

Click Here for Britney!

AOL is muscling its way into online journalism. Be afraid.

BY BRENDAN I. KOERNER

MAY 16, 2001 WAS A TYPICALLY eventful day in the never-ending news cycle. George W. Bush unveiled a controversial energy plan, ticking off environmentalists with his zeal for oil exploration. Louis Freeh prepped for his humiliating *mea culpa* before Congress as op-ed wags eviscerated the FBI's bungling of the Timothy McVeigh case. Abortion funding caused a stir on the House floor. Jenna Bush received a judicial wrist-slap for underage boozing.

Logging onto America Online, however, one might have surmised that May 16, 2001 was the most frivolous 24-hour stretch in recorded history. On AOL's welcome screen, the startup window that greets about 70 million different people each month, the headlines contained nary a mention of Arctic drilling or misplaced evidence. In the choicest, eye-level section of the screen, the top item instead screamed: "Give good vibes? Take the attitude quiz!" Below that was an equally earth-shattering tidbit: "See Mariah's makeover pic." Following that: "A fine romance? Find one with personals in New York."

In the top-right hand corner, just above the weather forecast, was a small box marked "Top News." Perhaps this was where an earnest member of AOL's journalistic stable—a *Time* reporter, a *Fortune* columnist—could offer a few quick, sober words regarding the Fed's rate cut, or the Middle

East's turmoil. But during the evening's prime surfing hours, the Top News box was strangely empty—a light-blue void on a page otherwise cluttered with "Do you sing in the car?" polls, plugs for the latest J. Lo flick, and "Name that celebrity!" contests.

Such techno-glitches, which occur with disturbing frequency, have yet to hamper AOL's evolution into one of America's most popular news outlets. Every day, nine million people log onto the welcome screen. Compare that to the three million who peruse the daily *New York Times*. And at a time when network newscasts and major newspapers struggle to retain their audiences, AOL is enjoying spectacular growth; in the first quarter of 2001 alone, the service added 1.75 million new subscribers, giving it a total of 29 million. The next largest competitor, Microsoft's MSN, has signed up just five million.

AOL's trashy fare is no less crowd-pleasing than David Letterman's Top Ten Lists or the National Enquirer's "Baywatch Star Caught in Love Nest" stories. But neither late-night talk shows nor supermarket tabloids claim to be anything more than light entertainment, only barely tinged by current events. AOL, on the other hand, seems to consider itself a sober news organization. After all, this is the company that engineered last year's \$350 billion merger with Time Warner, home to such serious journalism brands as CNN, *Time*, and *Fortune*. It has hired dozens of veteran reporters from the likes of the Associated Press and *The Washington Post* to work as online editors, charged with selecting which wire-service stories appear in AOL's news section. Those hires were designed to reflect CEO Gerald Levin's

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assurance that “journalism is going to be at the heart of this company.” And when *Editor & Publisher Online* omitted AOL from a recent survey of journalism sites, Gary Kebbel, director of programming for the AOL News Channel, emailed a protest letter. He contended that many people use AOL as their online news source in lieu of the Web sites of their local newspapers.

No cut-and-dried figures can back up that claim, but anecdotal evidence supports Kebbel’s vision of AOL as *USA Today Lite* for Netheads. About a quarter of AOL’s usage stems from the viewing of content, from the Top News to dieting advice in the “Lifestyles” section. (The bulk of the remainder comes from email and chat.) And while some subscribers may disregard the notion of AOL as a journalistic outlet—much like those folks who buy *The New York Times* only for the crossword—there is little doubt that millions spend at least a few minutes each day perusing AOL’s stories. And chances are, they’re going to find it far easier to locate a tell-all about Christina Aguilera’s vixen makeover than a serious article on Indonesia’s embattled president—the former will likely be a blaring headline on the welcome screen, the latter will require four or five twists and turns through the site’s less glamorous regions.

If AOL’s version of news delivery is indicative of the future of online journalism, then the future looks mighty grim. No other legitimate news organization relies so heavily on celebrity-oriented drivel and trifling service pieces. Top headlines like “Doomed to be a spinster?” or “George Clooney: Hot or not?” make AOL seem like little more than an online amalgam of *Entertainment Weekly* and *The Montel Williams Show*. Even worse, the service has scant regard for the traditional divide that separates a newsroom’s editorial and business sides. Legitimate stories are seamlessly mixed in with advertorial fluff, and ethically murky sponsorship agreements call into question the entire operation’s objectivity. The Internet, once envisioned as a promising venue for independent journalism, is becoming a digitized Wal-Mart circular under AOL’s watch.

Shameless Product Plugs

Dating back to its earliest incarnation, as a gaming service called Control Video Corporation, AOL has fancied itself a populist enterprise unconcerned with geekdom’s cyber-libertarian ideals. Though its chairman, the ubiquitous Steve Case, now rubs elbows with prime ministers at Davos, his business

roots are decidedly humble—he once peddled sham poo for Procter & Gamble and pepperoni pies for Pizza Hut. Unlike other online pioneers, whose heads buzzed with radical concepts about technodemocracy and the reinvention of the public domain, Case rarely seemed to view the Internet as anything grander than a sales opportunity. It was no gaffe when Barry Schuler, AOL’s president of interactive services, recently called himself the “guy who turned the Internet into Happy Meals.” Only at AOL could such a statement be deemed a boast.

The paucity of meaningful content on AOL dates back to the company’s scrappy origins, when it lacked the resources to obtain brand-name fare—financial analysis from CBS *Marketwatch*, or Hollywood gossip from *Entertainment Weekly*. Instead, the service relied on user-created content, particularly the salacious babble bandied about in the chat rooms. In 1996, *Rolling Stone* estimated that the company earned over \$7 million per month from sex-oriented chat alone (a figure that Case, ever mindful of AOL’s family-friendly image, vigorously disputed).

Yet content has become one of the company’s most lucrative revenue sources. AOL, which once proudly touted a no-ad policy, earned \$24 billion in advertising and commerce revenue in 2000, doubling its 1999 income. Most ads are viewed as users zip from the welcome screen to the companion “channels,” adjoining sites that focus on sports, entertainment, or parenting. Those channels, in turn, steer users toward the e-commerce sites of AOL’s sponsors, who shell out eight-figure sums for their privileged status. A marriage-trends “story” on the Women’s Channel will inevitably lead to the TheKnot.com; a Family Channel piece that trumpets Mother’s Day factoids will nudge users toward 1-800-flowers.com or Godiva.com.

The scheme wouldn’t work without the welcome screen, the initial lure in AOL’s bait-and-switch advertising strategy. During the mid-1990s, the screen’s links tended toward the whimsical—“Toilet Paper: Do We Really NEED It?” or “Don’t Look Up! Bird Droppings: What YOU Need to Know.” This was before AOL began printing money with advertising revenue; in 1995, the struggling company raked in just \$6 million from ads and e-commerce combined. In 1996, a Sony executive bribed AOL into giving his company welcome-screen ink by sending the engineering department a bushel of Walkmans.

Today, even 10,000 Walkmans couldn’t buy that sort of placement. The welcome screen is the Internet’s Manhattan, a high-rent district for the Gener-

al Motors and eBays of the world. In exchange for their millions, deep-pocketed advertisers receive the finest in online buzz. Last fall, after Time Warner's *hot.dots* magazine began receiving a daily welcome-screen mention, hundreds of thousands of visitors began frequenting the publication's Web site—over a month before the inaugural issue. And when music retailer N2K plugged its fire sale on *Titanic* soundtracks, it sold over 750 CDs—in the first 20 minutes. Eat your heart out, Ron Popeil.

Not surprisingly, the welcome screen is now packed with in-house ads for AOL's floundering WB television network ("Dawson's Creek: They graduate tonight at 8 p.m.") or tacky come-ons for Martha Stewart-style baubles ("Make this summer bright! Glorious combinations of color and candlelight by Illumination").

"They used to divide the welcome screen into just three little blurbs," says David Cassel, editor of the *AOL Watch* newsletter and one of the company's most tenacious critics. "Now I see over a dozen links, plus a menu for over a dozen AOL areas. It's like a casino. They want to make it as hard as possible for you to wander off someplace else."

Since users cannot close the welcome screen as they surf, it is far more valuable to advertisers than the easily ignorable banners or pop-ups that most Web sites offer. And, of course, there is the sheer number of eyeballs at stake, over a quarter of them belong to "newbies" with less than one year's experience online, who are most apt to use e-commerce. "I sort of miss the bird-dropping content," sighs Cassel. "At least that was a bit edgy. Now it's mostly slick corporate propaganda for AOL Time Warner properties."

Mr. Stinky's Back!

The shameless hawking would not be so troubling were AOL more honest about its crassly commercial aims. This is, after all, the corporation that instructed Nora Ephron to change the title of her film from *You Have Mail* to *You've Got Mail*, the better to publicize its copyrighted catch phrase. But the postmerger AOL crows about its dedication to journalism, as if the welcome screen and its affiliated

channels were some sort of digital rival to *The Washington Post*. To its credit, the service does feature all the top Reuters and Associated Press clippings, often with links to full-text speeches or a few paragraphs of instant analysis. When Vermont senator James Jeffords abandoned the Republicans, for example, the Top News box on the welcome screen did feature a one-click link to the AP story, as well as off-links to a menu of companion pieces on the GOP's miscues or the mood in Vermont. But these wire-service packages are often seamlessly combined with softer

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items that smack of sponsorship dollars. Right below a recent Reuters headline reading "U.S. Takes Action Against IRA," for example, AOL's programmers saw nothing wrong with placing a link to a story on Lyme Disease—a link which directed users to an insipid advertorial on MayoClinic.com. Nor did they have any qualms about turning a seemingly objective business feature, "Lower mortgage rates spur refinancing boom," into an off-link that whisked surfers away to Realtor.com. And the spotlight story under the "Technology" banner, a glowing report on Microsoft's Xbox gaming console, failed to mention AOL's considerable financial interest in the system; Warner Brothers has licensed several of its movies to Xbox developers.

There is also a surfeit of *Weekly World News*-like oddities among the news, including an array of Yeti-of-the-Month yarns in the "Watercooler" section. On one typical day, the Watercooler's top stories were "Monkey Man panic grows in New Delhi" and a tale of a giant flower known for its offensive odor. The latter item was the only news-oriented link to earn a hallowed welcome-screen mention, with a teaser that read: "Cover your nose! Mr. Stinky's back!"

Even in AOL's more serious quadrants, such as the national news page, the line between objective information and paid advertisements is blurry at best. One headline will lead into a standard wire-ser-

vice story; another will direct a clicker to the for-profit Governmentguide.com, where visitors are peppered with sophomoric “fun facts” regarding the Bush administration. (Did you know that Colin Powell “enjoys fixing old Volvos”? Neither did *The Washington Monthly*.) After a while, ethics-conscious users begin to question anything and everything. Did AOL have a sponsor-related reason for giving

a recent *American Demographics* study found that these kids are not exactly Internet junkies; teens spend 30 percent less time online than adults. And, since they often lack credit cards, they are less likely to be swayed by e-commerce pitches.

AOL bristles at any suggestion that its content policies are less than journalistically sound. The company boasts of employing a hard-nosed staff of editors, including several veterans of America’s most influential dailies. But for a company that clucks about its old-school credentials, AOL is surprisingly ornery with curious reporters. “They told us they have a news staff of about 40 people,” says Larry Pryor, director of the

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such prominent play to “Hormones reduce cancer risk”? What about “Brad Pitt to launch clothing line”?

Hard news without clear commerce tie-ins is treated like digital Brussels sprouts, a barely tolerable nutrient that’s ritually shoved to the edge of the plate. Finding the latest scoop on AOL Time Warner recording artists like Lil’ Kim or Kid Rock seldom requires more than a click or two—their pretty mugs frequently grace the welcome screen. Finding the latest scoop on California’s energy crisis requires considerably more effort. “Half the work of journalism is making decisions about what matters, and cutting out the stuff that doesn’t,” says Mindy McAdams, the Knight Chair professor of journalism at the University of Florida. “When you go to a news source that you trust, you believe that they’re going to give you the most important stuff in the least amount of time.” On AOL, however, the most vital news is often buried beneath an avalanche of “Vanilla Ice—Still hot?” and “Monitor credit free—Be notified quarterly of inquiries to your file.”

Not Just For Kids

The conventional wisdom holds that the typical AOL user is a teenybopper, far more interested in boy-band gossip than the Nasdaq. But statistics don’t support the stereotype; in fact, 84 percent of AOL’s members are over the age of 24, and the average age of an online user is 39. Though many AOLers may be heads of households with 12-year-old daughters,

online journalism program at the University of Southern California. “We tried to ascertain at one point the accuracy of that statement, and our reporter was physically thrown out of AOL by a security guard. They’re extraordinarily defensive about their position on journalism because, I think, AOL fundamentally doesn’t understand what journalism is.”

The company keeps remarkably tight-lipped when asked about such allegations. *The Washington Monthly* spent over a month trying to coax an AOL executive—any AOL executive—into making an on-the-record defense of the service’s approach to the welcome screen and its subsidiary content. Yet a flurry of polite phone calls and pleading emails (including several to AOL Time Warner editorial tsar Walter Isaacson) were either rebuffed or met with stony silence. In the end, the only official quote provided was a terse statement from corporate spokesman Nicholas Graham: “You can say AOL declined to participate. The executives here decided that this concerned something that was proprietary. ... I can’t remember them ever granting an interview on this subject. If you can find a story out there about the welcome screen, I’d love to hear about it.”

The company’s top brass are not always so reluctant to talk. When Jonathan Sacks, AOL’s senior vice president for interactive services, keynoted last year’s online-journalism conference at USC, his comments scandalized the hundreds of ink-stained wretches in

attendance. An ex-*Miami Herald* reporter with a graduate degree in journalism from the University of Iowa, Sacks stunned the crowd with his flippancy. In between half-jokes about the public's distaste for long articles and the "threat" of free Internet access on college campuses ("a problem, we're working on it"), he outlined his commerce-centric vision for "interactive journalism."

"In the interactive space, a *New York Times* book review is more valid in a way, is more useful in a way, when there's a link at the bottom of the screen that takes you to a place that you can buy a book," said Sacks, seemingly unaware of the ruckus that has surrounded the *Times's* electronic partnership with Barnes & Noble. "That's really what the promise of interactive journalism is about. It's an integrative experience ... We are likely to integrate commerce opportunities." He topped off his sermon with a chilling declaration: "First and foremost, we think people want convenience. Convenience is king in the interactive space."

"The basic thing I walked away from there was that a story was only as valuable as the button you could put at the bottom, where you could sell something related to it," says Ken Layne, founder of the now-defunct journalism site Tabloid.net. "Just at my table, the people were whispering darkly to each other, whispering things like, 'What about a famine? What's the link for that? What about a race riot? What's the link for that?'" In a critique of Sacks's speech for the *Online Journalism Review*, Layne wryly noted that ads for 1-800-flowers.com would be a perfect match for plane-crash stories.

But such dilemmas are of scant concern to AOL's programmers; they are paid to appease advertisers and generate traffic, not wrestle with journalistic quandaries. As a result, ethical missteps are becoming more frequent. In March, for example, *The Wall Street Journal* reported that AOL irked People.com by asking the site to edit out an offending line ("He may not be Oscar material") from a Keanu Reeves profile; AOL was planning a live chat with the *Matrix* star, and didn't wish to offend. People.com refused, so AOL didn't link to the story.

AOL claims the requesting employee acted alone and was reprimanded for his transgression. If that is indeed the case, then the company's executives deserve equal censure for dismantling the "Chinese wall" that theoretically separates business and editorial interests. When the *Los Angeles Times* agreed to split some advertising revenue with the local arena, the Staples Center, there was a newsroom revolt; at

AOL, such behavior hardly causes an eye to bat. AOL receives a kickback each time a user opens an account with either DLJ or E*Trade, two online brokers who advertise on the service. "If you're DLJ or E*Trade," AOL ad sales guru Meyer Berlow once bragged to *Fortune*, "you're going to pay me on every single trade, forever." That vested interest in the financial well-being of advertisers destroys any semblance of AOL's journalistic credibility.

"The really scary thing," says Layne, "is that a year after [his speech], Sacks won. AOL's earnings are fine, the Time Warner collaboration seems to be going a lot better than a lot of the analysts said. And most of the independent content sites are out of business." Indeed, as the *Salons of the Web* struggle to remain afloat, AOL keeps marching along. According to Jupiter Communications, AOL Time Warner properties accounted for nearly one-third of all time spent on the Internet this past January. Steve Case is projecting \$40 billion in revenue for 2001, an astronomical figure that AOL hopes to achieve via "cross-media opportunities"—massive ad packages that will grant clients visibility throughout the AOL Time Warner empire, from the welcome screen to CNN to *InStyle*.

Journalism by the Numbers

For the moment, an Internet user can still elude AOL's ad-garbled content by signing up with a rival ISP. But the moment may be brief. The coming migration from dial-up to broadband will be a boon to AOL, which now controls around 20 percent of the nation's cable lines. The current FCC chairman, laissez-faire devotee Michael K. Powell, seems unlikely to force AOL to share that pipe with competitors; he suggested as much this past February, when he opined that "openness is not always a good thing." Independent service providers will fold or be gobbled up, and the welcome screen will become an omnipresent fact of life for Time Warner cable customers. Don't like it? Well, then enjoy your slow-as-molasses 56k-dial-up modem.

Nor will AOL's future reach be strictly limited to computer owners. The company is diving headlong into interactive television with AOLTV, a \$250 set-top box intended to rival TiVo and Microsoft's WebTV. AOL's cable holdings give its device a competitive edge, since it could be configured to provide special services to existing Time Warner customers. Then, of course, there is the matter of AOL's marketing clout. With free access to the nation's most-read magazines and most-watched cable networks,

the company can engineer the sort of publicity campaign that small-fry TiVo can only dream about.

Conscious of the cries of "Monopoly!", Case has been careful to emphasize that AOL is committed to serving the public interest. "Of course we want to make our numbers, and we will make our numbers," he told a conference crowd this past May, referring to his lofty revenue goals. "But we also want to make a difference." Promising words. But Case conveniently neglected to define what AOL means by "public interest," a trite and hazy phrase that is nowadays used to justify everything from the death penalty to mega-mergers.

Chances are, of course, that AOL's definition of the public interest doesn't quite jibe with that of consumer advocates. During the FCC's merger-review process, AOL and Time Warner filed a joint statement attesting to the public benefits of their impending union. Quoting liberally from cheerful reports by Goldman Sachs (titled "Perfect Time-ing") and Merrill Lynch ("You've Got Upside!"), the lengthy memo gushed about the new company's ability to speed the dissemination of information technology. "This merger is not just about putting different forms of media together," the document quoted Case as saying. "It is about something new and powerful—a truly mass-market, interac-

tive company providing service on a global level that will become even more central to people's lives."

Yet nowhere does this public-interest filing mention AOL Time Warner's commitment to providing objective information—or, as McAdams puts it, understanding "that there is a big difference between a consumer and a citizen." Lost amid all the hubbub about "the spectrum of new consumer offerings" and "boundless possibilities for new consumer services" was any discussion of AOL's attitude toward its role as the nation's foremost media gatekeeper. Will the company provide unbiased coverage of its own financial interests? Is it committed to a clear separation between editorial and advertorial content? Can a balance be struck between the vital ("House keeps Bush abortion aid ban") and the trivial ("Ted Danson: No more Mr. Nice Guy")? The memo addressed none of these concerns.

But Sacks did, if only for an instant, in his infamous USC address. "We're the biggest guys," he said. "We're big, and we're bad." The hyperbole was meant to elicit laughter among the crowd's idealists, to poke good-natured fun at their cantankerous commitment to the Internet's democratic, even anarchistic potential. But the jest elicited only dread; the truth can do that.

The Washington Monthly Journalism Award

JUNE 2001

TOM KNUDSON

"Fat of the Land: Movement's Prosperity Comes at a High Price"

Sacramento Bee

In a five-part series, Tom Knudson shows how the environmental movement has gone astray since its Thoreauvian beginnings. Executives at environmental organizations are being paid six-figure salaries to meet in luxurious settings, where they discuss increasingly ineffective and ill-conceived objectives. The series reports that new money flowing into conservation is not helping to create a healthier planet, but rather funding the metastasis of conservationist bureaucracy and fundraising.

THE MONTHLY JOURNALISM AWARD is presented each month to one or more newspaper, magazine, radio, or television stories (or series of stories) that demonstrate a commitment to the public interest. We are particularly interested in reporting that explains the successes and failures of government agencies at all levels and of other institutions such as the media, corporations, unions, and foundations that contribute to the existence or solution of public problems. Please send nominations (including a copy of the article or broadcast text) to The Washington Monthly Journalism Award, 733 15th Street, NW, Suite 1000, Washington, DC 20005. Or e-mail us at editors@washingtonmonthly.com. Nominations for stories run in June & July are due August 1, 2001.