

Table of Contents

Overview	1
Children Enter Cyberspace	3
Targeting Children Online	
New Techniques for Captivating Children	
Invading Children's Privacy	7
Using Prizes, Games and Surveys	
Tracking Children	
Microtargeting Children	
Manipulating Children Online	13
Luring children with Branded Environments	
Seamlessly Integrating Advertising and Content	
Establishing Relationships through Spokescharacters	
Conclusion	19
Appendix 1: The Limits of Technological Fixes	
Appendix 2: Directory of Companies Referenced in this Report	

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Overview

Armed with sophisticated new research, advertisers and marketers have begun to target the rapidly growing numbers of children online. World Wide Web sites and other interactive online services are being designed to capture the loyalty and spending power of the "lucrative cybertot category." A variety of new interactive advertising and marketing techniques have been developed specifically for this new medium. Many of them threaten to manipulate children and rob them of their privacy. If allowed to develop without any intervention, these practices will become widespread and even more egregious.

The Center for Media Education (CME) has just completed a major investigation of online advertising and marketing practices directed at children. For the past six months, CME has monitored online developments, analyzed Web sites and areas of proprietary services directed at children, surveyed trade publications and special reports, and interviewed experts within the media and advertising industries.

This investigation has uncovered a number of disturbing new practices. They pose two kinds of threats: 1) invasion of children's privacy through solicitation of personal information and tracking of online computer use; and 2) exploitation of vulnerable, young computer users through new unfair and deceptive forms of advertising. Many of the practices described in the following pages are already in place. Industry sources expect other, more problematic practices to be rolled out in the near future.

Invasion of children's privacy. Marketers have devised a variety of techniques to collect detailed data and to compile individual profiles on children. For example, children are offered free gifts such as T-shirts or chances to win prizes like portable CD players if they will fill out online surveys about themselves. Tracking technologies make it possible to monitor every interaction between a child and an advertisement. The ultimate goal is to create personalized interactive ads designed to "microtarget" the individual child.

Unfair and deceptive advertising. Other online advertising practices have been developed which would violate long-standing safeguards protecting children in other media. But because neither the proprietary online services (e.g., America Online, CompuServe, Prodigy) nor the World Wide Web are subject to such regulations, marketers are able to pursue children with few or no restraints. As a consequence, advertising and content are often seamlessly interwoven in new online "infomercials" for children. Entire electronic advertising "environments" have been built to entice children to spend countless hours playing with such popular product "spokescharacters" as Tony the Tiger, Chester Cheetah, and Snap! Crackle! & Pop! Interactive forms of product placement are being

developed to encourage children to click on icons in their favorite games and play areas and immediately be transported to advertising sites.

This report is an early warning to parents, child advocates, health professionals, and policy makers unaware of the new practices for targeting children online. There is now a window of opportunity to develop safeguards to protect children. The Center for Media Education is calling on the Federal Trade Commission to conduct a full investigation of online marketing and advertising directed at children. CME also recommends implementation of the following principles to guide development of online commercial children's services:

1. Personal information (including click stream data) should not be collected from children, nor should personal profiles of children be sold to third parties.
2. Advertising and promotions targeted at children should be clearly labeled and separated from content.
3. Children's content areas should not be directly linked to advertising sites.
4. There should be no direct interaction between children and product spokescharacters.
5. There should be no online microtargeting of children, and no direct-response marketing.

Children Enter Cyberspace

The World Wide Web and the major online services have become powerful forces in many children's lives. Almost one million children are now using the Web, and 3.8 million have access to it—a figure that is expected to nearly quadruple by the year 2000, according to Jupiter Communications, publisher of the monthly *Digital Kids Report*.¹ A rapidly growing number of children are engaged by the interactivity of online environments that allow them to explore what they want and when they want. Children, like adults, find the interactive nature of online networks extremely compelling. They can also easily communicate with others online, wherever they are located. They can make new friends, and exchange E-mail with old ones. They can post messages on bulletin boards, and chat in real-time. Unlike TV, which is a prepackaged, one-way medium, online media are dynamic and two-way.² They give children the power to converse one-to-one, and to display their creations for anyone online to see. Significantly, many children are choosing to spend time online rather than watching television.³ They are logging on rather than tuning in.

The interactive nature of online networks gives them the potential to become the most important medium for children, even more significant than television. Although still in their early stages, online technologies are evolving rapidly. Several recent technological breakthroughs will make online media even more appealing to children.⁴ Real-time audio technologies will give children access to music and news from around the world, allowing them to listen to live broadcasts of events or to sample songs from new bands. Shockwave and Java will permit a new level of interactivity online, enabling children to manipulate 3-D objects or remix musical numbers. Real-time video technologies will permit children to see cartoons, music videos, and film clips, and will eventually enable them to watch full-length movies and TV shows online. VRML (Virtual Reality Modeling Language) will be used to create 3-D worlds in which children will immerse themselves, and where they will interact in real-time with other visitors. These new technologies will make children's areas online more and more captivating.

Online networks already offer numerous possibilities for enhancing children's educational and cultural opportunities both at home and in school. There are many excellent children's areas online, such as NASA's Jason Project (<http://seawifs.gsfc.nasa.gov/JASON/HTML/JASON.html>) and PBS's Electronic Field Trips (<http://www.pbs.org/insidepbs/learningservices/eft.html>).⁵ Such sites seek to challenge children by exposing them to places, people, and ideas far outside their everyday experiences.

Targeting Children Online

Evolving online networks also offer golden opportunities for advertisers and marketers. They are using these networks to gain direct access to children of all ages from preschoolers to teens. The sooner they can turn them into obliging consumers, the better.

In the past decade, children have become an extremely valuable market. In 1995, children under twelve spent \$14 billion, teenagers another \$67 billion, and together they influenced \$160 billion of their parents' annual spending.⁶ In addition to having unprecedented spending power, children are early adopters of high-tech products, making them a disproportionately important market for the new interactive media.

Marketers see online networks as a fertile new frontier for tapping into this "lucrative cybertot category." "...This is a medium for advertisers that is unprecedented... there's probably no other product or service that we can think of that is like it in terms of capturing kids' interest," remarked Erica Gruen, director of Saatchi & Saatchi Interactive.⁷

Ad agencies have begun to devote major resources to using online media to give their clients unprecedented access to children. A perfect example is Saatchi & Saatchi, which has set up special units to carefully study children online and to develop sophisticated marketing strategies to target them.⁸ Cultural anthropologists have been hired to examine the nature of "kids' culture;" researchers have studied how children process information and respond to advertising; and psychologists have conducted one-on-one sessions with sample groups of children. These experts found that children, whose "learning skills are at their peak," can easily master the new media's learning curve, which is often daunting for adults.⁹ They also determined that the online world corresponds to the "four themes of childhood... attachment/separation, attainment of power, social interaction, and mastery/learning."¹⁰ And, perhaps most important, they found that when children go online, they quickly enter the "flow state," that "highly pleasurable experience of total absorption in a challenging activity." All of these factors make online media a perfect vehicle for advertising to children. Says Gruen: "There is nothing else that exists like it for advertisers to build relationships with kids."¹¹

While children are grappling with the four fundamental trials of growing up—gaining independence, developing strength, getting along with others, and mastering new skills—their vulnerabilities are exposed. Having identified how children use their online experience to meet developmental needs, the advertising industry is learning how to exploit young computer users more effectively. The practices advertisers are using to build relationships with children are calculated

to make children believe that many of their needs can be met through their online experiences. Once children are totally absorbed in an online advertising environment, they are at their most defenseless, and are perfect targets for pitches of all sorts.

Online media are ideal for one-to-one marketing that involves "selling to customers one at a time and getting each one to buy as many products as possible over a lifetime."¹² The sooner marketers can reach children, the more products they can sell to them over the years. Online advertisers are now targeting children as young as four.¹³

One-to-one marketing gives advertisers unprecedented power over children. By capturing their attention online, marketers are able to circumvent their normal guardians. Rather than being mediated by parents and teachers, advertising reaches children directly, enabling companies to establish individual relationships with vulnerable young computer users. Using the personal information actively and passively disclosed by each child, it is possible for companies to craft individualized messages and ads. Whether a child receives a personalized message from the Power Rangers or a special offer to buy a product he or she really wants, it will be hard to resist. If advertisers can create and nurture relationships through microtargeting, they will be able to develop unique and long lasting brand loyalty.

New Techniques for Captivating Children

The Center for Media Education's research has uncovered a number of marketing and advertising practices that are potentially very harmful to children. These practices have been grouped into two categories: 1) invasion of children's privacy through solicitation of detailed personal information and tracking of online computer use; and 2) exploitation of vulnerable young computer users through new manipulative forms of advertising. The first set of practices includes:

- eliciting personal information from children through the use of prizes, games, and surveys;
- monitoring children's online activities and compiling detailed personal profiles; and
- designing personalized advertising aimed at individual children.

The second set of practices includes:

- designing advertising environments to capture children's attention for extended periods of time;

- seamlessly integrating advertising and content; and
- creating product "spokescharacters" to develop interactive relationships with children.

Nearly all of the examples used in this report are from Web sites maintained by prominent children's brands, such as Nickelodeon and Disney. Other companies targeting children online are using similar practices, and many more companies will adopt these practices when they go online. "There's no doubt that almost every children's-oriented company—from magazine publishers to toy manufactures—is at least thinking about the online medium," explained the *1996 Online Kids Report*. "Some are taking a wait-and-see approach; others are in heated negotiations with the proprietary online services; and still others are going it alone on the Web."¹⁴ There are already environments created for children all over the Web, including sites maintained by Fox, Warner Brothers, Toys 'R' Us, Time-Warner, Nintendo, and Sega. In addition, many of the proprietary services have established special areas aimed squarely at children: the "Kids Only" section of America Online (AOL), CompuServe's child-friendly version of "WOW!" and "Just Kids" on Prodigy.

Invading Children's Privacy

The interactive nature of the Internet gives marketers unprecedented power to gather detailed personal information from children. This information can be collected in two ways: 1) overtly, using sophisticated techniques to elicit data from children, and 2) covertly, using state-of-the-art software to track children's online behavior. Both complementing approaches enable marketers to compile profiles of each child, and then to "microtarget" to them individually with personalized advertising. Information collected from children can also be sold to third parties.

Using Prizes, Games and Surveys

A growing number of children's areas are now eliciting personal information. Some use incentives, promising free gifts such as T-shirts, mousepads, and screensavers, in exchange for such personal data as E-mail address, street address, purchasing behavior and preferences, and information about other family members. Disclosures of personal information often are mandatory when a child wants to play a game, join a club, or enter a contest. Other Web sites require children to complete registration forms and questionnaires in order to proceed into the site.

Children are not aware of the potential consequences of disclosing information about themselves and their families. Youngsters are less capable than adults of discerning the motives behind such giveaways, contests and surveys, and easily fall prey to such marketing techniques. They also imbue their personal computers with a certain level of trust. One online children's service recently published results from a survey that asked children who they trusted more — their parents or their computers. The majority of respondents said they put more trust in their computers.¹⁵

The following are examples of the techniques currently being used to elicit personal information from children:

- The KidsCom communications playground, aimed at children 4 to 15, uses a forceful approach. In order to enter the site, each child is required to disclose his/her name, age, sex and E-mail address. The mandatory questionnaire also requests his/her favorite TV show, commercial and musical groups, as well as the name of the child who referred him/her to KidsCom. Once children have entered the playground, they are encouraged to supply additional personal information in order to win "KidsCash," a form of virtual money that can be used to purchase conspicuously-placed products. (<http://www.kidscom.com/>)¹⁶

- Taking advantage of children's desire to belong to a group, the Splash Kids area on the Microsoft Network promises to make children "Splash Kids" if they cooperate and answer questions about themselves. To ensure that children comply, a Sony Discman is offered as a prize. A prominently-placed icon, which reads "Sign-up and Win," is linked to the questionnaire that children are asked to complete in order to be eligible for the monthly give-away. (Splash Kids is also a Web site: <http://www.splash.com/>)¹⁷
- At the *Batman Forever* Web site, supplying personal information becomes a test of loyalty. "Good citizens of the Web, help Commissioner Gordon with the Gotham Census," children are urged. Although the survey uses the guise of a virtual city's census, much of the information sought by this questionnaire pertains to purchasing habits and video preferences. For example, respondents are asked how likely they are to buy *Batman Forever* and *Apollo 13* on video. (<http://www.batmanforever.com/>)¹⁸

When supplying information is not required, it is often compelled by the use of hard-to-resist incentives—prizes, club memberships, or the opportunity to role-play in a superhero's town. Left with few defenses, children willingly answer probing questionnaires. Unlike adults, children are not knowledgeable or mature enough to consent to the use of their personal information.

The manipulative forms of these information requests secure children's cooperation without their parents' intervention. These surveys are skillfully blended into children's online environments so that children do not perceive them as any kind of threat. Marketers can circumvent parents very successfully. Even in rare cases when children are told that some information is optional and to "check with your parents first," such disclaimers are likely to be ineffective. Burying such comments in the middle of a survey can hardly be construed as an adequate warning, and it is certainly no match for a chance of winning a Sony Discman.¹⁹

Tracking Children

One of the unique features of online communications is the ability to collect what is known as usage information or navigational data by auditing Web sites and content areas. Computer technologies make it possible to track all interactions users have online, often referred to as clickstream data or "mouse droppings." Such covert data collection is becoming an essential tool for online advertisers. Unlike TV ratings, which generally use anonymous aggregate numbers, to reveal the viewing behavior of key demographic groups, online usage data can track

how individuals respond to and interact with advertising. A burgeoning industry has developed to provide such online tracking services.

To attract advertisers to online areas, they need assurance that their ads will be seen by a significant number of people. To meet this need corporations, such as Netscape and I/PRO, have developed elaborate systems for collecting visitor information. These two companies have devised some of the most popular tracking methods.²⁰ Netscape Communications Corp., maker of the most widely used Web browser, utilizes "cookies" to track computer users' online activities. Cookies are files stored on the hard drives of all Netscape users, which log every site they visit, and every page they access at each site. Companies using Netscape software can access the detailed logs of previous visits to their site each time a user returns.²¹ Using a different covert measurement tool, I/PRO assigns an identification code to Web users so that they can be tracked on any I/PRO customer's site.²² The information collected by these systems and others like them can be used to compile detailed individual profiles.

A variety of other companies are also refining software to surreptitiously monitor the behavior of users online. Such covert tools are being used to track children as well as adults:

- Though presented as a playground for children, the entire KidsCom site is really a sophisticated market research tool. Operated by the SpectraCom Company, the primary purpose of KidsCom is to collect information about children for the company's clients. SpectraCom boasts of its "proprietary data verification and usage report system that runs periodical, statistical usage programs which enable tracking of all Web server connections and usage statistics for each server, page, and item a user may select."
(<http://www.spectracom.com/description.html>)²³

By marrying tracking data with personal information elicited from users, advertisers are able to compile detailed profiles of individuals — a key to what industry insiders call "one-to-one marketing."²⁴ *Hotwired*—the online sibling of *Wired* magazine—is experimenting with customized ads. *Hotwired's* "smart messaging" allows marketers to customize their advertising messages based on the location of the computer being used to view their Web site.²⁵ As *Hotwired's* Louis Rosetto recently noted, "What we do well is deepen relationships and create more immediate one-to-one connections with a customer base."²⁶

Microtargeting Children

This practice of tailoring ads to individuals, known as "microtargeting," is expected to become the predominant mode of marketing online. It is at the heart

of current plans for a number of children's online services. In this first stage of microtargeting children, many sites have begun responding to new users with personalized messages. Once a child visits a site, she begins receiving unsolicited E-mail messages, urging her to return, and promising exciting gifts and new activities.

- Registering at the Kellogg's Clubhouse Web site prompted the following E-mail message:

```
From: kellogg@magnet.com
Date: Thu, 8 Feb 1996 20:33:35 -0500
To: sp@cme.org
Subject: Happy Valentine's Day!
```

```
Check out the Interactive Valentines on Kellogg's homepage
on the World Wide Web. Design one! e-mail it to your
cyberspace friends! or print it for personal delivery! Go
to the Rec Room right now
(http://www.kelloggs.com/ec.html), and Crackle (TM) will
help you send a special Kellogg's (R) Valentine card!
```

```
Happy Valentines Day!
```

```
Love,
Snap! Crackle! Pop! (TM)
```

```
http://www.kelloggs.com
```

- Signing onto the Pepsi World Web site generated the message below:

```
Date: Sat, 23 Mar 1996 13:23:03 -0600
From: webmaster@pepsi.com
Subject: Pepsi World - $25,000 !
Apparently-To: sp@cme.org
To: sp@cme.org

Hey Squatter!

Have you found the hidden "hot" spots and registered to win
the Shaq/Pepsi World's Slammin' Techno Dream Contest?
Deadline to enter is March 31st, only a few days away.

Don't miss out on your chance to win a $25,000 Gateway
computer shopping spree and a trip to Orlando, Florida to
meet Shaq and catch the Magic in action.

All ya gotta do is find the hidden "hot" spots. Seem
impossible? Well, here are a couple of hints:

"Shaquille O'Neal is his name,
Movies and basketball are his game.
So cruise by La La Land or Adrenalin to give your luck a
try,
And find the ball that Shaq has left behind."

"Twinkle, twinkle little star,
25 grand could go real far..."

Good luck!
```

In an effort to test how these Web sites dealt with very young children, the age of five was listed when marketing surveys were completed for each site. Kelloggs and Pepsi both seized the opportunity to cultivate a one-to-one relationship with a five year-old.

If left unchecked, these techniques quickly will evolve into even more sophisticated efforts to target children. Using individualized advertising, based on intimate knowledge of each child's interests, behavior, and socio-economic status, will give online marketers unprecedented powers to tap each child's unique vulnerabilities. Marc Rotenberg, director of the Electronic Privacy Information Center, offers a thumbnail sketch of what this new information environment might look like.²⁷ "Instead of doing a commercial that's roughly

targeted to boys five to seven, which is a lot of the advertising on Saturday morning TV, now you're targeting a particular boy, who has a particular interest in a particular program, who lives in a house, whose parents have a certain income.... And at that level of targeting, I think the opportunity for manipulation becomes much greater, really almost overwhelming for parents who are trying to control the upbringing of their kids. Because we've never really existed before in an information environment where the TV could reach out to your child and say, 'Bob, wouldn't you like to have this new action figure, just like in the movie you saw last week?'¹²⁸

Rotenberg is speaking of the very near future. BroadVision, a business software company, has developed what it refers to as a "One-to-One" systems application. Central to BroadVision's software is the concept of building advertising relationships one customer at a time. As a recent article explains, "This goes beyond simple transaction processing and secure payment systems: it's about building relationships with customers online—knowing each customer by name, knowing their preferences and buying patterns, observing the customers over time, and using this data to sell more effectively to them."¹²⁹

The use of electronic surveys, such as the one found on the KidsCom's Web site, may foster a new wave of direct marketing. The collection of children's personal information using more traditional methods has already generated much public concern. Marc Klaas, father of Polly Klaas and founder of the Klaas Foundation for Children, is attempting to stop the collection and selling of children's personalized market research data. Klaas is using one company in particular, R. R. Donnelley & Sons and its Metromail subsidiary, to bring attention to the way in which children's information has become a valuable commodity among marketers. As the Klaas Foundation's Web site claims, Metromail adds information on 67,000 children to its database each week. Much of the information in Metromail's library on 6.5 million Californians came from consumer-completed surveys and response cards.³⁰

Currently, there are no regulations which prevent personal information on children from being collected or sold to third parties. Sophisticated data collection and microtargeting techniques could be used to prey on children, exploiting their sense of trust, and manipulating both their preferences and their behavior.

Manipulating Children Online

There is a long tradition of government and self-regulatory policies to protect children from unfair and deceptive television advertising. These safeguards are based on substantial research documenting the special vulnerabilities of children to the powerful appeals of marketers.³¹ This research has shown that young children cannot distinguish between programs and the commercials that surround and interrupt them. Nor can they easily resist the persuasive product pitches by program hosts. Like the teachers and parents in children's lives, these authority figures — whether real-life or animated — wield special powers to influence youngsters. Because of children's vulnerabilities to advertising, there are rules at the Federal Communications Commission that 1) require "separators" between children's programs and commercials; 2) forbid the host of a children's shows from pitching products at children; and 3) limit the amount of advertising time in children's programs.³²

The rapidly evolving world of cyberspace has no such rules or traditions. Where advertising and marketing to children are concerned, it is an unregulated media environment.³³ Marketers are able to develop innovative forms of online advertising with virtually no restraints. In the absence of a regulatory framework for protecting children from marketing abuses online, many marketers are exploiting the particular susceptibilities of children of different ages.

The following online marketing and advertising practices are becoming increasingly prevalent in children's areas. Each practice violates safeguards that have been in place for decades.

Luring Children with Branded Environments

The goal of many advertisers online is to capture and hold the attention of children for as long as possible. Unlike television, in cyberspace, time does not restrain ad length—an ad's effectiveness is measured in part by the amount of time each child spends "in" the ad. "[I]f you create an ad that's as much fun as the content," such as "games that kids can play that involve the products.... then there'll be a reason for kids to click on the ads and interact with them and enjoy them," explained Joanne Roberts, head of Kids Site 3000 on America Online.³⁴

Banners are one of the most common forms of advertising on the World Wide Web. Online banners function more as gateways than billboards along the side of a road. When children click on a banner, they are whisked away to an interactive advertising environment, with activities designed to keep children engaged for extended periods of time.

- Kidstuff, Pathfinder's children's area, is sprinkled with ad banners, inviting young computer users to visit Colgate's Web site. These banners must compete for children's attention with nearby icons for other Kidstuff offerings including *Sports Illustrated for Kids* and *Where's Waldo*. In order to compete, Colgate uses pictures of cartoon characters and phrases like "follow me" and "tour the world" to shift children's attention away from such information-based content to its product promotions.
(<http://pathfinder.com/@LMptUtKjqQAAQOKo/pathfinder/kidstuff/kidstuff.html>)³⁵
- Once in the Colgate Kid's World, children are kept busy asking the Tooth Wizard questions, interacting with the Story-Coloring Book, and making virtual journeys in the Tour the World section. All of these activities center around Colgate's toothpaste. (<http://www.colgate.com/Kids-world/>)³⁶
- The Nabisco Neighborhood is a branded environment that beckons children to come and play. Although some of the information contained in this site appears to be geared toward adult consumers, the Nabisco Playground is clearly designed for children—a "place where you can play for hours on end and never worry about the sun going down or running out of quarters." The playground occupies children with games, (such as the search for "The Nabisco Thing") to build brand loyalty and increase product awareness. (<http://www.nabisco.com/>)³⁷
- To maximize the time children spend there, the Oscar Mayer CyberCinema features: an online Sega contest and game; a narrated, interactive guided history of the Wienermobile; and a Super Bowl party and Cyber Halftime Show, with real-time audio. The Oscar Mayer® Wiener Jingle© and Bologna Song© can also be downloaded for sing-along purposes. (<http://www.oscar-mayer.com/>)³⁸
- Disney recently launched its revamped Web site, sending Mickey and all of his cartoon friends into cyberspace. Chock full of information about the books, movies, toys, theme parks, software, music, cable channels and home videos that comprise the Magic Kingdom's empire, this site is very easy for kids to get lost in. In the *Toy Story* section alone, children can download movie clips, sound clips, computer icons, wallpaper patterns, coloring book pages, and a "Toy Story" concentration game. The bottom of each page of the Web site includes a "Sign-in" button, which invites visitors to share personal information and to receive regular Disney online updates. The site also hypes its new online shopping area, The Disney Store, which is overflowing with children's merchandise. (<http://www.disney.com/>)³⁹

Seamlessly Integrating Advertising and Content

As the online world becomes more and more commercialized, advertising is being seamlessly integrated with content. The boundaries that once separated ads from content are blurring, and in many cases being eliminated altogether. Advertisements are either skillfully woven into programming or are presented as programs or "content" themselves. According to *Red Herring*, a trade publication for investors: "What is really happening [on the Web] is what will ultimately happen on interactive television: the infomercialization of all programming. Services will deliver some content, with lots of appeals (some soft, some hard) to purchase. Requesting literature and additional information (read: volunteering for a mailing list), and actual buying, will be easily enabled.This is not advertising as you and I understand it, but a more viewer-engaged, browse-and-buy genre just beginning to emerge as a form of programming unto itself."⁴⁰

Unlike television, where commercials interrupt a program, online advertisers are blending advertising and content. As Saatchi & Saatchi's Erica Gruen explains: "Anything that is perceived as an interruption of the flow state, whether it's artwork being downloaded or an ad that is obtrusively splattered on a screen is going to get a negative reaction." Consequently, the practice of disguising advertising as content may well become the norm for commercial children's sites. The safeguards in children's television programming implemented to separate program content from advertising are not only absent from the online media, but have also been replaced by a set of operating principles designed to achieve the opposite effect.

In addition to the branded environments already discussed, many other Web sites are melding advertising and content:

- Frito Lay's Web site offers a number of entertaining interactive areas for children, including a "Dreamsite" section where children are asked to design their dream date. Although children are first asked to describe the guy or gal of their dreams, eventually they are asked to choose which Frito Lay snack their virtual date prefers. Upon choosing, the dream date is pictured holding the snack. (<http://www.fritolay.com/>)⁴¹
- The Crayola Web site entertains children with interesting facts about the colorful crayons, provides them with the results of the Crayola Big Kid Classic contest, and tells them to be on the look out for the 100 billionth crayon. In celebration of this crayon-making milestone, Crayola has added a new special color—blue ribbon—to its 96 Big Box. Children are subtly told that if they find a blue ribbon crayon wrapped in special foil in their 96 Big Box, they will win "more than a thousand great prizes." The most important activity at this site is selling Crayola's products. (<http://www.crayola.com/home.html>)⁴²

Interactive product placement is another online practice that blends program content and advertising. Children can click on various product icons woven into a story or game and be transported to Web sites for these products. Microsoft's Bill Gates describes how product placement is likely to work in the future: "If you are watching the movie *Top Gun* and think Tom Cruise's aviator sunglasses look really cool, you'll be able to pause the movie and learn about the glasses or even buy them on the spot—if the film has been tagged with commercial information."⁴³ Today's products are routinely woven into the new genre of online soap operas called "cybersoaps."

Product placement in children's areas online is in its first stage.

- Nickelodeon ingeniously integrates clickable products into its area on AOL. Silly pictures—like an electric plug, a set of teeth, and a piggy bank serve as icons for each section of Nickelodeon's area. Mixed with these are other icons that, when clicked, produce interactive advertisements. When children open one of these advertisements, they are encouraged to go directly to that advertiser's Web site.⁴⁴
- One of the sites easily reached from Nickelodeon's area on AOL is MooTown's Web site UdderNet, where there are a variety of activities tied to MooTown Snackers (snack foods). Children are invited to play the Cow Chip Toss Game and MooTown Hide and Seek. The Global Lunch Box is used to gather personal information from visitors. (<http://www.mootown.com>)⁴⁵

Eventually children will be able to click on various products woven into stories, and be transported to Web sites for those products. The interactive nature of online media will foster the development of new forms of product placement. Unlike products placed at fixed points in movies, products could be placed more dynamically online. Children engaged in interactive narratives may be able to use the special powers of certain products over and over again.

Establishing Relationships through Spokescharacters

A few years ago, the Fox Children's Network tried to launch a children's cartoon program based on Chester Cheetah, the animated character that advertises Fritos corn chips. But when consumer and parents groups raised concerns in the press that such a series would violate the rules against program-length commercials, the network quickly backed off. Today such blatant forms of overcommercialization are the norm in cyberspace.

The prohibition against host-selling in children's TV programming was designed to protect children from the manipulative use of symbolic authority figures.⁴⁶ In the online world, the no-host principle is not only being violated, but hosts are also being used to interact with children in exploitative new ways. Saatchi & Saatchi's Gruen observes that: "Marketers here have an unparalleled opportunity to get kids actively involved with brands. Brand characters, brand logos, brand jingles, brand video, by cutting, pasting and coloring with these elements...it's very important that kids can change what they see and manipulate what they see and author new things based on elements that we give them to put together. Advertisers can then give kids public places to post these characters and also provide activities for kids to do together. And all, of course, within the brand environment and using brand spokescharacters or other brand icons."⁴⁷

Children's online areas are quickly being populated by a growing number of animated characters and products. Their purpose is to develop relationships with children that will foster brand loyalty. They are hosting online sites and offering children endless opportunities to play with them.

- FRITOnet, the Web site for Frito Lay, Inc., invites children to enter "Chester's Closet." Here, the marketing mascot tries to win children over with computer-related gifts. Chester Cheetah says: "If your desktop is a little cluttered and crude, get some help from this cool cyber-dude... ." The downloadable pictures of this hip spokescharacter are meant to heighten brand awareness and build brand loyalty. (<http://www.fritolay.com/>)⁴⁸
- The Web site for Kelloggs makes full use of Snap, Crackle & Pop, Tony the Tiger, and Toucan Sam. The three elves are the hosts of the Clubhouse, welcoming children to explore the different rooms and encouraging them to participate in all the various activities. Youngsters can color pictures of the spokescharacters, download Rice Krispies Treats recipes, and do word-find puzzles. The Kellogg General Store sells licensed merchandise; Tony the Tiger watches, Toucan Sam sweatshirts and Snap, Crackle & Pop t-shirts are just a few of the items that can be ordered online. (<http://www.kelloggs.com/>)⁴⁹

In addition to spokescharacters who sell separate products, there are also spokescharacters who are products and sell themselves.

- Building on the enormous licensing success of the television show, the Mighty Morphin Power Rangers Web site is a promotion for the movie. This site brings children closer to the six Rangers with downloadable sound bites and film clips and information about the villains they battle. The site offers young fans the opportunity to have a personal letter delivered to one of the characters. "Click on any of the Power Rangers below to send them a quick note... I will get your letter delivered, no matter where in the universe the

Power Rangers and Monsters are, and I will forward their reply to you within 24 hours!" (<http://www.delphi.com/power/powrhome.htm>)⁵⁰

- Warner Bros. populates its Web site with both new spokescharacters (Animaniacs, Pinky & The Brain, Freakazoid) and classic spokescharacters (Sylvester, Tweety, Bugs Bunny). Children can play Dr. Scratchansniff's Eye, Ear, Nose Identity Game online, or download the Connect-The-Dots and Jigsaw Puzzle games. The Studio Store sells clothes, mugs, and art sets from the WB collection. Customers can make their purchase online or use the toll-free number. (<http://www.warnerbros.com/>)⁵¹
- The Mail Room in the Batman Web Site invites children to send messages to Gotham. Beneath the colorful characters is the invitation to "Just click on any character above to E-mail them. (Their answers may surprise you.) And be sure to leave your comments on Gotham's Bulletin Boards." Not only does this site give children a forum to chat with other superhero fans, it gives them the opportunity to communicate with the caped crusader himself. (<http://www.batmanforever.com>)⁵²

It is easy to imagine how engaging and persuasive these spokescharacters will become when brought to life with full-motion video and enhanced computer animation. Children under the age of five, cannot easily distinguish between fantasy and real-live characters.⁵³ Elementary school children strongly identify with fictional characters, attempting to recreate stories and imitate behavior that they have seen. When combined with microtargeting, the potential for manipulation by spokescharacters becomes even greater. Marketers will be able to develop ongoing relationships with children through their spokescharacters. Many children may eventually become "keypals"—the online equivalent to penpals—with advertisements.

Conclusion

If the practices documented in this report go unchecked, they will sharply erode the privacy of children and their families, transform the online experience for most children into one of seductive and incessant hucksterism, and subject them to new forms of manipulation and exploitation. With the online interactive media still in their early stages of development, there is a unique opportunity to develop safeguards for ensuring that children will be treated fairly by marketers and advertisers. Although there may be hesitancy to take regulatory action regarding this new and evolving medium, adopting a "wait-and-see" attitude on the issue of marketing practices targeting children is not sensible. Without safeguards, the new forms of marketing to children online will be governed only by the marketplace.

While industry leaders may argue that they can police themselves through self-regulation, past experience demonstrates that effective self-regulation is highly unlikely, and will not develop at all without some government intervention. There is little evidence that industry leaders even recognize the need to set limits on the marketing onslaught aimed at vulnerable youngsters. Instead, the emphasis is on continuing to refine techniques for creating loyal, lifetime consumers.

Nor is it reasonable to expect parents to effectively protect their children from these practices. While many parents may try to monitor their children's use of online services, it is not an easy task. Unlike television, which the entire family may watch together, many children use their computers alone.⁵⁴ Children also tend to have greater computer skills than their parents, which makes periodic monitoring more difficult. And because of the "halo effect," arising out of the educational uses of computers, many parents implicitly trust computers, preferring that their children go online instead of watching television.⁵⁵ They are unaware that children's Web sites can be more intrusive and manipulative than the worst children's television.

The new technological screening software services — e.g., SurfWatch, Cyber Patrol, Net Nanny, SafeSurf, CYBERSitter — are also not likely to adequately address the problems presented by online advertising and marketing to children. Most of the software programs were developed to protect children from sexual materials, rather than manipulative advertising and intrusive marketing practices. Even if software were created that could effectively screen out such practices, its value would be limited to those parents who could afford it, learn how to use it, and to devote the time needed to install and regularly update it.

Given the inability of most parents to monitor their children's activities online, and the unlikely prospect of adequate industry self-regulation, the best hope for

children is a regulatory framework which will give them the protection they need. A complete ban on children's advertising in cyberspace is not necessary. Nor would it be advisable to attempt to make broad areas of content illegal as the misguided Communications Decency Act has tried to do. The most effective approach is to establish a new series of regulations to protect children from manipulative, invasive, and deceptive advertising online.⁵⁶ The Federal Trade Commission would be the most appropriate federal agency to develop such rules. Other Federal and State agencies could also play an important role. And there may be a need for Congressional legislation in order to ensure that comprehensive long-term safeguards are in place for children in the 21st century.

The following principles should guide the development of regulations for online advertising and marketing to children:

1. *Personal information (including clickstream data) should not be collected from children, nor should children's personal information be sold.* Since most children neither understand the importance of privacy (their family's or their own), nor can resist the blandishments and bribes offered for personal information, the online collection of such information from them should be prohibited. Likewise, technological monitoring of interactions between children and online advertising should not be allowed. Children's personal information, however gathered (from organizations or mailing lists), should not be sold or distributed.
2. *Advertising and promotions targeted at children should be clearly labeled and separated from content.* The integration of advertising and content should be proscribed in children's content areas. Advertising should not be disguised as content, and children should understand which is which. Product placement should not be allowed.
3. *Children's content areas should not be directly linked to advertising sites.* Children who go to a content area should be allowed to fully explore and use it without having to constantly resist the skillful efforts of advertisers to lure them away. Discrete underwriting should be allowed, but not hyperlinks designed to catapult children into captivating advertising environments.
4. *There should be no direct interaction between children and product spokescharacters.* Just as rules are in place to shield children from the influence of such spokescharacters on TV, it is crucial that similar protections be developed for online services. The interactive nature of the new medium gives spokescharacters the potential for even greater influence over children.
5. *There should be no online microtargeting of children, and no direct-response marketing.* Advertising pitches specifically tailored to each individual child should also be prohibited. Online ads fully utilizing animation, video, sound, 3-

D, and interactivity, are likely to become the most persuasive advertising ever. To allow them to be individually crafted to each child based on his or her particular preferences would give online advertising unprecedented power over children. Children should also be protected from direct response marketing online which combines a hard sell with incentives to make immediate impulse purchases.

These principles do not prohibit all online advertising directed at kids, but do establish clear boundaries between content and advertising. By placing limits on egregious and exploitative practices, they require that children be treated fairly, truthfully, and appropriately. Working together, policy makers, parents, and industry leaders could ensure that children make the most of the exciting educational and cultural opportunities in cyberspace, while avoiding deceptive advertising, manipulative marketing, and a wholesale loss of privacy.

Appendix 1

The Limits of Technological Fixes

An increasing number of advertisers are utilizing online technologies to target children. Could these technologies also be used to defend children from such assaults?

It is unlikely that a technological fix will be found for this growing problem. The seamless interweaving of content and advertising online makes it very difficult to determine where ads begin and end. The resources that advertisers can devote to developing new technologies for marketing to children dwarf those available to public interest organizations concerned with protecting children. So far remarkably little effort has been made to develop software that will shield children from commercial manipulation.

While technology alone will not solve the problem, it could be used to reinforce future regulatory safeguards, setting tight limits on online marketing and technological approaches that might be employed to help protect children from commercial excesses online. The first four of these involve parental control software, which enables parents to prevent children from having access to "objectionable" material. Developers of parental control software have focused on sexual material, and paid little attention to advertising. But there are several elements of such software which might be utilized to support regulations shielding children from the coming marketing onslaught.

1. *Blocking access to particular sites.* A number of parental control programs allow parents to block access to any specific sites they choose. Given the huge and rapidly growing number of sites online, this may not seem like a very practical way to screen out offensive advertising. Some of the programs streamline this process by generating a list of sites a child has visited, allowing parents the opportunity to easily examine and restrict access to sites that concern them. If parents learn that their children are captivated by Chester Cheetah™ or spending hours in the Kellogg Clubhouse with Snap! Crackle! and Pop!, they can block access to these sites.

2. *Blocking access to certain types of material.* Some of the screening software also can block out entire categories of content, using key words to identify objectionable sites. While this type of filtering program is able to screen out advertising sites, it only blocks advertisements for predesignated products. For example, children would not be exposed to banner ads for beer and cigarettes if their parents had selected "alcohol and tobacco" as a restricted category. Given the abundance of products being pushed in cyberspace, it would be next-to-impossible to use a key-word mechanism to combat online commercials. In fact,

some of the parental control programs may actually be contributing to the problem of online advertising targeted at children. Cyber Patrol is a case in point. On the one hand, Cyber Patrol has added some types of advertising (e.g., alcohol and tobacco) to its list of indecent, sexual or otherwise offensive content sites. But Cyber Patrol is itself a vehicle for advertising targeted at children. Whenever children try to view a blocked site, they are subjected instead to an ad for one of Cyber Patrol's home edition sponsors, that will be "hotlinked" directly to that advertiser's web site.

3. *Preventing children from disclosing personal information.* Software also may help protect children from invasions of privacy by marketers. Although developed for a much different purpose (to protect children from potential child molesters), CYBERSitter allows parents to prevent children from disclosing their addresses or phone numbers when they are online. It may be possible to develop software that will further limit the amount of personal information online advertisers request from children, whether it is requested to join a club or be eligible for a prize.

4. *Expanding parents' choice of rating systems.* Today none of the parental control programs are geared to advertising (with the limited exception of Cyber Patrol), and none are expected to focus on the problem of online commercial manipulation of children in the near future. However, a new set of online protocols has been developed that may enable parents to select from a variety of rating systems, and use whichever combination is best suited to their children.

These protocols are part of the Platform for Internet Content Selection (PICS). They provide a common language for labeling content on the Web, whether entire Web sites, single pages or even parts of pages. Developed by the MIT-based World Wide Web Consortium (<http://www.w3.org/hypertext/WWW/PICS>), PICS will enable content providers to voluntarily label the material they place on the Web. More significantly, PICS allows independent labeling services to label content created and distributed by others, and make these labels widely available to parents. For example, groups such as the PTA or the National Education Association could develop their own labeling systems, identifying approved educational sites.

But while PICS will enable public interest groups to develop and distribute their own rating systems to parents, such services will require substantial resources to establish and maintain. Organizations providing rating systems will have the labor-intensive tasks of regularly evaluating all new sites and continually reevaluating existing ones. Most groups will not have the resources to develop and market a workable rating system.⁵⁷

5. *Blocking access to ad banners.* So far only one program, WebFilter, has been created for the sole purpose of blocking ads online. It illustrates the limits of technological solutions to the problem of online children's advertising.

Unlike parental control software, which has other goals, Web Filter blocks access to ad banners on the Web. Developed by Axel Boldt, a math graduate student at University of California, Santa Barbara, WebFilter is freeware that uses a library of filter scripts to prevent ad banners from being seen. As Boldt explains on his home page (<http://emile.math.ucsb.edu8000/~boldt/NoShit>), "I don't recall having rented out any of my time, bandwidth, screen real estate, or brain capacity, so I decided to do something about those ads and filter them out of the Web." Boldt maintains a "Black List of Internet Advertisers," and is promoting a "No-Ads" icon that serves as a seal of approval for sites completely free of advertising.

WebFilter is powerless against banner-free corporate websites where commercial messages are merged with content. Boldt warns that without some advances in artificial intelligence programming, WebFilter will be ineffective against the upcoming melange of interactive advertising using animation, audio clips, and video. Some technological breakthroughs (such as Sun Microsystems' Java programming language, which will make the Web more interactive) raise as many problems as they solve, he says.

While each of these five techniques has some promise as a tool to help protect children from online advertising and marketing, all of them have limitations. However effective parental control software may become in blocking advertising, its value is limited to those parents who can afford it, learn how to use it, and devote the time required for installation and maintenance. To ensure that all children have access to the best materials online and are fully protected from commercial manipulation will require a new set of regulations and safeguards. Once they are in place, they should be supplemented by any technological approaches that prove to be helpful.

Appendix 2

Directory of Companies Referenced in this Report

America Online

8619 Westwood Center Drive
Vienna, VA 22182-2285
tel: (800) 827-6364

BroadVision

333 Distel Circle
Los Altos, CA 94022-1404
tel: (415) 943-3600
fax: (415) 943-3699
BroadVision url: <http://www.broadvision.com>

Colgate

300 Park Ave.
New York, NY 10022
tel: (212) 310-2000
Colgate Kids World url: <http://www.colgate.com/Kids-World>

CompuServe

5000 Arlington Centre Boulevard
Columbus, OH 43220
tel: (800) 848-8990

Crayola

Binney & Smith
1100 Church Lane
Easton, PA 18044-0431
tel: (610) 253-6271
Crayola url: <http://www.crayola.com>

Cyber Patrol

Microsystems Software Inc.
600 Wooster Rd.
Framingham, MA 01701
tel: (508) 879-9000

CYBERsitter

Solid Oak Software
5380 Overpass Road
Santa Barbara, CA 93111
tel: (805) 967-9853

D.C. Comics

1700 Broadway
New York, NY 10019
tel: (212) 636-5400
Batman Forever url: <http://www.batmanforever.com>

Disney Online

The Walt Disney Co.
500 S. Buena Vista St.
Burbank, CA 91521-8464
tel: (818) 543-4300
Walt Disney url: <http://www.disney.com>
Toy Story url: <http://www.disney.com/ToyStory/>

Frito Lay

P.O. Box 660634
Dallas, TX 75266-0634
tel: (214) 334-7000
fax: (214) 334-2019
FRITOnet url: <http://www.fritolay.com>

Internet Profiles Corporation

785 Market St., 13th Floor
San Francisco, CA 94103
tel: (415) 975-5800
fax: (415) 975-5818
I/PRO url: <http://www.ipro.com>

Kelloggs Co.

P.O. Box CAMB
Battlecreek, MI 49016
tel: (616) 961-2000
Website E-mail: kelloggs@magnet.com
Kellogg's Clubhouse url: <http://www.kelloggs.com>

KidsCom

SpectraCom, Inc.
301 N. Water Street
Milwaukee, WI 53202
tel: (414) 272-7742
fax: (414) 272-1123
KidsCom url: <http://www.kidscom.com>

Microsoft Network

One Microsoft Way
Redmond, WA 98052-6399
tel: (206) 882-8080

Nabisco

100 DeForest Ave.
East Hanover, NJ 07936
tel: (201) 503-2000
Nabisco's Neighborhood url: <http://www.nabisco.com>

Net Nanny

Trove Investment Corp.
Main Floor-525
Seymour Street
Vancouver, British Columbia V6B 3H7
tel: (604) 662-8522

Netscape

501 E. Middlefield Rd.
Mountain View, CA 94043
tel: (415) 254-1900
fax: (415) 528-4124
Netscape url: <http://www.netscape.com>

New View Communications

558 Brewster Ave.
Redwood City, CA 94063
tel: (415) 299-9016
fax: (415) 299-0522
New View url: <http://www.newview.com>

Nickelodeon

Viacom, Inc.
1515 Broadway
New York, NY 10036-8995

tel: (212) 258-7500
Nickelodeon url: <http://www.nick-at-nite.com>

Nintendo of America

P.O. Box 957
Redmond, WA 98073
tel: (800) 255-3700
Nintendo url: <http://www.nintendo.com>

Oscar-Mayer

910 Mayer Ave.
Madison, WI 53704
tel: (608) 241-3311
Oscar Mayer Cyber Cinema url: <http://www.oscar-mayer.com>

Pepsi Cola Co.

1 Pepsi Way
Somers, NY 10589
tel: (914) 767-6000
Pepsi World url: <http://www.pepsi.com>

Prodigy Information Services

445 Hamilton Avenue
White Plains, NY 10601
tel: (914) 448-8000

Saban Entertainment

400 W. Alameda Ave.
Burbank, CA 91505
tel: (818) 972-4800
fax: (818) 972-4895
Mighty Morphin Power Rangers url:
<http://www.delphi.com/power/powrhome.html>

Sargento Foods Inc.

1 Persnickety Place
Plymouth, WI 53073
tel: (414) 893-8484
MooTown's UdderNet url: <http://www.mootown.com>

Sega Enterprises Ltd.

255 Shoreline Drive
Redwood City, CA 94065
tel: (415) 508-2800

Sega Online url: <http://www.segaoa.com>

Splash Kids

Splash Studios Inc.
8573 154th Ave. NE
Redmond, WA 98052
tel: (206) 882-0300
fax: (206) 882-1516
Splash Kids url: <http://www.splash.com>

SurfWatch Software, Inc.

105 Fremont Avenue, Suite F
Los Altos, CA 94022
tel: (415) 948-9500

Time Warner's Pathfinder

Time Inc. New Media
Time & Life Building
1271 Avenue of the Americas
New York, NY 10020
tel: (212) 522-9309
Pathfinder's Kidstuff url: <http://pathfinder.com>

Toys R Us

461 From Rd.
Paramus, NJ 07652
tel: (201) 262-7800
Toys R Us url: <http://www.toysrus.com/>

Warner Bros.

4000 Warner Boulevard
Burbank, CA 91522
tel: (818) 954-6000
Warner Brothers url: <http://www.warnerbros.com>
Warner Brothers Studio Store url: <http://www.studiostores.warnerbros.com>

Appendix 3

Web Sites Referenced in this Report (in order of appearance)

NOTES

¹With 1,447 firms providing access to the Internet just this year, even this estimate may be too conservative. L. Wiener, "Guess who's Coming to Cybertown?" *U.S. News & World Report*, March 11, 1996. The four million figure was reported in K. Murphy, "Web Marketers Aim Their Sites at Digital Kids," *WebWeek*, November 1995.

²P. Friedman, Vice President and General Manager, eWorld, referred to the Internet as a "participatory medium."

³According to Nielsen Media Research, CommerceNet, and WebTrack, three companies that regularly conduct Internet demographic surveys, time spent online is starting to cut into time spent watching television for both children and adults. "What Did Kids Do Before the Internet, Grandpa?" *Marketing Tools*, March/April 1996. J. Dibbel, "Nielsen Rates the Net," *Time*, November 13, 1995. "The Net Vs. The Tube," *Variety*, November 13, 1995.

⁴See Appendix 1 for a more detailed discussion of the new technologies.

⁵In addition to the harmful advertising practices, many good children's content areas also were found. See the Center for Media Education's September/October 1995 issue of *InfoActive*. See also D. Frazier, *Internet for Kids* (San Francisco: Sybex, 1995).

⁶"Big Allowance," *Interactive Marketing News*, November 10, 1995. "Teens Spend Money—Their Family's and Their Own," *Youth Markets ALERT*, March 1996.

⁷E. Gruen, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.

⁸"Children Get Growing Online Attention," *Interactive Marketing News*, November 10, 1995.

⁹E. Gruen, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.

¹⁰"Children Get Growing Online Attention," *Interactive Marketing News*, November 10, 1995.

¹¹E. Gruen, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.

¹²M. Perkins, "Mining the Internet," *The Red Herring*, March 1996.

¹³The KidsCom Web site describes itself as a "communications playground just for kids ages 4 to 15." (<http://www.kidscom.com/>)

¹⁴Jupiter Communications. *1996 Online Kids Report: Major Services, Web profiles, Projections, Demographics*, November 1995.

¹⁵The survey was on the Nickelodeon area of America Online, January 1996. Similarly, explaining the techniques used by Kid2Kid, a self-described "kids marketing research, design and consultation resource," Whiton S. Paine and Dr. Mitch Meyers explained how their company uses children's comfort with computers to elicit data from young users. "TECHNO Kids Conference," Chicago, IL, September 13, 1995.

¹⁶February 29, 1996 contents of Web site.

¹⁷November 29, 1996 contents of Web site.

¹⁸November 10, 1995 contents of Web site.

¹⁹The survey on the Splash Kids Web site and content area on the Microsoft Network uses this approach. (<http://www.splash.com/>)

²⁰Among the log analysis tools resources listed in a recent *Marketing Tools* article are: Yahoo! (http://www.yahoo.com/Computers_and_Internet/Internet/World_Wide_Web/HTTP/Servers/Log_Analysis_Tools/); BrowserCounter 1.0 (<http://www.netimages.com/~snowhare/utilities/browsercounter.html>); wwwstat (<http://www.ics.uci.edu/stats/gwstat.html>); AccessWatch (<http://www.eg.bucknell.edu/~dmaher/accesswatch/>); Open Market WebReporter V1.0 (<http://www.openmarket.com/products/Webreport.html>); Web Audit (<http://www.wishing.com/Webaudit>). In addition to I/PRO, the measurement and tracking firms listed are: The Delahaye Group (<http://www.delahaye.com/>); WebTrack (<http://www.webtrack.com/>); Audit Bureau of Circulations (<http://www.accessabl.com/>); Nielsen Media Research

(<http://www.nielsenmedia.com/>). K. Bayne, "Is Your Site a Success?" *Marketing Tools*, March/April 1996.

²¹Netscape 2.0 includes cookies as one of its features. The company has indicated that upcoming versions may allow users the right of refusal. In the meantime, Netscape has been asked by the Internet Engineering Task Force to propose cookies as a standard for the Internet. J. Rigdon, "Internet Users Say They'd Rather Not Share Their 'Cookies,'" *The Wall Street Journal*, February, 14, 1996. Netscape: (<http://home.netscape.com/>)

²²K. Murphy, "Net.Genesis Tool to Track Site Usage," *WebWeek*, February 1996. Internet Profiles Corporation's (I/PRO): (<http://www.ipro.com/>)

²³March 8, 1996 contents of Web site. Company information about SpectraCom is provided in the "Parents and Teachers Place" on the Web site, but it is hidden behind an area that gives tips on how to use computers and the Internet. Only if one clicks on the "hyperlink" to the SpectraCom Web site will the true intent of the KidsCom site be revealed.

²⁴D. and M. Rogers, *The One to One Future: Building Relationships One Customer at a Time* (New York: Currency Doubleday, 1993).

²⁵*Hotwired's* promotion was in conjunction with a four-week sponsorship with Argos P.L.C.

²⁶S. Elliot, "How to Focus A Sales Pitch in Cyberspace," *New York Times*, March 4, 1996.

²⁷As described on its own Web site, the Electronic Privacy Information Center (EPIC) is a "public interest research center in Washington, D.C. It was established in 1994 to focus public attention on emerging civil liberties issues relating to the National Information Infrastructure, such as the Clipper Chip, the Digital Telephony proposal, national ID cards, medical record privacy, credit records, and the sale of consumer data." (<http://www.epic.org/>)

²⁸Interview with Marc Rotenberg. Washington, DC. November 28, 1995.

²⁹M. Perkins, "Mining the Internet," *The Red Herring*, March 1996.

³⁰The Klaas Foundation for Children's Web site: (<http://www.klaaskids.inter.net/>) "Data Firms Sell Personal Information on Nation's Children," *Business Wire*, March 14, 1996.

³¹Sponsored by the American Psychological Association, *Big World, Small Screen* summarizes 30 years of research on television's effect on viewers. A. Huston et al, *Big World, Small Screen: The Role of Television in American Society* (Lincoln: University of Nebraska Press, 1992). S. Kline also examines the effect of commercial television on children's development in *Out of the Garden: Toys, TV, and Children's Culture in the Age of Marketing* (London and New York: Verso, 1993). D. Pearl, E. Bouthilet, J. Lazar, eds. *Television and Behavior*, Vol 2 (Washington, DC: U.S. Government Printing Office, 1982). E. Palmer and A. Dorr, eds. *Children and the Faces of Television: Teaching, Violence, Selling* (New York: Academic Press, 1980). E. Wartella, "A Cognitive Development Study of Children's Attention to Television Commercials," *Communications Research*, Vol 1, 1974.

³²D. Kunkel, "The Role of Research in the Regulation of U.S. Children's Television Advertising," *Knowledge: Creation, Diffusion, Utilization*, Vol. 12 No. 1, September 1990, Sage Publications, Inc.

³³The Federal Communications Commission has no regulations governing advertising on online communications. Recent telecommunications legislation outlaws so-called "indecent" content online, but no regulations govern advertising to children. The Federal Trade Commission has jurisdiction to protect consumers, including children, from deceptive or unfair advertising in all media. But the FTC has promulgated no rules or guidelines to govern children's advertising in cyberspace.

³⁴J. Roberts, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.

³⁵March 21, 1996 contents of Web site.

³⁶March 21, 1996 contents of Web site.

³⁷March 19, 1996 contents of Web site.

³⁸March 21, 1996 contents of Web site.

³⁹March 24, 1996 contents of Web site.

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- ⁴⁰K. Davis and R. O'Driscoll, "Roadmap for the Internet," *The Red Herring*, March 1995.
- ⁴¹March 15, 1996 contents of Web site.
- ⁴²March 23, 1996 contents of Web site.
- ⁴³Bill Gates, *The Road Ahead* (NY: Viking Penguin, 1995).
- ⁴⁴March 21, 1996 contents of Web site.
- ⁴⁵March 21, 1996 contents of Web site.
- ⁴⁶D. Kunkel, "Children and Host-Selling Television Commercials," *Communication Research*, Vol 15, 1988.
- ⁴⁷E. Gruen, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.
- ⁴⁸March 22, 1996 contents of Web site.
- ⁴⁹March 22, 1996 contents of Web site.
- ⁵⁰March 21, 1996 contents of Web site.
- ⁵¹March 23, 1996 contents of Web site.
- ⁵²March 24, 1996 contents of Web site.
- ⁵³In addition to the works already cited, the following also deal with advertising and children: A. Huston, B. Watkins and D. Kunkel, "Public Policy and Children's Television." *American Psychologist*, Vol 44, 1989. S. Ward, G. Reale and D. Levinson, "Children's Perceptions, Explanations, and Judgments of Television Advertising: A Further Exploration," in E. Rubinstein, G. Comstock and J. Murray (Eds.), *Television and Social Behavior*, Vol 4 (Washington, DC: U.S. Government Printing Office, 1972).
- ⁵⁴How children use computers was a topic that was discussed at the "TECHNO Kids" and "Digital Kids" conferences. Representatives from the industry presented their market research and focus group findings. "TECHNO Kids Conference," Chicago, IL, September 13, 1995.
- ⁵⁵D. Britt, "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995. "Defining the Digital Consumer IV Agenda: Digital Kids Pre-Conference Seminar," New York, NY, October 25, 1995.
- ⁵⁶The Center for Media Education already has asked the Federal Trade Commission (FTC) to investigate the children's online marketplace. Comments were filed with the FTC on January 26, 1996, as part of the Commission's "Hearings on Global Competition and Innovation." In addition to the hearings, the Commission has been maintaining an online discussion: "Interactive Discussion of Privacy Issues." (<http://www.ftc.gov/ftc/privacy.htm>)
- ⁵⁷NewView, a blocking software company, recently announced that it will be using advertising as one of 15 labeling criteria. According to NewView, "iscreen" can be used to block pages with ad banners and ordering information.