

THE KAISER FAMILY FOUNDATION

PUBLIC SERVICE ADVERTISING FORUM

THIS IS YOUR BRAIN ON TECHNOLOGY: THE FUTURE OF PSA'S IN A DIGITAL WORLD

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WASHINGTON, DC

MS. VICKY RIDEOUT: I am very pleased to be able to introduce our next moderator to you, but I am also wildly humbled to even share a podium with him when I think of everything that he has accomplished in his very distinguished career as a journalist.

Terry Smith began his career--began his career with a 20-year stint as a Pulitzer Prize-nominated reporter at the New York Times where he served as Chief White House Correspondence as well as Bureau Chief in Israel during the Arab-Israeli War, Bureau Chief in both Bangkok and Saigon during the Vietnam War. He left print and joined the CBS Network in 1985 where he received multiple Emmy Awards and a PBT Award for his work as CBS's White House Correspondence, and served as Senior Correspondent for CBS's Sunday Morning program where he worked for eight years. And, of course, those of us who are concerned with the media are especially grateful to him for the work that he has done since 1998 at The News Hour with Jim Lehrer, where he established a special unit that's devoted exclusively to coverage of media issues. The Media Unit offers in-depth reporting on how the media perform and has been honored with numerous Emmy nominations with the Bart Richards Award for Media Criticism, and with the National Press Club's Arthur C. Rowse Award for Media Criticism. So, please join me in welcoming Terrence Smith.

MR. TERRENCE SMITH: Thank you. Good morning. Welcome to winter in Washington, where it's warmer outside than it is in here. Claudia Caplan was saying she's coming from South--Southern California and thinking of relocating here and I said the weather is much better here, so just come here. Be fine.

I'm going to introduce the panel that we have here, some--some really accomplished people. And then, we're gonna--no speeches, no opening statements. We'll go right to some of the issues at hand and try to pick their brains about the future. Very simple. Predict the future. No problem. Journalists do it all the time with the hope that the audience forgets when they're wrong, which sometimes they do. So, let's begin, alphabetically anyway.

Josh Bernoff is the Principal Television Analyst--why don't you come up and have a seat, Josh--at Forrester, which as I think you know is the leading research firm that analyzes the future of technology and its impact on businesses, consumers, and society. Mr. Bernoff advises top executives at NBC, Viacom, CBS, The Weather Channel, and many others. He is regularly quoted in publications about the future so you should feel free to ask him about the future, since

he--he seems to know it. And, has coined terms, he has. Josh has been an outstander in the television industry, including the phrase, and we should talk about it, "personal video recorder" and what the significance of that may be. So, that's Josh Bernoff.

Next to him will be Claudia Caplan, who has spent the last 20 years in advertising at prestigious agencies like W. B. Doner, Daley & Associates, Wells Rich Green, and most recently, Ms. Caplan served as Vice President of Brand Marketing at Earthlink, one of the largest Internet service providers in the United States. At Earthlink, she led the effort of finding the company as the number one provider of the real Internet. Earthlink's core message of Internet privacy became a news story as well as an ad campaign. It was recently featured on the front page of the New York Times. Ms. Caplan's work for ads against AIDS was the first and only time the CLEO for Best National Radio Campaign was awarded to a pro-bono effort.

Next is Larry Kirkman, who many of us here know as the Dean of the School of Communication at American University here in Washington. From 1989 to 2001, Mr. Kirkman was President of the Benton Foundation, where he created programs in strategic communications for nonprofit organizations. Under his director--direction, Benton became a leading nonprofit Internet publisher, and played a key role in creating connectforkids.org, a major online campaign with the Ad Council, and the digitaldividenetwork.org, a hub of information and action on universal service and Internet access. Prior to joining Benton, Mr. Kirkman was Founding Director of the U.S. Labor Institute of Public Affairs. He also established the TV and video program for the American Film Institute, where he produced the National Video Festival.

Virginia McEnerney is Vice President of Corporate Relations at AOL Time Warner. You know, that little company that depending on which paper you read this morning, Virginia, will either buy NBC or be bought by it? So, we'll have to stay tuned to see. Virginia oversees the implementation of the company's coordinated public service campaigns across its many different media outlets, including broadcast and cable television, outdoor, print venues. The company's first coordinated effort on mentoring was launched in January 2002 and was recently profiled in the New York Times. Virginia and I were talking about that a few minutes ago, and I--I think she might recall for us this morning the experience and what you learned in that campaign, which certainly got a lot of attention.

And finally, on our panel, Andrew Schwartzman. He has served as President and CEO of the Media Access Project since 1996, where he had previously held the title of Executive Director since 1978. Mr. Schwartzman has appeared on behalf of the Media Access Project before Congress, the FCC, and the courts on issues such as cable TV regulation, minority and female ownership, and employment in the mass media, as well as equal time laws. In recent years, the Media Access Project has led efforts to ensure that broad and affordable public access is provided in the deployment of advanced telecommunications networks. And, to that end, he often writes, publishes, and appears on various broadcasts.

So, would you give 'em a hand and welcome the panel that joins us this morning? I'm gonna ask Josh Bernoff to start and sort of paint the picture for us of what he believes, based on the very considerable research that Forrester does on what the media is going to look like in the next five to ten years, whether convergence will become real and not just a buzzword, whether these

personal video recorders, TiVo, Replay, and the like, will actually become a factor. I'm not certain they are yet, Josh, so you tell us. So, go ahead, Josh, what's the future?

MR. JOSHUA BERNOFF: Well, from the description it makes it sound like I live in the future, but I thought I'd vacation back here in the present for a moment to talk to you folks. We don't look so much at convergence, which I think is a blanket term that makes it difficult to actually predict anything concrete. I look at what consumers wanna do, because if consumers have a desire for something and the technology makes it possible, then change can happen.

And, when we look at what consumers wanna do right do with respect to television, what we see is the real question that should be in your mind is: Will advertising, plain old television commercials, still work five years from now?

I mean, we're in a world right now where there are a million people who have a personal video recorder in the United States. A TiVo, a Replay, or satellite box that records that records programming on an internal hard drive. Let me just ask people in the audience here. How many of you have a personal video recorder at home? All right. Of those who have one, how many of you watch the commercials on a regular basis? Gee, I don't see any hands up. You rapidly get used to the idea when you have one of these devices you don't have to watch TV when it's being broadcast. And, when you do watch it you can watch on your own schedule as they said on a 60 Minutes program when they interviewed a consumer using one, "Hey, now I can watch 60 Minutes in 45."

MR. SMITH: Forty-three.

MR. BERNOFF: Forty-three, actually. Yeah. While that 15 minutes of public service advertising is a victim there, there are two million households in the United States right now that access to Video-On-Demand, that's watching movies on your own schedule. And, if you want to know where this is going, there are right now about 30 million households that have either a digital cable box or a digital satellite box and that's the basis, the platform, on which all of this change is happening.

So, On-Demand TV in our perspective is the way TV is going. I mean, we've trained people in the last five years that if you wanna look at the news you can get it instantly on the Internet. You don't have to wait. If you want to make a telephone call, you can make it from anywhere to anywhere with your cell phone. You don't have to wait. And now, we still expect them to watch TV on a schedule set-up by the networks? People are ready to change the way they watch television.

MR. SMITH: Josh, let me ask you about the number you cited first. You said that a million--.

MR. BERNOFF: --Yeah--.

MR. SMITH: --Of these personal video recorders in a--in a television universe of a hundred million households. Doesn't sound like a lot to me.

MR. BERNOFF: Well, the thing that we look at when we look at whether technology is going to succeed is how much will it cost, and that's coming down just based on the cost of hard drives, for example. And, do people like it? Well, when you talk to TiVo users, and you say, well, how--how valuable is this to you? They say, "Oh sure, you can have my TiVo when you pry my cold dead hands off the remote." There is an incredible amount of loyalty. And, the companies that make these products have done a really poor job of marketing them.

But despite this, people who have them love them and they invite you over to their house and they show it to you and then you say, "Well maybe I should get one."

It's our perspective based on that that this is going to be a highly successful product and that we're talking about within five years getting up to something on the order of 30 to 40% of households that got one--that have one mostly built-in to their cable or satellite box. So, this is the future of the way people will watch television and if your ads are going to get viewed at all now, you should be thinking differently about it.

You should be thinking about new places to advertise, like in interactive program guides, like within programs and product placement. This is the same advice we give to commercial advertisers. And, you should be thinking about interactivity. Public service advertising is wonderfully suited to, you know, click when you see something there and we'll get you more information. Much better suited, I would say, than most commercial advertising. And, there are 6 million households right now that have access to Wink, which is one way that you can do this sort of interactivity.

So, stop thinking so much I would say about commercials and start thinking about new places to get that message out within television and ways to interact with consumers through a television.

MR. SMITH: All right.

Interactivity is Claudia Caplan's middle name. Isn't that right, Claudia?

MS. CLAUDIA CAPLAN: Last time I checked.

MR. SMITH: How does this fit in the--in the Internet world?

MS. CAPLAN: Well, I think there's a general thing that you have to say about Internet advertising, which is no one's figured out how to make it work. And, that's--that's paid advertising, that's public service advertising, that's any kind of advertising. I think we all know what doesn't work, which is banners. Or, depends on how you want to define work. If what you are looking through--for is click throughs, if what you are looking for is someone to actually do something, if that's your definition, it doesn't work.

People are trying a lot of new formats and shapes and all sorts of things, but still it doesn't have-- seem to have the same kind of ability to motivate people as traditional advertising that we know right now. And, part of that is we're applying old models to new media right now. We're saying,

"Is it like a print ad?" "Is it like a television spot?" "Can I make it that way?" And, that's what the agencies have been doing and that--that's a huge issue also.

In the panel before us, someone brought up the issue of, for instance, a go-to type engine, the Overture Company, which has buying keywords. That's one way to get in that is advertising, obviously, in a sense you are buying time and you can go to them and talk to them about keywords that relate to your issue. But, it's advertising but it's not advertising. And, I guess if I have one central message, it's that you have to think of what you do as advertising but not advertising. So, it's not creating something within a 30-second format for TV, or a 60-second format for radio, or a half-page newspaper ad. Rather, it's thinking about it as content, thinking about it as a quick click-through as we found with things like various efforts like the Red Cross effort after September 11th. Those kinds of things that work better within the Internet environment.

But, just to create an ad, you know what? There's a lot of different sites you could get in touch with that will gladly give you space because right now space is going begging. But, you have to think about why that space is going begging. The reason space is going begging is because the advertisers won't pay for it and the reason the advertisers won't pay for it is they don't see any return for it. So, I--I--your chances of getting return on it probably aren't that much better.

MR. SMITH: What about the mentality, Claudia, of the Internet service providers themselves, when approach on the subject of public service advertising?

MS. CAPLAN: I can--well, speaking for Earthlink, always open to it, again because there is sort of this infinite amount of space. But, I really think that what has to happen is a more creative approach that says, "Look, we have a content piece that we think would be of interest to your members that can permeate a lot of different places on the site." And frankly, I think AOL is very good at getting onto an issue and having it permeate their site in a way that it really doesn't feel like advertising. Even though it's tied in with advertisers, it feels like content. And, I think a lot of it has to do with that. So that approaching an Earthlink and saying, "Can I get banners on your--on your personal start page?" Heck, yeah. But, I'm sure how much good it does you.

MR. SMITH: All right.

Larry Kirkman, what did you learn relevant to all of this in the Connect for Kids campaign?

MR. LARRY KIRKMAN: Well, Connect for Kids was, I think, a real pilot project. There's a lot of lessons from it. In 1995, we made a partnership with the Ad Council to reinvent fulfillment. To really for the first time look at the role of the Web as a resource that when we motivated people through public service advertising to want to know more and do more, it would have more for them than an 800 number and a brochure. So, we built up. But, one of the things that we did at that time was insist that we had a 50/50 split and fundraising for building a resource that was really robust and valuable.

I'd like to pick up some of the strands from the previous panel. One, I think the MTV point that there are consumers out there who have real appetite for information that has to be satisfied, that can't be satisfied in new ways. The fact is that these partnerships that build on information can be good for the business of the media companies.

And, second--third, is that the aggregation of content and of networks is enormously valuable in this new marketplace. We came begging for our 30-second spots for decades. But now, I think the nonprofit sector aggregated has something the consumers want that's more valuable to the media partners. It has content. They have people through memberships and subscribers, and most importantly, they have trust. They have built up a brand that's known.

So, the question is how do we take these assets, this position of strength, and make new kinds of deals with the--the media companies? The new media companies, I think, will be more responsive. As an example, connectforkids, which over its lifetime has received more than \$250 million in donated advertising, was a leading banner advertising recipient--a donated banner advertising recipient.

But just as important, and maybe more important was that Connect for Kids was linked into the content references at Yahoo and AOL and other services, so that when you typed in "foster care" on Yahoo, Connect for Kids came up as a prime resource--.

MR. SMITH: --What was the feedback, Larry, from that \$250 million worth of donated time--space?

MR. KIRKMAN: Well, we went through two stages. The first stage--and both were very research. First stage, we looked at the prime barrier for people wanting to help families, parents, and children, and that was that they believed the parents were responsible and they weren't sure that government or public policy or even corporate policy had a role in helping families with parents with a problem. And, we did very successful ads in terms of dollars received, but those ads did not drive people to our website. It was the second stage of ads where we really tapped into the frustration that parents have with doing what's right for their kids that made the difference. And, what we found was that it was possible to tap into individual needs, bring people to the website, and put them into a world of information that helped them understand a range of issues and approaches to solutions. From volunteering to voting. From a personal to public policy. So, somebody would come in because they cared about child--their own childcare but they would start to think and learn about family-friendly workplaces and corporate responsibility. They would learn about public policies around subsidy for childcare, around regulation, around training and support for child care workers. This isn't why they came to the site. This isn't what the ad was about. But, it really was what we were able to bring them to. So, this potential for expanding people's hunger for knowledge for their sense of what they can do and what they know, I think, is boundless if we take advantage of this new digital environment.

MR. SMITH: One of the assets you mentioned earlier of--of nonprofits is their membership lists. Did you find a way to use that?

MR. KIRKMAN: Well, we started the Connect for Kids project with a coalition of hundreds of nonprofit advocacy and service organizations around children's issues. And, but really--.

MR. SMITH: --But, how did you--how did you use those?

MR. KIRKMAN: They went to the local broadcasters like--like Jim Goodman, and asked them to put the PSA's on. They created materials and held events locally that reinforced the national campaign.

MR. SMITH: So, grassroots lobbying.

MR. KIRKMAN: Grassroots lobbying, events, etc. I think that now there are other--other ways to look at the resources of those nonprofit partners, which is that they have information contents. So, Connect for Kids was able to build on those 40 topic areas from adoption to welfare and provide that world of information that no single organization could provide.

MR. SMITH: Virginia McEnerney, what's the significant from, in terms of public PSA's, of the different platforms that you now have available through the merged AOL Time Warner?

MS. VIRGINIA MCENERNEY: We're just testing this right now. I have to say this conference is so timely for me. I am sort of the chief worrier in my area at AOL Time Warner, and I've been worrying about PSA's for a lot of reasons. One of them is that every single nonprofit that we talk to asks us to "do," whatever that means, "do" a PSA campaign or run their PSA's. And, we didn't really have a really good answer about that. So, we tested creating a good answer in January with a coalition of mentoring organizations who had identified in January as mentoring mocks. So, we ran the spots on cable networks locally, on cable networks nationally. We ran them on--they got full-page ads in Time and People. We got 20 million impressions on the AOL web properties, and HBO hired Tom Fontana, who is the producer of their Oz series to shoot the PSA's and then created an entertainment piece that they could in turn put on the air, because HBO can't air PSA's.

So, this is--it's a good answer. It will be a good answer once we have a chance to really look at the metrics, look at which of these was most--most effective. I've heard from a lot of people that they say the ads--I know people did see them. We know that the traffic to the website tripled, the traffic to the 800 number increased by 8, a factor of 8. So, that is a really good experiment to test out what I think our obligation is, to run these really big campaigns. We learned a lot from doing it.

But, really I think sort of the bad news, although I think of it secretly as good news as well, is that you don't flip a light switch at 75 Rock, where my office is, and see the whole AOL Time Warner enterprise bathed in light. In fact, for this to get done we had to pitch it and sell it into every single one of the operating units sort of hand-by-hand. And, we had to deliver the materials, and we had to make sure they were quality controlled, and we had to do all of that work in order to make this happen. I mean, in terms of sort of a full range of expression and varying viewpoints being expressed around the company, it's a good thing that you can't put the

light switch at corporate and have, you know, consistent messaging pouring through all the media outlets that we have.

But, in terms of this--these kinds of large campaigns, it's pretty labor intensive. And, I actually just hired someone who is sitting right there, I'm sorry to say. Rachel Cruise was at the Ad Council, and I'm just pointing her out because Rachel's primary task for the beginning of her--her sort of, you know, engagement with our team, is really looking at the entire PSA, the range of assets, what the value is, which of them are most effective. We are really, really focused on this. I'm going to do it probably twice a year, really large campaigns.

But, we're also testing whether some of the media outlets work better for some issues, how we can target them geographically, how can target them across causes. So, we are at the beginning of this research.

And, so, as I said, this--this panel is very timely for me. In a year, we'll know a lot more about what works and what doesn't work. And, my final note on this, in order to be a part of one of these gigantic campaigns you have to have a lot of capacity, and I have--I'm lucky to have an operating foundation, the AOL Time Warner Foundation, whose offices are down the hall from mine. And, we work very, very closely with them to identify the issues, to identify the organizations, to look at where the real needs are that we could uniquely fill and to sort of tailor the message for them.

So, we'll continue to do that kind of partnership, but you really have to--they did a lot of capacity building in the year before we launched this campaign, so that there's a software built into the National Mentoring site that, for instance, follows up with people who asked to be connected to a mentoring organization and asks them if they were in fact contacted. And, if they weren't, it prompts the nonprofit to get back to that person. There's a lot of checks and balances built into the delivery side and it's critical for us to have that kind of--sort of quality control in order for us to do these big campaigns.

So, we are really at the beginning of it, but I'm totally, totally committed to using this asset to served the needs of nonprofit partners in areas where we can really uniquely make a difference. And, I'm excited to be here learning from you about how we can do a better job of putting that strategy in place.

MR. SMITH: After this, are--is the company, are you open to suggestions for future campaigns?

MS. MCENERNEY: We are looking at future campaigns right now. I think that we've probably zeroed in on something that we'll do toward the--in the fourth quarter. But, yeah, we are open to suggestions.

MR. SMITH: OK. Well, we'll list your phone number later and you can--you can field the calls.

Andrew Schwartzman, take a look at all this and--and observations about what's already been said. But, what about the public service obligations of broadcasters and Internet service providers? What should they be?

MR. ANDREW SCHWARTZMAN: Well, the fundamental problem that I have with conferences such as this is that the very best people in the industry come and speak from the heart and describe the best practices that they've done. Jim Goodman is unquestionably the most committed broadcaster in the United States, and as he hinted a little bit, many of his colleagues at the NAB think he's nuts. The trends and technology that we are talking about here, some of which are visible today in the change in the broadcast environment, leave me as a pessimistic optimist. That is, the--I think that the potential of the technology is huge and the new technologies can and will provide tremendous benefits to the nonprofit sector.

But, I do fear that a fraction of the potential will actually be realized even as there is so much good that's being done. Because the concepts that Jim Goodman described, the notion that there is a separation between church and state, that his public service people don't talk to the sales department. I'm sure that's true for Capitol broadcasting. But, I'm equally sure it's not true most other places. In fact, there is wonderful--nobody has mentioned the fabulous materials that have been handed out to you today, which I tip my hat to Kaiser for. Because, there is just a wealth of interesting and valuable stuff in here including some research that says that 22 percent of public service directors list a principal factor in deciding whether to run a PSA is whether the sponsor of the PSA has also bought air time. Or, that's 23. Twenty-two is that there's an option to seek paid sponsorship. Thirty percent is an option to co-brand to receive cross-promotion. And, that--that's much more reflective of the motives and the trends that are happening in the industry. The kind--.

MR. SMITH: --So, that's--so that's the real world? Is that what you are saying?

MR. SCHWARTZMAN: That's the real world. And, the concentration of control that's taking place on the broadcast side, which is turning the focus into a national focus and removing the localism that Jim was talking about, in the new technology environment poses even greater threats. We haven't figured out how to use the Internet as a local medium for much of anything, and certainly not for local public service purposes. A lot of the discussion, a lot of what the Ad Council does is local. And, they've been very adept over the years of bringing a local angle into it with local chapters and stuff. Nobody has figured that out for the Internet and technologies.

The final thing I would point out. Josh's predictions demonstrate some of the technological problems that we--we encounter. He--he talked about TiVo coming along, and he may be right, I don't know. I've had a VCR that I set for a number of hours of programming, of news programming every night starting with Terry's show, and then when I get home at night I kind of fast forward through it and watch the parts that I want. But, that technology has been out for 20 years and people haven't done that time shifting like I do. It's not that hard to program a VCR, Saturday Night Live notwithstanding.

And, so, I--I, you know, I harbor certain skepticism. I admit TiVo is a different ease of use, but, you know, I don't know. We'll see. But, he talked about interactivity and how important it is. I

absolutely agree. And, we all have to learn how to use interactivity. He talked about it being built into the box. That not gets us to open access where AOL Time Warner is committed to open access, but the other cable operators aren't.

The telephone companies want to go in the wrong direction, where you're gonna have to go to them in the same way you have to go to broadcasters and beg.

And, all the freedom and creativity of the Internet gets threatened if they've got a deal with somebody else that means that when you pick a search term, or when you try to upload something they favor the different disease or the different public service organization, or they favor a commercial partners over content that you are trying to get through the Internet. So, there's huge policy issues that will effect the utility of these technologies for the sector, and there is also a privacy question.

I'm a small part of a coalition that's been pressuring Microsoft. And, just today in the paper you'll see that Microsoft is now admitting that when you, with Windows XP, when you play a song on Windows Media Player or you play a video on Windows Media Player, Microsoft keeps a record of what you played which is linkable to their registration of you when you bought the Windows XP.

MS. CAPLAN: Welcome to the world of Passport.

MR. SCHWARTZMAN: And, Earthlink is on the other side, but understand, if you are trying to collect information about sex education or AIDS education or breast cancer, and you are using the interactive technologies and they are marketing to you and they are collecting your personal information, the threats are huge. And, if people become aware of this as I hope they will be, they may be less inclined to take advantage of what you've got to offer. There's huge problems to be encountered.

MR. SMITH: This--this privacy issue is really important. Let's--let's ask another question or two on this, as I will a few more. But, then I want to hear from you. And, we'll have microphones that you should speak through because there is a webcast of this going on.

Claudia, what about the privacy issue and what are the threats?

MS. CAPLAN: Well, a lot of you deal in highly sensitive issues for people, whether it's child abuse, whether it's AIDS prevention. These are things that people don't necessarily want linked to databases. And, not only that, if they believe that they will be linked to databases you are creating a barrier for them to find information that they truly need. That being the case, there is concern. For example, in Microsoft right now with Passport it's a little bit scary how much they are linking together. And, that's why Liberty Alliance has come together primarily led by people at Sun, and people like Scott McNealy and all that.

But, the problem with that is they have a philosophy but they don't have a competing piece of software. So, what--what can happen with Passport and--and in that Microsoft environment is that ease of use will beat any privacy concerns.

One of the things that is said a lot in the privacy world is people say they want privacy but they'll give you their DNA for a fried chicken coupon. And--and, it happens time and time again. It is--it is really true and really frightening.

So, all of you really have a stake, a major stake, I believe, in the privacy issue. Especially those of you who deal in issues that are sensitive to people. And--and, you need to be aware of these open access issues and to get in there in the same way as you are supporting your ability to maintain a level of public service advertising, maintaining privacy on the Internet. And, you just look at what happened last week with Comcast as a perfect example, as a matter of fact. Need to be aware of what's going on in that privacy world.

MR. SMITH: Virginia McEnerney, what about that at AOL? Is privacy a concern and what protections, if any, are available?

MS. MCENERNEY: You know, privacy is a huge concern for AOL. And, you know, I can't really speak to--I can't really speak to that specifically. But, I know that the members are really adamant about having their privacy protected and the same is true for the other sites, all the AOL affiliated properties. And, so, that's my answer to that question.

MR. SMITH: Josh Bernoff?

MR. BERNOFF: You might have seen the news item a little while ago that mentioned that they polled the TiVo boxes and found out that the thing people used instant replay on most frequently during the Super Bowl was the Brittany Spears commercial. Now, this is actually--ought to raise a question in your mind. Not whether Brittany Spears is the right thing for us to be rewinding, but the question is how do they know that?

And, in fact, all of these digital set-top boxes--TiVo is not unique in this capacity--have the ability to know what you are watching, when you are watching it, what commercials you are skipping, what commercials you are recording, and so on.

MR. SMITH: That is true, isn't it Josh? If any box that has a connection to a telephone line?

MR. BERNOFF: While that--that may be, but if you look at the way the Internet has been set up, the ISP's in general and this certainly has been true of Earthlink in particular, have been extremely scrupulous about how they do or don't collect that information. And, the interesting thing about this, and TiVo has a very stringent privacy policy, is that they are not interested in selling the names of the people who watch X or Y to the--to the advertisers because they know that at that point they destroy the trust with the consumers and everything falls to the ground. On the other hand, they are quite interested in helping you as an advertiser find a way to target people who might be interested. And, I think that, you know, we are all talking about everybody getting equal access here. But, let's be fair. That isn't what happens. Right. You shake hands with somebody at a media outlet who is receptive to your message and you get in and the next guy who comes in the door that isn't able to make that connection, he doesn't get on.

So, you might as well, I think, at this point make friends with the people who are going to have access to this information so that you can get your message out in front of the people who are likely to be concerned about it.

MR. SMITH: Larry Kirkman, is there--are there opportunities as well as potential problems here in this interactive capacity?

MR. KIRKMAN: Well, the--one of the things we've been talking about with TiVo is to make a virtue out of getting our PSA messages on in the middle of the night, to put long form programming on that can be time-shifted and recorded, bought for very little time or donated on a Discovery or other channel, and then promoted so that people record the long form real content that they want infomercial-style in the middle of the night.

But, the other question about the middle of the night, I think has been brought up by Andy with the question of open access and the walled gardens of the new multi-platform services. What private place will public service information have in a business environment where the shelf space prime positioning is sold and there the needs of the users or the consumers gets second consideration to the--the purchase and filling of prime slots on the front pages or in other premium space on these sites. And, what public service information won't even be part of these systems, that won't have a place for people to find as they do now in an open-ended Internet? I think these are real big questions on open access.

MR. SMITH: Josh Bernoff, if--look again into the future and--and draw the conclusions then from these technological points that you have been making as to its impact on television advertising--well, just stick with that for the moment.

MR. BERNOFF: Well, television advertising is gonna make its way more into the program. I mean, look at the Victoria's Secret Fashion Show, right? This is a highly rated half-hour advertisement. The--if you saw the Super Bowl you saw the, you know, the Schwab half-time show with the e-Trade half-time performance or something like that. I don't remember who had what. But--but, the result here is an erosion of the value of regular old commercials, and an explosion of all sorts of new possibilities.

And, one thing I'd recommend to the--to the people in this audience is what you have out here with people like TiVo and TV Guide Interactive, is companies that are trying to prove that there are new advertising media that you should be targeting. There are all these avails in the middle of the electronic program guide that haven't been sold by TV Guide. And, there will be advertising sent down to your TiVo hard drive that may be of interest to people if they want to click on it. Well, these companies like TiVo and TV Guide, need to prove this stuff works.

And, the advertisers who are willing to pay for it are moving a little bit more reluctantly. This is the perfect time for you to dive in here and say, "I'm gonna put, you know, why don't you put our ad in here for free?" It's the kind of thing that's interactive. They can click through, get more information, and then at the end of a two or three month experiment with that you can prove that this is effective and sell it out to the people who actually are--can pay for it.

And, oh by the way, you will have put yourself in the tradition of having public service advertising in these new media just like you have right now in television.

MR. SMITH: Well, how about that, others on the panel, please, the idea then really of embedding some of these messages into programming and content?

MR. SCHWARTZMAN: Here again, I--I see some terrible problems coming along and things that are foretold with the changes in attitude already. I think this is a real challenge for the nonprofit sector. In broadcasting and in cable, there is a law that requires that sponsorship be identified. And, the Victoria's Secret shows and things like that are already pushing the envelope in a whole lot of ways. But, there is, it is argued and I don't really disagree, very little doubt that anybody watching the Victoria's Secret show doesn't realize that there is some consideration going back and forth and this is not just a news event that is being carried out in some sort of strong programming interest on Disney's part, but rather there's a deal there.

It gets much more subtle and much more difficult, particularly in the Internet space, where anonymity goes in multiple directions. They know who you are but you don't know who they are. And, the--many of the traditional and highly desirable practices, best when they are disclosed. The kinds of things that Jay Winston has done. The various efforts that have been made to connect with people writing programs--entertainment programs, and use it to deliver messages. Very valuable activities quickly emerge into a much more gray fuzzy area of bribery.

And, in particular, the--the--one of the earlier panels--the earlier panel that had the White House Drug Office on. It's not just the widely publicized exercise in which they were buying story lines undisclosed from the networks in exchange for credits that reduced the commercial obligations that the networks had. They would pay money for commercials and by putting a positive anti-drug theme in the--in the content of the TV show undisclosed, then the network got the commercial back to re-shelf. The FCC said you have to label that as sponsorship.

You now have the Advertising Council match campaign, which a number of organizations represented here are involved in, the Advertising Council a partner, in which organizations like the Salvation Army, America's Promise, are buying PSA's which are approved by the government, selected by the government, chosen by the government, and paid for with appropriated federal funds and they are listed as being paid for by America's Promise, the Salvation Army, and so forth.

I believe that the American public is entitled to know that the government has selected those messages. It doesn't make the messages any more valuable. But, amazingly enough, the Advertising Council has gone to the FCC and said, "We don't want to have to say that this is government money, that this is taxpayers' money because then people may not believe the messages. Well, that's important, isn't it? Now, that's pending before the FCC right now, our complaint on that. And, you know, I'd certainly like to hear what the Commissioners this afternoon have to say about it. They haven't acted on it.

Now, fast-forward that to technologies where there is not even a sponsorship identification requirement. We care about who is paying for these things. We care about public service

messages sponsored by drug companies that may not really be promoting the best or optimal solution but may be promoting a less effective and more expensive drug product. How we're gonna work with this, how we're gonna work it through are going to be some very, very difficult challenges where the policy is not moving as fast as the technology.

MR. SMITH: Virginia, you have some thoughts on that?

MS. MCENERNEY: Well, I do. I mean, I'm concerned about it, as you are. And, I think that we--there is a fuzzy line. I'm definitely interested in having the Kaiser Family Foundation talking to the Gilmore Girls so that the messages in that accurately reflect their expertise. But, there is a really gray area. But, I will say again on behalf of AOL Time Warner, we talk about church and state all the time. I would never, never in actually--nonprofit--.

MR. SCHWARTZMAN: --As I said, the best people always come to these conferences--.

MS. MCENERNEY: --But, nonprofits ask all the time if we can get an article in one of our magazines about their issue, or if they could perhaps deliver the cover during their, you know, theme month or something like that. I think it's incumbent upon us to educate our partners, our nonprofit partners, to uphold very high standards, and I agree that the technology is evolving faster than we can keep up with it.

I think that, again, our investments in things like literacy and sort of just looking at the larger issue of 20 percent illiteracy and what does it mean to decode a website, is something where we really need as a company of my size where literacy is such an important core value for us. I think that's kind of how we are getting at addressing that, but I think those of us in this room probably could use some decoding help when it looks at--when we are looking at some of the messages that are embedded in some of the information we are getting online.

And, being able to identify sources and really being able to ask ourselves what it is that makes us trust one source and not another. And those are not necessarily--you know, those are very complicated issues.

MR. SMITH: Virginia, what's the other half of the conversation when the nonprofits come and pitch your magazines with a theme or an idea?

MS. MCENERNEY: If they can get to a reporter or an editor who is interested in their issue, they have a good chance of, you know, getting a receptive source. But, I never, I mean never, turn nonprofits on to the editorial side of the magazines, ever.

We will definitely work on the publishing side and I actually had a talk with someone who worked for Time, Inc. for 20 years the other day and who lives in my neighborhood. And, he said about another neighbor, he said, "Oh, he worked in Edit, so I never talked to him." I mean, it's not just me. It really goes all the way deeply down in the organization and I think that that's a good thing.

MR. SMITH: Larry Kirkman, when you look at the online side of this and what should online companies have in terms of an obligation to serve the public interest, as broadcasters, have some guidelines?

MR. KIRKMAN: I think one of the points that Jim brought up, which I felt was think was brought up with the FCC Commissioners today, was his question of disclosure and ascertainment. Is there an effort to really tell the public what services you are providing, and is there an effort to understand the needs of your audiences? And, there is an action before the FCC now with a form for reporting that NAB has helped develop that was put in front of the Gore Commission.

I think one of the things you see with broadcasters is that they claim this PSA territory as their prime evidence that they serve the public interest. And, when the NAB testified in front of the Gore Commission on the public interest obligations of digital television broadcasters, they claimed billions of dollars a year in public service programming. But, as we found today, a lot of that is in the middle of the night and 70 to 80 percent of it is in radio, which we haven't talked about at this session, which we should at some point.

And, there are some real questions about what the quality of that is. I'd like to see that same call for public--a public forum and reporting on public service. A real debate that shows people that they in fact have a stake in how these media play to their needs and interests. One of the problems with increasing concentration of ownership, with ownership of media companies like huge conglomerates and with other companies with cross-ownership of media, is that we are going to get less and less diversity, less and less risk-taking, less and less serious attention to controversial issues, less and less voices that come from the ground up. And, I don't think that's healthy. So, church and state I understand, but the question is where is the public interest?

MR. SMITH: Claudia Caplan, your thoughts on that and what things an ISP, an Internet service provider, can offer to nonprofits beyond, say, banner ads?

MS. CAPLAN: Well, I think that there are a number of important issues here. One of the most important to my way of thinking is this idea that if the Internet is in fact fostering various communities and someone is making decisions about communitarian values, whatever those may be, there--it brings together--it brings forth a really strong question about who is the arbiter of what these communitarian values are and what is or is not acceptable within those values.

So, in other words, are there things that "can't be talked about," and in that context, are those things that some of you in this room really care about and know that for that very reason they need to be talked about? And, that--that is--that is really crucial, because the Internet really is becoming a world of communities and a lot of the communities are coalescing in a way that makes them so broad that they--they lose--a lot of the Internet communities in the beginning had a certain edginess to them and a certain fringe quality to them. They've become very mainstream and there is a danger in that as one markets toward those communities in "not wanting offend anyone." And, I think that that has to be thought through very carefully.

As far as what Internet service providers can specifically--can specifically do, one of the things that is really important, I think, is to work with people who are providing broadband. And, that would include Earthlink. That would include AOL as well. And that--for that reason, because once you get more people out there with broadband, you are going to be able to feed them that much more content. It's all very nice to have something webcast, for example, as this conference is, but without high-speed access, it's useless.

The other thing is, I--a lot of the future, and I think Josh will probably agree with this. A lot of the future of the Internet that we are just beginning to see now has to do with the peer-to-peer world. It's really just beginning to glow in a way that's significant and probably the first shot over the bough in the peer-to-peer world was Napster.

And, despite the fact that it no longer really exists, there is plenty of peer-to-peer activity out there.

And, another thing I think that's worth--that's worth thinking about is how you can participate in that world.

MR. SMITH: OK. I am going to suggest now that if you have some questions for this panel, think about them. Put your hand up and get a microphone over to you. Here's one down here.

While you do that, Josh Bernoff, I want to ask you about this notion of addressable advertising that we were discussing a little bit before. What's the potential of that for people engaged in--in this sort of enterprise?

MR. BERNOFF: Yeah. This is--this is definitely the level of efficiency that's being pursued, I think, by a lot of people in the advertising industry. In particular, I mean, an example that was given to me by the CEO of Coran (sp), North America, which is one of the big--biggest media buyers, was that if you want to sell denture cream you do it during the CBS Evening News because they have a lot of older viewers, but there's still a lot of people watching the CBS Evening News who don't have any use for denture teeth because they've still got their teeth.

And, we are definitely moving toward a world in which instead of selling the audience of a program, you sell an audience of individuals who are likely to be interested--.

MR. SMITH: --How could that work for a nonprofit?

MR. BERNOFF: Well--well, I mean--let's--let's just--this is a little bit further in the future, but I mean, one of the organizations I work with is the La Leche League, which is a breast-feeding support organization. Well, those PSA's ought to get in front of women who are pregnant or are--have had a baby recently. And, you can advertise on Lifetime and you'll hit some of them.

But, in the future, you will be able to find out which people are clicking on the Pampers ads, and why shouldn't those PSA's also appear there? And, the interesting thing is that rather than this being some, you know, dark, foreboding thing where they know about me, first of all, it's targeted broadly, not at an individual.

And, secondly, they want to know about breast-feeding at that moment. That's of a whole lot more relevance to them than the ad for the sports car, which they really don't need at that particular moment.

MR. SMITH: Claudia or Virginia, anything to add on that on this addressable motion?

MS. CAPLAN: Only that there is a danger. There is a flipside danger to that. I read not too long ago about a woman who was a journalist researching a story on body image who suddenly began to receive jillions of e-mails about breast enhancement. So, some of the assumptions inherent in if you click on a Pampers ad you are nursing a baby, extrapolate to some scary stuff.

MS. MCENERNEY: But, I think, you know, for service for people who are looking for service opportunities and, which is a lot of what the kind of messaging that you are going to be targeting for, it's really, really valuable. So, you--and, in fact, you can't have one without the other. But, that is the opportunity for this--for this audience.

MR. SMITH: It would seem to me that it's really an element of the future, because you've got to narrow your audience. You've got to narrowcast them, not broadcast them. We have a question down here. Will you identify yourself please, and address your question to a member of the panel if you want to?

MR. PAUL ALLVIN: Thank you. My name is Paul Allvin and I'm with the Make-A-Wish Foundation and thank you all for your insights today.

I'd be very interested in your thoughts on how we can straddle--I feel like we are really straddling now--the familiar world, one foot in the 20th century mass media, and the less familiar world, the 21st century, a very personalized media that is drive by technology. We have one foot in both. We have a very successful public service campaign that goes across television, radio, and out of the home, but we also have a successful online presence with our website that's surprised us and we don't know what to do with yet because it is still so new.

MR. SMITH: What surprised you?

MR. ALLVIN: The amount of people once we put a website. By standards it's not very fancy. It's not very, you know, it doesn't have a lot of bells and whistles. But, we found, for instance, as soon as we started offering online donations we were raising a million dollars a year on it and we had no idea. The average donation and the number of people donating and a whole new demographic came up that we were halfway surprised at.

What we are also learning is what you alluded to, ma'am, which is when we looked at online advertising, and we partnered with Eudora and DoubleClick, that produced, you know, really good impressions. But, it didn't produce what we wanted which was either for people to volunteer, to donate, or to refer a wish job. What we're not--.

MR. SMITH: --So, is your question where to take it from there, or--.

MR. ALLVIN: --Well, what we--I think we're learning and I would just throw this out and see what, you know, what your experiences have been is the number one way we are getting people to our websites which is fast becoming a hub of communication with our audiences, is through the traditional media. People are seeing our websites on PBS, in radio and in print. But, at some point, if we are moving away from that, what--I don't know. I just throw that out because it's a big question mark right now.

MR. SMITH: Who's--who's got a thought on that?

MR. BERNOFF: I'll--we advise people who are marketing various kinds of products all of the time, and the advice for a company like yours is even more relevant. You need a media mix, and you know, there is this funnel that an ordinary advertiser has where you start with awareness and go through to interest, and then eventually commitment and loyalty to purchase, you know, Bird's Eye Frozen Food. Well, you are in the same situation of creating awareness and that should be the role of your commercials.

But, in contrast to the awareness an ordinary advertiser creates, you create a link. You turn that person into a lead. Then, once you've got them captured in your website, you go through and find out whether they are interested in contributing or in volunteering or whatever. The interesting thing is that one of the most cost effective means of marketing that we talk to people about is e-mail marketing. And, this is not spam. This is not send your whole mailing list the same message every week. This is identify who is interested in what, segment those lists, have in your mind a progression that people will go through. All right.

You just became interested so you get this message. We haven't from you in three months, so you get this message. You made a contribution, so we are going to come back to you and see if you might be interested in something else. And then, you are taking people's interests and drawing them down in e-mail in contrast to other medias extremely cheap. But, they will come back to you if you are judicious in the way that you use it.

MR. SMITH: How many people in this audience or whose organizations have websites and use them in some similar fashion? Virtually everyone. And so, the real question is what do you do with these wonderful instruments? Claudia? Virginia?

MS. CAPLAN: Well, I think Josh makes a good point and you can go beyond that. You know, there are a lot of traditional advertisers who create very powerful either e-mail programs or newsletter programs and they tend to work best with communities of interest. So, for instance, Macintosh users are very dedicated people. They have a different point of view than your average PC user. And Apple e-News that is--goes out to tons and tons of Mac users is very well-read. You happened to have an organization with incredible stories to tell that people would like to hear.

And so, feeding them that, asking them on the website if they would like to hear from you on a regular basis and hear the stories you have to tell is really important.

MR. ALLVIN: I guess my question is where are we moving because we are on track for moving away from--.

MR. SMITH: Well, so that's the question. Where are you moving to?

MS. MCENERNEY: I would be--empower the people that you are reaching on. I don't think it's fading necessarily. I just think it's really being clear that we need to exist in a lot of different media and that the different media need to reverberate one against the other with consistent messages that underscore what you need for the people you are reaching to do. Do you want to raise from them? Do you want to volunteer? Do you want them to be advocates on your behalf with their elected officials or with the media?

These are things that your website should make it really, really easy for them to do and that's probably the best thing that you could do with that tool. And soon, you will be able to get right to the website through TV when you are watching, so you won't, you know, there'll be a real immediacy there. And, I think it's probably--it just behooves you to think ahead about what you really want people to do when they go to your site and how you want to affect their behavior. Because you'll have a--.

MR. SMITH: --The famous convergence.

MS. MCENERNEY: Right. You'll have a chance to do that that you never had when they were sitting there watching TV and having to look for a pen to write down an 800 number.

MR. SMITH: OK. Very quickly, Larry and then Andrew.

MR. KIRKMAN: Well, the success of Connect For Kids was to focus the mix of advertising, television, radio, print, outdoor, on bringing people to the website. And that's when it became successful, up to a million unique user sessions a month. And, it really used the website as the prime experience of empowerment and focused on the advertising as a way of getting people there. I think that's--that's one of the ways to go.

I think the other is this focus on customization and serving your audiences, creating communities with them that are lively and interactive and dynamic. I think that becoming the trusted source of a storytelling experience, of a way of having a dialogue of being involved with people like you, is something that only civil society nonprofits can offer in an authentic way. And, if you do that, then the corporate partners will need you. And, their association with your causes will become critical to their success.

MR. SCHWARTZMAN: A very general point. Historically, while it may not prove true in the future, it has historically been the case that new media that have come on have not killed off or replaced predecessor medias. They have supplanted them. Television didn't kill the movies and so forth. In that context, you might focus on the--conceptually, the difference between broadcasting and narrowcasting.

It is in fact the case, as Jim Goodman said, that well over half of the viewing today over cable is of over-the-air channels. The traditional TV networks get a huge audience. The worst audience that one of the four over-the-air networks has on a bad night is vastly higher than the best audience that a cable channel has on the best night. That is not likely to change real soon, although some aspects may change with TiVo and so forth.

So, that's how you reach broad audiences. That's how you find people. And, people look there for commonality and to be brought together. At the same time, one of the trends that Terry and I have been going to conferences about for 20 years now in the news side, is the fragmentation of the audience and the difficulty you have accumulating audiences that are critical masses for certain kinds of news programming and the like, and that's also the case. And, that's where the Internet and interactivity come in.

Thus far, we are doing better at figuring out how to use these new technologies to address and service people that we've already identified through broadcasting type approaches, and we have yet to figure out, and may not be able to figure out, how these much more customized targeted approaches can be utilized. Addressable advertising and the like may or may not work. So, that's the general observation.

MR. SMITH: Vicky Rideout of the Kaiser Family Foundation?

MS. RIDEOUT: Thanks.

My question is for Andy. On the one hand, we are really concerned about Internet service providers or whoever is on the other side of the box that may be my Internet and my TV in the future, knowing that I'm trying to click and get public service information on how to get tested for a sexually-transmitted disease or something like that. I don't really want them--I want my privacy protected. At the same time, we are really excited about the option of targeting PSA information. In other words, if I am online buying birth control pills online or something, you know, hey, here's a sexually active person. That's a good person for me to target with information on sexually-transmitted diseases or other sexual health issues. So, what--what in your opinion, Andy, is the public policy that would protect my privacy but allow us to take advantage of this technology to target public service messages?

MR. SCHWARTZMAN: I'm going to spare the long technical elaboration on the why this is so. But, the answer is both in the cable and the newly emerging wireless, underappreciated thus far wireless, and existing telephony-based platforms. What we call in the cable context "open access" is really critical to achieve that goal. If you have choices of ISP's, if you have a cable plant, a telephone plant, a wireless structure, that is committed to nondiscrimination on how it carries the content back and forth, and is not operated by gatekeepers who are trying to extract incremental dollars from the walled gardens that Larry was talking about, you greatly enhance the possibility of protecting privacy, facilitating creativity and democracy, protecting innovation.

At the same time, finding and addressing the communities that you want. It gets very technical as to why this is so important even though it seems like it's unconnected. But, that's part of the answer.

The other part of the answer, and maybe I'm naive about this. I believe that as everybody runs around waiting for broadband to develop and wondering why deployment is being so slow, and we need a killer app and so forth, one other element of this part of the killer app is trust and confidence. And, I hope I'm right in believing that the companies that figure out, as a lot of broadcasters have, as Time Warner or to be more accurate the Time, Inc. culture that has filtered into Time Warner, the legacy of Time, Inc., the church and state concerns.

If people develop trust in the companies with which they are doing business and who are servicing them, they are more likely to come to rely on and use these technologies and deployment will be faster. And, I think that transparency and trust, and for lack of a better word, corporate responsibility will be a very important factor as well.

MR. SMITH: Josh, is there anything coming down the technological highway that will provide any of the protections and--that Vicky is talking about?

MR. BERNOFF: It's--we're certainly not aware of any sort of magic bullet that allows you to do targeting and maintain people's privacy. But, there, I mean, if you look at the laws in Europe, for example. The law in Europe states that data collected about an individual belongs to the individual and not the company that's collecting it. And, all of the, you know, you can't sell it kind of stuff that comes out of that, and you have to remove somebody's information from your database if--if they request it, it's--it's, you know, that's the kind of privacy policy that we recommend to companies that we work with.

And, while technologically it's probably not gonna be a problem that's easily solved, it certainly is the case that when there is a privacy blowup, that the companies involved tend to have a backlash and that's why this sort of responsible behavior is preferable.

MR. SMITH: OK. We are looking for other questions. Here's one over here.

MS. KIRSTEN SHERK: Hi, I'm Kirsten Sherk--.

MR. SMITH: Tell us who you are.

MS. SHERK: Kirsten Sherk, Communications Manager for International Advocacy at Planned Parenthood Federation of America currently.

We had the opportunity in the past yearish--year or so, to undertake a number of--a multimedia advertising campaign. And, for a variety of reasons, we did rather sequentially and a lot of--there's still a lot of evaluation of each method and how it works for us. Our goal was to get activists. Guide people to the website, engage them in the issues, sign them up for a regular connection with us. So, I was interested in listening to the Make-A-Wish Foundation and their experience with online because for us it was the opposite. We had--for us it was a very immediate you want to take action, here it is, here's the action, you wanna stay involved, stay involved.

Of all the methods we had out there, this was the most successful in bringing people to us and keeping them there. So, I wondered, if we could--go back and talk a bit about audience and goals when it comes to online versus other media because that's sort of what I take away from it. If I'm--online advertising was more successful. That trying to reach women in their 20's we were much more successful in our online, in a targeted online campaign to a particular community, than we were through magazines or television PSA's. so, I was wondering if you could respond to that a bit.

MR. BERNOFF: There's--there's one point I'd make in response to that. We've--we've had this distinction in the past that mass media television, radio, newspapers, was, you know, awareness, then the Internet would allow for a response or an 800 number.

But, one technology I'd definitely advise anybody in this audience who is developing PSA's right now to take a look at is Wink. Wink is a very simple technology. It's now in 6 million homes, 4 million satellite, 2 million cable. And, for a grand total of \$5,000 you can take your commercial, add this little code in there, and have a little icon pop up that says, "If you want more information, click here." And, those 6 million people can get their names and addressees to you, which turns television into the same sort of interactive medium that the Internet is.

Now, right now, Wink charges \$1.60 for every one of those names, but my guess is that you can get a break if you are a nonprofit organization. And, again, as with TV Guide, they are interested in showing that this stuff works and your organizations are a whole lot more appropriate for getting those names than most advertisers. You know, if you were selling toilet paper you're not really that interested in the names of people seeing your commercials.

MR. SMITH: OK. Larry Kirkman?

MR. KIRKMAN: Well, you know, when you talk about broadband coming 7 percent in American homes and it's far in the future, but there is one place where it exists today and that's in the college dorm room. Virtually every college dorm room has access. This is the digital generation. We need a real laboratory with this generation on college campuses. We need to think about how they use this medium in new ways. And, I think that's an opportunity for--for all the nonprofits in this room to really target that generation and to think about streaming media and the use of multimedia in new ways and interact the media peer-to-peer. That's where you can learn about broadband, reach audiences that are meaningful, have a real impact, and prepare for the future.

MR. SMITH: Virginia, have thoughts on that?

MS. MCENERNEY: The Wink technology only works if people are actually watching your ad. It sort of goes back to the idea of having a--really, really, knowing what you're trying to achieve and telling it in the most compelling way possible. It's the only chance that you'll have to get your TV ad watched at all and it kind of circles back to a very elemental aspect of public services advertising which is sort of knowing what your audience is and that obviously travels through all the other media as well.

But, I--I think TV is a very, very important anchor for a PSA campaign, although your implementation and delivery is probably going to be online.

MR. SMITH: We're open for more questions. We have just a few minutes left. So, raise your hand if you have one. There's one in the back there.

In the meantime, I haven't, panel, heard anything about print. Those of us who labored all those years getting ink under our fingernails. What about print? Useless? Should we forget all about it?

MS. MCENERNEY: No, print is very, very important. Thirty million people a week look at People Magazine. And, that's crit--for something like mentoring it was a really critical placement for us. So, for us, in order for me to feel like we are fulfilling our obligation--.

MR. SMITH: --In the mentoring campaign, you're talking about?

MS. MCENERNEY: Um hm.

MS. CAPLAN: Print is disseminal. And, you know, a lot of what we are talking about here is gone in 30 seconds or whatever. People keep magazines, they tear things out that are of interest to them, and you know, that--that, the tactile physical nature. For years, people have said, you know, newspapers and magazines are going away. They are not going away. There is something about the reading experience.

MR. KIRKMAN: Promoting a website. I think having that website address in your hand, being able to put it up and pass it on to somebody else is enormously powerful. Connect For Kids has had enormous success in print. Full-page in the New York Times have given it a lot of credibility and reach and I think it's been a building block for the campaign.

MR. SMITH: Virginia, you were going to finish about that number that you put out there that responded.

MS. MCENERNEY: Yeah. I just think it's--it's very important to us. And, in fact, the magazines, in spite of the fact that there is a lot of competition for the space, magazines feel compelled to use the magazines to run public service ads. And, they will continue to do it, as the local cable operators do. As much as we sort of get I would say pushed back in that, there is less inventory than ever. The people who work there want to do it. They will continue to do it.

And, I think it's really incumbent upon us to give them the strategy so that we have a better chance of getting the AOL Homepage, which is very unlikely, but I am really pushing to be able to get really high profile placement for this stuff because I think these campaigns are just as important for our credibility as a company as our ability to see, you know, the back page of People Magazine or Time.

MR. SMITH: OK. We have a question in the back. Sir?

MR. WALT AMACKER: Hi. My name is Walt Amacker. I am Vice President of Communications for Keep America Beautiful.

I'm very interested just from an electronics standpoint. A lot of people here said they have websites. I happen to be the developer and maintenance technician basically for my website so I probably know a little more about it than most people do about their own website. But, it's-- we're going to be able to talk to the FCC people this afternoon. We know what the National Association of Broadcasters has done throughout their history. We've got AOL up here, who's got, what, 30 million subscribers who don't even 99 percent of them understand. And, this is nothing against AOL, but they don't even understand when they click on AOL they are not really on the Internet yet. They've got to go through AOL to get to the Internet.

Most of you probably don't know what your websites are doing as far as gathering information, utilization of cookies. You've got five very intelligent people up here and I would just like to throw the question out to anybody, who's gonna be the cops?

Who's gonna watch us, who's gonna watch you--there are some people watching you, yeah--but who's really gonna be the cops?

MR. SMITH: Andrew?

MR. SCHWARTZMAN: Well, I'm not sure that there's a lot of cops right now for problems that we have today. But, the Federal Trade Commission, which has a lot of interest in the area, and which was moving towards developing some policies, and as they apply to nonprofits, again, raises some very interesting questions.

And, I might point out that when nonprofits partner with for-profits in various marketing and cause-related marketing devices and so forth, that is a--an area where there is great exposure because the ethical standards on the for-profit side are often very different and I've seen some real problematic things happen there.

But, the Federal Trade Commission under its current management, is disinterested in getting legislation to clarify what its--what its roles are. And, that's really where the jurisdiction would go. Are these, in its broadest sense, the kinds of problems that we've been talking about here, on the problem side? I suppose I should stress again, I'm an optimist. This is really good stuff.

The question is whether we can realize all the potential. But, on the downside, the--the problems really require analysis of practices that strike us, privacy, use of the information, undisclosed sponsorship, as fundamentally unfair. And, the Federal Trade Commission is supposed to address unfair trade practices.

MR. SMITH: And they will, this afternoon. We have one more question and they maybe just a final jewel of a thought from each of you, and we go to lunch.

MS. SARA INGERSOLL: Hi. I'm Sara Ingersoll with the National Campaign Against Youth Violence and I guess the question I have is just how much of your marketing research you would

be willing to share with us? And, is this something that we can start to create more opportunities and more forums for nonprofits to gain access to marketing research? And, something maybe we could even recommend this afternoon, that it be included as part of the ongoing service to public service advertising? That marketing research be made available to nonprofits who are doing good things?

MR. BERNOFF: As a market research company, I guess I have to answer that.

MR. SMITH: Well, you, and I think Virginia does too.

MS. MCENERNEY: Yeah, I think AOL Time Warner, too.

MR. BERNOFF: Yeah. I'm gonna offer right now to everybody in this audience. We have a report called Cultivate Consumers with ITV ads. It talks about interactive television and marketing and if you send me an e-mail at jbernoff@forrester.com, we'll be happy to send you a copy of that.

In general, you know, we have a research business that's based on people paying for research so we can't give everything away for free. But, I tend to be fairly generous with my time and with the research we've done with anybody who is--who is interested in that from a nonprofit company. Or, you could always sign up for our service, which, we take money from nonprofit too.

MR. SMITH: There's the punt. Virginia?

MS. MCENERNEY: It's--it's really hard to answer that question in a general way. I mean, I think that we have intensive relationships with some of our nonprofit partners, and again, because there's an operating foundation that AOL Time Warner has, they engage in research in partnership with nonprofits all the time, but I'm certainly not in a position to say that the company's research, marketing research would be made available to anyone. We can barely--we can barely sort of communicate it internally to each other.

But, I think that we--we definitely engage in a very intense, interactive, close relationship with nonprofit partners that we have. And, that if the research turns out to be important in that relationship, then that's where it goes.

MR. SMITH: Have there been cases that you can think of where such research was shared?

MS. MCENERNEY: We are just about to do probably one with the Padgett Family Foundation and Teen People, and the Foundation.

MR. SMITH: That's joint--that's a joint project. A joint effort?

MS. MCENERNEY: Right. Yeah.

MR. SMITH: All right. I think, let's hear, if you had one thing to say and maybe a minute to say it in, let's hear from each of you as we wrap up. Josh?

MR. BERNOFF: Yeah. I just thought I'd come back to, you know, target these new technologies now while you have the chance before the commercial advertisers have climbed on things like TV Guide Interactive, Wink, and TiVo. And, that your television campaign, radio, print, and Internet have to be part of an integrated strategy to move people from awareness to interest to being an advocate of yours.

MR. SMITH: Claudia?

MS. CAPLAN: I think one of the things is because the Internet is so big and there is so much, you really need to focus your goals. So, if you are using the interactivity of the Internet to build a database to gain advocates, to gain donations, whatever those things are, you need to really focus on that and use what's good about the Web to get to that place instead of information overload and awareness which is relatively empty as Internet entity.

MR. KIRKMAN: Well, I urge people to think no small thoughts about providing a service to the public. I think there's enormous needs and appetites that are going unfulfilled. I urge you all to take a look back at a campaign that's described in the greatest story in Eric Barnow's memoirs, Media Marathon, on a campaign against syphilis that was done in the 40's. And, it was a multiple media campaign that used every format, all the things we are talking about in terms of multiple media and converged media and creative approach to issues which tested on radio in the 40's.

And, I think we have to go back to those expectations for media to provide a service that's robust, creative, that's tied to nonprofit networks, but really rises to the great needs that we face.

MS. MCENERNEY: I'll speak to the issue of sort of how, what I think probably a lot of people here are thinking about which is how to get their campaigns as highly visible as possible and for me who I'm, as I said earlier, constantly in a position of being asked about this, there is so much information about AOL Time Warner on the Web that I just feel like you need to really understand what we have available and where we are going and what new products and services there are.

We're not really--we're not going to get heavily involved in health-related issues because it's just not an area where we have a tremendous amount of expertise. But, there are health themes and shows and there are creative ways that you can become engaged with us and I would just encourage you to be more creative than we are about what those possibilities are.

I'd also encourage you to go to a cyclub network for good vital work. It was--it takes all the expertise that AOL has about what people want to do online and transfer it into a portal where you can donate and speak out and connect with volunteer opportunities and sort of create packages around important issues. It's a really, really strong template for a very sort of, a very user-friendly site that looks at some social and health issues. That I would just urge to use that as an asset when you are looking at how your own sites can serve the needs of users.

MR. SMITH: Give us the address again?

MR. MCENERNEY: It's networkforgood.org.

MR. SMITH: OK. Final word from Andy Schwartzman.

MR. SCHWARTZMAN: It's exciting to have people with the opportunity to take very good things that they've been doing and find ways to do them better. And, the technology offers tremendous excitement. It's just fun to be doing this kind of stuff at this time.

MR. SMITH: OK. And, Vicky Rideout will take us out of here.

MS. RIDEOUT: Well, first of all, again, thank you so much to Terry Smith. We really appreciate that. And, before we break, I just want to let everybody know that what we are going to do is we're gonna break for lunch. Lunch is in a place called The Atrium.

So, when you go out of here turn right, go down the hallway and then take another right and you should see signs for The Atrium. I think this will be a good chance for people here to get to know one another, have a chance to talk about everything that's happened this morning. Please be back here by 2:00 this afternoon.

As I said, we've got a very special opportunity. We have all of the current members of the Federal Communications Commission are going to be here. I guarantee you it is the most attention that important body has paid to public service advertising in quite a number of years. So, think of lots of questions, and not just the one question that's probably on everybody's mind, which is will you require a certain amount of public service ads? But, think of a lot of other questions because we are really going to use this session for your questions. So, over lunch, think about what you want to ask the FCC.

And with that, I'll thank our panelists and we'll break for lunch.

END

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