Social Utility Theory: Guiding Labeling of VNRs as Ethical and Effective Public Relations

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Social utility theory suggests that labeling video news release (VNR) source material is the ethical decision (Wulfemeyer & Frazier, 1992), yet the persuasion knowledge model predicts that the effectiveness of VNRs will decrease as people become aware of this PR tactic (Friestad & Wright, 1994). Our study found that positive and negative effects were heightened when subjects read about VNRs and viewed a labeled VNR in a newscast. These subjects were most likely to recognize the VNR story source and least likely to perceive the story as credible. Neither reading nor labeling affected evaluations of the VNR message or featured company.

“You can’t tell any more the difference between what’s propaganda and what’s news.”
— FCC Commissioner Jonathan Adelstein, August 15, 2006

Adelstein advocated for full disclosure of video news release (VNR) sponsors in the form of on-air labeling in television news (“TV Stations’ ‘Fake News’ Scrutinized,” 2006). Such disclosure conforms to the social utility theory of public relations, which speaks to the impact of public relations on society. “Social utility is dimin-
ished when the origins of public relations are hidden or ascribed to other than their true source” (Cutlip, Center, & Broom, 1985, p. 451). Indeed, when most VNRs are aired, they look like typical news stories. “However, unlike typical TV news stories, VNRs are not produced by a news organization. They are produced on behalf of a client in an attempt to obtain free air time” (Wulfemeyer & Frazier, 1992, p. 151).

Although VNRs offer informational content, they also have been called a soft-sell approach to marketing communications, as most do not identify the sponsoring company or organization, and logos and products often appear unobtrusively in the news segment (Wulfemeyer & Frazier, 1992). Social utility theory suggests that by clearly identifying the origins and sources of the news messages, public relations professionals and news organizations are helping the public to understand the context of the messages (Wulfemeyer & Frazier, 1992). This is particularly important, as media illiteracy is high. Most consumers do not know much about how news is produced, or even that talk shows are not news broadcasts and that editorial pages are supposed to be opinionated (Claussen, 2004; Presstime Survey, 2002).

In recent years, several publics have called for source disclosure. For example, the editors of TV Guide argued that informed viewers would not be as vulnerable to potentially persuasive messages (Lieberman, 1992). They recommended, “When a TV news organization includes film or tape prepared by an outside source in a broadcast, the label ‘VIDEO SUPPLIED BY [COMPANY OR GROUP NAME]’ should be visible for as long as the material is on-screen” (Lieberman, 1992, p. 26). Scholars have also entered the debate calling for VNR labeling (e.g., Wulfemeyer & Frazier, 1992). The Public Relations Society of America (PRSA; 2004) stated its position: “Use of VNRs or footage provided by sources other than the station or network should be identified by the media outlet when it is aired” (p. 21). Similarly, the Radio–Television News Directors Association’s (RTNDA; 2000) code of ethics stated that professional electronic journalists should “clearly disclose the origin of information and label all material provided by outsiders.” However, adherence to these policies is difficult to ensure because the professional organizations lack enforcement powers (Barstow & Stein, 2005).

Current Federal Communications Commission (FCC) sponsorship identification rules generally do not require mandatory VNR labeling of company-sponsored VNRs. “Under the FCC’s rules and a long line of precedent interpreting the rules, sponsorship identification is required only when a VNR relates to (1) controversial issues of public importance, (2) political matters or (3) matters for which stations receive payment or other consideration for broadcasting pre-packaged materials,” according to a joint statement issued by the PRSA and the National Association of Broadcast Communicators (NABC), a professional association of broadcast PR companies (“NABC and PRSA,” 2006).

Despite reports by the RTNDA that “few stations use packaged VNRs” (Eggerton, 2006), Owen & Karrh (1996) reported that VNR usage rates have in-
creased since the mid-1980s. According to a Medialink representative, a total of approximately 3,000 VNRs are made each year (Roth, 2004) and “nearly every television market in the United States aired footage from VNRs in 2001” (Piedrahita, 2002, p. 21). Harmon and White (2001) tracked the airings of 14 VNRs produced by companies, nonprofit organizations, and government agencies. The authors found that the VNRs resulted in more than 4,000 airings across the United States. More recently, the Center for Media and Democracy (CMD; 2006), a PR watchdog group, tracked television newsrooms’ use of 36 VNRs. The CMD documented 77 U.S. television stations that aired a total of 98 VNR broadcasts or related satellite media tour broadcasts. The CMD found that news organizations partially disclosed the source of the content in just two of the 98 instances. In response to the study, the FCC issued formal letters of inquiry in August 2006 to the holders of the 77 broadcast licenses, inquiring about their use of VNRs and source disclosure practices (“As Promised, the FCC Probes,” 2006).

The ethical course of action, according to social utility theory, is for labeling of source material within the news. Yet, how would labeling influence the effectiveness of this communication tactic? How would audience members remember or feel about the VNR news segment, the product featured, or the news station airing the segment? Despite a call for research by Reese and Cameron (1992) that “a test of how such disclosure would affect viewer attitudes and information processing are in order” (p. 232), no such research exists to date.

We respond to these questions in this article. This study is the first of its kind to contribute audience-centered results to the VNR labeling debate. Focusing specifically on consumer-oriented VNRs, this study considers how on-air identification of a VNR source, as well as exposure to general media coverage of VNR practices, may influence viewers’ credibility perceptions, memory of VNR content, and attitudes toward the VNR message.

RELATING VNR AWARENESS TO VNR EFFECTIVENESS

Friestad and Wright’s (1994) persuasion knowledge model (PKM) stated that consumers process messages in nonpersuasion settings quite differently from settings in which they believe someone (e.g., advertiser, PR practitioner) intends to influence them. To date, the PKM has been applied primarily within consumer research (see Ahluwalia & Burnkrant, 2004; Campbell & Kirmani, 2000; Friestad & Wright, 1994, 1995, 1999). However, it seems applicable to this study because PR practitioners use VNRs as a communication vehicle to reach news viewers who are also consumers. The PKM implies that television viewers distinguish between what they perceive as nonpersuasion programming, such as news or entertainment shows, and what they perceive as persuasive content, such as advertising (Friestad
& Wright, 1999). The model predicted that viewers will experience a *change of meaning* as they progress from relative naiveté to learn more about company-sponsored VNRs, altering their perceptions of such VNR segments from purely news to somewhat greater commercial content.

**Viewers’ Perceived Credibility of the Newscast and VNR Story**

VNRs involve a unique three-way relationship between news organizations that air VNRs, companies that sponsor VNRs, and television viewers (Lieberman, 1992). This is apparent in the joint PRSA/NABC statement: “Those who provide the materials to broadcasters have a professional responsibility to faithfully inform broadcasters of the true origins of the materials. Finally, broadcasters have the obligation to disclose the sources of those materials to the public in the best way they see fit” (“NABC and PRSA,” 2006). Yet, VNR messages do not typically identify the sponsoring company, leaving audiences to perceive the news media as the legitimate story source (Balasubramanian, 1994).

Cochran (2003), president of the RTNDA, wrote that “credibility is the most valuable asset a station has with its community” (p. 18). Clearly, news organizations must be cautious not to undermine their credibility with viewers. Slattery and Tiedge (1992) examined staging-related techniques used in television news to obtain video through the use of recreations or simulations. They identified a possible threshold at which repeated instances of labeling staged video (at least two labels) began to violate viewers’ expectations about the veracity of TV news stories.

The PKM suggests that engaging in ethical communications via VNR source labeling likely will result in decreased credibility for the newscast and the featured VNR segment. According to the PKM, viewers are expected to update their *agent attitudes* when they make the connection that a news organization is not the sole story source. Credibility may falter, particularly if news viewers perceive the source of a VNR as having a self-interest in the communication. In summary, using on-air labels (i.e., this study’s labeling condition) to identify companies as the sources of VNR stories is expected to lower viewers’ perceived credibility of VNR news stories and the newscasts in which they air. Additionally, increased viewer awareness of company-sponsored VNRs via print media reports (i.e., this study’s reading condition) is expected to produce similar outcomes. These predictions are formally stated as follows:

**H1:** Subjects in the labeling and reading treatment conditions will report lower perceived credibility of the newscast than their respective controls.

**H2:** Subjects in the treatment conditions will report lower perceived credibility of the target VNR story than their respective controls.
Viewer Memory of VNR Content

Recall is considered to be a measure of message effectiveness in news (e.g., Eveland, Seo, & Marton, 2002), public relations (e.g., Reese & Cameron, 1992), and advertising (e.g., Keller, Heckler, & Houston, 1998). Research on information processing of news viewers suggests that audiences do not remember much about the news (e.g., Katz, Adoni, & Parness, 1977; Neuman, 1976; Stauffer, Frost, & Rybolt, 1981), but that certain format characteristics (e.g., recap of story’s central point, visual illustrations) can aid understanding (e.g., Son, Reese, & Davie, 1987).

One line of research relevant to this study relates to the use of captioning in the news. Captioning that focuses on contextual details of a news story or on the main point can help facilitate understanding and recall of a news story. Intermittent captioning can also draw attention to certain story elements and can cue recall of specific content of news stories (Findahl & Hoijer, 1981) and of VNRs (Reese & Cameron, 1992), but captioning does not always lead to greater comprehension. Reese and Cameron (1992) suggested that “when memory is the main objective, such as memory for the VNR sponsor, use of a caption incorporating the sponsor’s name would be effective in a newsworthy VNR” (pp. 231–232). Thus, one would expect that labeling of source material should serve as an attention-getting device.

Subjects exposed to novel stimuli have been found to experience an orienting response, as indicated by physiological and motor responses (e.g., decreased heart rate, increased skin conductance, cessation of movement, adjustment of head or eye position; Cowan, 1995; Graham, 1997). Unexpected or novel stimuli also has been found to capture people’s attention (Berlyne, 1963; Lewis, 1969), be processed more extensively (Kahneman, 1973), and be more readily recalled than expected or familiar stimuli (Brewer & Treyens, 1981; Lynch & Srull, 1982). Because recognition requires less cognitive effort than recall, novel information should be more easily recognizable. People typically are not accustomed to seeing VNR sources labeled on television news or to reading media reports about VNR practices. Therefore, subjects in the two treatment conditions are expected to process information in the VNR segment more extensively, resulting in heightened recognition of the featured company. This study predicts that:

H3: Subjects in the labeling and reading treatment conditions will experience increased recognition of the company featured in the VNR story as compared to their respective controls.

However, enhanced recognition of the company does not necessarily translate into viewers correctly recognizing that the same company is the source of the VNR story. Some subjects may correctly make this assumption; others may perceive the news organization as the source. Viewers with enhanced awareness of VNR practices are expected to be more watchful for news stories of a commercial nature. Ac-
According to the PKM, heightened tactic awareness via reading about VNR practices or via on-air labeling should aid viewers in correctly recognizing the company sponsor as the VNR source. These ideas are reflected in the following hypothesis:

**H4:** Subjects in the treatment conditions will experience increased recognition of the correct VNR story source as compared to their respective controls.

**Viewers’ Attitudes Toward the VNR Message and Featured Company**

In this context, it may be undesirable for companies that sponsor VNRs to be accurately identified by viewers as the story sponsor. For example, Bhatnagar and Aksoy (2003) found that as participants’ awareness of a paid product placement was heightened, they evaluated brands less favorably. This suggests that the accuracy of the perceived message source may be negatively correlated with VNR message evaluation. In contrast to product placements, however, news viewers likely assume that VNR segments, indeed, offer some informational value.

The PKM again suggests that viewers will become more skeptical as they become increasingly aware that a company, not the news organization, is the source of a VNR segment. When a source is perceived as having a self-interest in the communication, consumers likely raise their skepticism levels (i.e., increase message scrutiny), which diminishes the persuasiveness (or acceptance) of a message (Artz & Tybout, 1999). More broadly, the PKM predicts that television news viewers will be more likely to reject VNR messages as they become increasingly aware of the commercial nature underlying company-produced VNRs. As participants’ persuasion knowledge increases (via on-air labeling or reading about VNR practices), viewers’ evaluations of the VNR segment and the featured company are, therefore, expected to decline. This is formally stated in the final hypotheses:

**H5:** Subjects in the labeling and reading treatment conditions will express less favorable evaluations of the VNR message than their respective controls.

**H6:** Subjects in the treatment conditions will express less favorable evaluations of the company featured in the VNR than their respective controls.

**METHOD**

**Participants and Procedure**

One hundred fifty-one undergraduates at the University of Wisconsin-Madison were recruited from journalism and mass communication courses and offered extra credit for their participation. Friestad and Wright (1994) suggested that respon-
dents might be more likely to use persuasion knowledge in situations when their topic and agent knowledge are low. The VNR message topic for this study was laser eye surgery. Only two subjects reported personal experience with laser eye surgery, or high topic knowledge.

According to the Eye Surgery Education Council (n.d.), ideal LASIK candidates include those who “are over 18 years of age and have had a stable glasses or contact lens prescription for at least two years.” College students are among the target audience for the procedure, yet the average age of a LASIK patient is 39 in the United States (David Harmon, Market Scope, personal communication, February 28, 2006). The agent for the target news story was LCA-Vision, an out-of-state company based in Cincinnati, Ohio. As such, respondents were also expected to have relatively low agent knowledge.

Participants were randomly assigned to the treatment conditions. Groups of approximately 10 students assigned to the same treatment condition participated in the study at the same time. Participants were informed that the study was about how people process news messages. First, subjects read either a Consumer Reports article about VNR practices or a Consumer Reports article unrelated to the purpose of the study. Next, all participants viewed a local evening news program recorded from the FOX affiliate in the Madison market. The news program was shown from the introduction through the sports report. Including commercials, the newscast was approximately 25 min in duration. About 20 min into the newscast, subjects saw a “Focus on Health” story promoting laser vision correction surgery. The source of this VNR segment was either labeled on-screen or not labeled. Participants concluded the session by completing an online survey. Survey items were arranged in order from most general to most specific to reduce possible priming effects from previous questions.

Independent Variables

The experiment was a 2 (VNR awareness: reading VNR article vs. not reading target article) × 2 (VNR source explicitness: labeled vs. not labeled) between-subjects design. A total of 38 subjects were assigned to the combined reading and labeling condition, 41 to the reading-only condition, 37 to the labeling-only condition, and 35 to the control (no reading, no labeling) condition.

VNR awareness. VNR awareness was operationalized by exposing subjects to one of two Consumer Reports articles. The target article, entitled “Making news: Are video news releases blurring the line between news and advertising?,” was given to participants in the reading treatment condition (“Making News,” 1991). The article was informational and relatively balanced, quoting sources who favored and opposed VNR practices. Participants in the reading control condition were provided with an article unrelated to the purpose of the study entitled “High
time for HD? Falling prices make high-definition TV more attractive than ever” (“High Time for HD,” 2003). Both articles were two pages. The text “Consumer Reports,” along with a page number, appeared at the bottom of the second page; dates from the original articles were removed.

Source explicitness. A former producer for the local FOX affiliate confirmed that the target news story selected for this study was an actual VNR provided to the news organization. Source explicitness was operationalized by showing participants the “Eye on Health” segment either labeled or not labeled with the company that sponsored the VNR. In the labeled VNR source condition, the text “Video Supplied by LCA-Vision” was edited onto the video and appeared on-screen throughout the health segment (approximately 20 sec). In the unlabeled condition, the segment was shown as it had aired in the original newscast, with no text identifying the VNR sponsor.

Dependent Variables

Perceived credibility of the newscast. Three statements (“Most of the information on this newscast was believable,” “I believe the things I saw and heard on this newscast,” “I found this newscast to generally be credible”) assessed participants’ perceived credibility of the newscast on a 7-point bipolar scale, from 1 (strongly disagree) to 7 (strongly agree; Owen & Karrh, 1996). The three items were averaged (M = 5.02, SD = 1.11, Cronbach’s α = .92).

Perceived credibility of the VNR story. Two items (“Indicate whether you found the story you saw about laser vision correction to be believable or not believable,” “Indicate the degree to which you found the story about laser vision correction to be credible or not credible”) assessed perceived credibility of the VNR story on a 7-point bipolar scale, from 1 (not at all believable/credible) to 7 (very believable/credible). Responses to the two items were averaged (M = 4.91, SD = 1.23, α = .85).

VNR company recognition. Participants also were asked to complete a recognition measure for the companies mentioned or shown in the news program (not including commercials). The measure used a 10-item choice set embedded with correct and false answers. Subjects were asked to identify which of the 10 companies they recognized as being featured (verbally or visually) within the newscast. In total, 71 of the 151 respondents (47.0%) correctly identified LCA-Vision within the choice set.

Perceived VNR story source. Participants were asked: “Who do you believe was the source for the video used in the laser vision correction story?” To
gauge recognition, this question was followed by a choice set with five possible answers, including LCA-Vision, Inc., the actual source of the target story. Incorrect choices included Laser Vue, Inc. (a company not featured in the VNR story or newscast, but also included in the list for the company recognition task), a reporter from the local FOX station, a reporter from the Cincinnati FOX station, and “other.” In total, 62 of the 151 respondents (41.1%) correctly recognized the VNR story source.

**Attitude toward the VNR message.** Respondents were asked to evaluate their attitudes toward the VNR message, which promoted the practice of laser eye surgery. Participants were asked to provide their “attitude toward laser eye surgery as an alternative for people who wear contacts or glasses.” Attitude was measured using four adjective opposite pairs (negative/positive, bad/good, unfavorable/favorable, and dislike/like) rated on a scale from 1 to 7. Responses were averaged to form a scale ($M = 5.41, SD = 1.34, \alpha = .96$).

**Attitude toward the featured company.** Respondents were asked to evaluate their attitudes toward LCA-Vision, the target company featured in the VNR segment. Participants were asked to provide their “attitude toward LCA-Vision, a company that provides laser vision correction.” Attitude was measured using four adjective opposite pairs (negative/positive, bad/good, unfavorable/favorable, and dislike/like) rated on a scale from 1 to 7. Responses were averaged to form a scale ($M = 4.43, SD = 1.01, \alpha = .97$).

**RESULTS**

A series of 2 (reading condition: high VNR awareness, low VNR awareness) × 2 (VNR source labeling condition: explicit source, nonexplicit source) ANOVAs were computed on all ratio dependent variables to assess main effects and possible interactions. In addition, binary logistic regression was used to assess the effects of the reading and labeling conditions on the categorical dependent measures of recognition.

H1 predicted that VNR awareness and source explicitness, operationalized as reading and labeling treatment conditions, respectively, would have main effects on viewers’ perceived credibility of the target newscast. The hypothesis was supported for the reading condition, but not for the labeling condition. A significant main effect for reading condition was observed for perceived credibility of the newscast, $F(1,142) = 7.44, p < .01$, such that those who read about VNR practices in the *Consumer Reports* article regarded the newscast to be significantly less credible than subjects in the no reading condition (see Table 1 for means). No main ef-
fect for labeling condition, $F(1,142) = .67$, n.s., and no interaction effect between the independent variables, $F(1,142) = .23$, n.s., were identified.

H2 similarly predicted that VNR awareness and source explicitness would have main effects on viewers’ perceived credibility of the target VNR story. Again, the hypothesis was supported for the reading condition, but not for the labeling condition. A significant main effect for reading condition was observed for perceived credibility of the target VNR story, $F(1,126) = 6.96$, $p < .01$, such that respondents who read about VNR practices perceived the target VNR story as significantly less credible than subjects who did not read the article (see Table 1 for means). Again, a main effect for the labeling condition, $F(1,126) = 1.11$, n.s., and an interaction effect, $F(1,126) = 1.71$, n.s., were not identified. However, it is noteworthy that perceived VNR story credibility was lowest among subjects in the highest persuasion knowledge condition (i.e., those who read about VNRs and then viewed the labeled VNR in the newscast). In summary, perceived credibility of the newscast and perceived credibility of the VNR story declined as subjects experienced heightened VNR awareness in the reading condition, providing partial support for H1 and H2.

H3 predicted that news viewers in the reading and labeling treatment conditions would experience enhanced recognition of the company featured in the VNR story. H3 received partial support, as reading about VNR practices significantly enhanced recognition of the company featured in the VNR story and viewing the labeled VNR segment marginally enhanced recognition. Correct recognition counts are reported in Table 2. Binary logistic regression revealed a significant main effect for reading condition (Wald = 5.30, $\beta = .39$, $p < .05$), such that subjects who read about VNR practices were significantly more likely to recognize LCA-Vision as the company featured in the VNR story than subjects who did not read the article. A marginal main effect for labeling condition (Wald = 3.60, $\beta = .32$, $p < .10$) was also identified, suggesting that subjects who viewed the labeled VNR story were somewhat more likely to recognize the company featured in that story than subjects who viewed the unlabeled VNR story. The estimated odds ratio for correctly identifying LCA-Vision in the newscast was 1.48 (95% CI = 1.06, 2.06) for the reading condition and 1.38 (95% CI = .99, 1.92) for the labeling condition. An interaction effect between the independent variables was not identified (Wald = 1.23, $\beta = .19$, n.s.). Yet, it is noteworthy that the highest recognition levels were reported among subjects in the combined reading and labeling condition.

H4 predicted that news viewers in the reading and labeling treatment conditions would experience enhanced recognition of the correct VNR story source. H4 also received partial support. Reading about VNR practices significantly enhanced recognition of the correct VNR story source and viewing the labeled VNR segment marginally enhanced recognition. Binary logistic regression revealed a significant main effect for reading condition (Wald = 4.77, $\beta = .38$, $p < .05$). Subjects who read about VNR practices were significantly more likely to correctly identify
## TABLE 1
**Credibility and Attitude Means**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Reading</th>
<th>No Reading</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>SD</td>
<td>n</td>
</tr>
<tr>
<td>H1: Perceived newscast credibility</td>
<td>Labeling</td>
<td>4.81</td>
<td>1.05</td>
</tr>
<tr>
<td></td>
<td>No labeling</td>
<td>4.75</td>
<td>1.18</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.78</td>
<td>1.11</td>
</tr>
<tr>
<td>H2: Perceived VNR story credibility</td>
<td>Labeling</td>
<td>4.39</td>
<td>1.52</td>
</tr>
<tr>
<td></td>
<td>No labeling</td>
<td>4.89</td>
<td>1.15</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.66</td>
<td>1.35</td>
</tr>
<tr>
<td>H5: Attitude toward VNR message</td>
<td>Labeling</td>
<td>5.38</td>
<td>1.21</td>
</tr>
<tr>
<td></td>
<td>No labeling</td>
<td>5.51</td>
<td>1.21</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>5.45</td>
<td>1.21</td>
</tr>
<tr>
<td>H6: Attitude toward VNR company</td>
<td>Labeling</td>
<td>4.25</td>
<td>1.10</td>
</tr>
<tr>
<td></td>
<td>No labeling</td>
<td>4.41</td>
<td>.82</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.33</td>
<td>.96</td>
</tr>
</tbody>
</table>

*Note. VNR = video news release.*
## TABLE 2
Recognition of Video News Release (VNR) Company and Story Source (% Identified Correctly)

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Reading</th>
<th>No Reading</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>n</td>
<td>Count</td>
</tr>
<tr>
<td>H3: VNR Company Recognition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labeling</td>
<td>26</td>
<td>38</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>(68.4%)</td>
<td></td>
<td>(40.5%)</td>
</tr>
<tr>
<td>No labeling</td>
<td>18</td>
<td>41</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(43.9%)</td>
<td></td>
<td>(34.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>79</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>(55.7%)</td>
<td></td>
<td>(37.5%)</td>
</tr>
<tr>
<td>H4: VNR Story Source Recognition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labeling</td>
<td>24</td>
<td>38</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(63.2%)</td>
<td></td>
<td>(32.4%)</td>
</tr>
<tr>
<td>No labeling</td>
<td>15</td>
<td>41</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>(36.6%)</td>
<td></td>
<td>(31.4%)</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>79</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>(49.4%)</td>
<td></td>
<td>(31.9%)</td>
</tr>
</tbody>
</table>
LCA-Vision as the correct VNR story source than subjects in the no reading condition (see Table 2 for correct recognition counts). A marginal main effect for labeling condition (Wald = 2.72, $\beta = .28$, $p < .10$) was also revealed. That is, subjects who viewed the labeled VNR story were somewhat more likely to recognize the correct VNR story source than subjects who viewed the unlabeled VNR story. The estimated odds ratio for correctly identifying LCA-Vision as the VNR story source was 1.46 (95% CI = 1.04, 2.04) for the reading condition and 1.33 (95% CI = .95, 1.86) for the labeling condition. No interaction was identified (Wald = 2.29, $\beta = .26$, n.s.). However, it is again noteworthy that subjects in the combined reading and labeling condition were the most likely to correctly identify the VNR story source.

H5, which suggested that subjects in the reading and labeling treatment conditions would evaluate the VNR message less favorably than their respective controls, was not supported (see Table 1 for means). For attitudes toward the VNR message, ANOVA revealed no main effect for reading condition, $F(1,147) = .14$, n.s.; no main effect for labeling condition, $F(1,147) = .00$, n.s.; and no interaction effect, $F(1,147) = .15$, n.s. Subjects who read about VNR practices reported similar attitudes toward the VNR message promoting laser eye surgery as subjects in the no reading condition. Likewise, subjects who viewed the labeled VNR story reported similar attitudes toward the VNR message as subjects in the no labeling condition.

H6, which stated that subjects in the reading and labeling treatment conditions would evaluate the company featured in the VNR less favorably than their respective controls, also was not supported. ANOVA again revealed no main effect for reading condition, $F(1,146) = 1.49$, n.s.; no main effect for labeling condition, $F(1,146) = .22$, n.s.; and no interaction effect, $F(1,146) = .24$, n.s. Subjects in the reading condition reported similar attitudes toward the featured company, LCA-Vision, as subjects in the no reading condition. Additionally, subjects in the labeling condition reported similar attitudes toward the featured company as subjects in the no labeling condition.

**DISCUSSION**

Little academic research has been devoted to the study of VNRs, even though the issue of VNR source disclosure has received considerable media attention (e.g., Barstow, 2006; “FCC Warns,” 2005; Lee, 2005). Social utility theory suggests that labeling of VNR source material is the ethical course of action, as it would help the public to better understand the context of news messages (Wulfemeyer & Frazier, 1992). Yet, the PKM (Friestad & Wright, 1994) predicts that the overall effectiveness of VNRs will decrease (e.g., lower credibility, less favorable attitudes) as people become more aware of this public relations tactic.
In this regard, we report research that empirically tests how labeling VNRs, and media attention surrounding VNRs, influences VNR effectiveness. Specifically, we tested the PKM in a new context and show differential effects for different types of VNR awareness (i.e., on-air labeling of an actual VNR segment and reading about VNR practices in general). Whereas reading about VNR practices resulted in several main effects (e.g., significantly lower credibility perceptions, significantly increased recognition levels), labeling did not have as much effect (e.g., marginally increased recognition levels) on news viewers. Perhaps reading had stronger overall effects than labeling because it required more processing effort and exposure time to read the article (approximately 5 min) versus viewing a 20-sec video clip. Indeed, past research only found labeling effects for staged video when the technique was used in at least two news stories in a single newscast (Slattery & Tiedge, 1992).

Subjects in the reading condition reported significantly lower credibility ratings of both the newscast and the VNR story than those in the no reading condition. Therefore, our results suggest that recent stories in major media outlets about VNR practices likely are damaging to VNR sponsors. It is important that perceived VNR story credibility was lowest among those who read about VNRs and then viewed the labeled VNR in the newscast. Yet, the causal direction for credibility of the VNR story and the newscast cannot be determined. It is not known, for example, whether reading about VNR practices heightened individuals’ awareness that the newscast offered VNRs, thus influencing perceived credibility of the newscast. Alternatively, reading about VNR practices may have led individuals to be more critical of the newscast overall, which may have influenced credibility ratings of individual news stories, including the VNR segment.

We note that increased persuasion knowledge about VNRs by way of reading about the practice significantly enhanced viewer memory for the source of the VNR message and the featured company. Labeling had a somewhat weaker effect, marginally enhancing recognition of both the VNR company and the VNR story source. Indeed, the highest recognition scores occurred for those who read about VNRs and then viewed the labeled VNR story. As such, these findings suggest that a VNR can be an effective communication tool for heightening awareness of a company or its products.

The PKM predicted that negative affect would result once consumers became aware of VNR practices. However, our results do not support this. One explanation why these PKM predictions were not supported may be that news viewers did not perceive VNRs as persuasive, as the PKM implies, but rather as informative. Subjects in the reading and labeling conditions did not report more negative attitudes toward the VNR message or featured company. Although increased knowledge of VNRs negatively affected perceived credibility of the newscast and the VNR story for subjects in the reading condition, it did not directly influence attitudes. It appears that viewers did not strongly weigh perceived credibility into their computa-
tion of the VNR message or company attitudes. Even though attitude ratings of the VNR company were lowest in the highest persuasion knowledge condition (reading and labeling), they were not significantly different from attitudes in the other conditions.

Our examination of the findings contribute to the current VNR labeling debate. On its own, labeling produced few negative effects for VNR sponsors. Subjects who viewed the labeled VNR story, but did not read about VNR practices, did not deem the newscast or VNR story as less credible, nor did they report more negative attitudes toward the VNR message or VNR company than their counterparts viewing the unlabeled segment. In fact, clearly labeling VNR stories seemed to benefit VNR sponsors, because labeling marginally enhanced recognition of the VNR company and the VNR story source. VNR sponsors who are well-respected by the public might especially gain from labeling, particularly if perceived credibility of the VNR source transfers to viewers’ perceived credibility of the VNR message. It seems that VNR labeling is not only the ethical course of action, as indicated by social utility theory, but also a relatively effective form of communication for VNR sponsors. As such, the authors reiterate calls made by PRSA and RTNDA for PR practitioners to clearly identify the source of all VNR materials provided to television stations, as well as for television news organizations to then clearly identify the source to news viewers. It is not enough for professional organizations to call on their members to take these actions: Words and actions must align.

Yet, we also note that effects (both positive and negative) generally were heightened when subjects both read about VNRs and viewed the labeled VNR in the newscast. Subjects in this highest persuasion knowledge condition were most likely to correctly recognize the company featured in the VNR, most likely to correctly recognize the source of the VNR story, and least likely to perceive the VNR story as credible. Our results suggest that when combined with reading, labeling intensifies effects, resulting in viewers who are more aware, but also more critical of VNRs in terms of perceived credibility. This suggests that PR practitioners that produce VNRs and news organizations that air VNRs should act cautiously. As advised by Hirschman and Thompson (1997), advertisers and marketers should “exercise great caution in their efforts to manage the content of television shows or media programming in ways that are beneficial to their brands. Such efforts are likely to backfire when consumers become sensitized to the implicit persuasive appeal” (p. 58). Our results showed some indication of such reactance, as consumers who read about VNR practices deemed the newscast and the VNR story as less credible than those who did not read about the practices. To retain credibility of a VNR message, it seems essential that VNRs consistently provide newsworthy information, rather than promotion of products or services. Similarly, electronic journalists must employ strict standards of newsworthiness for all news story selections.
LIMITATIONS AND FUTURE RESEARCH

A limitation of this study is that the use of student participants could limit generalizability. If students are generally less critical of news (Bucy, 2003), then perhaps they also are more positive toward VNR practices than a general news audience might be. It is noteworthy that the school from which the subjects were recruited offers a strategic communications track. Nearly half of the study participants reported that they planned to pursue a career in public relations or advertising. These strategic communication students were identified in this study as having more favorable attitudes toward the VNR message and perceiving the VNR story as more credible than other subjects. A preferred study design would be to recruit a representative sample of U.S. television news viewers.

A second limitation is that task involvement likely was artificially high. Participants likely paid greater attention to the news programming shown in the laboratory setting than they would watching television at home. As such, the findings may overestimate the actual effects that VNRs have on viewer processing. An alternative study design for future VNR research would be a field experiment in which participants watch newscasts as they typically would in their homes amid other distractions.

A third limitation is that this study could have benefited from a qualitative component such as in-depth interviews or focus groups. For example, it is unclear from the quantitative findings if viewers in the labeling-only condition even realized that they were watching a VNR. Given the findings for the labeling condition, it could be suggested that labeling alone is not very informative to news viewers. If consumers are unfamiliar with the practice of VNRs, then labeling an individual VNR segment within a newscast might not be enough for viewers to fully comprehend that the segment was supplied by a company or agency outside the news organization.

We believe that this research should be viewed as a bridging piece to other VNR studies. Clearly, more work remains for PR scholars as research about viewer perceptions of VNRs remains largely unexplored. Just a few of the many research questions yet to be addressed include: “What is the current level of public awareness of VNRs or of media literacy related to news production in general (Dennis, 2004)?” “Are consumers concerned about VNR practices?” “Do they view VNR content as informative, important, or manipulative?” “Does VNR effectiveness vary by the product category VNRs represent?”

Although the PRSA, the RTNDA, and the FCC have all taken the position that the source of VNRs should be identified to news viewers (“FCC Warns,” 2005; PRSA, 2004; RTNDA, 2000), the form of such a disclosure is a matter of debate (Lee, 2005). PR scholars could enlighten this debate by studying the effects of different types of disclosures (e.g., continuous vs. intermittent; verbal vs. text labels; text labels of different sizes and typefaces) on news viewers.
Research in this area should be expanded to consider a broader range of potential effects on consumers who watch VNRs (e.g., materialistic values, purchase intentions, and behaviors) and on news organizations that air VNRs (e.g., ratings, perceived objectivity in reporting). In addition, it would be worthwhile to compare if VNRs provided by nonprofit or government organizations are processed differently than VNRs produced on behalf of companies.

REFERENCES


