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## The Art of Manufactured News

By Joe Mandese -- Broadcasting & Cable, 3/28/2005

"Now...News from the Net, with high-tech hearing aids for infants. Hi, I'm Kate Brookes with News Break."

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So begins a 30-second commercial break that, at first glance, looks like so many network news updates. "It's estimated around three of every 1,000 newborns are born with hearing loss," reports Brookes. "Now, for the first time ever, there's a hearing aid especially designed to meet the needs of infants." But she doesn't work for a network, despite the official-looking logo and anchor backdrop. She is hawkng hearing aids, in this case for the company that employs the "expert" being interviewed: Siemens Hearing Instruments.

The spot, bought by a public-relations company instead of an ad agency, is the latest twist in the morphing of news and public relations. As the media world assesses new ground rules, producer Medialink Worldwide says "branded journalism" is the best way to advertise in a splintered market. Instead of sending out video news releases in hopes that stations and cable networks will air them, PR firms are actually *creating the newscast*, then buying spots on networks the way a Madison Avenue firm would. If viewers were confused before, they'll certainly have a hard time discerning news updates from mini-infomercials now.

### Stretching Journalism

For years, PR firms have distributed VNRs and corporate B-roll footage, which is integrated and aired at the discretion of TV news producers. Medialink Worldwide is one of several firms proudly stretching the definition of journalism. Medialink Chairman/CEO Laurence Moskowitz defends VNRs as legitimate news releases as long as they are clearly branded. He says his firm's VNRs are not misleading.

Medialink's latest experiment is another spot that Moskowitz calls "a bona fide newscast"; it's scheduled to debut soon on national cable networks. Unlike pseudo-newscasts produced in the past by Medialink and its competitors, a new three-minute "newscast" features legitimate news.

"We can produce a 90-second newscast for the cost of catering a traditional 30-second spot—and we can turn it around in hours," Moskowitz boasts, estimating the price tag for a three-minute news vignette is \$15,000-\$25,000. The average cost of producing a national 30-second TV commercial is 10-20 times more.

Although he won't disclose the name of the "top-10 advertiser" sponsoring the three-minute newscast, he provides details: The company's logo will appear over the shoulder of the show's news anchor, and its brand will be clearly identified during the segment. Medialink has bought time on cable networks for the vignette the way traditional ad agencies do. "It's back to the future," says Moskowitz. "It's just like the old John Cameron Swayze newscasts for Camel cigarettes," referring to the U.S. newscaster who gained fame for his "Camel News Caravan" segments.

For viewers, discerning real news from pitches has never been harder. Sometimes the paid "newscasts" are authentic reports sponsored by a client. Other times, they're corporate videos disguised as newscasts. Medialink has made buys for the

latter on Rainbow Networks' AMC and Fuse channels, among others, and for General Motors Corp., Siemens AG and Philips. One of its competitors, News Broadcast Network (NBN), a New York-based company that distributes conventional VNRs and corporate B-rolls, buys remnant time on cable networks and on stations in small TV markets, as well as on radio stations.

The rewards can be enormous: Recently, NBN distributed a "Super Bowl" package to stations nationwide featuring replays of ads that ran during the game. The package included expert commentary from NFL execs, an ad reporter at *USA Today* and Ed Lubars, the chief creative officer of BBDO, the ad agency that created the most Super Bowl spots. NBN estimates that the VNR, which generally costs tens of thousands of dollars, generated 950 broadcasts reaching 74.5 million viewers, a number that approaches the 86 million viewers reached by the original Super Bowl telecast.

The advertisers sponsoring the VNR, including Pizza Hut, Visa and Degree deodorant, got residual mileage, paid nothing to produce the spot, which was recycled from their own B-roll material, and paid only thousands of dollars to distribute it.

Critics say the most troubling aspect of the latest VNR product from Medialink—a paid ad spot—is that the news content is genuine but serves as a conduit for a brand or corporate mention. Moskowitz says Medialink is exploring a wide range of similar formats in what he calls "marketing public relations" and what other PR-industry insiders dub "secured placements."

By secured, they mean that the media time was purchased and guaranteed to air unlike conventional VNR or B-roll footage. Moreover, Moskowitz says he is creating a new genre of television that blends news, PR and conventional Madison Avenue media-buying practices. In effect, he is competing with both Madison Avenue and the TV news industry, while blurring the lines between them.

In search of riches in a fast-changing environment, other makers of VNRs have followed. Buying time on cable networks and broadcast stations, they gain some control over their content and guarantee that corporate messages are aired. "They kind of look like and feel like news, but they're not," says Jeff Wurtz, SVP of sales and marketing at NBN, which is aggressively developing a paid-newscast model. Titles like "Consumer Report" and "American Scene" make it tough for many viewers to tell the difference between a PR message and a legitimate broadcast.

When NBN tried to make the segments look more like real newscasts, they were rejected by stations' standards and practices departments. "You can't make it look like straight editorial," says Wurtz, "but the goal is to make it look as close as possible."

### **GAO investigations**

The appearance of such indistinguishable content prompted investigations by Congress' Government Accountability Office, which concluded that federal agencies used taxpayer funds to produce TV news segments promoting Bush administration policies. Those were broadcast on hundreds of local news programs without disclosing the source. The GAO called them "covert propaganda," but the White House recently instructed all agencies to ignore the GAO findings and continue to produce VNRs.

The confusion has forced news organizations to publicly delineate the two types of "news." The Radio-Television News Directors Association is drafting new guidelines on VNRs, based in part on standards developed by Medialink. "Our principle is very basic, which is that you need to disclose the origin of material," says RTNDA President Barbara Cochran.

"Sponsored content should be labeled as such," says Edward Wasserman, Knight Professor of Journalism Ethics, Washington and Lee University. "In the past, that

wasn't a problem, because it was clear to reasonable viewers when a show ended and the advertising began. But [secured VNRs] are deliberately adopting forms of what would be the broadcast equivalent of editorial content to conceal the act of sponsorship, which is a fundamentally deceptive technique."

Wurtz says NBN's programs are clearly identified at the end of their segment, usually with a reference to a corporate Web site. "You would watch it because it doesn't look like a commercial or an infomercial. It's like a genuine news feed, but there's a disclosure at the end that it's a paid piece. It says go to [www.tylenol.com](http://www.tylenol.com) or [www.ford.com](http://www.ford.com)."

In Washington last week, two media-reform groups, Free Press and the Center for Media and Democracy filed complaints urging the Federal Communications Commission to police the airwaves for government-sponsored news reports that don't identify their source.

"Not labeling fake news produced by the government or corporations constitutes news fraud, plagiarism, and violates the most basic ethical standards of journalism," says John Stauber, executive director of the Center for Media and Democracy. "Fortunately, there is a simple solution for TV news producers: Do not use VNRs or, if you do, label them on-air showing who provided and paid for them."

A TV ad sales executive at a cable network was surprised to learn, after being contacted by B&C, that the network had sold time for several VNRs. The executive says the network has revised its policies and requires VNR distributors to superimpose an explicit statement identifying the sponsor.

The criticism doesn't seem to be hurting business. VNRs are "still a relatively small part of our business, but it's growing fast," says Wurtz. "Currently, if we do six VNRs a week, one of them is going to have some element of secured placement in it. A year ago, it would have been one in 12."

Secured VNR buys are much more cost-effective than conventional ad buys. There are also built-in controls that unpaid PR tactics lack, including the ability to target specific demographics and to conduct a post-buy analysis of audience delivery.

Says NBN's Wurtz. "You can go on DirecTV and Dish Network and reach 400,000, 500,000, or 600,000 people in one buy. Or you can go on something like the *Today* show in the top 10 markets, which will reach 2.5 million to 3 million people. You may want to hit a certain demo or income level that watches *Judge Judy* or *Judge Brown* that is watching at mid morning."

That tactic, he says, is especially important when trying to target certain consumers—especially younger demos—on radio. "We've been doing a lot of secured placements on radio for clinical trials of prescription drugs, or remedies for seasonal allergies."

Since music-oriented radio stations run very little news content, Wurtz says, the 60-second VNR spots are "striking."

Moskowitz sees the distinctions between ad agencies and PR companies fading fast. Ad agencies spend millions producing commercials, buying media time or negotiating branded content deals; their PR counterparts are accomplishing the same for pennies on the marketing dollar.

#### **new News source**

Meanwhile, unsecured VNRs are becoming a popular source of news content for TV news producers stretched for resources. A survey released last week by News Generation Inc. found that 77% of radio news directors, reporters and assignment editors in the top 50 markets said they have had to take on extra work due to layoffs or consolidations in the last year. Respondents said the effect has been

less time to prepare news reports.

NBN's Wurtz notes that even some network news organizations that claim not to air VNRs occasionally do so when they contain exclusive footage they want. "NBC News will tell you they don't use VNRs, but when we distributed a VNR for the National Historical Register that included footage of the massive floods going through the Mississippi and Missouri valleys," he recalls, "I got home that night and turned on Brokaw and our graphic was on behind him."

He notes, however, that NBC News vetted the footage and incorporated it as part of its own newscast of an organic news event. Other TV news producers may not be as sophisticated about the source of VNRs, and recent developments in the business may blur the lines even more.

Recently, [TheNewsMarket.com](http://TheNewsMarket.com), a Web-based distributor of VNRs and corporate B-roll, launched Web product [NewsBluntly.com](http://NewsBluntly.com), a blog that mimics the style of news-industry blogs and other community news sites. The site, which posts articles and discussion about the TV-news business, is designed to generate traffic from producers. It also offers free links to B-roll footage supplied courtesy of TheNewsMarket.

#### Cost Comparison

	TV Commercial*	"Secured" VNR
<b>Production</b>	\$372,000	\$15,000-\$25,0000
<b>Media purchase</b>	\$5 million-\$20 million	\$10,000-\$50,0000

\*Average for 30-second spot in 2003

**SOURCES:** American Association of Advertising Agencies' 2004 Television Production Cost Survey; *B&C* analysis of data from Nielsen Monitor-Plus; industry estimates

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