

## Hollywood's blockbuster role for product placement

Ronald Grover

*Marketers from Audi to Nokia to GM are turning to hot shops like Ruben Igielko-Herrlich's Propaganda to get their wares into hit movies.*



*Igielko-Herrlich's clients range from Nokia to luxury carmaker Lamborghini Max S. Gerber*

When Audi was looking to win screen time for one of its cars in this year's crop of summer films, it turned to Ruben Igielko-Herrlich, whose Geneva-based shop, Propaganda Global Entertainment Marketing, helps companies place their products in films, TV shows, and games.

Igielko-Herrlich zeroed in on *Transformers: Revenge of the Fallen*. Yes, General Motors had already cut a deal to make its cars morph into the sci-fi flick's superhero robots. But Igielko-Herrlich had an inside track: For years his company had provided director Michael Bay with products—cars, cell phones, luggage—for his films. Propaganda talked Bay's people into finding a role in *Transformers* for the Audi R8. Ultimately, the super-luxe sports sedan starred as the "villain" car and got an extra marketing boost as the only vehicle to appear in the *Transformers* Super Bowl commercial. "No one knows his way through Hollywood like Ruben," says Audi's marketing vice-president, Scott Keogh. "It can be a crazy place, but he stays calm through the nuttiness."

Plenty of companies are beating a path to Igielko-Herrlich's door these days. In the past year, Propaganda has signed up six new clients, including Procter & Gamble (PG), which wants screen time for its new pregnancy test, and Italian shoemaker Santoni. Nasdaq hired him as well, the first time it has used an agency after years of its HQ showing up as a backdrop in movies and TV shows.

Firms like Propaganda are in a sweet spot right now. TV audiences are fragmenting, and more and more viewers are skipping through commercials and heading to the Web. Advertisers, their budgets tight in a slack economy, see product placement as one of the most efficient ways to put their brands and products in front of large numbers of people. Blockbuster movies are particularly attractive because they reach an international audience of hundreds of millions—in the cinema and on DVD. Blockbusters are Propaganda's specialty.

Igielko-Herrlich (pronounced E-Yelko Herlick) took a roundabout route to Hollywood. His family emigrated from his native Cuba to Switzerland after the 1959 revolution. In 1981 he moved to the U.S. to get an MBA and for a while worked in New York as a commodities trader. He left the Street to become a sales executive for a series of luxury-goods purveyors, including Gianni Bulgari. MGM approached him to put Bulgari's jewels in its film *Harley Davidson and the Marlboro Man*. "I figured there had to be a business there," Igielko-Herrlich recalls, and in 1991, with partner Anders Granath, he set up shop in Switzerland. At the outset, they

specialized in luxury clients, including Rimowa, the high-end German luggage maker whose briefcase everyone fought over in the 1998 spy thriller Ronin.

Igielko-Herrlich's breakthrough came with 1999's *The Matrix*, which established him as someone who could sniff out a blockbuster. At the time, Nokia (NOK) was introducing a Web-surfing phone, one of the first. Igielko-Herrlich persuaded directors Andy and Larry Wachowski to use a version of it in the movie as a portal through which the star, Keanu Reeves, entered the digital world of the film's title. *The Matrix* became a huge hit—and so did Nokia's 7110 phone.

Today, Propaganda has offices in 11 cities around the world, including Tokyo, Rome, and London, set up to minister to an international roster of 30 clients. Working from a cramped Culver City (Calif.) office not far from Sony's studios and stuffed with samples of his clients' wares, Igielko-Herrlich, 49, looks every bit the Hollywood dude. Six-foot-one, with a mane of blond curls and the industry's requisite two-day stubble, he has been known to get around Los Angeles on a red motorcycle made by Italy's MV Agusta (a client, of course).

The trick in the product-placement game is matching the right movie with the right client.

Igielko-Herrlich spends one week a month in Los Angeles, where a 17-person office headed by a pair of former studio executives goes through some 600 movie scripts a year. For a retainer that he will only say is less than \$1 million a year, Igielko-Herrlich's team seeks out places where a client's new products can be seen on screen as a key element of the plot. "If it looks like a billboard, no one will notice it," he says. "And if it's an obvious product placement it looks like a commercial that will turn viewers off." A big success, he says, was last year's *Transporter 3*, in which actor Jason Statham drives an Audi A8 through much of the movie.

The cash-strapped movie studios naturally want to get as much out of placement deals as they can. While sponsors typically pay \$50,000 or more to get their products showcased in music videos (themselves a form of advertising), filmmakers are more circumspect, perhaps fearing that taking money to stick a product in a movie might seem crass. For several years studios have accepted free products and services as currency. For example, Igielko-Herrlich says, Nokia provided free phones and service to the crew of *Star Trek*.

But with marketing costs exploding, studios have been offering companies exclusive rights to be in a film if they agree to help promote it. (In most cases, the ads jointly market the film and the product.) Industry insiders say Nokia and its telecom partners committed \$5 million to help promote *Star Trek* all over the planet. "Marketing support is the holy grail," says LeeAnn Stables, a Paramount (VIA) executive who helps broker product placement deals. "And [Igielko-Herrlich has] managed to bring his clients along on the idea that sometimes they have to spend to be our partner."

Given the huge outlays, companies aren't shy about demanding plenty of screen time for their gear. Some are pressing product-placement shops like Propaganda to get actors to mention their product by name. In last year's *The Dark Knight*, Batman's butler Alfred, played by Michael Caine, jokes that the Lamborghini that Propaganda says it managed to get woven into the plot was "much more subtle" than the Batmobile.

In the 2007 blockbuster *Transformers*, Igielko-Herrlich says his crew worked with the production to have a Nokia phone turn into a tiny, evil robot. The dialogue even included characters' impressions of Nokia's technology. "You have to respect the Japanese," says one. Then another character corrects him, saying: "Nokia is from Finland."

With more and more brands looking to place their products in movies, competition is fierce. Korea's LG, say the same insiders, agreed to spend \$10 million on marketing to get its handsets into the new Transformers, doubling Propaganda client Nokia's bid. (LG would not confirm this.) And sometimes, like any actor, a Propaganda client is left on the cutting-room floor. Igielko-Herrlich still doesn't know whether an MV Agusta motorcycle will appear in Paramount's August release of G.I. Joe. "We have to wait like everyone else," he says.

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Onscreen exploits

Product placement firms scramble to put their clients into the hottest films, TV shows, and video games. Whether this provides a lift for their clients is the domain of iTVX, which measures effectiveness based on how much screen time a product gets, its distribution, and other factors. iTVX is run by Frank Zazza, a onetime marketing guru whose past work includes placing Reese's Pieces in Steven Spielberg's E.T.

To learn more about iTVX go to <http://bx.businessweek.com/product-placement/reference/>

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