

Product placement: A means to raise capital or defer costs?

MONTREAL – Ever since *E.T.* sent the sales of candy-coated Reese's Pieces through the roof and into deep space, product placement has been something to watch in film and television. This unconventional form of product advertising has become big business in the U.S., and is represented in Canadian film and television by a small handful of companies including MMI Product Placement, the StarPro Marketing Group and Alfranca Film Services Ltd.

Philip Hart of MMI and Allen Douglas of Alfranca Ltd. may agree that "subtle" is the operative word and that product placement must not draw too much attention to itself on the screen, but on the role of product placement in supporting the Canadian film industry there is a great philosophical parting of the ways.

Hart, whose company has been in the business for over five years with 25 clients, operates on a contra-basis whereby the client pays MMI an annual retainer to place product – read: flash his logo – in as many selected productions as possible.

Douglas, the new kid on the block, proposes to work on a non-exclusive per-production contract basis. The client pays a fee to the producer based on distribution projections and Alfranca takes a commission.

Douglas, a former Los Angeles advertising executive, is certain that the way of the future is being able to guarantee the client significant exposure of his product in exchange for services and additional production funding, but Hart says it can't be done in the Canadian market.

"It is not unreasonable to ask a corporation to pay fair value for fair value," says Douglas. "Not only is there a service provided, there is money up front for production." Douglas moved to Montreal, one year ago, with his partner Francesca Gesualdi. Both represent Alfranca which recently negotiated a deal with Molson's whereby the brewery paid \$5,000 towards a Sass Jordan music video budget (of \$20,000). Molson's also provided beer. In return, the Laurentide Rock logo was draped in the background of the club setting.

Alfranca jumped into Montreal's relatively wide-open product placement market with a promise of 50 per cent of the fee paid up front by the client with the balance, minus Alfranca's commission, after the client approved the first completed print.

For his money, the client is given a comprehensive dossier on the producer and senior production staff, a treatment of the project and an ongoing distribution report. The client is also eligible, according to Douglas, for a 166 per cent tax write-off for film investment in Quebec

which provides a far greater savings than tax breaks on advertising expenses.

He says the Canadian film industry is too dependent on the ebb and flow of public spending not to seek out other means of financial support.

Alexis Roshuk of the Independent Film and Video Alliance, with over 700 members, agrees with Douglas's financial assessment of the Canadian film industry.

"We are seeking ways to become less dependent on government funding without compromising our ideals," says Roshuk.

"With product placement the client would not be investing that much money. It is one thing to work out a contra deal where you get a little credit at the end of the film but quite another thing if people are going to drink your beer on the screen."

Unfortunately, a disagreement over how his fee should be paid forced Douglas to cancel a seminar for the IVFA on July 29.

Hart of MMI takes exception to Douglas's approach because, he says, there is no way to guarantee that the product will stay in the film.

"We work purely on retainer even with the big U.S. productions because we never know if the product will be edited out," says Hart. Product placement is not a vehicle to raise capital but rather a way to defer costs."

"In theory it makes good sense," says Hart, "but it doesn't work unless the movie has sufficient star power that you can ask for

money." Fifty-six per cent of Hart's placements are in feature films of which 20 per cent are Canadian.

Douglas is not convinced. He says that with education among corporate marketing strategists, the traditional way (Hart's way) of product placement will soon give way to his approach. Conditions within each contract, including a hold harmless clause which protects the producer against a lawsuit and specifies that money will be returned, guards against nasty edits, he says.

"Both sides are bound by a contract to respect the other's interests," says Douglas. "If they rewrite a piece and it's not shot as planned, they are not entitled to the money. It's as simple as that. Corporations are not in the business of giving away money."

Pierre Belanger, manager of promotions for Le Brasserie Molson du Quebec Ltée., says product placement is, at best, a means of maintaining market share. Whether this sort of exposure translates into sales of beer, he says, is anyone's guess.

"Exposure and image are important and for this we will exchange product for services, but we won't spend money on a film," says Belanger.

He explains that Molson's spent money on the Sass Jordan video and others because of a marketing strategy to target young adults with the Molson's Laurentide Rock campaign.

"Product placement is not a real marketing

strategy. It doesn't sell beer. It might in the long term but it's hard to say. Would you change your beer because Rod Stewart drinks a certain kind."

Michel Roy of Star Pro in Montreal has the Molson's account on a retainer basis and was able to place the Molson's logo and other products, including products for which he has not landed an account, in Denys Arcand's *Jésus de Montréal*. He says money is not made available for product placement unless one is working with a major U.S. production.

According to Roy, one of the most lucrative markets for product placement in Quebec is private network television with more independently produced series than ever before.

Star Pro derives 30 per cent of its business from product placement, the rest in promotion and marketing.

Philip Spurrell is the first-time feature film director of *Overland*, a certified Canadian film with Telefilm distribution fund assistance, private investment and product placement funding, compliments of Alfranca.

Spurrell says a good art director can always please both the client and the director by placing the product "unobtrusively" and giving it the exposure the client has paid for.

"You have got to realize that it is very difficult to get money for any kind of film in this country, especially if you do not have a proven track record."

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Prima Films: "This is our first time in the market. It's hard to say what will happen."

Cinema International Canada: "We're buying. It's a picture by picture proposition... one of those markets you can't anticipate because you don't know in advance which titles will be shown. Montreal comes between Cannes and Milan so the biggest problem with Montreal is that a lot of good films have already been sold."
Suzanne Villeneuve: "The contracts came in late this year. The press conferences must have been held earlier last year. I didn't take a booth because I don't like the idea of working from a booth rather than an office. But it should be a good market."

Groupe Multimedia: "We expect a good market. We will be working hard with new television product, including *Cirque du Soleil*, to show the originality of Canadian production."
Compagnie France Film: "It's always been a

slow market. True, it doesn't cost us much to attend but it would be a lot better if more people joined in."

Cine Groupe J.P. Inc.: "Montreal is a great follow-up market. We hope to close three deals that we entered in Monte Carlo. The market is not so big that you lose time. The buyers here are the more important buyers."

Health and safety committee gets go-ahead

TORONTO – The newly formed Film and Television Industry Advisory Committee is one of only four such committees to have been formally recognized under Ontario's Occupational Health and Safety Act. The other groups

are the police, fire fighters and the pulp and paper industry.

Representation on the committee is divided evenly between labour and management, with CFTA's president Sam Jephcott and IATSE camera local v. p. Nick Brooks acting as co-chairpersons. "When I first suggested a joint committee," said Brooks in a prepared statement announcing the formation of the committee, "some people were a little skeptical that labour and management could work cooperatively. The fact that both sides have willingly come together proves that safety is in everyone's best interest."

The committee is currently drafting a Health and Safety Code covering firearms, pyrotechnics, helicopter safety, stunts, animal handling, diving and parachuting, and special effects technicians. The Code will apply to all Ontario productions, regardless whether they are local productions, Hollywood movies on location, TV commercials or non-broadcast video.