The Impact of Product Placements in YouTube Tutorials on the Buying Decision

Completed Research

Ariane-Tabea Schüller
Ernst-Moritz-Arndt-Universität Greifswald, Germany
Ariane-Tabea.Schueller@uni-greifswald.de

Abstract

This study examines how product placements in YouTube tutorials influence the attitude towards the tutorial and a purchase intention. Using the Source Credibility Theory, Social Comparison Theory, and the Halo Effect Theory, this study proposes a model which assesses the influence of expertness, trustworthiness, and attractiveness of YouTube influencers on the attitude towards the tutorial and thereby onto the purchase intention. The hypothesized model is tested using structural equation modeling. The results support the proposed model with a major impact of the construct of attractiveness. Accordingly YouTube tutorials are identified as an innovation capability for the competitiveness of national and global market participants and managerial implications are given.

Keywords

Product placement, YouTube, Source Credibility Theory, Social Comparison Theory, Halo Effect Theory, ICT, global development, consumer behavior.

Introduction

Advertisements are omnipresent (Zurstiege, 2015), manifest in every tone of a clavier (Kloss 2012) and apostrophize multifarious recipients (Michelis, 2014). Today traditional forms as advertising pillars as well as ads in newspapers, radio and TV-clips or more modern approaches as merchandising on Facebook can be found (Fuchs, 2010). But instead of being embossed by a convergence of the different media forms, the 21st century is shaped by the interactivity of the Web 2.0 and the herein incorporated new communication variety (Brengarth & Mujkic, 2015). Research on consumers’ attitudes towards television advertising has revealed a negative trend in the public opinion up to an antipathy against this merchandizing form (Tan & Chia, 2007). Although ads in print are perceived as more informative and favorable (Cho & Cheon, 2004) nowadays many corporations use additional to the traditional communication mix methods alternative promotion strategies, such as sponsoring or product placement (Schumacher, 2007). Because of advantages as higher credibility, cost reduction and the avoidance of airtime-restrictions (Balakrishnan et al., 2012) YouTube tutorials are utilized to an increasing degree as carrier of commercial messages by the advertising industry (Heinemann, 2014). YouTube stars, also known as influencer or opinion leader, directly appeal to potential buyers via their tutorials (Chaffey & Ellis-Chadwick, 2012). Often the recipient of a tutorial is not aware of the commercial intent because of the subtle product-incorporation into the editorial section of the entertainment story (Schueller, 2017). Therefore due to the reputation and credibility of the YouTuber in combination with a hindrance of consumption withdrawal of the recipient the efficacy of the product advertisement is said to be maximized (Reichwald & Piller, 2009). Many scientific studies on product placements in TV and printed media have been conducted (Glaeser, 2014). However, the embedment of products into the content of internet based entertainment sequences, especially YouTube tutorials, has received little to no consideration (Hardy, 2010). The present study aims to fill the gap of scientific knowledge of the potencies of product placements in YouTube tutorials by focusing on the relation of the source credibility of the YouTuber, the social comparison theory, and the buying decision and therefore conducting an empirical survey on the main target group of YouTube – students. Since the integration of ICTs, especially social media such as
YouTube, is known to be a crucial element of the consumer’s value creation process and also identified to increase firms’ competitiveness and productivity (Vilaseca-Requena et al., 2007), the topic reveals its great importance to any operating business.

**Literature**

**Product Placement definition**

Product placement has been variously defined (Rathmann, 2014): “a promotion placed in a non-promotional entertainment context, where the promotional intent is not made explicit” (Tiwsakul et al., 2005, p. 98) or “the inclusion of a product, a brand name or the name of a firm in a movie or in a television program by different means and for promotional purpose” (d’Astous & Chartier, 2000, p. 31) or “a paid product message aimed at influencing movie (or television) audiences via the planned and unobtrusive entry of a branded product into a movie (or television program)” (Balasubramanian, 1994, p. 31). Next to linguistic finesses a comparison of 86 definitions reveals three mutual elements: a placed object, a chosen media type and a money consideration. The range of manifestations of the first classification attribute, the placed object, was enlarged over the time and encompasses now the integration of branded products, services, companies and whole product category groups. A rapid progress of technological innovations has led to the fragmentation of the entertainment media (McDonnell & Drennan, 2010), which led to an extensive transformation of the second category, the chosen media type. While the first placements have been inserted in cinema and television, the range of media species was expanded by computer games, music videos, books, audio books and most important by the internet – all included in the generic term of mass media or program input. As opposed to early publications, where no mention of a monetary consideration can be found, over the years references of recompenses, trade-offs, tie-ins and gratuitous placements appear. However more recent articles shift away from the emphasis on money considerations. Some scientists argue that this fact is due to the difficulty of the acquisition of information relating to the payment of product placements (Chan, 2012). Summing up: product placement is characterized by the integration of a commercially capable object in an editorial input of mass media.

**Placement categorization**

Due to the huge amount of publications with the topic of product placements different categorization forms are available. Russell (2002) classifies product placements with regards to content. Another alternative is to distinguish by the sort of reward or to oppose this communication instrument to other commercial types as surreptitious advertising, sponsoring and recommendation marketing. However, the combination of various scientific articles leads to five differentiation criterions, namely: placed object type, used media, degree of integration, type of information exchange and degree of connection to the leading actor. According to the eleven types of placed objects a product placement does not need to be a product, but can also be the integration of a company, service, place and many others (Schumacher, 2007). However the integration of a branded article represents the most frequently used type (Fuchs & Unger, 2014).

As already mentioned in the definition discussion there has been an evolution of the media, which affects the second category “used media” directly. The first product placements can be found in the cinemas, followed by radio- and TV-inputs, computer- and online-games, books, songs and many more (Chan 2012).

The third category is determined by the dramaturgy integration intensity, which predominantly affects the advertising impact and success. One does not differentiate as to the product peculiarity but with reference to the extent and poignancy of the creative product integration into the course of the plot of action (Blaue, 2010). The prime example of a creative placement is the integration of the Reese’s Pieces candies into the movie “E.T.”. But also recent cinema movies do use this degree of integration, for example the black 1970 Dodge Charger R/T in “Fast and Furious”. Instead of distinguishing between the degree of integration and the category of the type of information exchange some scientists compress these two into the category of prominence – opposing subtle placements to prominent ones (Lehu & Bressoud, 2009).
Product Placements in YouTube

The type of information exchange, which represents the fourth category, focuses on the formal design parameters and is also known as modality (Schumacher, 2007). While a pure optical placement is called visual placement, the mere linguistic integration goes by the name of verbal placement. The highest level of attention is generated by the combination of a visual and verbal information exchange about the placed object (Griesebner, 2002).

Finally, if the leading actor accentuates the placed object this is called a placement with endorsement, whereas the antipode does not hold any connection between the actor and the product and is therefore known as a placement without endorsement. These two poles are object to the fifth and last placement category, the degree of connection to the leading actor (Burmann & Wegener, 2013).

Audio-visual, creative and the classical product placement are said to be the most effective placement forms regarding the impact on the recipient. On the other side generic-, on-set- and visual placements evoke the smallest recall impact (Frank & Rennhak, 2010).

Empirical Studies

Over the last view decades there has been a gradual development of research activities in the field of product placement (Burmann & Wegener, 2013). Of 96 found scientific studies, six were conducted in the years of 1991 to 1995, followed by eleven in 1996 to 2000, 14 from 2001 to 2005, 29 in 2006-2010 and 36 in 2011 to 2015. Because of the enhancements of mass media forms there is going to be an onward increase of the numbers of scientific research on product placement.

A content literature analysis illustrates that many scientists have undertaken studies regarding the effectiveness of product placements in TV and cinema (Chan, 2012; Chin et al., 2013). For example: in 1996 Babin and Carder prove that over 25% of the 39 brands placed within the movie Rocky III were significantly more salient among a treatment group than among a control group. Also Glass 2007 verifies that placed brands were rated good significantly faster than normal advertised brands. Therefore these and other scientific studies have proven that prominent placements in TV productions elicit the highest recall values, followed by advertisements and subtle placements (Gupta & Lord, 1998; Jin & Villegas, 2007). However on the other hand the repetition of prominent placements decreases brand attitudes, whereas the repetition of subtle placements has little impact on the consumers’ attitude. Therefore Homer (2009) draws the conclusion that repeated prominent placements motivate viewers to consider the inappropriateness of this promotional tool.

| Selection of exemplary studies on product placement (20) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| **Experimental studies (14)**   | **Children (2):**                | **Adults (3):**                 | **Content analysis (6)**        |

Table 1. Survey Respondents

An analysis of exemplary twenty scientific studies on product placement reveals that out of the fourteen experimental studies only two focused on children, three studies have surveyed adults and nine trails, which account for 64.28 percent of the studies, have examined the behavioral impact on students (Table 1). Also Burmann and Wegener (2013) point out that the majority of scientific studies are undertaken with students, because of the high affinity towards the medium and because of the special impact of commercials on students. Last but not least university students represent the main part of the target
group of companies campaigning on YouTube (Angermann, 2005). Therefore it is assumed that the research object of students also constitute as a representative sampling for this research approach.

In dependence on various research papers a framework for an empirical study on the impact of product placement in YouTube-tutorials on the buying decision was developed.

**Hypotheses Development**

Even though the purchase decision of a consumer is influenced by cultural, social, personal and psychological factors (Kotler et al., 2013) the impact of a reference group or a persuasive communicator on the buying decision is not to be underrated (Blackwell et al., 2006). By buying the tutorial-integrated product the recipient tries to transfer the displayed lifestyle onto them and to signal a social affiliation (Frank & Rennhak, 2010). Social Comparison Theory (Festinger, 1954) essentially argues that individuals have an innate need to compare themselves with other individuals in order to make personal evaluations. Jones and Gerard have itemized the individual or group of the comparison to someone who is “at about the same level” (Jones & Gerard, 1967). Therefore this specification additionally underlines the importance of students as the chosen research object, as Snukiful is also a university student in her mid-twenties.

Research has proven that recommendation of a reference group constitutes as an important factor on the buying decision (Evans et al., 2009). As most tutorials do not just include the display of a product but moreover present a purchase suggestion the importance of the topic is shown. But in order to use this influence the YouTuber has to constitute as a credible source. Generally, credibility is defined as a person’s perception of the truth of the given information (Lai et al., 2017). In 1953 Hovland et al. prove that the credibility of the communicator is a two-dimensional concept, which is put together by expertness and trustworthiness. Next to these two factors and according to the Source Credibility Theory, attraction has also been commonly identified as one aspect of the credibility of an information source (Stanaland, 2011; Cho et al., 2009). Alongside the evaluation of the source the attitude towards the tutorial is made simultaneously. An affirmatory assessment discharges in the purchase decision, as attitudes directly influence the consumers’ intention to purchase (Korzaan, 2003).

These theories stand also in line with the so called Halo Effect Theory, which refers to the consumer’s tendency to rate a product, or in this case the tutorial, based on the impression he receives from the endorser, here Snukiful. As common business practice the positive “halo” of an attractive presenter is used to generate a positive association with the particular show and product (Djafarova & Rushworth, 2017). Accordingly Kelman proved the sender attractiveness to be an important dimension which influences the receivers’ approval of a massage (Kelman, 1961).

The Social Comparison Theory, Source Credibility Theory and the Halo Effect Theory are interrelated, as all of them are based on attractiveness and trust in order to evaluate the credibility of the source (Djafarova & Rushworth, 2017). Based on the aforementioned theoretical framework, the following hypotheses are formulated (Table 2):

**H1:** The expertness of the YouTuber affects the attitude towards the tutorial positively.

**H2:** The trustworthiness of the YouTuber affects the attitude towards the tutorial positively.

**H3:** The attraction of the YouTuber affects the attitude towards the tutorial positively.

**H4:** The attitude towards the tutorial is positively associated with the purchase intension.

<table>
<thead>
<tr>
<th>expertise</th>
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</tr>
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**Table 2. Experimental Framework**
Methodology

A two-stage structural equation model was used to test the proposed model (Anderson & Gerbing, 1988): a confirmatory factory analysis to evaluate the construct validity and a path analysis for the empirical test of the hypotheses.

The proposed structural model consists of three exogenous and two endogenous variables. The items used to measure each variable were adapted from the combination of previously established validated scales. While the research of Wang et al. 2017, Lee and Watkins 2016 and Ohanian 1990 was used to operationalize the items of the source credibility construct, Rathmann 2014 provided the items of the tutorial attitude and the purchase intention was generated of Kumar et al. 2017, Yoo and Donthu 2001. All measures were presented on five point Likert scales (1 = not at all, 5 = very much). The specific objective of this study is to analyze the placement of a beauty product in a tutorial of the YouTuber “Snukieful” and how this affects the purchase intention of university students. The sample consists of 287 properly completed questionnaires, 114 male and 173 female university students.

<table>
<thead>
<tr>
<th>Items (factor loadings in parenthesis)</th>
<th>Construct</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snukieful is experienced on the topic of make-up products. (.752)</td>
<td>Expertise</td>
<td>.883</td>
</tr>
<tr>
<td>I rate Snukieful as a competent contact for make-up products. (.820)</td>
<td></td>
<td>.883</td>
</tr>
<tr>
<td>Snukieful appears to be eligible for the topic of make-up products. (.879)</td>
<td></td>
<td>.882</td>
</tr>
<tr>
<td>As an expert on make-up products Snukieful is able to give leads of avail. (.849)</td>
<td></td>
<td>.883</td>
</tr>
<tr>
<td>Snukieful appears to be credible. (.627)</td>
<td>trustworthiness</td>
<td>.881</td>
</tr>
<tr>
<td>I believe that the shown tutorial represents an honest rating of Snukieful. (.819)</td>
<td></td>
<td>.881</td>
</tr>
<tr>
<td>I believe Snukieful to be earnestly. (.829)</td>
<td></td>
<td>.881</td>
</tr>
<tr>
<td>Snukieful appears to be reliable. (.829)</td>
<td></td>
<td>.880</td>
</tr>
<tr>
<td>I find Snukieful appealing. (.848)</td>
<td>Attractiveness</td>
<td>.882</td>
</tr>
<tr>
<td>Snukieful is sexy. (.855)</td>
<td></td>
<td>.883</td>
</tr>
<tr>
<td>I find Snukieful classy. (.582)</td>
<td></td>
<td>.881</td>
</tr>
<tr>
<td>The shown tutorial pleases me. (.851)</td>
<td>Attitude towards the tutorial</td>
<td>.878</td>
</tr>
<tr>
<td>I find the YouTube tutorial appealing. (.872)</td>
<td></td>
<td>.879</td>
</tr>
<tr>
<td>The tutorial suits my taste. (.826)</td>
<td></td>
<td>.879</td>
</tr>
<tr>
<td>I like the YouTube tutorial. (.875)</td>
<td></td>
<td>.878</td>
</tr>
<tr>
<td>The YouTube tutorial incites me to buy the L’Oréal Lumi Magique Foundation. (.781)</td>
<td>Buying decision</td>
<td>.882</td>
</tr>
<tr>
<td>The L’Oréal Lumi Magique Foundation is my first buying choice. (.866)</td>
<td></td>
<td>.884</td>
</tr>
<tr>
<td>I believe my next make-up purchase will be the L’Oréal Lumi Magique Foundation. (.883)</td>
<td></td>
<td>.883</td>
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</tbody>
</table>

| Fit indices                                                                |                             | .954           |
|----------------------------------------------------------------------------|                             | .071           |
| Chi square                                                                 | 272.71                      | .954           |
| CFI                                                                        |                             | .071           |
| RMSEA                                                                     |                             | .954           |

Table 3. Reliability Estimates

Due to redundancy some items may have to be dropped since the scales for all five variables were constructed by combining previously established measures. Therefore an iterative purification process was undertaken in which low loading indicators and cross-loading items were removed (Churchill, 1979). With all factor loadings greater than .70 four items for expertise, trustworthiness and the attitude towards the tutorial and three items for the purchase decision and attractiveness were retained (Table 3). The total variance explained by the source credibility structure is 87% and the variance per factor is -10% for expertise, -7% for trustworthiness, 87% for attractiveness. The confirmatory factor analysis of the purified 18-item measurement model reveals that all items load significantly on their respective constructs, within
an acceptable range from 0.582 to 0.879 (Nunnally, 1967). The average variance extracted by each of the constructs has been calculated to be greater than 0.5, which provides evidence of convergent validity, because the values indicate that the variance captured by the construct is greater than the variance due to measurement error (Fornell & Larcker, 1981).

In order to make estimation for the proposed measurement model the goodness of fit indices were calculated with SPSS AMOS (Table 4). Due to the relative large sample also the Chi-square statistics were significant at a 0.05 level (Donney & Cannon, 1997). Based on the criteria suggested by Hu and Bentler (1999), the values of the comparative fit index (CFI) and the root mean square error of approximation (RMSEA) were considered acceptable. Concluding that the proposed model has been theoretically based and empirically confirmed by a battery of overall goodness of fit indices, a further modification of the model specifications is not needed.

Results

The results reveal that while there is a significant relationship between the construct of attractiveness and the attitude towards the tutorial, the trustworthiness and expertise are not significant (Table 4). Therefore H1 and H2 are not attested, while H3 is not only confirmed but also reveals an impact of the attractiveness of the YouTuber onto the attitude towards the tutorial of as much as 87%. Also H4 is confirmed, as the attitude towards the tutorial has a positive and significant influence onto the buying intention.

<table>
<thead>
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</tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td>.07</td>
<td>.17</td>
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<td></td>
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</table>

Table 4. Results of the Structural Model (Standard Coefficient)

Conclusion

By measuring the tri-component construct of expertness, trustworthiness and attractiveness the findings indicate that the perception of attractiveness has a major positive impact on the attitude towards the tutorial. Therefore the results are in line with the Social Comparison Theory: the impact of attractiveness of the presenter is explained by an similar or upward comparison of the consumers’ life with the displayed lifestyle of the YouTube-star, which in turn increases the positive attitude towards the tutorial (Chan & Prendergast, 2008). Also these findings are consistent with Lee and Watkins (2016) who found that attractiveness is a strong indicator of product-perception of video blog consumers. Finally the evaluation of the attitude towards the tutorial was identified as a significant influence on the purchase intention, which corresponds with previous research on media perception as important factor in making purchase decisions (Zhang & Kim, 2013).

As the empirical relationships found are consistent with the aforementioned theoretical basis, significant managerial implications for the advertising industry can be derived. Within the scope of the Halo Effect marketers have to take into consideration that the significance of the attribute of attractiveness may be traced back to the circumstance that the research objects and the YouTube presenter are both of the same age-segment and have a similar educational background as university students. Therefore in order to achieve the positive Halo Effect marketers should use product placements with YouTubers who hold likewise characteristics to their main target group. But it has to be mentioned that additional research of the Halo Effect is needed, for example with an older presenter and an older target group. Also as a significant influence on the purchase intention is proven, companies should consider this fairly cheap marketing tool as an innovation capability for competitiveness and therefore as an effective enhancement of their traditional marketing mix methods.

Although this study opens up a new perspective in the understanding of product placements in YouTube tutorials, some limitations have to be accentuated. This study focuses on one German YouTuber
“Snukieful”, therefore the external validity of the findings is limited to this particular influencer. Also the missing significance of the construct of expertness and trustworthiness can be traced back to the fact that it has been the first contact between the students and the influencer. Different values could be preserved when looking at respondents who regularly follow the YouTube channel of the influencer. There is not just a need to extend this work to other usage-relationships between the consumer and the YouTuber, but also to test different product categories and products with different images. For instance: in 1974 Landy and Sigall concluded that a product with a strong brand image or observable benefits would not be affected by the physical attractiveness of the presenter, whereas new or unknown products significantly benefit. Conducting future research on this basis, updating the study with current media forms as YouTube, should be highly relevant not only for academia but also for any company enrolled with product advertising.

REFERENCES


