movies in this study is based on the United States' position as one of the largest exporters in the entertainment industry. This phenomenon along with the growing number of American multinationals has contributed to the ongoing debate of "Americanization" of the world.

American merchants have indirectly utilized the use of movies in advertising their products globally as far back as the 1900s. In an article published by Saturday Evening Post in 1920, Lewis Freeman reported the influence of movies in promoting American products. Among his many examples was how American western movies have popularized American saddles in the Middle East (as cited in Segrave, 2004, p. 9). In fact, during the same period, the concept of "trade follows the film" was prevalent and reflected in a speech delivered by Will H. Hays, the head of a Hollywood lobby group. In his 1929 speech to the New York Board of Trade members, he declared that the motion picture "is the greatest existing agency for promoting the sales of American-made products throughout the world." (Segrave, 2004, p. 21).

Reese's Pieces placement in the movie "E.T.", marked the modern era of product placement in Hollywood movies. Subsequent to the success of the now classic E.T., Reese's Pieces sales jumped more than 60 percent (Hein, 2004). In the movie "Kill Bill", Uma Thurman's yellow and black Asics sneakers were a

global success. The limited edition sneakers were sold out within weeks in Japan, Europe and the United States (Thomaselli, 2003). The words "product placement" resulted in almost 7,000,000 hits on the Google search engine. Branchannel.com, an online branding website produced by Interbrand, dedicated its Brandcameo section to product placement by listing all the brands featured in various movies. Recently, Branchannel.com has also launched Product Placement Awards that feature the best and the worst of brands or products placed in Hollywood movies (Sauer, 2005). The advertising and marketing industry acknowledgement of the product placement phenomenon is also demonstrated by Nielsen's launch of its Product Placement Service in March 2004 (Nielsen Media Research, 2006).

The use of product placement as a way to advertise one's product or service has seen a dramatic increase over the last 5 years due to the innovation of DVRs (Digital Video Recorders). Using these devices, consumers can skip commercials on their favourite television shows. As the result of this phenomenon, it is estimated that by 2007, the television industry may lose as much as $7.6 billion as advertisers seek other ways to reach their customers (James, 2005). The value of the product placement industry has been difficult to determine but a recent report released by PQ Media has shed some light into the size and dollar value of the industry. In studying 30 years of historical data, the report revealed that since 1974, the value of the whole industry have grown at an annual compounded rate of 10.5%. Product placements in films alone grew at 11.4% annually compounded and in 2004, it was estimated that USD 1.24 billion was spent on product placement. (PQ Media, 2006).

To fully understand product placement and the opportunities it offers, we have to look at the current state of the industry and gain insight into the practitioners' perspective. This simple analysis will enable us to investigate and explore the potential practical implication of the current study.

1.3.2 Practitioners' Perspective and Current State of the Industry

James A. Karrh is the pioneer in investigating the effectiveness of product placement from the practitioners' perspective. His studies provide an important link between the academics and practitioners in the field of product placement. In 2003, Karrh, McKee and Pardun used Entertainment Resources and Marketing Association's members as their subjects to study four main issues: executional factors, brand characteristics, measurement tools and beliefs about the practice. This study represented a replication of Karrh's 1995 study. Although the number of subjects were small for both studies (1995=22 subjects, 2003=28 subjects), interesting changes from the early study were observed. In the span of eight years, there was a significant increase in the belief that individual brand characteristics, such as a distinct packaging and consumers' previous knowledge of the brands, influenced the success of the product placement. There were no significant changes in practitioners' beliefs in the best tools in measuring product placement's effectiveness with unaided recall and recognition still taking the first and second place with increased points for the importance of both items. However; answers to open ended questions regarding measurement of placement value revealed the use of different techniques including length of placement, client satisfaction, increased sales to verbal mention of the product (Karrh, 2003, p. 145) that suggested the industry's lack of standardization in evaluating the dollar value and effectiveness of product placement.

The lack of standardization mentioned above is further reflected by the market structure of the industry. With the rapid growth of the product placement industry, consulting agencies are springing up but the major share of the market is being divided among the three big players in this niche market: Nielsen, iTVX, and IAG (Wasserman, 2005, p. 18).The current players in this industry seemed to agree to disagree on the appropriate measurement for product placement and each have developed their own proprietary systems in evaluating product placement. For example, iTVX developed "product-placement commercial cost ratio" or PP/CC while Nielsen is leaving the value open to interpretation of the buyers and sellers. According to iTVX, PP/CC is calculated similar to that of

gross rating points for TV advertising which derive its value by multiplying reach and frequency of the ad (Mandese, 2004). Based on iTVX's scale, a placement for M&M in the TV show ER was worth $436,613 (Wasserman, 2005, p. 18) and was much higher than the few thousand dollars that M&M paid for the placement. However, with the current state of measurement, whether or not the ER's placement is good value for the money is open for debate, especially in comparing it with conventional forms of advertising. If this is the current state of the industry, then why is product placement growing in such a phenomenal rate and how does it initiate global success? Is it really effective? In an attempt to answer these questions, we turn to academic studies conducted on the subject of product placement.

1.3.3 Research on Product Placement's Effectiveness

Currently, academic literature on the subject of product placement is very limited compared to conventional forms of advertising. The available studies focusing on product placement support its effectiveness although most yielded inconsistent results on the degree of its effectiveness. This is due to the use of different measurement tools. As will be discussed later, the degree of product placement's effectiveness could also be directly linked to contributing factors such as type of placement and plot connection.

In their 1996 study, Babin and Carder used Rocky III and Rocky V as movie stimuli to gauge product placement's effectiveness in enhancing recognition of the placed brands (Babin and Carder, 1996). The subjects in this study were divided into two groups wich viewed only Rocky III or Rocky V. The data was then analyzed to find significant differences between groups for all brands and for specific brands. Comparison of recognition scores were made for brands appeared only in Rocky III, brands appeared only in Rocky V, brands that appeared in both movies and brands that did not appear in any of the movies. The most interesting finding was that placements in Rocky III were found to be more effective than placements in Rocky V. Babin and Carder suggested that recency of the placement in the movie and the type of the placement involved

could explain the significant difference of effectiveness of placement between the two movies. Product placements in Rocky III were more spread out throughout the movie compared to placements in Rocky V. In addition, most of the placements in Rocky III were placed more prominently than placements in Rocky V. The support that product placement enhanced the recognition of the placed brands in this study came from the use of two movie stimulus. As discussed by Babin and Carder, if the study had only use Rocky V, the findings would not be as supportive of product placement effectiveness in general.

1.3.3.1 Factors Moderating Product Placement Effectiveness

Based on the findings of the above study, Brennan, Dubas and Babin (1999) conducted a follow up study that attempt to analyze the influence of modality or presentation of the placements and time of exposure on viewers' recognition.

Using data taken from the previous study by Babin and Carder (1996), Brennan et al (1999) categorized the placements into creative placements or on set placements and measured the length of exposure. On set placements are placed more prominently than creative placements and can include but not limited to mention and consumption by the leading actors. On the other hand, creative placements are usually limited to background shots of the placed brands. Length of exposure relates to the length of airtime given to a particular placement in the movie (Brennan et al, 1999, p. 326). Recognition scores served as the dependant variable in the study and the findings suggested that type of placement has a significant effect on recognition although the effects of length of exposure were less clear (Brennan et al, 1999, p. 333-335).

In addition to type of product placement, centrality and plot connections of product placement have also been shown to have different effects on effectiveness. Centrality and plot connections relate to the depth of the placement's integration in the movie. Most of the studies involving these three variables used different combinations of at least two of them in measuring their effect on product placement's effectiveness (Law & Braun, 2000; Gupta & Lord,

1998; Russel, 2002). In their study in evaluating product placement's recall effectiveness, Gupta and Lord (1998) categorized types of product placement into mode of presentation and level of prominence as a central focus of the viewers. The modes of presentation were categorized into audio, visuals, and audio-visual combination. The study compared different types of product placements and prominence with conventional 30 seconds ads that had been inserted into movie excerpts. In all, nine stimulus conditions with three control groups were created. The difficulty in finding different types of product placement of the same brand within the same movie and otherwise did not allow testing for movie X product X stimulus condition. It was found that prominent placements resulted in higher recall than subtle placements. The same result also applied to the inserted ads that recorded higher recall for prominent placements compared to that of subtle placements. The results of the study also supported the hypothesis that prominent placement lead to higher recall than a 30 second ad for the same product.

Other factors that might influence product placement's effectiveness could include the star influence of the actors in the movie. Many product placements closely tie the brand with the main characters. It would be interesting to find out if actors can influence consumers' attitude toward the brands or even toward product placement itself. In a qualitative study conducted by DeLorme and Reid using focus groups and interviews, it was found that admiration of younger viewers toward their favourite stars affects their attitudes toward the brand placed in the movies (DeLorme & Reid, 1999, p. 79).

DeLorme and Reid's study also indicated a relationship between familiar brands and product placement (DeLorme & Reid, 1999, p. 78). Subjects paid more attention to brands they had previously seen or consumed and had preconceived perception of the brands. From this, it may be concluded that product placement would only reinforce consumers' existing attitude toward the brands. On the other hand, product placement may well be a cost efficient way to build brand awareness for unknown brands. One famous example is the success of an unknown Jamaican beer in entering the American market. Subsequent to

its product placement in the movie *The Firm*, the American sales of the Jamaican beer, Red Stripe, jumped through the ceiling growing more than 50% within a month (Buss, 1998).

As with most research of advertisement effectiveness, studies of product placement's effectiveness are measured by memory based measures. Currently, the use of explicit measurement tools dominates the existing literature. However, there is evidence that implicit measurement tools are better in gauging the effectiveness of product placement (Auty & Lewis, 2004; Law & Braun, 2000). This topic will be discussed in the memory based measurement section.

1.3.3.2 Attitudes and Acceptability towards the Practice of Product Placement

Other area of product placement that has been the focus of research are consumers' attitudes and ethical concerns towards the practice. The most cited study on this topic was conducted by Gupta and Gould (1997). They developed a set of product placement attitude questions and employed it on 1012 undergraduate respondents in a North American university. They concluded that product placement of controversial products such as tobacco and guns were perceived to be less acceptable by the respondents than non controversial products. In addition, individual differences seemed to have an impact on respondents' perception towards product placement. Males were more likely to accept product placement of controversial products than females and frequent movie goers were more accepting of product placement in general.

Considering the global reach of product placement and differences that existed among cultures, it was natural that Gupta and Gould expanded their study to include data from other countries. The findings of their studies along with others are explained below.

1.3.3.3 Cross Cultural Research on Product Placement

Cross cultural research on product placement has focused mainly on comparing the attitudes of consumers of different cultures toward product

placement. As mentioned previously, one work that is cited quite frequently is the study by Gould, Gupta, and Grbner-Krauter (2000) that analyzed the differences among Austrian, French and American consumers' attitudes toward the practice of product placement. The study employed the same questionnaire as previous study conducted by Gupta and Gould (1997) translated into the subjects' respective languages. The findings supported the existence of country effect on consumers' acceptance of product placement for controversial and non controversial products. American consumers were more accepting of product placement than Austrian consumers for both types of products but were only significantly different than their French counterparts when it came to non controversial products. The findings also showed similar individual differences influencing consumers' perceptions and attitude. As with the previous study conducted in United States, males were generally more accepting of product placement of controversial products compared to females but no significant differences existed for product placement of non controversial products (Gupta and Gould, 1997). This pattern also occured for frequent movie watchers: significant differences existed only for product placement of controversial products. Moreover, the directional link between positive attitude toward product placement and greater acceptance was supported across all cultures.

Gupta and Gould's 1997 study was also used by McKechnie and Zhou (2003) as an anchor in gauging and comparing the Chinese consumers' attitude toward product placement to that of American consumers. The study employed the same questionnaire as Gupta and Gould's although only seventeen of the original thirty questions were retained and just as the previous study, product placements of controversial products were inserted consisting of cigarettes, alcohol, fatty foods and guns. The analysis revealed that American consumers were more accepting of product placement than the Chinese consumers and that regardless of country, product placement of controversial products were less acceptable than non controversial products. Similar to Gould et al's (2000) study, product and gender interacted in regard to product placement's acceptability in general. However, significant differences between males and females in

accepting controversial product placement for controversial products only existed for the American consumers. As for the Chinese consumers, significant differences between genders only existed for product placement of guns. Further, American consumers who watched movies more frequently were more likely to find product placement acceptable across all products compared to those who did not watch as frequently. This significant difference did not exist in the Chinese consumers.

Extensive search of various literatures did not reveal research on product placement effectiveness per se across cultures. This provides an opportunity for the current study to contribute to literature.

1.4 Explicit vs Implicit Memory Based Tools in Measuring Product Placement Effectiveness

As mentioned earlier, the use of explicit measurement tools dominates the existing literature of product placement effectiveness. However, there is evidence that implicit measurement tools are better in gauging the effectiveness of product placement (Law & Braun, 2000) as will be discussed below.

Much of the marketing and consumer behaviour literature uses explicit memory measurements. Tests in this particular framework include recognition, recall and free recall tests. These direct tests of memory are built on the assumption that consumers actually take the time to consciously retrieve the necessary information in purchasing a product. As discussed by Duke and Carlson (1993), many experts have criticized explicit procedures to be inefficient and ineffective ways in measuring advertising effectiveness. In explicit memory tests, subjects are asked deliberately to retrieve their past experiences from memory. In the real world, we are all aware that many times this is not the case. Further, explicit memory tests appear to only measure one learning process of the brain while recent studies of consumers' behaviour have provided evidence for the importance in measuring a different dimension of memory processing: the implicit memory (Law & Braun-LaTour, 2003; Shapiro & Krishnan, 2001; Duke & Carlson, 1993). Unlike explicit memory procedures, implicit memory tests do not

require explicit memory involvement of subjects' prior experiences. One example is subjects are told to perform tasks such as choosing brands to be in their consideration set. The implicit test procedures allow marketers to analyze the consumer's decision-making process when they do not consciously retrieve information from their memory (Duke & Carlson, 1993; Shapiro & Krishnan, 2001).

Each memory measurement has its advantages and disadvantages and is useful for different purposes. Explicit procedures are appropriate in predicting the consumer's behaviour involving purchase of high involvement products such as luxury cars and education. It could also be relevant when the customer is new to the category and using the available reference for brand comparisons. On the other hand, implicit procedures work best in predicting purchases in situations based on impulse and spontaneity such as picking up a chocolate bar while queuing at the cash register (Law & Braun-LaTour, 2003; Shapiro & Krishnan, 2001; Duke & Carlson, 1993). Expanding the current practice of explicit measurement to also include implicit measurement allows marketers to have a better understanding of the effect of advertisements.

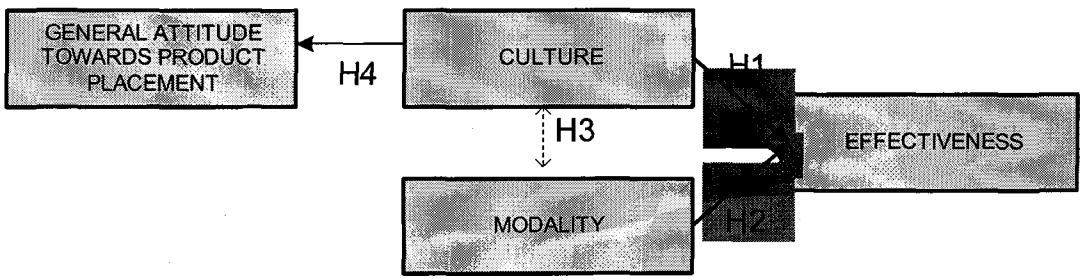
Applying both memory measurements, Law and Braun (2000) examined the implications in the measurement of product placement effectiveness. A within subjects design was used and two different ten minute videos were employed as experimental stimuli. Each video also served as control group stimulus for the other since only certain placements appeared in each video. The scenes had been carefully selected to include visual, audio and visual-audio modalities along with low and high level of prominence. Implicit measurement was first administered and the subjects were asked to choose a list of items they would purchase for a friend. Afterward, to measure explicit memory, subjects were asked to list the items they recognize and recall from the videos shown to them. As expected, exposure to the placements resulted in higher scores for both explicit and implicit memory measurements. Recognition scores, not surprisingly, were significantly higher than recall. Prominence of the product placement seemed to influence explicit memory performance but not implicit memory. On

the other hand, modality or type of placement seemed to impact both explicit and implicit memory performance but the level of its effectiveness varied according to the type of measurement used. For explicit measurement, audiovisual had the most effect on the consumers for both recognition and recall test while visual only modality had the most effect for implicit memory test.

1.5 Model and Hypothesis

The objective of the present study is to try to fill in a gap left from previous studies on the topic of cross cultural product placement effectiveness. The purpose of this study is to (a) determine if product placement is effective across Chinese and Canadian cultures and (b) determine contributing factors to its effectiveness across cultures. A model for the project based on the literature review was constructed and two main hypotheses along with a secondary hypothesis were developed. There are four main constructs in the model: *general attitude towards product placement, culture, modality and effectiveness of product placement measured by both explicit and implicit memory tests.* Expected direct effects and interactions among these constructs along with proposed hypotheses are explained below.

Figure 1.2: Proposed Model



In this study, modality or type of placements will be divided into low and high modality. Low modality refers to visual only placement with low level of integration into the movie's plot or character(s). High modality refers to audio visual placement with high level integration into the movie's plot or character(s).

Based on the model, it was expected that direct effect of modality on product placement effectiveness would occur. In addition, direct effect of culture on product placement effectiveness was also expected.

In a study conducted by DeLorme and Reid (1997), a relationship between brand familiarity and recognition rate was evident. Subjects reported noticing in films the brands they were familiar with. Taking into account the cultural and physical proximity to Hollywood, potential brand awareness of the placed products and level of familiarity with Hollywood movies, it was proposed that:

> Hypothesis one: product placement would have a greater effect on the Canadian group compared to the Chinese group.

Although we had not been able to find previous studies on the cross cultural implication of modality, the existing literature provides evidence that modality plays a central role in determining product placement effectiveness (Russel, 2002; Brennan et al., 1999). Thus it was predicted that:

> Hypothesis two: regardless of national cultures, product placement with low modality would likely be less effective compared to product placement with high modality.

A set of secondary hypotheses were also proposed. Based on the two hypotheses above, an analysis of culture by modality interaction should also be explored. If modality influences product placement effectiveness and at the same time its effect is moderated by cultural differences thus it was proposed that:

> Hypothesis three: there would be a significant culture by modality interaction on the effectiveness of product placement

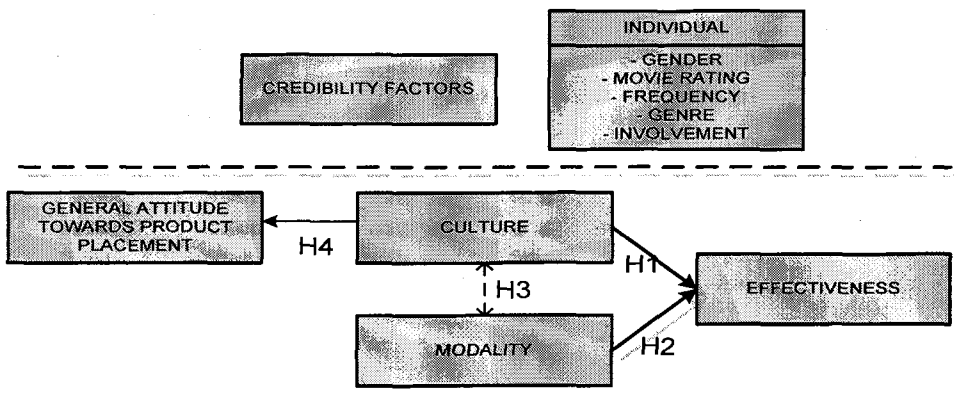
In their 2003 study, McKechnie and Zhou revealed that American consumers were more accepting of product placement than their Chinese counterparts. In addition, the study conducted by Gupta and Gould (1997) revealed that a more positive attitude towards product placement in general could lead to a more favourable acceptability rate of the actual products placed in movies. Given the level of cultural proximity, the level of advancement in the advertising industry, and familiarity of the practice of product placement in China and Canada, it was hypothesized that:

Hypothesis four: The Canadian group would have a more positive general attitude towards product placement compared to the Chinese group.

Although it was hypothesized that culture influences general attitude towards product placement, a main effect of culture by general attitude interaction on product placement effectiveness is not expected.

After reviewing the existing literatures, in addition to the four hypotheses above, two other variables should also be included as control variables due to their relevance to the present study. These variables are individual differences and source credibility factors. The individual differences to be studied are gender, subjects' rating of the movies, frequency of movie going, genre liking and subjects' involvement with movies in general. They were selected based on past research reviewed in the literature review section of this study. Credibility factors refer to the measurement of the actors' credibility. In their study, DeLorme and Reid (1999) found that admiration of younger viewers toward their favourite stars affects their attitude toward the brand place in the movies (1999, p. 79). To measure these factors, this study will employed a scale developed by Ohanian (1990) that specifically measures the actors' perceived expertise, trustworthiness, and attractiveness. The inclusion of these variables on an exploratory basis extended our model to the one shown below.

Figure 1.3: Model of Product Placement Effectiveness across Cultures



CHAPTER 2: METHODOLOGY

2.1 Research Design

The independent variable, modality, was manipulated between groups while culture was a covariate obtained through sample selection. A survey instrument was used to collect the data gathered from the undergraduate student population of Simon Fraser University. Variables controlled for in the experiment are discussed in the study procedure section below.

2.2 Study Sample

The sample for this study was drawn from the undergraduate student population of Simon Fraser University. Non-probability convenience sampling was chosen as the sampling method. A convenience sample was used because only potential candidates with the intended characteristics were included in the study and their incidence in a random sample of the population would have required an extremely large sample. Identifying relevant sample elements involved personal connections in recruiting potential candidates. In addition, a recruitment booth in various locations throughout Simon Fraser University was used to recruit volunteers. In addition, email invitations to participate in the study were sent out to various departments.

2.3 Study Procedure

2.3.1 Movies Selection

The movie selection was crucial in providing comparable group analysis in the study. It was pertinent that the movies fulfilled the following criteria:

- contained modalities suited for the intended study

- contained placements of products with relatively similar level of involvement for the study's sample
- contained placements of products that had similar level of brand popularity in both China and Canada
- were available in both China and Canada
- had leading Hollywood actors with comparable status and popularity.

Several Hollywood movies that contained product placements were studied. Of these movies, two were selected that fulfilled the criteria necessary for the study: Hitch, featuring Will Smith, contains high modality placement for the allergy and cold medicine Benadryl and The Mexican, featuring Julia Roberts, contains low modality placement for the TAB soft drink. The high modality for Benadryl features repetitive mentions of the product's name by the main actor and two other actors and was part of the characters' dialogues. The product was also held by the main actor for sometime with clear prominent shots of the product's image. On the other hand, although held by the main actor, the low modality for Tab only featured a few seconds shot of the product's image with no mention of its name.

2.3.2 Context Testing

To determine whether the two movies fulfilled the criteria set for the intended study, a series of informal interviews and short surveys were conducted among the Canadian and international Chinese student population at Simon Fraser University. Soft drinks and allergy cold medicine had relatively similar level of involvement for both populations. While familiar with the Benadryl brand, both Canadian and Chinese had little or no knowledge of TAB. Unfortunately, this meant that modality and brand familiarity were confounded. This represents a limitation that will be discussed further later in the paper. In addition, both populations considered Julia Roberts and Will Smith as famous and successful Hollywood actors.

2.3.3 Stimulus

English versions of the movie clips were used. Although one group of the study sample consists of international Chinese students, enrolment at Simon Fraser University provided the necessary benchmark for the English proficiency level of the international Chinese students. In admitting non-English speaking students, Simon Fraser University uses internationally accepted standards of IELTS and TOEFL in addition to other English language requirements. Based on these facts, English versions of the movies were deemed appropriate for the study.

The two movie clips were approximately equal in length and were carefully edited to provide reasonable time lags between the start of the clip, the placement itself and the end of the clip. The movie clips were then posted on the web for convenient viewing by subjects who chose to do the survey at home while other students chose to participate at school. The subjects were asked to view the clips and complete the survey afterward.

2.3.4 Experimental Design

The procedure involved a between subject design. Each group only viewed one movie clip thus resulting in four groups with each culture viewing two movies. Every attempt was made to equalize the number of subjects in each group. The allocation among groups is explained in the table below.

Table 2.1: Allocation of Groups

	Chinese	Canadians
Low Modality (The Mexican)	30	30
High Modality (Hitch)	30	30
Total	60	60

2.4 Instrument

Based on the reasoning explained above, the study employed English versions of the questionnaire. The questionnaire used involved five main sections. The first section attempted to measure both explicit and implicit memory for the brands subsequent to watching the clip. For the implicit memory measurement, subjects were told to choose from the list of four brands the one product they would like to purchase for a friend and that the listed brands were the friend's preferred brands. No reference to the movie was made. This implicit memory measurement was modelled after the experiment conducted by Law and Braun (2000) in an attempt to measure the facilitation due to product placement.

For the Hitch version (high modality), the listed brands were Tab, Dr. Pepper, Pepsi and PC Cola. For The Mexican version (low modality), the listed brands were Zyrtec, Benadryl, Claritin and Allegra. All of these brands were within the same product category.

The explicit memory measurement was administered later on in the questionnaire to allow for distraction between the two measures. A consent and information page followed by a question concerning levels of movies' enjoyment separated the two measurements. In the explicit memory measurement, subjects were told to recall back to the movie clip just shown and choose as many brands that they recognized from the clip. Ten brands were listed along with an option for not recognizing any of the listed brands. Included within those eleven options were the two actual placed brands, which were Benadryl (Hitch) and Tab (The Mexican).

The second section of the questionnaire involved subjects' interaction with movies. This section aimed to control for the multifaceted effect of movies. The first two questions in this section attempted to measure the subjects' levels of enjoyment in watching movies in general and watching the specific movie just shown. Subjects were asked to indicate their levels of agreement with the statements on a seven point scale ranging from "Strongly disagree" to "Strongly agree." The third question asked the subjects to rate the movie just shown

based on a seven point scale using four items: bad-good, unpleasant-pleasant, unfavourable-favorable, strongly dislike-strongly like. The scale used was modelled after Mitchell (2005) who had adapted the scale used by MacKenzie & Lutz (1989) in their study in attempting to predict possible structural antecedents of attitude toward advertising. Frequency of movie watching per month was also measured in this section. Ranging from zero to more than five movies per month, subjects were asked the average numbers of movies they watch, including rental and others, in a month. Subjects were also asked to indicate their agreement with the statement regarding level of enjoyment of the movie's genre on a seven point scale ranging from "Strongly disagree" to "Strongly agree." Finally, subjects' involvement toward movies was measured by a 10 item scale developed by Zaichkowsky (1994).

The third section of the questionnaire involved a scale measuring expertise, trustworthiness and attractiveness of celebrity endorsers developed by Ohanian (1990). The scale comprised 15 items measuring these three dimensions. Each item was measured on a seven point scale achored by one as negative and seven as positive in the measured item.

The fourth section attempted to measure the subjects' attitude toward product placement using the scale developed by Gupta and Gould (1997). Only 17 of the original 30 statements were retained. Only those considered relevant to the present study were kept and statements concerning controversial products and product placement in television shows were dropped. Statements concerning frequency of movie watching and other statements considered repetitive were also dropped. Effort was made to maintain the basic dimensional validity of the scale. Subjects were asked to indicate their level of agreement with the statements on a seven point Likert scale anchored by "Strongly disagree" to Strongly agree."

The last section of the questionnaire asked the respondents for their demographic information including gender, age, number of years lived in Canada, ethnicity and citizenship. The survey is included as appendix 1.

2.5 Pre Test

To assess the questionnaire's performance under actual data collection conditions, a pre test was conducted. Seventeen volunteers consisting of Canadian and Chinese international students were asked to review the questionnaire and provide feedback. This session was then followed by a series of personal interviews and observations.

Most of the comments revolved around the lack of knowledge of the brand TAB, the length of the questionnaire, implicit memory measurement and in particular, the items in the celebrity endorser-credibility scale. From observations, many of the participants would pause in the expertise dimension's items and asked for clarification on these items, as they appeared to have overlapping meanings to the participants. Based on the feedback, a slight modification was made by eliminating the item "experienced" from the expertise dimension. The implicit memory measurement was also modified. Many of the participants questioned the method of asking the respondents to purchase for a friend and they all admitted in projecting their own image instead of "the friend" as instructed. Based on this feedback, rather than shopping for a friend, respondents were asked to choose for themselves the product they would like to purchase.

2.6 Data Collection

Data collection took place during a five week period from July to August of 2005. An effort was made to obtain equal number in each of the four groups to reach the total minimum of 120. Accordingly, two versions of the questionnaire were distributed representing the movies Hitch and The Mexican. Two methods of data collection were employed: the volunteers could participate in school where they viewed the clip and handed the completed questionnaire directly afterward to the researcher or they could view the online clip anywhere at their convenience and hand the completed questionnaire to the researcher later on. The viewing and completion processes were treated as a single task. Subjects

were asked to watch and immediately fill out the questionnaire. There was no measurement delay manipulation.

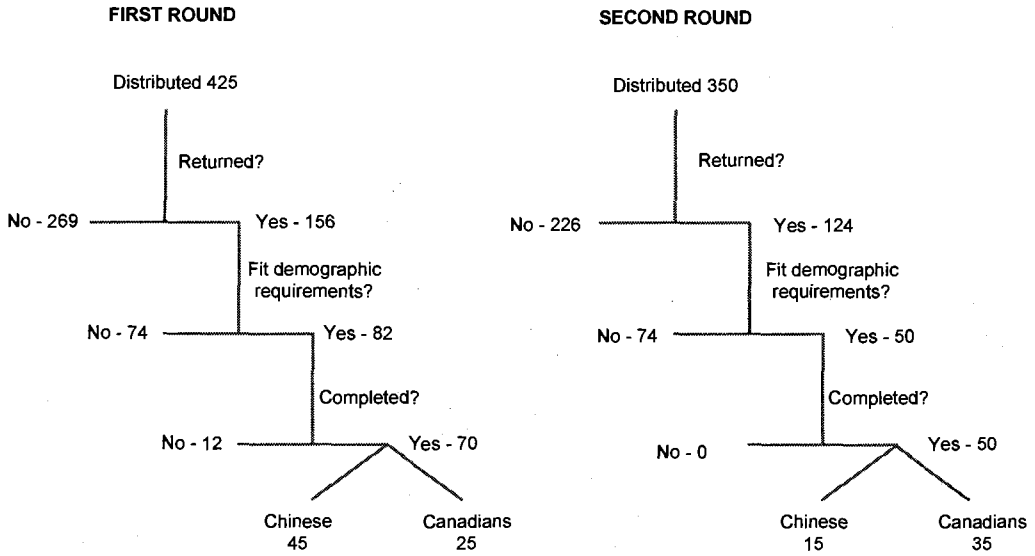
CHAPTER 3: RESULTS

3.1 Response Rate

Approximately 425 questionnaires including both versions were distributed to respondents through interpersonal connections, on the spot enquiries, and email invitations. Of these, 156 respondents completed and returned the questionnaire. Given the specific demographics required of the intended sample, only 82 were retained and most were Chinese respondents. Out of 82, 70 questionnaires were usable and the rest were discarded. The first round of data collection resulted in 45 international Chinese students and 25 Canadian students. It should be noted that only data from Chinese students on international student visas were obtained. Chinese students with other legal status, including temporary permit holders and permanent residency, were not included in the data. Data from Canadian students were limited to those of Caucasian ethnicity. Due to the cultural and historical diversity of Vancouver, these factors are important in controlling for the cross cultural variables that might affect the analysis results.

A second round of 350 questionnaires was distributed to obtain more students that are Caucasian Canadian. One hundred and twenty four respondents completed the questionnaire. Fifty of these were retained. At the end, there were 30 subjects in each of the four groups. Figure 1 demonstrates the breakdown of the data collection.

Figure 3.1: Data Collection



3.2 Sample Profile

Of the 120 respondents, there were an approximate equal number of males and females for all of the four groups. Table 4.1 provides a description of allocation of gender among groups.

Table 3.1: Respondent Breakdown by Gender and Group

				Movie	
				Hitch	The Mexican
				Count	Count
Group	Hitch - Chinese	gender	Male	15	0
			Female	15	0
	Mexican - Chinese	gender	Male	0	15
			Female	0	15
	Hitch - Canadian	gender	Male	13	0
			Female	17	0
	Mexican - Canadian	gender	Male	0	14
			Female	0	16

For the Chinese students, each gender represented 50% of the sample size for each group. For the Canadian students, males represented 43% of the sample

size in the Hitch group while males represented 47% of the sample size in the Mexican group.

Overall, 52.5% of the respondents belonged to the age group 20 to 22. More than 48% of the males also belonged to this age group while females were slightly higher in proportion at 56.7%. The breakdown of the age groups is shown in table 4.2 below.

Table 3.2: Respondent Breakdown by Gender and Age Group

		Gender	
		Male	Female
		Count	Count
Age Group	Under 18	0	1
	18 – 20	3	3
	20 – 22	29	34
	23 – 25	18	19
	Above 25	7	6

Respondents were also asked to state the number of years they have lived in Canada and their citizenship. These questions are especially relevant to control for the assimilation variable that might occur for the Chinese student groups. None of the Chinese students have lived in Canada for less than six months. This result was predicted as most undergraduate international Chinese students who are enrolled at Canadian universities entered the system through initial enrolment at private colleges. Many private colleges offer link programs with universities in which students may transfer their credits to the universities after a completion of certain levels of course requirements.

Almost half of the Chinese student respondents lived in Canada more than 24 months at 46.7% with 18 to 24 months following closely behind at 33.3%. Only two Canadian students indicated that they were not born in Canada but have lived in Canada for most of their life. Table 4.3 below provides the breakdown of number of years the respondents have lived in Canada.

Table 3.3: Breakdown of Number of Years Lived in Canada

		Number of years lived in Canada					
		6 – 12 months	12 – 18 months	18 – 24 months	More than 24 months	Born in Canada	Most of my life
Group	Hitch - Chinese	4	3	8	15	0	0
	The Mexican - Chinese	1	4	12	13	0	0
	Hitch – Canadians	0	0	0	0	29	1
	The Mexican - Canadians	0	0	0	0	29	1

Whenever the respondents indicated that they have lived in Canada more than 24 months, they were asked to specifically state their length of stay so far. Out of the 18 respondents who indicated that they have lived in Canada for more than 24 months, overall majority stated that they have stayed for 3 years or 36 months. The list of answers by the respondents in regard to this particular question is listed in the table below.

Table 3.4: Length of Stay if Have Lived in Canada for More Than 24 Months

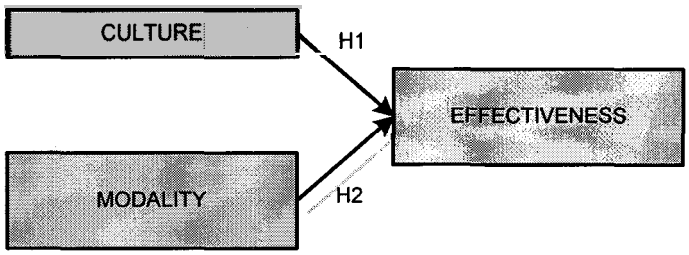
Length of Stay in Canada	Count
25 months	2
28 months	2
30 months	2
35 months	1
36 months	11
40 months	1
42 months	2
48 months	4
54 months	2
55 months	1
Total Number of Respondents	28

3.3 Revisiting the Model

The main goal of the present study was to test the effectiveness of product placement by manipulating the independent variable modality among cultural groups. The effectiveness of the product placement was measured through the

use of explicit and implicit memory measurements. This core model is shown in the figure below.

Figure 3.2: Core Model



The model above led to the development of two main hypotheses:

> Hypothesis one: product placement would have a greater effect on the Canadian group compared to the Chinese group.
>
> Hypothesis two: regardless of national cultures, product placement with low modality would likely be less effective product placement with high modality.

A set of secondary hypotheses were also proposed. Based on the two hypotheses above, an analysis of culture by modality interaction should also be explored. If modality influences product placement effectiveness and at the same time its effect is moderated by cultural differences thus it was proposed that:

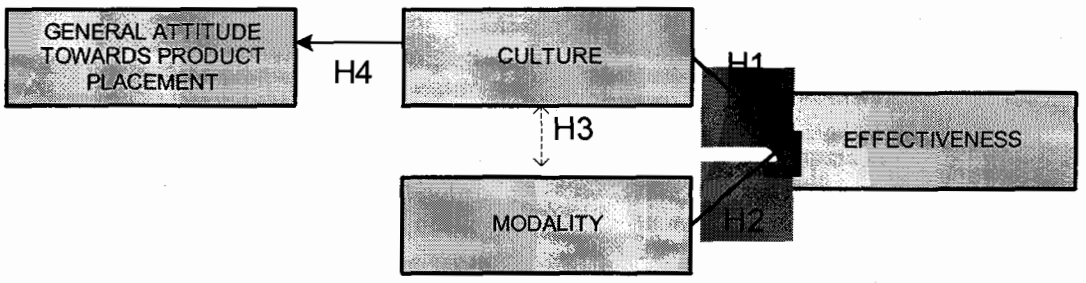
> Hypothesis three: there would be a significant culture by modality interaction effect on the effectiveness of product placement.

We then extend the model to explore potential effect general attitude on product placement might have on the dependent variable. Based on the review of the literature, it was predicted that general attitude towards product placement will differ significantly among cultural groups.

> Hypothesis four: The Canadian group would have a more positive general attitude towards product placement compared to the Chinese group.

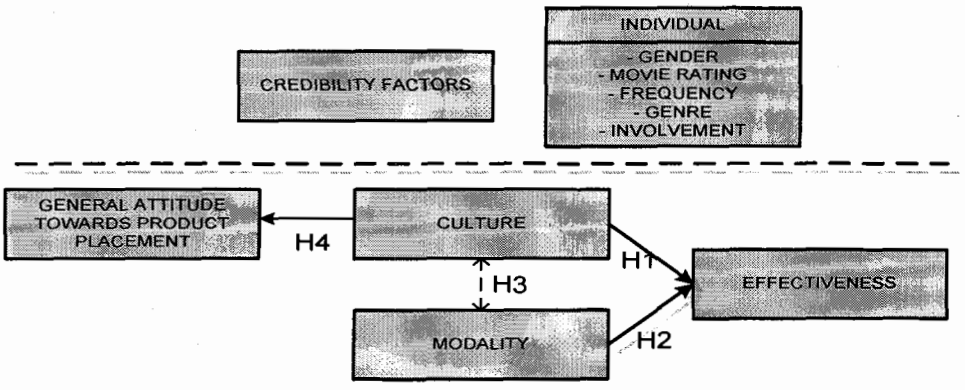
The extended model is shown below.

Figure 3.3: Extended Model



Given the nature of product placement and movie enjoyment in general, there were two things that should also be considered: the credibility factors of the actors involved and individual differences of the respondents. These individual differences include frequency of movie watching, genre, gender, movie rating, and involvement towards movies. Exploratory analysis was conducted to see any potential and interesting relationships between the two variables with the existing model as shown in the figure below.

Figure 3.4: Extended Model with Exploratory Variables



3.4 Memory Measurements

As discussed before, to measure the effect of modality on the effectiveness of product placement, implicit and explicit tests were administered to the respondents. These memory measurements will be used as dependent variables to test the two main hypotheses. The results of the implicit memory test should be able to confirm the results of the explicit memory measurement.

3.4.1 Implicit Memory Measurement – The Shopping Test

In employing the implicit memory measurement, respondents were asked to choose the brands they would like to purchase for themselves among the four listed brands in the same product category. Those that chose the target brand placed were coded as 1 and the rest were coded as 0.

An analysis was conducted to see whether a significant difference of effectiveness existed between the two culture groups across both movies. By looking at table 3.5 and table 3.6 (see below), it is clear that there was a significant difference on the effect of product placement on memory for these two cultural groups. Overall, 16.8% more Canadians chose the target placed brands in the implicit memory measurement across both modalities. The effect of the cultural difference on product placement effectiveness was significant with Pearson's Chi-Square at 6.114 (df = 1 and $p<0.05$). *Hypothesis One stated that product placement would have a greater effect on the Canadian group compared to the Chinese group. Based on this result, hypothesis One was supported.* A main effect of culture on implicit memory test was found.

Table 3.5: Cross Tabulation of Implicit Memory Measurement based on National Cultures

Shopping Test Measure		Culture		Total
		Chinese	Canadian	
Target Brand	Count	7	18	25
	Expected Count	12.5	12.5	25.0
	% within ShopExact	28.0%	72.0%	100.0%
	% within culture	11.7%	30.0%	20.8%
	% of Total	5.8%	15.0%	20.8%
Total	Count	60	60	120

Table 3.6: Chi-Square Test for Implicit Memory Test – by National Cultures

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.114(b)	1	.013		
N of Valid Cases	120				

An analysis on the overall effect of modality on memory found a significant effect. This result is consistent with previous research on the effect of modalities on the effectiveness of product placement (Gupta & Lord, 1998; Brennan et al., 1999; Russel, 2002). The number of respondents that chose the target placed brands were much higher for those who watched Hitch (high modality) compared to those who watched The Mexican (low modality). Only 8.3% or five people out of 60 who watched The Mexican clip chose the target placed brand while more than one third of sixty respondents who watched Hitch chose the target placed brand. A cross tabulation and subsequent Chi-Square test was conducted. Pearson's Chi-Square test revealed a significant difference between the two groups based on modality (Chi-Square 11.368 with df = 1 and significant at $p<0.001$). The results of these tests are shown on table 3.7 and table 3.8 below.

Hypothesis two stated that regardless of national cultures, product placement with low modality would be less likely to be effective compared to the product placement with high modality. *Based on the result of our analysis, hypothesis two would be accepted.* A main effect of modality on product placement effectiveness was found.

Table 3.7: Overall Tabulation for the Implicit Memory Test – by Type of Modality

Shopping Test Measure		Movie		
		Hitch	The Mexican	Total
Target brand	Count	20	5	25
	Expected Count	12.5	12.5	25.0
	% within ShopExact	80.0%	20.0%	100.0%
	% within Movie	33.3%	8.3%	20.8%
	% of Total	16.7%	4.2%	20.8%
Total	Count	60	60	120

Table 3.8: Chi-Square Tests for Implicit Memory Test – by Type of Modality

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	11.368(b)	1	.001		
N of Valid Cases	120				

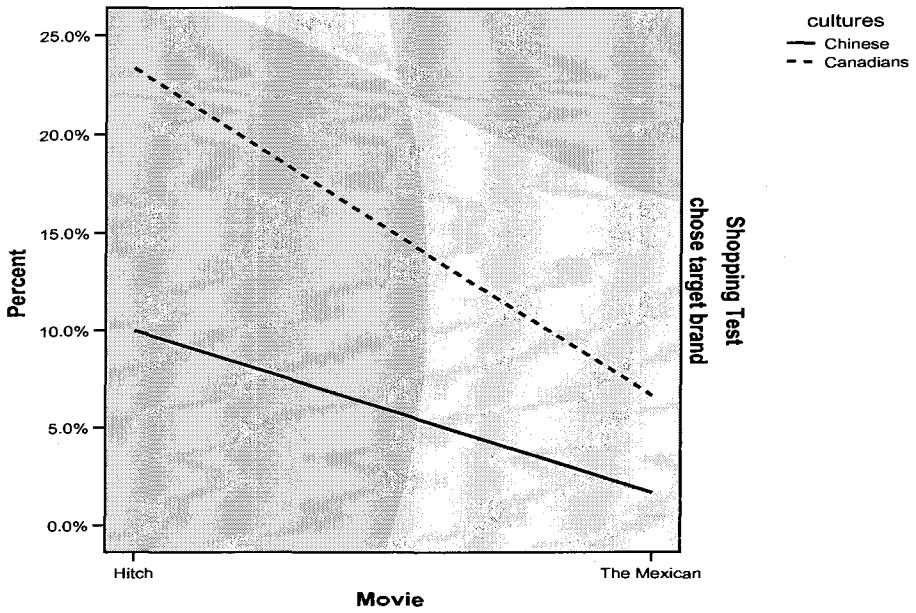
In testing hypothesis 3, we have to determine if the difference between high and low modality differs across cultures. As discussed before, the respondents were divided into four groups with each culture exposed to two different movie clips containing different types of modalities. A preliminary investigation using cross tabulation (table 3.9) showed that the effect of modality appeared to vary across cultures. Within the movie Hitch, which contained high modality, there was a significant difference between the two culture groups in regard to implicit memory measurement. However, there was a much smaller difference between the two cultures within the low modality group.

Table 3.9: Cross Tabulation of Implicit Memory Measurement based on Cultures And Modalities

Movie				Cultures		Total
				Chinese	Canadian	
Hitch	ShopExact	0	Count	24	16	40
			Expected Count	20.0	20.0	40.0
			% within ShopExact	60.0%	40.0%	100.0%
			% within ethnic	80.0%	53.3%	66.7%
			% of Total	40.0%	26.7%	66.7%
		1	Count	6	14	20
			Expected Count	10.0	10.0	20.0
			% within ShopExact	30.0%	70.0%	100.0%
			% within ethnic	20.0%	46.7%	33.3%
			% of Total	10.0%	23.3%	33.3%
	Total		Count	30	30	60
			Expected Count	30.0	30.0	60.0
			% within ShopExact	50.0%	50.0%	100.0%
			% within ethnic	100.0%	100.0%	100.0%
			% of Total	50.0%	50.0%	100.0%
The Mexican	ShopExact	0	Count	29	26	55
			Expected Count	27.5	27.5	55.0
			% within ShopExact	52.7%	47.3%	100.0%
			% within ethnic	96.7%	86.7%	91.7%
			% of Total	48.3%	43.3%	91.7%
		1	Count	1	4	5
			Expected Count	2.5	2.5	5.0
			% within ShopExact	20.0%	80.0%	100.0%
			% within ethnic	3.3%	13.3%	8.3%
			% of Total	1.7%	6.7%	8.3%
	Total		Count	30	30	60
			Expected Count	30.0	30.0	60.0
			% within ShopExact	50.0%	50.0%	100.0%
			% within ethnic	100.0%	100.0%	100.0%
			% of Total	50.0%	50.0%	100.0%

The line graph below clearly shows the different effect modality had among groups.

Figure 3.5: Percentage Target in Implicit Memory Measurement across Cultures and Movies



Pearson's Chi-Square analysis revealed that for the high modality movie, Hitch, Canadians chose the target placed brands more often than the Chinese. This difference was significant at p=0.028 (Chi-Square 4.800, df=1). On the other hand, within the movie The Mexican which had a low modality, both groups scored relatively the same. There was no significant difference between the two culture groups confirmed at p=0.161 (Chi-Square=1.964, df=1). The result suggests there may be an interaction effect.

In order to test hypothesis three, main effects of culture and modality, as well as the interaction between them was tested using logistic regression (table 3.10 and table 3.11). Logistic regression was used because the dependent variable is binary – selected target brand or not.

Table 3.10: Logistic Regression – Variables

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1(a)	Modality(1)	1.738	.650	7.154	1	.007	5.688
	Culture(1)	-1.495	1.150	1.691	1	.194	.224
	Culture(1) by Modality(1)	.243	1.290	.035	1	.851	1.275
	Constant	-1.872	.537	12.146	1	.000	.154

a Variable(s) entered on step 1: Modality, Culture, Culture * Modality .

Table 3.11: Logistic Regression – Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	103.809	.146	.229

Despite preliminary evidence that the effect of modality differed between cultures, logistic regression revealed that culture by modality interaction was not a significant predictor of product placement effectiveness (p = 0.851, model summary R square = 0.146). Thus, hypothesis three was rejected.

3.4.2 Explicit Memory Measurement – The Recognition Test

An explicit memory measurement tool was also administered to confirm the results revealed by implicit memory measurement tool and to see if there is any relationship between the two measurements. Respondents were asked to recall back to the movie they have just seen and choose the brands that they recognized. Respondents could choose as many brands that they want. Those who chose the target brand were coded accordingly.

The explicit memory measurement recorded a higher effectiveness of product placement compared to that of implicit memory measurement. Recalling back to table 4.5, the result of the shopping test revealed that only 33.3% of the respondents who watched the high modality movie chose the target placed brand and only 8.3% in the low modality movie. The recognition test substantially increased this percentage to 58.3% for the high modality and 15% for the low modality movie.

The next analysis compared the explicit memory measurement between the two cultures. As shown on table 3.12 below, there was a significant difference in the effectiveness of product placement between the two cultures with the Canadians scoring higher on recognition test across both modalities (Chi-Square=11.627, p=0.001 and df=1). This result confirmed the analysis conducted previously under the implicit memory measurement tool in testing hypothesis one. In addition, explicit memory measurement revealed a much higher score compared to that of implicit memory measurement (the shopping test).

Table 3.12: Cross Tabulation of Explicit Memory Measurement based on National Cultures

			Cultures		
			Chinese	Canadian	Total
recognized	wrong brand(s)	Count	47	29	76
		Expected Count	38.0	38.0	76.0
		% within recog_exact	61.8%	38.2%	100.0%
		% within culture	78.3%	48.3%	63.3%
		% of Total	39.2%	24.2%	63.3%
	correct brand	Count	13	31	44
		Expected Count	22.0	22.0	44.0
		% within recog_exact	29.5%	70.5%	100.0%
		% within culture	21.7%	51.7%	36.7%
		% of Total	10.8%	25.8%	36.7%
Total		Count	60	60	120
		Expected Count	60.0	60.0	120.0
		% within recog_exact	50.0%	50.0%	100.0%
		% within culture	100.0%	100.0%	100.0%
		% of Total	50.0%	50.0%	100.0%

The movie with high modality, Hitch, resulted in a higher score in recognition as shown in table 3.13 below. More than half of the respondents, at 58.3%, recognized the target placed brand in Hitch. On the other hand, only 15% of the respondents recognized the target placed brand in the movie The Mexican. The test was significant at p = 0.000 (Chi-Square=24.258, df=1). This result confirms the implicit test support of hypothesis two.

Table 3.13: Overall Tabulation for the Explicit Memory Test – by Type of Modality

			Movie		
			Hitch	The Mexican	Total
recognized	wrong brand(s)	Count	25	51	76
		Expected Count	38.0	38.0	76.0
		% within recog_ exact	32.9%	67.1%	100.0%
		% within Movie	41.7%	85.0%	63.3%
		% of Total	20.8%	42.5%	63.3%
	correct brand	Count	35	9	44
		Expected Count	22.0	22.0	44.0
		% within recog_ exact	79.5%	20.5%	100.0%
		% within Movie	58.3%	15.0%	36.7%
		% of Total	29.2%	7.5%	36.7%
Total		Count	60	60	120
		Expected Count	60.0	60.0	120.0
		% within recog_ exact	50.0%	50.0%	100.0%
		% within Movie	100.0%	100.0%	100.0%
		% of Total	50.0%	50.0%	100.0%

Next, a preliminary investigation using cross tabulation and a Chi-Square test was used to confirm the similarity of results of the two memory measurement tools by analyzing if the effect of modalities on product placement effectiveness varies across cultures.

Table 3.14: Cross Tabulation of Explicit Memory Measurement based on Cultures And Modalities

Movie				Cultures		Total
				Chinese	Canadian	
Hitch	recognized	wrong brand(s)	Count	19	6	25
			Expected Count	12.5	12.5	25.0
			% within recognized	76.0%	24.0%	100.0%
			% within culture	63.3%	20.0%	41.7%
			% of Total	31.7%	10.0%	41.7%
		correct brand	Count	11	24	35
			Expected Count	17.5	17.5	35.0
			% within recognized	31.4%	68.6%	100.0%
			% within culture	36.7%	80.0%	58.3%
			% of Total	18.3%	40.0%	58.3%
	Total		Count	30	30	60
			Expected Count	30.0	30.0	60.0
			% within recognized	50.0%	50.0%	100.0%
			% within culture	100.0%	100.0%	100.0%
			% of Total	50.0%	50.0%	100.0%
The Mexican	recognized	wrong brand(s)	Count	28	23	51
			Expected Count	25.5	25.5	51.0
			% within recognized	54.9%	45.1%	100.0%
			% within culture	93.3%	76.7%	85.0%
			% of Total	46.7%	38.3%	85.0%
		correct brand	Count	2	7	9
			Expected Count	4.5	4.5	9.0
			% within recognized	22.2%	77.8%	100.0%
			% within culture	6.7%	23.3%	15.0%
			% of Total	3.3%	11.7%	15.0%
	Total		Count	30	30	60
			Expected Count	30.0	30.0	60.0
			% within recognized	50.0%	50.0%	100.0%
			% within culture	100.0%	100.0%	100.0%
			% of Total	50.0%	50.0%	100.0%

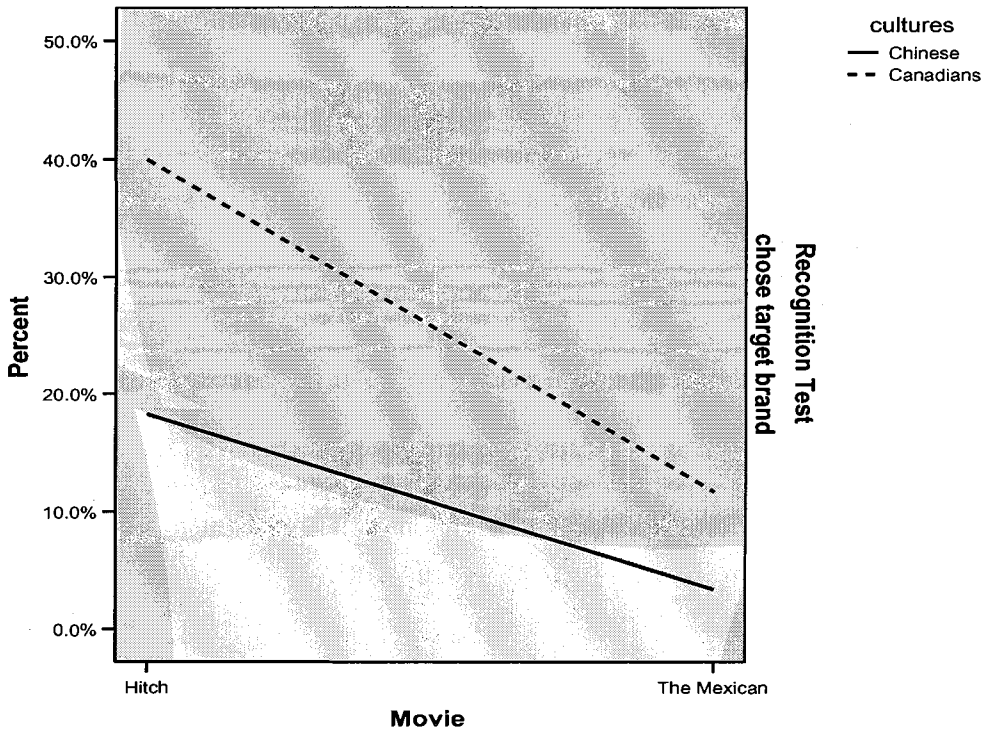
The result revealed a similar outcome as the implicit memory measurement test with significant difference between the two cultures only within high modality as shown in table 3.14 above and the subsequent Chi-Square test in table 3.15. The result of the preliminary test suggests there may be an interaction effect.

Table 3.15: Chi-Square Test for Explicit Memory Test Based on Cultures and Modalities

Movie		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Hitch	Pearson Chi-Square	11.589	1	.001		
	Continuity Correction	9.874	1	.002		
	Likelihood Ratio	12.050	1	.001		
	Fisher's Exact Test				.001	.001
	Linear-by-Linear Association	11.395	1	.001		
	N of Valid Cases	60				
The Mexican	Pearson Chi-Square	3.268	1	.071		
	Continuity Correction	2.092	1	.148		
	Likelihood Ratio	3.433	1	.064		
	Fisher's Exact Test				.145	.073
	Linear-by-Linear Association	3.214	1	.073		
	N of Valid Cases	60				

The figure below clearly shows the significant difference that exists across the two cultural groups and modalities in recognizing the target placed brand(s).

Figure 3.6: Percentage Target in Explicit Memory Measurement across Cultures and Movie



In testing hypothesis three, main effects of culture and modality, as well as interaction between them were tested using logistic regression.

Table 3.16: Logistic Regression – Variables

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1(a)	Modality(1)	2.576	.628	16.812	1	.000	13.143
	Culture(1)	-1.449	.850	2.910	1	.088	.235
	Culture(1) by Modality(1)	-.483	1.036	.218	1	.641	.617
	Constant	-1.190	.432	7.594	1	.006	.304

a Variable(s) entered on step 1: Modality, Culture, Culture * Modality .

Table 3.17: Logistic Regression – Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	116.746	.289	.396

As shown by tables 3.16 and 3.17, similar to the test on implicit memory measurement scores, logistic regression analysis revealed that culture by modality interaction effect was not a significant predictor of product placement effectiveness.

Based on the analyses above, the results of implicit memory test confirmed the results of explicit memory measurement. Further, the explicit memory measurement revealed a higher score of effectiveness all around (see table below).

Table 3.18: Effectiveness Score Comparison

		Implicit Target Count		Explicit Target Count	
Hitch	Chinese	6	10.00%	11	18.30%
	Canadian	14	23.30%	24	40%
Total Target Brand within the movie Hitch		20		35	
The Mexican	Chinese	1	1.70%	2	3.30%
	Canadian	4	6.70%	7	11.70%
Total Target Brand within the movie The Mexican		5		9	
Total Chinese Target Brand within each test		7		13	
Total Canadians Target Brand Within each test		18		31	

3.5 Attitude towards Product Placement

Recalling the extended model, hypothesis four stated that *Canadians would have a more positive general attitude towards product placement*. To test this hypothesis, a set of attitude items were used to measure the respondents' overall attitude toward product placement. These items were based on attitude items developed by Gupta and Gold (1997) in their attempt to measure consumers' perception of the ethics and acceptability of product placement in movies. Only 17 of the original 30 items were relevant to the current study (as previously discussed in the methodology section).

A factor analysis was conducted on the 17 items with KMO and Bartlett's test significant at p = 0.000 and KMO = 0.796. The result is shown below.

Table 3.19: Summary Result of Reliability Tests – Attitude towards Product Placement Factors

Factor	Variable Name	Statement	Factor Loadings	Reliability Score (Cronbach's)
1	General attitude towards product placement	Option of refund	0.792	0.867
		Misleading info	0.659	
		Regulation	0.709	
		Prohibition	0.810	
		Compensation	0.774	
		Appearance	0.523	
2	Perceived realism	Fictitious vs Real	0.739	0.716
		Fictitious vs Real - preference	0.680	
		Realism	0.811	
3	Commercial purpose	Prominent placement	0.645	0.739
		Commercial intent	0.707	
		Unethical influence	0.736	
4	Influence	Commercials in disguise	0.810	0.612
		Influence	0.785	
5	Disclosure & fairness	Price reduction	0.792	0.530
		Disclosure	0.742	

The analysis resulted in five factors with Eigen values greater than 1. The five factors explained 69.142% of the variance and all items had communalities greater than 0.53 and most were in the range of 0.60 to 0.70. The factors were then tested for reliability. It should be noted that the fourth and fifth factors showed considerably lower reliability scores with only two items in each factor.

New variables were created by averaging the items related to each factor and testing them to explore potential relationships. Independent sample t tests were conducted on the five factors. Significant differences between cultures were found only on two factors: general attitude towards product placement and disclosure. The results of the test are summarized in the tables below.

Table 3.20: T-Tests – Attitudes toward Product Placement

	T-tests between Cultural Groups		
Variables	df	t	p
General attitude towards product placement	118	4.484	0.000
Perceived realism	118	4.489	0.313
Commercial purpose	118	1.640	0.052
Disclosure	118	1.952	0.027
Influence	118	-1.003	0.159

Note: all p values are one tailed

Table 3.21: Group Means – Attitudes toward Product Placement

	Culture	N	Mean	Std. Deviation	Std. Error Mean
General Attitude	Chinese	60	3.3194	1.17101	.15118
	Canadians	60	2.3500	1.19742	.15459
Perceived Realism	Chinese	60	3.1111	1.21147	.15640
	Canadians	60	2.9944	1.39746	.18041
Commercial Purpose	Chinese	60	3.3000	1.46227	.18878
	Canadians	60	2.8944	1.23735	.15974
Influence	Chinese	60	4.5417	1.19778	.15463
	Canadians	60	4.7833	1.43020	.18464
Disclosure & Fairness	Chinese	60	4.6417	1.25918	.16256
	Canadians	60	4.1333	1.57541	.20338

Hypothesis four stated that *Canadians would have a more positive general attitude towards product placement. Based on the result, the hypothesis was supported.*

3.6 Scales Testing

Other variables that might explain differences between cultures were also examined.

3.6.1 Exploring Movies

The second section of the questionnaire explored the various relationships and effects caused by movies in general and the specific movies used in the experiment.

3.6.1.1 Levels of Enjoyment

Respondents were asked to indicate their levels of agreement with two statements. The first statement asked if they enjoy watching movies in general and the second asked if they enjoy watching the movie just shown. An independent samples t test was conducted to see if two cultures varied in their levels of enjoyment.

Table 3.22: Level of Enjoyment Group Means based on Cultures

	Culture	N	Mean	Std. Deviation	Std. Error Mean
movies in general	Chinese	60	5.30	1.740	.225
	Canadians	60	5.77	1.395	.180
movies just shown	Chinese	60	4.87	1.652	.213
	Canadians	60	5.58	1.344	.174

Based on the result, there was no significant difference between the two culture groups in regard to their level of enjoyment in watching movies in general (p=0.108). However, the level of enjoyment in watching the movie just shown differed between the two culture groups. This difference was significant at p=0.010 as shown in table 3.23 below.

Table 3.23: Independent Sample T Test for Levels of Enjoyment

		Levene's Test		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
movies in general	Equal variances assumed	1.944	.166	-1.62	118	.108	-.467	.288	-1.037	.103
movie just shown	Equal variances assumed	1.889	.172	-2.61	118	.010	-.717	.275	-1.261	-.172

3.6.1.2 Attitude toward the Movie

In measuring their attitude towards the movie just shown, respondents were asked to rate their experience. A semantic differential seven points scale consisted of four items: bad-good, unpleasant-pleasant, unfavorable-favorable, strongly dislike-strongly like. Mitchell (2005) adapted the scale used by MacKenzie & Lutz (1989) by adding the fourth item to the original scale.

A factor analysis was run on the four items. Initial KMO and Bartlett's test revealed that each item was not completely independent from each other (significant at p=0.000 and KMO=0.846). One factor explained 86.653% of the variance as shown in table 4.19 to table 4.21.

Table 3.24: Communalities – Attitude towards the Movie Just Shown

	Initial	Extraction
ra_good	1.000	.886
ra_pleas	1.000	.822
ra_fav	1.000	.877
ra_like	1.000	.880

Extraction Method: Principal Component Analysis.

Table 3.25: Total Variance Explained – Attitude towards the Movie Just Shown

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.466	86.653	86.653	3.466	86.653	86.653
2	.250	6.250	92.903			
3	.170	4.241	97.144			
4	.114	2.856	100.000			

Extraction Method: Principal Component Analysis.

Table 3.26: Component Matrix - Attitude towards the Movie Just Shown

	Component
	1
ra_good	.941
ra_pleas	.907
ra_fav	.937
ra_like	.938

Extraction Method: Principal Component Analysis.
a 1 components extracted.

Reliability test showed that inter-item Cronbach's alpha to be 0.948 and minimum inter-item correlation to be above 0.769. Based on this result and previous research, the four items were treated as a one-dimensional construct:

Movie Experience Rated. The new variable was then tested between the two cultural groups.

Table 3.27: Movie Experience Rated Group Means based on Culture

	Culture	N	Mean	Std. Deviation	Std. Error Mean
Movie experience rated	Chinese	60	4.8000	1.33626	.17251
	Canadians	60	5.3833	1.11278	.14366

Table 3.28: Independent Sample T Test for Movie Experience Rated

		t-test for Equality of Means						
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Movie experience rated	Equal variances assumed	-2.598	118	.011	-.58333	.22449	1.02789	-.13877

As shown by the tables above, independent sample T test revealed that there was a significant difference between the two cultural groups in regard to their movie experience ($p = 0.011$). Canadians rated their movie experience more positively than the Chinese.

3.6.1.3 Genre

The genre of a particular movie could affect the emotion and perception of the viewers. To analyze the potential effect of culture on genre, an independent t test was conducted.

Table 3.29: Genre Group Means based on Culture

	Culture	N	Mean	Std. Deviation	Std. Error Mean
genre	Chinese	60	3.47	1.408	.182
	Canadians	60	4.50	2.029	.262

Table 3.30: Independent Sample T Test for Genre

Independent Samples Test - Between Cultures

		Levene's Test for Equality of Variance		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
genre	Equal variances not assumed	15.394	.000	3.241	118	.002	-1.033	.319	-1.665	-.402

Based on the result, there was a significant difference between the two cultural groups. This difference was significant at p = 0.002 with Canadians having more enjoyment in watching movies in the same genre as the movie just shown to them.

3.6.1.4 Movie Involvement

The last question of the second section of the questionnaire measured the respondents' level of involvement toward movies. The reduced Personal Involvement Inventory (PII) scale developed by Zaichkowsky (1994) consisted of ten items. It is also important to note that this study made no attempt to differentiate the scales into cognitive and affective groupings.

The results of the factor analysis are shown in tables below. Initial KMO and Bartlett's test revealed a significant result at p = 0.000 and KMO = 0.915. Subsequent analysis also revealed that the ten items loaded into one component which explained 70.554% of the variance as shown in table 4.23 and table 4.24.

Table 3.31: Communalities – Involvement towards Movies

Items	Initial	Extraction
Unimportant - important	1.000	.757
Boring - Interesting	1.000	.749
Irrelevant - Relevant	1.000	.713
Unexciting - Exciting	1.000	.653
Means Nothing – Means a lot	1.000	.653
Unappealing - Appealing	1.000	.688
Mundane - Fascinating	1.000	.718
Worthless - Valuable	1.000	.737
Uninvolving - Involving	1.000	.712
Not needed - Needed	1.000	.674

Extraction Method: Principal Component Analysis.

Table 3.32: Total Variance Explained – Involvement towards Movies

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.055	70.554	70.554	7.055	70.554	70.554
2	.937	9.369	79.923			
3	.425	4.251	84.173			
4	.392	3.917	88.091			
5	.299	2.987	91.078			
6	.247	2.471	93.549			
7	.238	2.376	95.925			
8	.169	1.693	97.617			
9	.127	1.273	98.891			
10	.111	1.109	100.000			

Extraction Method: Principal Component Analysis.

Table 3.33: Component Matrix – Involvement towards Movies

	Component
	1
Unimportant - important	.870
Boring - Interesting	.866
Irrelevant - Relevant	.845
Unexciting - Exciting	.808
Means Nothing – Means a lot	.808
Unappealing - Appealing	.829
Mundane - Fascinating	.848
Worthless - Valuable	.858
Uninvolving - Involving	.844
Not needed - Needed	.821

Extraction Method: Principal Component Analysis.

Reliability test showed inter-item Cronbach's alpha to be 0.954. Based on these results, the ten items were treated as one dimensional construct. Averaging the items, one variable was created: Movie Involvement; that would be used for further analysis.

Using the newly created variable, Movie Involvement, an independent sample T test was conducted to investigate any significant difference between the two cultural groups. The result of the test showed that there was no significant difference between the groups in regard to their movie involvement as shown by the two tables below.

Table 3.34: Movie Involvement Group Means based on Culture

	ethnicity	N	Mean	Std. Deviation	Std. Error Mean
Movie Involvement	Chinese	60	4.9883	1.19336	.15406
	Canadians	60	5.2300	1.17564	.15177

Table 3.35: Independent Sample T test for Movie Involvement

		t-test for Equality of Means						
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Movie Involvement	Equal variances assumed	1.117	118	.266	-.24167	.21627	-.66993	.18660

3.6.2 Source Credibility Scale

The last scale to be tested is the source credibility scale. Given the gender difference of the actors and the potential effect of modality in each of the movie stimuli, in addition to culture, this scale would also be analyzed against gender and modality.

A 15 items semantic differential scale developed by Ohanian (1990) was employed to measure the respondents' perception toward the movie stars in the clips. As indicated in his paper, Ohanian developed the scale to measure the celebrity's endorsement power through their perceived expertise, trustworthiness and attractiveness. It should be noted that, based on the pre test of the questionnaire, the scale used in this study had excluded one item within the expertise factor due to some confusions from the participants leaving 14 items to be used in the current study.

The first test to be conducted was to run factor analysis on the 14 items. KMO and Bartlett's test revealed that these items were not completely independent from each other ($p = 0.000$, $KMO = 0.814$). Rotated factor loadings resulted in three components explaining 69.148% of the variance which were then tested for reliability. The results of these tests are shown in the tables below. The first factor consisted of items attractiveness, classy, beautiful, elegant and sexy. Cronbach's Alpha for these four items was 0.864. The second factor consisted of items dependable, honest, reliable, sincere, and trustworthy. Cronbach's Alpha for these items was 0.855. The last factor consisted of items

expert, knowledgeable, qualified, and skilled with a Cronbach's Alpa score of 0.872.

The item factor structure was an exact replica of the Ohanian's factor analysis model. Three new variables were created by averaging the items related to each factor and were labeled as Attractiveness, Trustworthiness and Expertise.

Table 3.36: Communalities – Source Credibility Scale

	Initial	Extraction
attract	1.000	.689
class	1.000	.583
beaut	1.000	.675
eleg	1.000	.610
sexy	1.000	.741
depend	1.000	.422
honest	1.000	.740
rely	1.000	.862
sincere	1.000	.691
trust	1.000	.688
expert	1.000	.723
know	1.000	.671
qualify	1.000	.825
skill	1.000	.762

Extraction Method: Principal Component Analysis.

Table 3.37: Rotated Component Matrix - Source Credibility Scale

	Component		
	1	2	3
attract	.767		
class	.669		
beaut	.792		
eleg	.743		
sexy	.814		
depend		.589	
honest		.852	
rely		.895	
sincere		.768	
trust		.739	
expert			.843
know			.741
qualify			.860
skill			.841

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

The next step is to explore any potential relationships between the three newly created factors with the gender and culture of the respondents. Independent t tests were conducted on all the three factors and there was no significant difference between the genders in evaluating the actors. However, there was a significant difference between the cultures in the attractiveness and trustworthiness factors as shown in the table below.

Table 3.38: Results of Independent T-tests – Gender

	Male Mean Score	Female Mean Score	df	t	p
Attractiveness	4.90	5.02	118	-0.57	0.568
Trustworthiness	4.41	4.50	118	-0.44	0.664
Expertise	4.90	5.02	118	-0.55	0.584

Table 3.39: Results of Independent T-tests – Culture

	Chinese Mean Score	Canadians Mean Score	df	t	p
Attractiveness	4.66	5.27	104.53	-3.09	0.003
Trustworthiness	4.00	4.92	118	-4.62	0.000
Expertise	4.84	5.08	102.51	-1.12	0.264

A 2*2*2 Anova design was conducted to see potential main and interaction effects between the types of modality, the respondents' gender and their culture on each individual factor of attractiveness, trustworthiness and expertise. The analysis revealed several interesting outcomes. Each of these tests is shown below.

Table 3.40: Tests of Between-Subjects Effects - Dependent Variable: Attractiveness

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	31.412(a)	7	4.487	4.325	.000
Intercept	2925.555	1	2925.555	2819.5	.000
gender	.254	1	.254	.245	.622
Culture	9.907	1	9.907	9.548	.003
Modality	5.404	1	5.404	5.208	.024
gender * Culture	7.428	1	7.428	7.159	.009
gender * Modality	3.201	1	3.201	3.085	.082
Culture * Modality	1.831	1	1.831	1.764	.187
gender * Culture * Modality	2.324	1	2.324	2.239	.137
Error	116.215	112	1.038		
Total	3107.760	120			
Corrected Total	147.627	119			

a R Squared = .213 (Adjusted R Squared = .164)

Figure 3.7: Main Effect Culture – Dependent Variable Attractiveness

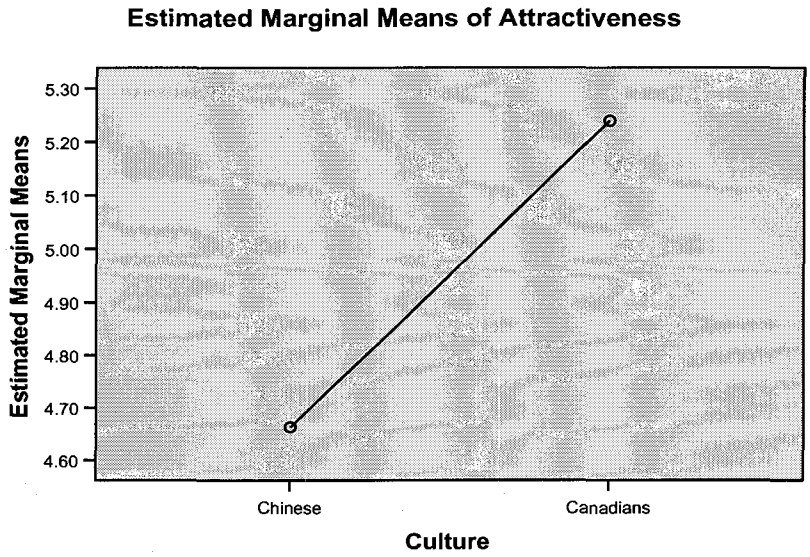


Figure 3.8: Main Effect Modality – Dependent Variable Attractiveness

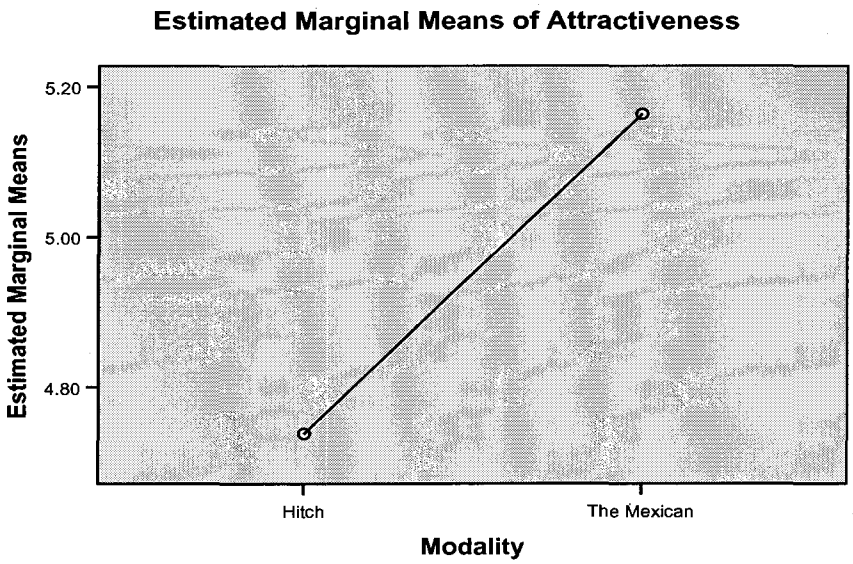
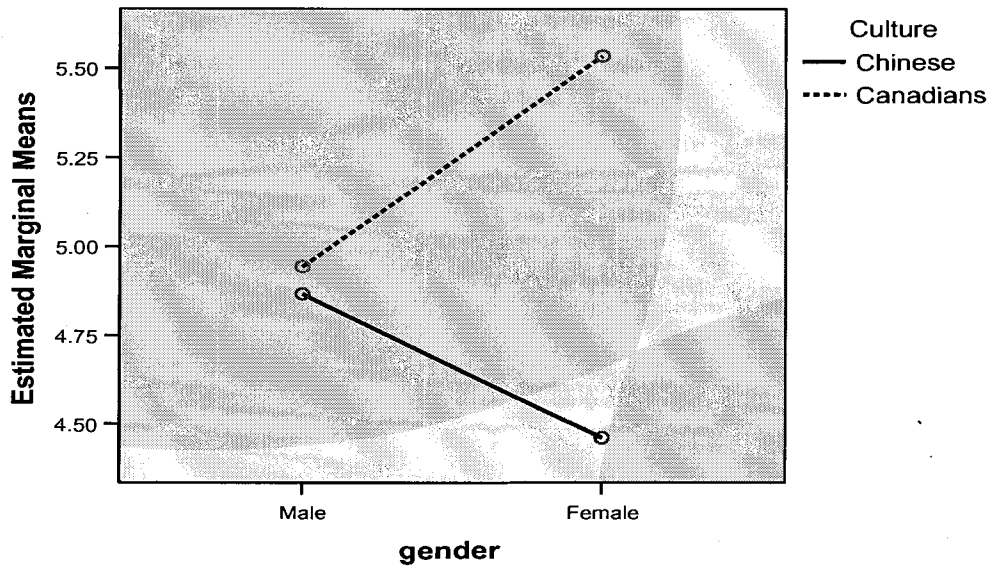


Figure 3.9: Interaction Gender X Culture – Dependent Variable Attractiveness



Looking at the above tables and figures, it is clear that in addition to the main effects of culture and modality, a significant interaction between gender and culture also existed in evaluating actors' attractiveness. As shown by figure 4.7 above, there was a much wider difference in attractiveness scores within the female group compared to that of the male group.

The tables and figures below show the results of analysis conducted In evaluating the actors' trustworthiness. Looking at table 4.6, there were significant main effects of movie and culture but no interaction existed among the tested variables.

Table 3.41: Tests of Between-Subjects Effects - Dependent Variable:Trustworthiness

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	36.179(a)	7	5.168	4.474	.000
Intercept	2373.866	1	2373.866	2054.827	.000
gender	.096	1	.096	.083	.774
Culture	25.277	1	25.277	21.880	.000
Modality	9.575	1	9.575	8.288	.005
gender * Culture	.406	1	.406	.352	.554
gender * Modality	.783	1	.783	.677	.412
Culture * Modality	.065	1	.065	.057	.812
gender * Culture * Modality	.004	1	.004	.003	.954
Error	129.389	112	1.155		
Total	2552.560	120			
Corrected Total	165.568	119			

a R Squared = .219 (Adjusted R Squared = .170)

Figure 3.10: Estimated Marginal Means of Trustworthiness – Across Modalities

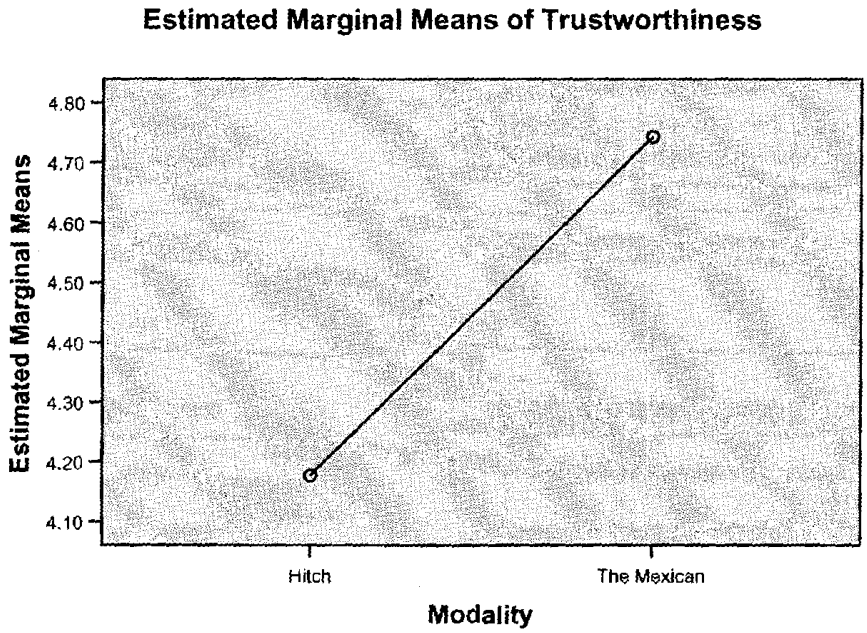
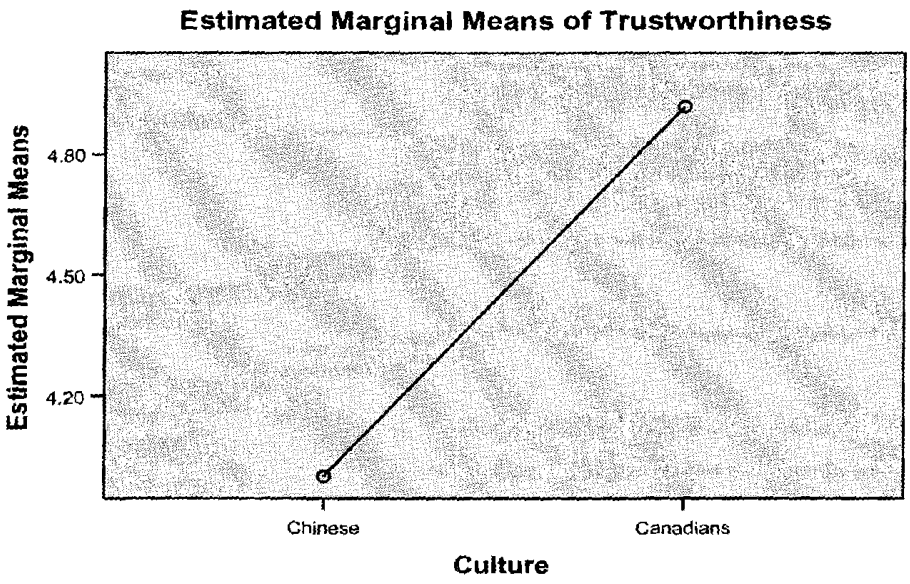


Figure 3.11: Estimated Marginal Means of Trustworthiness – Across Cultures



The last factor to be analyzed was the expertise factor. Table 4.7 below shows that no significant main effect or interaction existed in evaluating the expertise factor.

Table 3.42: Tests of Between-Subjects Effects - Dependent Variable:Expertise

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	7.197(a)	7	1.028	.755	.626
Intercept	2928.171	1	2928.171	2149.782	.000
gender	.326	1	.326	.240	.625
Culture	1.498	1	1.498	1.099	.297
Modality	1.114	1	1.114	.818	.368
gender * Culture	.713	1	.713	.523	.471
gender * Modality	.653	1	.653	.480	.490
Culture * Modality	2.230	1	2.230	1.637	.203
gender * Culture * Modality	.420	1	.420	.309	.580
Error	152.553	112	1.362		
Total	3112.438	120			
Corrected Total	159.749	119			

a R Squared = .045 (Adjusted R Squared = -.015)

All of the three factors (attractiveness, trustworthiness, and expertise) were tested against variables modality, gender, and culture. The result is summarized as follow:

Table 3.43: Results of Source Credibility Factors Analysis

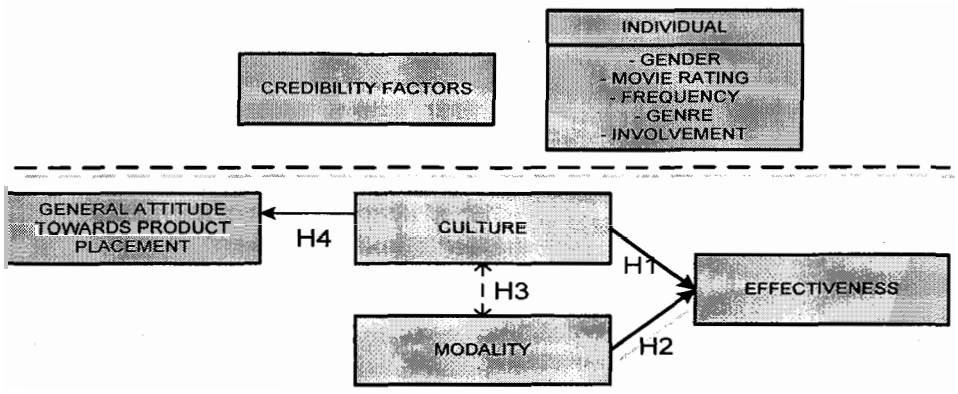
Factors	Main Effects	Interaction
Attractiveness	Modality, Culture	Gender X Culture
Trustworthiness	Modality , Culture	None existed
Expertise	None existed	None existed

It is interesting to note that there was no significant main effect or interaction for the factor expertise. On the other hand, a significant main effect of culture was observed for both attractiveness and trustworthiness factors.

3.7 Model Testing

In this section, the proposed model along with other exploratory variables will be analyzed using logistic regression method. The figure below is showing the extended model with the exploratory variables.

Figure 3.12: Extended Model with Exploratory Variables



The core model proposed that culture and modality would affect the effectiveness of product placement and that general attitude of product placement would be influenced by culture. In addition, in regard to the effectiveness of product placement, credibility factors and individual differences were the two variables that needed to be explored further. The following table summarizes the result of the tests.

Table 3.44: Logistic Regression Results – Model Testings

		Implicit – Shopping Test				Explicit – Recognition Test			
Model	Independent Variables	Model Coeff	Exp(B)	Classif. Rate	p	Model Coeff	Exp(B)	Classif. Rate	p
Core	**Culture**	**0.000**	**0.271**	**79.2**	**0.012**	0.000	**0.168**	78.3	0.000
	Modality		6.067		0.001		11.138		0.000
2	Culture	0.000	0.224	79.2	0.194	0.000	0.235	78.3	0.088
	Modality		5.688		0.007		13.143		0.000
	Culture X Modality		1.275		0.851		0.641		0.641
3	Culture	0.002	0.183	79.2	0.366	0.000	0.110	80.0	0.118
	Modality		5.486		0.009		19.549		0.000
	General Attitude		1.165		0.529		0.570		0.069
	Culture X Modality		1.348		0.818		0.414		0.422
	Culture X Gen Attitude		1.005		0.991		1.559		0.301
4	Culture	0.001	0.359	78.3	0.066	0.000	0.185	79.2	0.002
	Modality		7.302		0.001		12.810		0.000
	Attractiveness		1.467		0.234		1.239		0.450
	Trustworthiness		1.074		0.790		1.114		0.671
	Expertise		0.992		0.974		0.724		0.175
5	Culture	0.004	0.419	82.5	0.125	0.000	0.193	79.2	0.002
	Modality		7.514		0.001		15.240		0.000
	Gender		0.642		0.402		1.095		0.851
	Frequency				0.944				0.337
	Frequency 1 (dummy)		1.277		0.833		1.373		0.764
	Frequency 2 (dummy)		1.362		0.711		1.893		0.404
	Frequency 3 (dummy)		0.941		0.940		0.622		0.527
	Genre		1.300		0.092		1.186		0.293
	Movie Involvement		1.166		0.587		1.009		0.971
	Movie Rate		1.263		0.352		0.047		0.102

Looking at the table above, there were several factors that were evident. Culture and modality were the main significant predictors for these models although implicit and explicit memory measurements revealed different results of culture significance. For both memory tests, the significance level of culture decreased with each addition of independent variable to the core model. For implicit memory test, culture was a significant predictor for the core model but was not a significant predictor for model two, three, four and five. For explicit memory test, culture was a significant predictor for model one, four and five. It seems that when attractiveness factors and subjects' interaction with movies were added to the core model, the significance of culture as a predictor of product placement effectiveness increases. Based on these factors, the effect of culture on product placement effectiveness should be interpreted with caution.

CHAPTER 4: DISCUSSION

The purpose of this study was to (a) determine if product placement is effective across Chinese and Canadian cultures and (b) determine contributing factors to its effectiveness across cultures. The findings revealed that product placement is effective across cultures. Both cultures recorded higher explicit and implicit memory performance after exposure to high modality stimulus compared to that of low modality stimulus. Implicit and explicit memory measurements also revealed different results which supported the findings by Law and Braun (2000) with higher recognition scores compared to that of the shopping test. Although, it was likely that this could also result from the greater number of target responses in the explicit memory test providing more variance to be explained.

Initial findings seemed to support hypothesis three which proposed the existence of culture by modality interaction effect on product placement effectiveness. Significant difference existed between the Chinese and Canadian only for high modality stimulus while the two cultural groups reported no significant difference in their memory performance for low modality stimulus. This pattern applied for both explicit and implicit memory measurement. However, logistic regression tests for both explicit and implicit memory measurement scores showed that culture by modality interaction effect was not a significant predictor of product placement effectiveness. Explorative analyses of individual interaction effect and model testing confirmed this finding.

As for other contributing factors of effectiveness across cultures, clearly modality plays a great part in influencing product placement effectiveness. However, varying degree of effectiveness that occurred between cultures as described before leads to the suggestion that culture also plays a part. In exploring this idea, we turn to analysis results of other possible contributing factors. It was proposed that culture could influence general attitude towards

product placement but general attitude towards product placement should have no bearing on memory based performance. Next, the analysis of several movie variables revealed that significant differences between the two cultures existed only on several variables: level of enjoyment in watching the movie stimulus just shown, their movie watching experience and genre liking. Canadians scored more positively on all aspects than their Chinese counterparts. The last contributing factor to be analyzed was the source credibility scales. In the three factors analyzed (attractiveness, trustworthiness, and expertise), main effects of culture were present only in attractiveness and trustworthiness factors with interaction of gender X culture existed in the attractiveness factor.

The findings seemed to suggest that cultural influence on the variables mentioned above impacted memory based performance of product placement. To confirm, a set of logistic regression analysis was conducted with memory based performance scores as dependent variable and contributing factors as independent variables. As shown in table 3.45, the contributing factors mentioned previously were not significant predictors of the effectiveness of product placement. Modality and culture were the only significant predictors although the influence of culture varies with each addition of independent variable in implicit memory measurement. In analyzing the different variables where significant difference between cultures existed and by taking into account the result of logistic regression analysis, one possible explanation can be offered. The cultural influence on the effectiveness of product placement in this study could stem from differences in advertising knowledge and awareness, in particular, on the practice of product placement. It could also result from differences in familiarity of Hollywood movies and stars between the two cultures. If this is the case, with the increased rate of globalization and cultural exchanges, we could see a converging effect of product placement in Hollywood movies in the future. Unfortunately, the current study did not use Chinese actors that have "crossed over" to Hollywood such as Jackie Chan and Ziyi Zhang that could shed some light into this issue.

CHAPTER 5: IMPLICATIONS AND LIMITATIONS

The results of the current study revealed that product placement can offer a new and effective way to promote brands across culture and can be an integral part of a marketing mix. The findings revealed that product placement is effective across cultures. Although other variables captured some of the differences between the two groups, modality remained the main driver distinguishing the two groups. However, the effect of modality could have been exaggerated by the confounding effect of brand familiarity which will be discussed later as one of the limitations of the current study.

If modality is the main driver of product placement effectiveness, there could be concerns regarding inverse effect of modality strength and attitude towards the brand. A product placement that is "too much" may lead to consumers' skepticism on the brand (Bhatnagar, Aksoy and Malkoc, 2003, p. 109). However, this should not be an issue for product placement of non controversial products aiming to gain brand awareness. Taken from a different perspective, if exposure from the product placement resulted in higher memory performance of the brand, the promotion can be considered as effective. Cultural and individual differences should not be disregarded as unimportant to the mix. When it comes to controversial products such as tobacco, condoms or alcohol, extra care should be taken. For example, a prominent product placement featuring an alcoholic drink in a religious country might instigate a backlash. Awareness of the brand is increased but the image of the brand could be tarnished. On the other hand, product placement could offer exposure to a targeted niche market if the target audience of the movie is similar to the brand's target market.

Based on the results of the current study, the dollar value of a cross cultural product placement should be based on its modality. Analysis results

revealed that although culture might influence how consumers react to the movie and the actors involved, these factors were not significant predictors of product placement effectiveness across cultures. The current study did not control for commercial success of the movies and "star power" of the actors. Future research of product placement effectiveness across cultures should consider these two additional variables in evaluating the dollar value of product placement.

As for limitations, besides the small sample size, the current study also suffers from the possible effect of acculturation process on the Chinese subjects. Although every effort was made to filter the effect by controlling for length of stay and legal status, the use of Chinese students studying in a Canadian university severely limits the validity of the current study. A screening process that employed cultural identity scales could have been used to determine the level of acculturation for the Chinese subjects. In addition, Canadian subjects could have had greater level of familiarity of the brands and movies used in the study due to its cultural and geographical proximity to the United States. To minimize this effect, an initial pre test was conducted to evaluate the level of knowledge and awareness of the sample population in both cultural groups in regard to the movies and target brands used in the study. Previous exposure to the movie stimulus was also a concern but previous research by Karrh (as cited in Babin & Carder, 1996, p. 142) found no influence of previous exposure on memory based performance scores. As mentioned previously, modality confounded with brand familiarity which could have exaggerated the effect of modality in this study. However, the brand TAB was unfamiliar for both cultures therefore the culture modality interaction was not confounded. A control group for each cultural group that answer the survey without watching the movie stimuli would have been helpful in testing the effect of modality and culture and their interaction on product placement effectiveness. Another concern is the possibility of contamination between explicit and implicit memory measurements tasks exaggerated with chi square test that revealed a significant relationship between the two measurements. The questionnaire was designed to provide distraction between the two measurements. However, administering the test in the

beginning and at the end of the questionnaire would have allowed for longer time lapse and smaller contamination between the tests. Lastly, about sixty percent of the subjects completed their questionnaires at home. This lack of control over the environment and stimuli could have affected the results of the study.

APPENDICES

Appendix 1: Implicit test questionnaire version 1

Instructions:

1. **Please go to www.sfu.ca/~ragarwal and click on Hitch and view the**
2. **Answer the question below.**
3. **Do the survey attached.**
4. **Thank you very much!**

Let's go shopping!!

You have the option to purchase for yourself, ONE ITEM from the choice set below. Please select the item you want to purchase for yourself:

☐ Zyrtec

☐ Benadryl

☐ Claritin

☐ Allegra

Appendix 2:Implicit test questionnaire version 2

Instructions:

1. **Please go to www.sfu.ca/~casriel and click on The_Mexican and view the clip**
2. **Answer the question below.**
3. **Do the survey attached.**
4. **Thank you very much!**

Let's go shopping!!

You have the option to purchase for yourself, ONE ITEM from the choice set below. Please select the item you want to purchase for yourself:

☐ Tab

☐ Dr. Pepper

☐ Pepsi

☐ PC Cola

Appendix 3:Complete Questionnaire

Thank you for taking your time to fill out this questionnaire. It will approximately take 10 minutes of your time. Your will be contributing to issues that are not well understood by researchers at this time, and therefore your input is extremely valuable. Please note that your participation is voluntary and you may stop at any time if you must.

By agreeing to fill this questionnaire you are giving your consent to participate in this study. Any information that is obtained during this study will be kept confidential to the full extent permitted by the law. Knowledge of your identity is not required. You will not be required to write your name or any other identifying information on research materials. Materials will be maintained in a secure location.

Please answer each question on this questionnaire. If you have any questions regarding this questionnaire, please feel free to ask me.

Questions regarding this research can be addressed to:

Ciska Asriel (Researcher) – casriel@sfu.ca
Professor Collins-Dodd (Thesis Supervisor) – dodd@sfu.ca

Concerns or complaints regarding this research can be addressed to:

Dr. Ernie Love – Dean of Business Administration, SFU – love@sfu.ca

Please submit all completed questionnaires to:

Ciska Asriel's Office – WMX 2351.1
Ciska Asriel's Drop Box – WMX Fourth Floor

THANK YOU FOR YOU TIME AND CONTRIBUTION!

Please indicate the extent to which you agree with the following statements by circling ONE number for each item.

	Strongly Disagree						Strongly Agree
I enjoy watching movies in general	1	2	3	4	5	6	7
I enjoy watching the movie just shown	1	2	3	4	5	6	7

Please check as many brands that you can recognize from the movie just shown

- ☐ Aerius
- ☐ Dimetapp
- ☐ Pepsi
- ☐ V8
- ☐ Benadryl
- ☐ Coke
- ☐ Root Beer
- ☐ Honda
- ☐ Tab
- ☐ Dominos
- ☐ Do not recall seeing any of these brands

How would you describe the actor in the movie just shown? Circle ONE number only for each item.

Unattractive	1	2	3	4	5	6	7	Attractive
Not Classy	1	2	3	4	5	6	7	Classy
Ugly	1	2	3	4	5	6	7	Beautiful
Plain	1	2	3	4	5	6	7	Elegant
Not Sexy	1	2	3	4	5	6	7	Sexy
Undependable	1	2	3	4	5	6	7	Dependable
Dishonest	1	2	3	4	5	6	7	Honest
Unreliable	1	2	3	4	5	6	7	Reliable
Insincere	1	2	3	4	5	6	7	Sincere
Untrustworthy	1	2	3	4	5	6	7	Trustworthy
Not an Expert	1	2	3	4	5	6	7	Expert
Unknowledgeable	1	2	3	4	5	6	7	Knowledgeable
Unqualified	1	2	3	4	5	6	7	Qualified
Unskilled	1	2	3	4	5	6	7	Skilled

Please indicate how you would rate the movie just shown on the following dimensions. Circle ONE number only for each item.

Bad	1	2	3	4	5	6	7	Good
Unpleasant	1	2	3	4	5	6	7	Pleasant
Unfavorable	1	2	3	4	5	6	7	Favorable
Strongly dislike	1	2	3	4	5	6	7	Strongly Like

Please indicate the extent to which you agree with the following statements. Circle ONE number only for each item.

	Strongly Disagree						Strongly Agree
I will not go to a movie if I know beforehand that brands are placed prominently in the movie for commercial purposes.	1	2	3	4	5	6	7
I hate seeing brand name products in movies if they are placed for commercial purposes.	1	2	3	4	5	6	7
I don't mind if movie producers receive money or other compensation from manufacturers for placing their brands in the movies.	1	2	3	4	5	6	7

Continued from the previous question...

	Strongly Disagree						Strongly Agree
It is highly unethical to influence the captive audience by using brand name products in movies.	1	2	3	4	5	6	7
Moviegoers should have the option of receiving a full refund for their tickets if they hated seeing brand name products as props in the movie they watched.	1	2	3	4	5	6	7
Manufacturers are misleading the audience by using brands as props in movies.	1	2	3	4	5	6	7
The government should regulate the use of brand name products in movies.	1	2	3	4	5	6	7
If movies are making money from product placements, ticket prices should be reduced.	1	2	3	4	5	6	7
Brands placed in a movie for which the producers receive payment from brand manufacturers should be disclosed in the movie credits at the beginning of the movie.	1	2	3	4	5	6	7

Continued from the previous question...

	Strongly Disagree						Strongly Agree
I prefer to see real brands in the movies rather than fake/fictitious brands.	1	2	3	4	5	6	7
Movies should use fictitious brands rather than existing brands.	1	2	3	4	5	6	7
The presence of brand name products in a movie makes it more realistic.	1	2	3	4	5	6	7
I don't mind if brand name products appear in movies.	1	2	3	4	5	6	7
The placement of brands in movies should be completely banned.	1	2	3	4	5	6	7
Movies should contain only those brand name products that are essential to the program's realism.	1	2	3	4	5	6	7
I would consider product placements as "commercials in disguise."	1	2	3	4	5	6	7
Movie viewers are influenced by the brands they see in movies.	1	2	3	4	5	6	7

Approximately how many movies do you watch in a month (including rented and others)?

☐ 0 – 1 ☐ 3 – 5

☐ 1 – 3 ☐ More than 5

Please indicate the extent to which you agree with the following statement. Circle ONE number only for each item.

	Strongly Disagree						Strongly Agree
I enjoy watching movies in the same genre as the move just shown	1	2	3	4	5	6	7

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To you, movies in general are...
Please circle ONE number only for each item.

Unimportant	1	2	3	4	5	6	7	Important
Boring	1	2	3	4	5	6	7	Interesting
Irrelevant	1	2	3	4	5	6	7	Relevant
Unexciting	1	2	3	4	5	6	7	Exciting
Means Nothing	1	2	3	4	5	6	7	Means A Lot to Me
Unappealing	1	2	3	4	5	6	7	Appealing
Mundane	1	2	3	4	5	6	7	Fascinating
Worthless	1	2	3	4	5	6	7	Valuable
Uninvolving	1	2	3	4	5	6	7	Involving
Not Needed	1	2	3	4	5	6	7	Needed

Your gender: ☐ Male ☐ Female

Your age: ☐ Under 18 ☐ 20 – 22
☐ Above 25 ☐ 18 – 20
☐ 23 - 25

Number of years you have lived in Canada
☐ Less than 6 months ☐ Born in Canada
☐ 6 months to 12 months ☐ Most of my life
☐ 12 months to 18 months
☐ 18 months to 24 months
☐ More than 24 months (Please state) _____

Your ethnicity: ☐ Chinese
☐ Caucasian
☐ South East Asian (e.g Cambodian, Vietnamese, Indonesian)
☐ South Asian (e.g. East Indian, Pakistani, Punjabi, Sri Lankan)
☐ Filipino
☐ Arab/West Asian (Armenian, Egyptian, Iranian)
☐ Japanese
☐ Korean
☐ Latin American
☐ Black (e.g. African, Haitian, Jamaican, Somali)
☐ Others, please state_____

Your citizenship ☐ Canadian
☐ Chinese
☐ Others, please state _____

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