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Advice for Sale

How Companies Pay TV Experts For On-Air Product Mentions

Plugs Come Amid News Shows And Appear Impartial; Pacts Are Rarely Disclosed

Energizer Gets on 'Today'

By **JAMES BANDLER**
 Staff Reporter of THE WALL STREET JOURNAL
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In November, Child magazine's Technology Editor James Oppenheim appeared on a local television show in Austin, Texas, and reviewed educational gadgets and toys. He praised "My ABC's Picture Book," a personalized photo album from Eastman Kodak Co.

"Considering what you showed me, kids' games really don't have to be violent," said the anchor for KVUE, an ABC affiliate and the No. 1-rated television station in its market.

"If...you're not careful, they will be," Mr. Oppenheim replied. "That's why I've shown you some of the best."

There was one detail the audience didn't know: Kodak paid Mr. Oppenheim to mention the photo album, according to the company and Mr. Oppenheim. Neither Mr. Oppenheim nor KVUE disclosed the relationship to viewers. During the segment, Mr. Oppenheim praised products from other companies, including: Atari Inc., Microsoft Corp., Mattel Inc., Leapfrog Enterprises Inc. and RadioShack Corp. All paid for the privilege, Mr. Oppenheim says.

One month later, Mr. Oppenheim went on NBC's "Today" show, the U.S.'s biggest national morning news program, which is part of NBC's news division. "Kodak came out with a great idea," he said to host Ann Curry, before proceeding to talk about the same product he'd been paid to discuss on KVUE. Ms. Curry called it a "nice gift for a little child." Kodak says it didn't pay for the "Today" show mention. But neither Mr. Oppenheim nor NBC disclosed the prior arrangement to tout the product on local TV.

In the "Today" segment, Mr. Oppenheim talked about products made or sold by 15 companies. Nine were former clients and eight of those had paid him for product placement on local TV during the preceding year.

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KVUE says it didn't know about Mr. Oppenheim's business deal. An NBC spokeswoman says the network is looking into what it knew about Mr. Oppenheim's relationship with Kodak and the other manufacturers.

Mr. Oppenheim is part of a little-known network that connects product experts with advertisers and TV shows. The experts pitch themselves to companies willing to pay for a mention. Next, they approach local-TV stations and offer themselves up to be interviewed. Appearances frequently coincide with trade shows, such as the Consumer Electronics Show, or holidays including Christmas or Valentine's Day.



James Oppenheim (right) discusses Kodak's "My ABC's Picture Book" on KVUE, an Austin, Texas, TV station.

- **Mr. Oppenheim** was paid to mention products made by companies including Kodak, Atari, Microsoft, Mattel, Leapfrog and RadioShack. None of the payments were disclosed.
- **KVUE** says the station was unaware of the financial relationships.
- **Mr. Oppenheim** says getting paid by manufacturers doesn't affect his judgment.
- **Kodak** says news organizations should disclose such payments.

Sources: KVUE, WSJ research.

The segments are often broadcast live via satellite from a trade event and typically air during regular news programming in a way that's indistinguishable from the rest of the show. One reviewer may conduct dozens of interviews with local stations over the course of a day in what the industry calls a "satellite media tour." While this circuit is predominantly focused on the local television market, the big prize for marketers is a mention on national television shows, which carry far more clout with viewers.

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The familiar faces on this circuit include Mr. Oppenheim, "Today" Tech Editor Corey Greenberg and trend spotter Katlean de Monchy. They are among an army of experts who have risen to prominence as news organizations everywhere, seeking to expand their audiences, have branched into reviewing consumer products ranging from home furnishings to personal finance.

A longstanding principle of journalism holds that reporters cannot have financial relationships with the people or companies they cover. TV shows present these gurus' recommendations as unbiased and based solely on their expertise. But that presentation is misleading if the experts have been paid to mention products on network or local TV.

Mr. Oppenheim's pitch is typical. Late last year, he invited electronics and game companies to join two satellite tours, according to a copy of his solicitation. "We expect these tours to sell out fast," Mr. Oppenheim wrote. "So please contact us as

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soon as possible to reserve a spot." The \$12,500 fee per company, he explained, covered development, production and "spokesperson expenses."

[Walt Disney C](#)
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CHANGE
U.S. dollars

On his Web site, Mr. Oppenheim used to describe himself as a consumer advocate. "My pledge is to tell the unvarnished truth about the products reviewed," he wrote. "The good, the bad, and the ugly." He recently changed his biographical description to "technology expert and industry spokesperson."

[Sony Corp. A](#)
PRICE
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In an interview, Mr. Oppenheim says getting paid by the companies he reviews on local television doesn't influence his judgment. He says his main purpose is to educate the public about nonviolent games. Renting studio and satellite time, he says, is expensive. Mr. Oppenheim says he too needs to be paid.

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"My motives are the highest: to get information out to parents about what they can be doing to advance children through technology," he says.

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Different Standards

Mr. Oppenheim has a different set of standards when it comes to getting paid to go on national television. He says he notifies clients in writing that his "Today" appearances are off-limits, in part because of the payments. According to a copy of Mr. Oppenheim's pitch, his tour "does not show."

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Kodak, one of the companies that hired Mr. Oppenheim, is happy with its relationship with him, but thinks their financial relationship ought to have been disclosed, says spokesman Mike McDougal. Mr. McDougal says disclosing the payments is not unusual for local television stations.

Some production companies say they inform stations about the financial relationship beforehand. By contrast, Frank Volpicella, executive news director of KVUE in Las Vegas, says it didn't know about the payments and aired the segment if it had.

"There's an appearance that he compromised his integrity by promoting a product that he has a financial interest in," Mr. Volpicella says.

NBC, the [General Electric](#) Co. unit that broadcasts the "Today" show, says it updated its conflicts-of-interest policies after receiving questions about the matter from the Wall Street Journal. It now specifically says any payments for local-TV appearances via satellite should be disclosed to the network.

David McCormick, executive producer for broadcast standards at NBC, says he is allowed to talk about a product on "Today" even if he had a financial conflict of interest. "It might be quite topical," Mr. McCormick says, "and that would be peculiar." In this case, Mr. McCormick says he believes Mr. Oppenheim's Kodak photo album on its merits.

The use of TV consumer experts is the latest way marketers have tried to disguise product promotions as real news, often with the aid of media outlets. Magazines accept advertising designed to look like editorial features, not ads. TV stations often use "video news releases" produced by companies, which are designed to look like news segments. Last year, the Federal Communications Commission told broadcasters they must inform viewers at

these video releases.

For advertisers, these techniques help keep their messages from getting lost in an increasingly crowded sea of ads. An example is the camera maker [Olympus Optical Corp.](#) Along with [Canon Inc.](#) and [Nikon Inc.](#), it paid last year to be on a satellite tour operated by DWJ Television that featured John Owens, the editor in chief of Popular Photography & Imaging magazine, according to Michael Friedman, DWJ's executive vice president. The DWJ tour was timed to coincide with a 2004 photography trade show.

Chris Sluka, an Olympus spokesman, says the tour "secured me some broadcast coverage that's hard to get in a cluttered atmosphere." He says local stations probably wouldn't air the segments if they knew manufacturers paid to be mentioned. "I know when these are pitched, they're pitched as news," he says.

For example, KFMB Local 8, a CBS affiliate in San Diego, aired an interview with Mr. Owens from that tour but didn't disclose the payments. Fred D'Ambrosi, news director at KFMB, says the station assumed Mr. Owens's magazine paid for the tour. He says the station will do a better job finding out who the actual sponsors are in the future.

Mr. Owens also didn't disclose the financial ties when he went on CBS's "Early Show" in December and talked about Nikon and Canon products, among others. Leigh Farris, a spokeswoman for CBS News, says the network is revising its rules to include such conflicts of interest.

Mr. Owens didn't respond to repeated requests seeking comment. Mr. Friedman says Mr. Owens wouldn't endorse products he didn't believe in.

While most satellite media tours take place on local television, the biggest prize is a mention on a national television show. The publicity value of a brief "Today" appearance is estimated at about \$250,000, according to Multivision Inc., a company that tracks TV broadcasts. Multivision bases its estimate on ad rates, audience size and other factors. "Today" is watched by an average of 6.1 million people each weekday. A mention on a local news show is valued at anywhere from a few hundred to a few thousand dollars, depending on audience size.

The exact relationship between paid local tours and mentions on national television is unclear. Many reviewers say national shows are off-limits because of stricter ethics rules enforced by top news organizations.

But some advertisers say one of the key reasons they pay for local media tours is the hope -- and sometimes the expectation -- that they'll get a mention on the national shows, even if there isn't an explicit financial arrangement to do so.

For several years, [Wal-Mart Stores Inc.](#)'s Sam's Club paid trend and fashion expert Katlean de Monchy to get its jewelry mentioned on local TV. Ms. de Monchy's company, Nextpert News, charges \$25,000



<p>dressmaker Faviana, Sam's Club, DSW and retailer David's Bridal. The relationships weren't disclosed.</p> <ul style="list-style-type: none"> ■ "Good Morning America" says it was unaware of the relationships, which it says should have been disclosed. ■ An executive at Ms. de Monchy's company says TV stations wouldn't air the segments if they weren't newsworthy. ■ Sam's Club says getting on "Good Morning America" was "icing on the cake." 	<p>Sony, Energizer and Kodak. The payments weren't disclosed.</p> <ul style="list-style-type: none"> ■ Mr. Greenberg says payments from manufacturers help him provide valuable news to consumers. He says he wouldn't recommend a bad product. ■ KDFW did not return calls seeking comment. ■ Sony says Mr. Greenberg has credibility with viewers. <p>Sources: "Good Morning America," KDFW, WSJ research.</p>
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for a "special option" that includes Ms. de Monchy touting products on local shows, according to a copy of one of its pitches.

Then in January, Ms. de Monchy

appeared as a guest on a "Good Morning America" segment explaining how to replicate fashions worn at the Golden Globe awards. "It's the accessories that really caught my eye, though. A lot of bling-bling," Ms. de Monchy told host Diane Sawyer, singling out a pair of diamond earrings available at Sam's Club.

Dee Breazeale, Sam's Club's vice president and divisional merchandise manager for jewelry, says the company didn't pay to get on ABC's "Good Morning America," but that the mention was "the icing on the cake." Ms. Breazeale adds that Sam's Club would probably not hire Ms. de Monchy if the payments were disclosed, because that would make her appearance seem too much like an infomercial. Ms. Breazeale says the paid segments are more effective than buying an ad. "It brings [the product] more to life," she says.

During the same "Good Morning America" segment, Ms. de Monchy showed off a pair of pointy-toed pumps, sold by another paying customer, shoe retailer DSW. Mike Levison, DSW's vice president of marketing, says he believed his company paid to get on "Good Morning America" as part of the satellite tour. With 10 being the ultimate marketing coup, he described the appearance as a "9 or 10."

'More Credibility'

A third client, prom-dress maker Faviana International Inc., had two dresses mentioned on the show. Omid Morady, a principal at Faviana, says getting on "Good Morning America" was the main appeal of hiring Ms. de Monchy and was part of his contract. "Millions of people see it," he says. "It creates more credibility with customers."

Ms. de Monchy did not respond to requests for comment. David Post, executive producer for Ms. de Monchy's company, says the payments help defray their company's high production expenses, which include hiring models. He says Nextpert doesn't recommend particular items and adds that "Good Morning America" is "absolutely not in the tour. It's as clear as a bell."

Asked why the paying relationships weren't disclosed on local TV, Mr. Post says: "It's soft news...we would never do anything on drugs or political issues; it's like where do you get a prom dress." He says TV stations wouldn't air the segments if they weren't newsworthy.

Bridgette Maney, a spokeswoman for "Good Morning America" says ABC, a unit of [Walt Disney Co.](#), requires that regular contributors disclose conflicts of interest. She says Ms. de Monchy isn't a regular contributor. "We were unaware of her affiliation with these other companies," Ms. Maney says. "Now that we're aware of it I do not think she'll be on the program."

One of the most coveted TV consumer experts is Corey Greenberg, the "Today" show's main tech-product reviewer. He came to NBC in 2000 with little television experience. Previously, he was a well-regarded editor and writer at a number of audio-equipment magazines.

Quick on his feet, witty and able to talk about complicated technology in a simple way, Mr.

Greenberg quickly became a regular, doing dozens of segments a year. NBC pays Mr. Greenberg a nominal fee per segment and also gave him the title of Tech Editor.

Mr. Greenberg has charged companies \$15,000 per tour to get their products on local news programs, according to a copy of one of his contracts. Mr. Greenberg says paying clients he has mentioned on local shows include: [Sony Corp.](#), [Hewlett-Packard Co.](#), [Seiko Epson Corp.](#) and [Energizer Holdings Inc.](#)

Mr. Greenberg has also appeared on national shows, including "The Wall Street Journal Report with Maria Bartiromo," a weekly syndicated business program produced by CNBC, a division of NBC. In a February broadcast about digital music, Mr. Greenberg mentioned products made by [Apple Computer Inc.](#) and [Creative Technology Ltd.](#) Mr. Greenberg says Apple was a client more than a year ago. He did paid work for Creative last November, both sides say. Neither relationship was disclosed on CNBC.

"It should have been disclosed. He was bound by our policies" which require contributors to disclose such payments to the network, says Amy Zelvin, a CNBC spokeswoman. Mr. Greenberg says he didn't solicit the appearance and was invited by CNBC to talk about that topic.

[Dow Jones & Co.](#), publisher of the Journal, is a co-owner with NBC of CNBC's television operations in Asia and Europe. Dow Jones also provides news content to CNBC in the U.S. A Dow Jones spokeswoman says the publisher doesn't have editorial control over CNBC news programming.

Rachel Branch, a Sony public-relations official, says one of the things Sony likes about Mr. Greenberg is his credibility. "Viewers like him because he's able to communicate about a product without showing bias," she says. Mr. Greenberg also comes cheaper than some of his competitors, Ms. Branch adds, without elaborating.

Mr. Greenberg defends his local paid work, saying he's providing valuable news to consumers. He says he wouldn't do paid work for a product he didn't believe in. Mr. Greenberg says his business resembles a magazine that collects money from advertisers and then reviews products marketed by the same companies. He says he can maintain a wall between his business and editorial practices. "I am a one-man magazine," he says.

Mr. Greenberg says he labors to keep his "Today" appearances distinct from the paid work. He says on "Today" he is giving specific recommendations; on satellite tours, Mr. Greenberg says, he talks generally about gadget-related issues, such as battery life. As a general rule, he says he won't mention a product on "Today" until six months after a paid mention. He says he's rebuffed "high five-figure" offers "to place a product on "Today."

Mr. McCormick, the NBC executive, says the network has "a lot of confidence" in Mr. Greenberg.

Executives at some companies have the impression there is a connection between Mr. Greenberg's paid tours and his "Today" appearances. Jacqueline E. Burwitz, vice president of investor relations for Energizer, said she's "absolutely sure" that when Energizer hired Mr. Greenberg for a local tour in late 2003, the company believed he would mention its products on "Today."

A few weeks after the local tour, Mr. Greenberg mentioned Energizer's lithium batteries on "Today."

"So, buy them," said the "Today" host Ms. Curry.

"Exactly," said Mr. Greenberg.

Neither NBC nor Mr. Greenberg mentioned that he had been recently hired by Energizer.

In a subsequent interview, Ms. Burwitz retracted her comments, saying she wasn't in a position to know about the arrangement. Another Energizer spokeswoman, Harriet Blickenstaff says there was no connection between the paid tour and the "Today" show mention. It was "absolutely a coincidence and a pleasant surprise," she says.

Mr. Greenberg says he understands how his discussion on "Today" so soon after the paid tour could be "viewed as too close for comfort." He concedes that some companies may have misunderstood his position.

By way of an explanation, the reviewer says he used the Energizer batteries as props while talking about how to get the most from digital cameras. He says he happened to have some at home, in part because they're his favorite.

"They do work better," he says.

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