Interactive Food & Beverage Marketing:

Targeting Children and Youth in the Digital Age

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Setting the Stage

Government agencies, public health professionals, and consumer groups have become increasingly concerned over the role of advertising in promoting "high-calorie, low-nutrient" products to young people.

A Growing Health Crisis

Children in the U.S. are facing a growing health crisis due in part to poor nutrition.[1] Youth who are significantly overweight are at much greater risk for experiencing a variety of serious medical conditions, including digestive disorders, heart and circulatory illnesses, respiratory problems, and Type 2 diabetes, a disease that used to strike only adults.[2] They are also more prone to suffer from depression and other mental illnesses.[3] An estimated 30 percent of boys and 40 percent of girls born in the United States are at risk for being diagnosed with Type 2 diabetes at some point in their lives.[4] Minority youth populations have been disproportionately affected. For example, African American and Mexican American adolescents between the ages of 12 and 19 are more likely to be overweight (at 21 percent and 23 percent, respectively) than are non-Hispanic White children in the same age group (14 percent).[5] The Institute of Medicine has called on all sectors of society—industry, government, health professionals, communities, schools, and families—to address this health crisis.[6]

Experts point to a combination of economic, social, and environmental changes over the last three decades that have contributed to these alarming health trends, including: cutbacks in physical education programs; the relative decline in the cost of food; the rise in fast food, convenience food, and eating outside of the home; and the increasing availability of snacks and sodas in public schools.[7] A major factor is the disturbing shift in the overall nutritional patterns among all children and adolescents, who now consume high levels of saturated fat, sugars, and salt, and low levels of fruit and vegetables.[8]

Government agencies, public health professionals, and consumer groups have become increasingly concerned over the role of advertising in promoting "high-calorie, low-nutrient" products to young people.[9] In 2004, the Centers for Disease Control and Prevention, under a Congressional mandate, commissioned the Institute of Medicine to conduct a comprehensive examination of the role of marketing in children's food consumption. Based on an analysis of hundreds of studies, the 2005 report, *Food Marketing to Children and Youth: Threat or Opportunity?*, found that "among many factors, food and beverage marketing influences the preferences and purchase requests of children, influences consumption at least in the short term, and is a likely contributor to less healthful diets, and may contribute to negative diet-related health outcomes and risks among children and youth."[10] The study's recommendations included a strong warning to the food industry to change its advertising practices. "If voluntary efforts related to advertising during children's television programming are not successful in shifting the emphasis away from high-calorie and low-nutrient foods and beverages to the advertising of healthful foods and beverages," the report said, "Congress should enact legislation mandating the shift on both broadcast and cable television."[11]

Further government inquiries, public hearings, and press coverage have continued to focus attention on this issue. The Federal Trade Commission and the U.S. Department of Health and Human Services held a series of workshops with industry and consumer groups, issuing a report in 2006 that urged food and beverage companies to engage in more responsible production, packaging, and marketing practices, including developing products that are "lower in calories, more nutritious, more appealing to children, and more convenient to prepare and eat."[12] In February 2007, the Federal Communications Commission announced the establishment of a Task Force on Media & Childhood Obesity, comprising food and ad industry representatives, consumer groups, and health experts. The goal of the Task Force is to "build consensus regarding voluntary steps and goals that the public and private sectors can take to combat childhood obesity."[13]

Last year, the Center for Science in the Public Interest (CSPI) and the Campaign for a Commercial-Free Childhood (CCFC) announced their intent to file a suit against both the Kellogg Company and Viacom, the corporate owner of Nickelodeon. The announcement charged the companies with "directly harming kids' health" because "the overwhelming majority of food products they market to children are high in sugar, saturated and trans fat, or salt, or almost devoid of nutrients." The groups said they would "ask a Massachusetts court to enjoin the companies from marketing junk foods to audiences where 15 percent or more of the audience is under age eight, and to cease marketing junk foods through websites, toy giveaways, contests, and other techniques aimed at that age group."[14]

Industry Responses

Amid this mounting public pressure, food manufacturers and media companies have launched a flurry of high-profile initiatives, including campaigns to promote health and fitness among children and changes in some of their marketing practices.[15] Many of these efforts have garnered support and approval from public health professionals and federal regulators:

- In 2005, The Ad Council's Coalition for Healthy Children—which includes more than a dozen advertising organizations and food and beverage companies—launched a campaign promoting pro-social messages to both children and adults, to encourage physical activity, healthy food choice, portion control, and good parental role modeling.[16]

- That same year, Kraft Foods announced it would cease advertising some of its most popular brands—including Kool-Aid, Oreo, Chips Ahoy, and Lunchables—to children between the ages of 6 and 11 on television, in radio, and in print media, shifting its product mix to more nutritious brands.[17]

- In spring 2006, Nickelodeon launched a $30 million public service campaign, in partnership with the William J. Clinton Foundation and the American Heart Association, entitled "Let's Just Play Go Healthy Challenge." The centerpiece of the effort was a "five-month miniseries documenting the lives of four real kids' struggles to get healthy," the final episode of which instructed kids to "turn off their television sets on September 30th and go out and play."[18]

- Working with former President Bill Clinton, Coca-Cola, Pepsi and Cadbury Schweppes announced an agreement in May 2006 to stop selling their sweetened soft drink brands in elementary and middle schools.[19]

- In November 2006, the Children's Advertising Review Unit, a self-regulatory body of the Council of Better Business Bureaus that oversees children's advertising, announced revisions in its guidelines, including the addition of disclosure requirements for "advergames" and other forms of marketing that blur the distinction between editorial content and advertising, and thus might be misleading to children 12 and under.[20]

- That same month the Council of Better Business Bureaus and the National Advertising Review Council (NARC) announced the launch of a new Children's Food and Beverage Advertising Initiative, "a voluntary self-regulation program with 10 of the largest food and beverage companies as charter participants." The purpose of the new effort is to "shift the mix of advertising messaging to children to encourage dietary choices and healthy lifestyles."[21]

- The Department of Health and Human Services, the Ad Council, Dreamworks SKG, and Nickelodeon are launching a series of public service advertisements featuring the characters from the movie *Shrek*. The February 2007 White House event announcing the initiative included a who's who of major food and beverage company heads, representing General Mills, Coca-Cola, Kraft, Kellogg's, McDonald's, Subway, and others.[22]

The Digital Marketing Ecosystem

While these efforts are commendable, they must be viewed within the broader context of the changing nature of advertising and marketing. The rapid growth of the Internet and proliferation of digital media are fundamentally transforming how corporations do business with young people in the twenty-first century. The quintessential "early adopters" of new technology, children and teens are eagerly embracing cell phones, iPods, and a host of other new digital tools and quickly assimilating them into their daily lives. Ninety-three percent of 12 to 17 year-olds use the Internet; more than half of online teens (55 percent) use social networks.[23] Approximately 70 percent of children 8-11 go online from home. Of those, 37 percent use instant messaging and 35 percent play games.[24] Fifty-seven percent of online teenagers post their own "user-generated content" on the Web, including photos, stories, art work, audio, and video.[25]

This expansion of digital media in children's lives has created a new "marketing ecosystem" that encompasses cell phones, mobile music devices, broadband video, instant messaging, videogames, and virtual three-dimensional worlds.[26] This new ecosystem is not separate from television, but rather encompasses all media, including traditional over-the-air broadcasting, which will become completely digital by 2009. As a recent trade publication observed, the new media offer marketers the opportunity "to reach kids 24/7—or at least any hour before bedtime."[27]

As food and beverage companies announce changes in their TV advertising, they have already begun to shift their marketing into a broad array of new-media efforts. "The eyeballs have moved," a Burger King executive told a 2006 Association of National

Advertisers conference, as he explained his company's major push into digital marketing.[28] Some industry observers have suggested that the public pressure over concerns about childhood obesity may be accelerating the "migration" by food companies into these "alternative platforms."[29] Many of the same corporations engaged in pro-social, anti-obesity campaigns in the United States are also playing leadership roles in the new global digital marketing frontier, directing a number of research-and-development (R&D) initiatives to create the next generation of interactive advertising, much of it tailored specifically for young people.

A snapshot of recent and current marketing efforts by some of the top food and beverage brands popular with children and teens offers a glimpse into the variety of digital strategies that are quickly becoming state-of-the-art—and increasingly present in children's lives—in the contemporary media environment:

- In 2005, **McDonald's** launched a "mobile marketing" campaign to "create a compelling way to connect with the younger demographic," as 600 of the chain's fast food restaurants in California urged young cell phone users to text message to a special phone number and receive an instant electronic coupon for a free McFlurry dessert. McDonald's also encouraged youth to "download free cell phone wallpaper and ring tones featuring top artists," and to email the promotional website link to their friends. To help bolster the campaign, ads on buses, billboards, "wild postings" near high schools, and even skywriting airplanes promoted the "Text McFlurry 73260" message.[30]

- When **Nickelodeon** bought the highly popular online game, Neopets, in 2005, to become part of the new TurboNick website, one of its goals was to "monetize" the huge amount of traffic the game site enjoyed by inserting more brands. In a game where the object is to keep your Neopet alive by feeding her regularly (ensuring your repeated visits to the site), executives envision a future scenario in which game players "will be feeding their pets with food products from major brands."[31] Among the major food companies already involved in "advergaming" on Neopets are **Frito-Lay, Nestle, Kellogg's, Mars, Procter & Gamble, General Mills, Kraft Foods, McDonald's**, and **Carl's Jr./Hardees**.[32]

- In 2006, the Online Marketing, Media and Advertising Conference named **Burger King** an "Online Marketing All Star" for its pioneering new-media campaigns. The "first advertiser to sponsor downloadable TV shows on a social networking site," Burger King partnered with Fox Broadcasting to distribute episodes of the TV channel's show "24" on the highly-popular MySpace (owned by NewsCorp, which also owns Fox).[33]

- For the 2007 Super Bowl, **Frito-Lay's Doritos** (a subsidiary of **PepsiCo**) worked with Yahoo! to create a "Crash the Super Bowl" contest and website. The chip company promised to air at least one "user generated" commercial during the show. Doritos set up a special website—"SnackStrongProductions.com"—where viewers could view the final five contestants, vote for their favorites, and "tell a friend" about the contest via email.[34]

- **Kraft's Oscar Mayer** is working with a new-media marketing company, MangoMOBILE, to offer the brand's classic jingle as a ring tone on cell phones. Results will be measured through MangoCRM, MangoMOBILE's targeted mobile subscriber database, which offers its clients "real measurable data on any type of exposure or interaction that customers have had with a brand."[35]

Under the Public Radar

Despite the rapid expansion in the children's digital marketplace, surprisingly little research has been done to track, analyze, and evaluate these trends. Most of the studies available for review for the 2005 Institute of Medicine report were focused on assessing the impact of television advertising. For the most part, academic research has not been able to keep up with the pace and scope of change in the media and marketing environment. Much of the public policy debate over new media and children has focused on concerns over pornographic and indecent content, with relatively little attention paid to commercial practices. Marketing is one of the least understood aspects of the new digital media culture. As a consequence, its role in the health and wellbeing of young people has remained largely under the radar of most policymakers, educators, health professionals, and parents.

There have been some efforts to fill this gap. In 1996, when the commercialization of the World Wide Web was just beginning, the nonprofit Center for Media Education published a report that documented many of the emerging online market practices that advertisers—including major food brands—were using to target children.[36] The widely publicized study helped trigger a national public policy debate over online data collection from children, resulting in the passage of the first federal law to regulate children's privacy on the Internet, the Children's Online Privacy Protection Act (COPPA). That law, which took effect in 2000, restricts the collection of personal information from children under the age of 13 by commercial website operators.[37]

More recently, the Henry J. Kaiser Family Foundation's 2006 report, *It's Child's Play: Advergaming and the Online Marketing of Food to Children,* examined websites sponsored by food manufacturers promoting popular brands among children, finding that "the vast majority (85%) of the leading food brands that target children on TV are also either directly targeting children on the Internet or providing online content likely to be of interest to them." By providing vivid documentation of these "branded entertainment" sites, the Kaiser study has helped shed light on some of the practices that have become commonplace in digital marketing, including "advergaming," viral marketing, media tie-ins, and extensions of online experiences into "offline" outlets.[38]

But these studies reveal only a tiny part of a complex and extensive global digital marketing enterprise that has important implications for the health of America's children. As the media marketplace continues its rapid transformation, becoming a ubiquitous presence in young people's lives, the public remains largely unaware of the nature, scope, and extent of its influence.

This report is a first step in articulating the nature of this new digital marketing environment. The report has three main objectives:

1. to provide an overview of the key developments that are shaping the new digital marketing environment, with particular attention to the targeting of children and youth;

2. to identify the major contemporary strategies used by food marketers to promote their brands to children and adolescents, including the targeted efforts to reach multicultural youth; and

3. to offer recommendations for further research, public education, corporate initiatives, and policy interventions.

This descriptive report is based on detailed examination and analysis of developments in the digital marketplace, in order to develop a deeper understanding of its structure and direction, and to identify the key practices that are emerging to target children and adolescents. We have relied on a variety of resources, including media and advertising industry white papers, trade publications, conference transcripts, proprietary reports, and other documents. To research the ways in which major food and beverage companies are marketing their products to young people in the digital media, we examined the companies' own public documents and press statements, augmenting this information with analyses of websites and other content available online.[39]

Recently, the food industry has told regulators that it has decreased the amount of money spent on advertising to children.[40] But such claims fail to acknowledge the fundamental changes that are blurring the lines between advertising, marketing, and brand promotion. It is no longer possible to isolate ads or commercials as discrete forms of selling to young people. For that reason, we will use the broader term "marketing" to describe the wide range of practices that food companies use to promote their brands.

In many ways, the digital strategies used by food companies* are not that different from those of other corporations targeting young people, and the report will lay out a broad picture of the nature of this new marketing infrastructure and its dominant practices. But as the following pages will show, in the case of food marketing, some of these practices raise serious issues that deserve close scrutiny and prompt, remedial action by policymakers and the public.

* We use "food companies" in this report to refer to both food and beverage marketers.

Spending Power, "Kidfluence," and "Fun Foods"

Several trends have converged to make young people a powerful target for food marketers in the Digital Age. One of the most important is the exponential rise in spending by children and teens, which doubled between the years 1960 and 1980, and tripled in the 1990s.[41] In 2002, children aged 4-12 were spending $30 billion in direct purchases, nearly five times as much as they spent in 1989.[42] Between 1999 and 2004 alone, teenage spending increased nearly 40 percent from $122 billion to $169 billion.[43] Children and teens do not just spend their own money, but they also influence purchases by their parents, in many cases having significant sway over major items such as family vacations, household appliances, and automobiles.[44] Marketers have developed an entire set of strategies for enhancing this practice known in the industry as "kidfluence."[45]

Beginning in the early 1990s, food manufacturers launched new product categories, including "fun foods"—like Heinz E-Z Squirt and Kraft Easy Mac—designed to take advantage of children's increased spending power and independence.[46] The move was spurred in part by the need to expand revenue sources beyond traditional markets, which had become saturated. Promoting products directly to kids was also cost effective, since buying time in children's TV programming was much less expensive than placing commercials in prime time.[47] According to the Institute of Medicine, between 1994 and 2004 there were "3,936 new food products and 511 new beverage products targeted to children and youth." Most of these child-oriented food and beverage products are "high in total calories, sugar, or fat and low in nutrients."[48]

Today, food products figure prominently in how children and teens spend their own money and influence family spending. "Both parents and their children report that young people have the highest purchase influence on food, when compared with other nonfood spending categories," noted the IOM report.[49] Sweets, snacks, and beverages account for a third of children's direct purchases.[50] Teenagers spend 21 percent of their own money on food, reported Teenage Research Unlimited, "whether from drive-thrus, convenience stores or restaurants. On one level," the market research company commented, "it's obvious: they're growing, and they're always hungry. But more than that, eating represents one of the best ways for teens to gather with friends. Although many business owners and some malls discourage teens in groups, restaurants tend to be fairly obliging. Eating tends to be a very social activity for many teens."[51]

Children's media culture has also expanded dramatically during the past several decades. The rise of "kidvid" TV channels—such as Nickelodeon, Disney, FoxKids Network, and the Cartoon Network—increased both the number of outlets and the amount of programming available for children, offering marketers a variety of new opportunities for directly reaching this lucrative demographic group. With the launch of the World Wide Web in 1993, these networks began expanding their franchises onto the Internet and across a proliferating array of new digital platforms, joined by hundreds of new media ventures aimed specifically at children and teens. [52]

Food and beverage companies were among the earliest pioneers of digital marketing, harnessing the power of the Internet and other popular new media to target young people. In the mid-1990s, such major brands as Kellogg's, Nabisco, Oscar Mayer, McDonald's, and Frito-Lay launched websites, where they began developing a variety of techniques for directly interacting with children online.[53] Taco Bell launched a joint "multimillion dollar" venture with videogame company Nintendo in 1997; Pepsi forged a similar partnership with Sony.[54] In 1999, Jack in the Box created "Jack's World," an "interactive Internet playground loaded with fan-friendly freebies."[55] The food industry was also heavily involved in early efforts to secure a stronghold for online advertising. In 1994, Procter & Gamble issued a "call to action" for marketers to begin focusing their attention on the Internet, and founded a new group four years later called the Future of Advertising Stakeholders (FAST), with the active participation of companies such as McDonald's and Coca-Cola.[56]

Probing the Digital Generation

Because the digital media emerged in the midst of a highly commercialized youth culture, a large infrastructure of market research firms and ad agencies was already studying how children and teens were engaging with media. With the growth of the Internet and other new technologies, a host of trend-analysis companies, consultants, and digital strategists has moved into place, making today's young people the most intensely analyzed demographic group in the history of marketing.[57] Young people are valuable to marketers not only because of their own spending power and ease with technology, but also because of their role as trend setters in the new media environment. Researchers have coined a variety of labels to define this powerful target group of users—from "Generation Y" to the "N-Geners" to "the New Millennials" to "Digital Natives." As one marketing trade article explained, "Gen Yers are 'influencers' by nature.... New devices and services will be bought by/for them, they will encourage older populations to 'get with it' and join them, and they will be emulated by younger generations trying to be like them."[58]

Food and beverage companies are working with a variety of companies studying the youth market, including the following:

- The Geppetto Group, owned by global ad giant WPP. The firm takes credit for having "pioneered the use of psychology and anthropology to understand what makes young consumers tick." It "seamlessly blends the strategic precision of a consultancy with the creativity of an advertising agency, using proprietary research, market intelligence and insightful analysis to decipher the complex youth market." Geppetto's clients have included Coca-Cola, McDonald's, Frito-Lay and Kraft.[59]

- JustKid, Inc., is a "kid marketing consultancy" that has represented Kraft, Oscar Mayer, Hershey's, Kellogg's, Pepsi, P&G, Con Agra, Nabisco, and McDonald's. "Before you can create meaningful, relevant and sustainable kid marketing and new product strategies," its website explains, "we believe that you first have to understand the world through a kid lens. To that end, we utilize both practical and proprietary research techniques to identify actionable kid needs and insights for our clients."[60]

- 360 Youth (part of Alloy Media + Marketing), which serves more than 1,500 clients every year, promising marketers a "powerful and efficient one-stop-shopping resource" and access to more than 31 million teens, tweens, and college students.[61] Its arsenal of advertising and marketing weapons includes "e-mail marketing strategy and implementation," "viral applications," "interactive and multi-player games," and "quizzes and polls."[62] The company operates a stable of websites that serve as online data collection and youth market research tools. Its clients include Coca-Cola, Domino's Pizza, Frito-Lay, General Mills, Hershey, Kellogg's, Kraft, MTV, Nabisco, and P&G.[63]

In addition, there are a number of new-generation companies helping food and beverage brands devise cutting-edge marketing strategies for reaching and engaging young people. For example,

- The Coca-Cola Company is working with Crayon, which bills itself as a "mash-up" firm, combining "the best of the consulting, agency, thought leadership and education worlds—that specializes in new marketing." The company's highly publicized 2006 launch took place both in the real world (with offices in Westport, CT; Menlo Park, NJ; Boston; and New York City) and on "Crayonville Island," in the Internet-based virtual world, Second Life.[64]

- The Kellogg Company and Burger King are both working with Evolution Bureau, EVB, a "full service advertising agency that specializes in using immersive content to create engaging brand experiences." Ad agency Omnicom recently acquired a majority stake in the San Francisco-based EVB.[65]

- McDonald's and Kraft Foods are among the clients of Brand New World, a "digital marketing agency," founded in 2004, promising "campaigns and sponsorship strategies that integrate broadband applications, personal video recorder (PVR), video on demand, wireless and other 'advanced media.'"[66]

- North Castle, which recruits, auditions and selects 100 teens each year to "share their world with us," includes among its clients P&G, Coca-Cola and Hershey. The company has created specialized panels of adolescent sub-groups, such as "Affluent Teens, Hispanic Teens, Gay/Lesbian Teens, Middle-Schoolers, and Influencer Teens."[67]

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Other firms involved in ongoing analysis of the youth market include HarrisInteractive, Nielsen's Buzzmetrics, Teen OmniTel, and IRI's Consumer Network Panel.[68]

Multicultural Youth Marketing

Food companies are working with a growing number of ad agencies, market research firms, and consulting groups that specialize in developing digital strategies for targeting African-American and Latino children and youth. These multicultural marketing efforts have produced a variety of techniques tailored to specific ethnic groups, including African Americans and Hispanics, who are deemed less cynical about and more receptive to advertising.[69] For example, African-American youth are considered particularly good candidates for "urban marketing" campaigns that employ peer-to-peer and viral strategies.[70] "Hispanic and African American audiences," explained one multicultural marketing expert, "are already utilizing mobile tools, such as text messaging, that are at the heart of most successful mobile campaigns at a much higher rate than the general population."[71] As a presentation by the Interactive Advertising Bureau advised marketers, "Hispanics are best reached with an integrated multi-media message which entertains, engages, and provokes action." Among the most effective ingredients for successful campaigns are "emotion" (particularly "humor"), "advergames," "viral marketing," and "email registration."[72] Annual "U.S. Multicultural Kids" reports by Nickelodeon and Cultural Access Group provide a steady stream of useful market research on patterns of media use and product consumption among young ethnic consumers, in order to "optimize relevant and impactful brand relationships."[73] Food companies are working closely with multicultural marketing experts to target African American and Latino children and adolescents. [For a fuller discussion of multicultural food marketing, see Appendix, "Multicultural Marketing in the Digital Age."] For example,

…an average visit to the McDonald's-branded content area lasted more than 20 minutes…

- Cheskin—a market research company whose clients include Nestlé, Coca-Cola, ConAgra, and General Mills—conducted a "video profile" of 30 bicultural U.S. Hispanic teens, 13-19, titled "Nuestro Futuro: Hispanic Teens in Their Own Words." Promotional copy for the video promised marketers an intimate look into the lifestyles and longings of this lucrative youth demographic: "They live on MySpace.com and shop at Abercrombie, but listen to Spanish radio and embrace diversity. They're proud of their unique individuality and their collective Hispanic heritage. It's no secret that US Hispanic teens are an appealing segment and a challenging one. So what's the secret to reaching them?"[74]

- Burrell Communications Group, *Advertising Age's* "Multicultural Agency of the Year" for 2005, refers to its specialty as "Yurban Marketing"®. In a 2006 speech, co-CEO Fay Ferguson discussed effective ways for reaching young African Americans, describing a recent online campaign for one of the agency's clients, McDonald's, which "capitalized on the audience's heavy involvement with NBA basketball." Combining "All-Star updates, a sweepstakes and a branded game" on BET.com, the interactive promotion yielded impressive results: "an average visit to the McDonald's-branded content area lasted more than 20 minutes, and more than 37 percent of site visitors played the game for an average of 25 minutes each."[75]

Tapping into Childhood Development

Market researchers employ the expertise of an increasingly diverse array of specialists in sociology, psychology and anthropology to explore youth subcultures and conduct motivational research.[76] A considerable amount of contemporary market research is focused on identifying ways to tap into the critical developmental stages of childhood. For example, marketers have closely studied the adolescent process of identity formation, tailoring their strategies to the key emotional and behavioral experiences that are part of these important explorations of self. "As teens' life-stage task is to sort through all kinds of identity issues," explained Julie Halpin, CEO and co-founder of the Geppetto Group, "the money they are given or earn all goes to fuel that drive. How can what I buy help me define who I am, to myself or the people I care about?"[77] Researchers are also closely tracking how uses of digital technologies are being integrated into children's social lives, and identifying new social and psychographic subcategories, based on sophisticated new data-gathering and -analysis techniques. For example, the "tween" demographic, which was introduced by marketers during the 1980s, has become a key focus of research on digital media.[78] "The transition from childhood to adolescence," noted a 2006 report by eMarketer, "marks a turning point in online behavior." Thus, this age group is a particularly valuable target for online marketers, explained the report's author, senior analyst Debra Aho Williamson. "They are forming brand preferences, and they have comparatively less skepticism about advertising than older teens and adults."[79]

A 2003 market research report, *Born to Be Wired,* divided teenagers into definable market segments, based on their attitudes, behaviors, and use of new media, suggesting the most effective approaches that companies can use in order to influence members of each group. For example,

- "Chic Geeks," are "early adopters of technology and heavy users of gadgetry... with cell phones as constant companions." They have "wide social networks that they actively cultivate," and they are "conspicuous consumers... looking to brands to get them noticed" and desiring "new news in their messaging... to be the first to hear it." Advertisers, therefore, should "give them a sense of exclusivity with the information you provide to them," keeping in mind that "image is important to them." [80]

- The "Now Crowd" are also heavy media users with large social networks. A "young segment, largely suburban," with "a relatively high proportion of African-Americans," the "Now Crowd" are "wannabe" leaders. To best appeal to this group, marketers are advised to offer them "social currency—information that will raise their standing and credibility" among their peers. "The role of brands to the Now Crowd is to help 'brand' them as being the 'Now' Crowd." But companies are warned not to let members of this subgroup down because "they are influential and can spread negative word-of-mouth quickly."[80]

Constant Contact

The interactive nature of digital technologies makes it possible for market research to be woven into the content of new media, offering marketers the opportunity to remain in constant contact with children and teens. Some of the most popular websites among teenagers, including Bolt.com and Alloy.com, operate both as online communication and content platforms and market research firms that sell valuable demographic and usage information to other marketers. A highly popular online "destination" for youth, Bolt.com "serves as the gateway for marketers looking to establish a dialogue with 15-to-24-year-olds... a true grassroots phenomenon [that]... has grown through word of mouth and through strategic partnerships with some of the largest brands on the Web." [81] As Bolt's CEO told the press, "Bolt is a 24 hour a day, 7 days a week focus group of hundreds of thousands of individuals on a daily basis, and millions of individuals over the course of a month from across the globe. They are saying what is important, and what isn't important to them. The information is all there."[82]

The "My Media Generation"

A joint 2005 research initiative by the leading advertising firm OMB (Omnicom) and Yahoo! studied youth between the ages of 13 and 24 in 11 countries, tagging them the "My Media Generation." What makes this generation unique, according to the study, is its ability to "customize and personalize everything in their world and daily experiences in ways previous generations never could." Technology companies have created a host of new liberating media tools, all designed to address the three core needs of young people: community, self-expression, and personalization. Many take advantage of new broadband software applications—such as social networking platforms, blogging tools, RSS ("really simple syndication") feeds, wikis, and podcasting—that have combined to create the next generation of the Internet, often called "Web 2.0."[83] "We've moved from broadcasting to podcasting in just a short period of time," Yahoo!'s Chief Sales Officer Wenda Harris Millard declared: "The My Media Generation increasingly filters the flow of advertising messages—letting in only those that are relevant, entertaining, or delivering value. While that raises serious challenges for marketers, it also brings the promise of new, more powerful channels for reaching youth and having them willingly and enthusiastically engage with brands."[84]

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Marketing is one of the least understood aspects of the new digital media culture. As a consequence, its role in the health and wellbeing of young people has remained largely under the radar of most policymakers, educators, health professionals, and parents.

Redefining Marketing in the 21st Century

With a new "dot-com boom" underway, individual companies and industry-wide consortia are engaged in a veritable arms race, funding a variety of research and development initiatives in the U.S. and abroad, aimed at creating an arsenal of new interactive marketing technologies.[85] For example, the Advertising Research Foundation's (ARF) Council on Youth Marketing has been set up to "expand industry knowledge of how to best communicate with, and market to, children and teens," to "review and stimulate research to measure youth's media consumption patterns, and to relate these to effective marketing communications."[86] Established in 1936, ARF is the premier think tank for the ad industry. With members from major global corporations, ad agencies, media companies, research organizations, and universities, ARF publishes the *Journal of Advertising Research,* and is involved in studying the latest research trends and ideas and in "setting the research agenda that meets advertiser needs for advanced learning."[87] Food and beverage companies belonging to ARF include Cadbury Schweppes, Nestlé, Taco Bell, Coca-Cola, Con Agra, Frito-Lay, Kellogg's, Kraft, McDonald's, PepsiCo, and Procter & Gamble.[88]

"Engagement"

The concept of "engagement" is at the heart of many digital marketing campaigns targeted at children and adolescents. One of ARF's largest-scale research efforts, which is likely to have a significant impact on the future of marketing, is the "MI4-Measurement Initiative: Advertisers, Agencies, Media and Researchers." Sponsored by some of the most powerful institutions in the advertising industry—ARF, American Association of Advertising Agencies (AAAA), and Association of National Advertisers, Inc. (ANA)—the project is designed to "redefine marketing in the 21st century." The broad-based initiative includes a number of different investigations into new directions for marketing in the digital era. Working with brain researchers and psychologists, the study is focused on understanding and measuring how individual consumers "engage" with brands.[89] The engagement model relies on unconscious, "non-rational" processes. A recent article in the online digital marketing news site iMedia Connection explained the new concept, based on a conversation with ARF Chief Research Officer Joe Plummer: "The heart of engagement is 'turning on' a mind.... This is a subtle, subconscious process in which consumers begin to combine the ad's messages with their own associations, symbols and metaphors to make the brand more personally relevant."[90]

Using this model, advertisements are not designed to articulate the compelling, factual features and benefits of products, but rather to "seduce the consumer into beginning that subconscious processing of the brand." As Plummer told a recent industry gathering, "storytelling is more powerful than argumentation."[91] Consumers are encouraged to consider themselves the "co-creators" of the advertising and marketing. They are invited into creating relationships with brands through the use of celebrities and popular cultural content.[92] The March 2006 issue of *The Journal of Advertising Research* was focused solely on "Emotion in Advertising." As one of the authors explained,

> *Brands are emotionally anchored.* A brand in the brain is made up of sets of cells that communicate with each other situated in different parts of the brain. This is called a *brand representation*. Brands are cognitively *and* emotionally encoded in the brain. It is the emotional anchoring of the brand that determines how we process information about it, what we notice about it, and how open we are to its initiatives. The more positively the brand is anchored, the better its chances of achieving its ambitions. [italics in the original][93]

Consumers are encouraged to consider themselves the "co-creators" of the advertising and marketing.

ARF is working with experts in the field of psychophysiology and neuroscience, as part of its "Emotional Response to Advertising" effort, to develop an "engagement measurement model" for identifying and testing "quantitative measures of behavior and emotion feelings."[94]

360 Degree "Touchpoints"

Another key principle that is guiding contemporary youth marketing is the "360 degree" strategy.[95] Today's children are the first generation to engage with media anywhere/everywhere. Rather than associating short-form programs with television, two-hour programs with movie theaters, and songs with CDs and radio, they expect to engage with media on a variety of interchangeable platforms. The 360 strategy is designed to take advantage of young peoples' constant connectivity to technology, their multi-tasking behaviors, and the fluidity of their media experiences. Marketers are not just tapping into these new patterns, but also actively cultivating and promoting them for their own purposes. By creating synergistic, cross-platform campaigns, companies seek to "drive" engagement from one medium to another, reaching young people through multiple "touchpoints."[96]

The 360 degree strategy has changed many of the institutional practices within the media industry. Major media companies are now offering "cross-platform" marketing opportunities, where, in a single buy, advertisers can target customers across a company's media properties, online and off. As TV networks sell their ad inventory to advertisers before the new season, they are also making ad space available on their websites and other properties.[97] Broadcast and cable television networks have restructured their programming and advertising sales operations to reflect the realities of the new digital "multiplatform" distribution system. For example, CBS recently combined its advertising sales into one "cross-platform sales unit combining radio, Internet, outdoor and television (known as RIOT)."[98] Fox is now releasing TV programming content on its MySpace.com service as well as the "Fox Television Station Group's MyFoxLocalSites."[99] Increasing consolidation within the entertainment media, advertising, and technology fields further enhances the ability of companies to deploy a variety of advertising and brand-promotion strategies across a wide spectrum of media properties. Viacom's takeover of online gaming community Xfire, for example, is one of many recent moves by mainstream media companies to reposition themselves in the digital marketing and media era.[100]

Sign Up Ne

It's Free!

Reaching and Engaging Children in the New Digital Marketing Landscape

Digital technologies are…creating unprecedented intimacies between children and marketers.

The forms of advertising, marketing, and selling that are emerging as part of the new media depart in significant ways from the more familiar commercial advertising and promotion in children's television. Digital technologies are ushering in an entirely new set of relationships, breaking down the traditional barriers between "content and commerce," and creating unprecedented intimacies between children and marketers. Digital technologies make it possible for marketers to track every move, online and off, compiling elaborate personal profiles that combine behavioral, psychological, and social information on individuals, and aggregating that data across different media and over time. Companies are recruiting young people into market research enterprises, and encouraging them to promote products to their peers. Marketers are also making it easy and fun for young people to serve as extensions of ad agencies, incorporating brands into their "user-generated content" and distributing their work virally (from person-to-person) on the Internet, cell phones, and iPods.

In the following pages, we discuss how food companies are embracing and shaping the contours of the new digital marketing landscape, highlighting the most prominent practices, and providing illustrations from food products marketed to children, teens, and youth. These are not discrete techniques, but rather a constellation of strategies that are often combined in digital marketing campaigns. Taken together—and viewed against the backdrop of the major changes taking place in the worlds of media, advertising, and market research—these practices constitute a new and fundamentally different direction for advertising.

Mobile marketing

Offering freedom, autonomy, and constant connection, cell phones are one of the fastest growing digital products among youth. "A majority of 13 to 17 year-olds in the U.S. (57%) now have cell phones, up from 45% in 2005."[101] Though that figure is still far below the 80 percent of adults 18 and over who own a mobile phone, industry observers see the younger cohort as an important harbinger of future trends. "Generation Wireless has been a digital demographic from birth, growing up after the dawn of cellular and with the Internet," commented one industry trade article. "Cell phone users aged 13-17 are connected to their phones by ear, eye and touch like no other age group. They are far more likely than other demographic groups to use a broad range of cell phone data services, and they will be first in line to try emerging offerings like cell phone TV."[102] Children and teens are getting cell phones as early as middle school, with two-thirds of high school juniors and seniors already avid users.[103] A survey by Itracks, an online market research company, found that many teenagers enjoy "unrestricted" cell phone access, and 38 percent of teens regularly use their cell phones at school for text messaging friends and playing video games.[104] "The cell phone has become a primary mode of socializing for teens," explained anthropologist and market researcher Robbie Blinkoff of Context-Based Media.[105]

Cell phones are also one of the most important digital marketing platforms for reaching young people. Wireless technology enables marketers to directly target users based on such information as previous purchase history, actual location and other profiling data. Mobile marketing is expected to become one of the major forms of advertising and marketing in the Digital Age. People are becoming dependent on Internet-connected cell phones and other wireless devices to access essential information, learn about entertainment, participate in community events, and shop, not to mention downloading games and music, already a major pastime for young consumers. Increasingly, mobile users will be receiving personally tailored electronic pitches, designed to trigger immediate purchases and timed to reach them when they are near particular stores and restaurants.[106]

Increasingly, mobile users will be receiving personally tailored electronic pitches, designed to trigger immediate purchases and timed to reach them when they are near particular stores and restaurants.

Currently, mobile marketers rely on text messaging, which restricts the amount of information they can send and receive. But while Short Messaging Service (or SMS) is limited to 160 characters of data, newer, more sophisticated mobile ad technologies will enable companies to target users with greater precision, "reaching the right people with the right offer," and fine-tuning appeals in real time, based on spontaneous monitoring of purchase behavior.[107] Major food companies are among the most avid enthusiasts of mobile marketing:

- Burger King, one of the first fast-food chains to use mobile marketing, created a "mobisode" of its Super Bowl "Whopperette" spot. The company also created an integrated campaign combining product placement, Internet and mobile marketing, that was tied into Fox TV's unscripted drama "Unan1mous." Gillian Smith, Burger King's senior director, media and interactive, explained in a recent trade article that mobile marketing has created "an opportunity to reach on-the-go consumers closer to the purchase decision in an uncluttered environment in an interactive format." With 70 percent of wireless users now using devices that can access the "mobile web," the company plans to expand its mobile strategies further. "It's all about having it your way, information wherever and whenever they want it," she explained. In addition, "we want as a restaurant to get consumers as close as possible to the purchase decision."[108]

- McDonald's has launched several innovative regional campaigns using mobile phones. In Southern California, the company promoted its text-messaging "McFlurry" ads on buses, billboards, and even skywriting, urging young consumers to "text McFlurry 73260" to get free coupons. In Tulsa, Oklahoma, the company offered mobile coupons for free hash browns or French fries.[109] For its late-night New York City campaign, the fast food restaurant placed ads on mobile websites, offering electronic coupons that were valid for one night only between 9 PM and 4 AM, and producing "higher-than-average click-through rates."[110] According to *Business Week,* these kinds of campaigns appear to be working, sparking significant increases in sales for the company.[111]

- The Kellogg Company printed Web addresses on more than 6.5 million of its Kellogg's Corn Pops packages. When customers go onto the "Gotta be connected" Web page, they are run through a series of pop-up messages that capture personal profile information, along with cell phone usage data. A few days later, the customer is sent a text message with a trivia question. Those who answer the question correctly will receive a free Corn Pops screensaver, as well as a chance to win additional prizes, including "pre-paid airtime, a free phone, or other prizes."[112]

- In Buffalo, N.Y., a dozen Subway restaurants have been testing a "mobile alerts club program," in which customers receive coupons, announcements of special events, and targeted offers through their cell phones. Customers can join the club by signing up online or through text-messaging.[113]

- In partnership with Virgin Mobile USA, Pepsi (along with other advertisers) is offering cell phone subscribers free voice minutes in exchange for watching commercials on Virgin's website and then responding to an online or text message survey about the ads. The new campaign has been tagged "SugarMama" because consumers get to choose which ad to watch, making that particular sponsor their "SugarMama." One 30-second ad, and the accompanying multiple-choice questions, will buy a user one minute of "free" airtime.[114]

The successful outcomes of these various mobile trials suggest they will become even more widespread, forging a new set of marketing practices in the digital media culture.[115]

Behavioral Profiling

Digital technologies make it possible to collect and aggregate unlimited amounts of information about consumers and to market to individuals on a "one-to-one" basis. Behavioral targeting—a form of database or "customer relationship" marketing (CRM)—enables companies to develop unique, long-term relationships with individual customers. Its goal is to create personalized marketing and sales appeals based on a customer's unique preferences, behaviors, and psychological profile.[116] Behavioral targeting has become a core strategy of contemporary marketing, particularly valuable for those companies targeting youth. It is a linchpin of many digital media campaigns—not only online, but also on cell phones, video games, and other new platforms.[117]

The Internet and other digital media are ideal measurement tools that enable companies and their ad agencies to understand how individual users and very discrete groups respond to advertising and marketing. Offline and online databases can be joined, permitting an almost continuous focus-group presence.[118] Through these various techniques, marketers compile a detailed profile of each customer, including not only demographic data, but also buying behavior, response and interaction with advertising messages, and even the extent and nature of social networks. The information can then be used to create and refine online ads and buying opportunities especially tailored to the psychographic and behavioral patterns of the individual. As more and more consumers bookmark their favorite websites and create and "tag" their own content, the industry is developing additional techniques for even more precise "nano-targeting" of individuals. As one advertising executive explained, marketers

> know when we watch and when we post and how often we watch and how often we post.... It's knowing that I am posting videos about surfing at Redondo Beach, Calif., and that I do that twice a week and that I love pizza (because it's in many of my videos) and I watch videos that are funny, I watch late at night.... So, the opportunity is to integrate brand marketing messages in a powerful way that much more closely correlates to my life and true interests.[119]

…Pepsi's director of digital media and marketing told iMedia Connection last year that the "growth and health of our database marketing efforts have been a secret weapon for us"

Food and beverage manufacturers are heavily engaged in behavioral profiling. Executives from some of the largest companies frequently speak of its importance to the success of their efforts:

- Pepsi's director of digital media and marketing told iMedia Connection last year that the "growth and health of our database marketing efforts have been a secret weapon for us to jump-start programs and have a continuous dialogue with our best consumers." Using "real-time" tracking technologies, Pepsi is now "finally able to deliver high impact online advertising," he noted.[120]

- General Mills routinely utilizes "behavioral targeting...along with...geographic, daypart [and] content-based targeting." As General Mills' director of interactive marketing explained, "our behavioral targeting has been based on surfing behavior and actual consumer purchase behavior."[121]

- Addressing colleagues at an industry event in 2005, the director of relationship marketing at Masterfoods USA spoke of his company's valuable "registered user database," ensuring the ability to "precisely target" its customers and "engage uniquely" through a variety of different platforms, including satellite, set-top boxes, and online.[122]

"People are spending more time on digital devices and through digital media," explained Tim Goudie, group manager, interactive marketing, for Coca-Cola. And because "a lot this behavior is trackable," the company is able to use its many online properties to answer key questions, such as "where are they spending their time... [and] are they doing what we set them up to do?"[123] For example, the My Coke Rewards program encourages consumers to use special pin codes from Coke products in order to go online and access a website, where they can earn a variety of rewards, such as downloadable ring tones and "amazing sports and entertainment experiences." According to Coca-Cola's technological partner company, Fair Isaac, this "next-generation" promotion is "the most sophisticated example of how brands can utilize code promotions to capture behavioral and psychographic information about consumers." The campaign embodies the company's "vision" of "connect, collect and perfect"—"to connect with consumers, collect relevant information from consumers, and, finally, perfect those relationships over time."[124]
"Location marketing" can track consumers through wireless and other mobile technologies, enabling marketers to identify where individuals are geographically in the "real world," and, in turn, to direct marketing messages to them on the literal spot. Through a vast data collection and profiling system known as "web analytics," information about the online experiences and attitudes of users is compiled in order to influence individual consumer behavior (such as encouraging purchasing or some form of brand interaction). Such data, combined with mobile technology's "right now, right to me" capabilities, will help fuel "local, targeted advertising" from "the local pizza place" to "national retail chains and brand advertisers...."[125]

The ability to capture data about millions of youth is a key reason why Rupert Murdoch's News Corp. (Fox TV) paid nearly $600 million to acquire MySpace last year, outbidding Viacom's MTV and others. The popular social networking site boasted 100 million registered users as of August 2006. One trade publication, reporting on the high-profile deal, noted that "the digital gold inside of MySpace wasn't the number of users, but the information they're providing," including "demographic and psychographic data that Fox Interactive can use" to identify "the brand preferences of young people on the Web."[126] Marketers have aggressively moved into social networks, taking advantage of the large, highly detailed user-profiles and expanding lists of "friends" on these sites. "The targeting we can do is phenomenal," one industry executive told the press.[127]

Search has become a key tool used by youth to seek out information and navigate the Web. Search engine marketing allows advertisers to target individual consumers based on the searches they conduct on Google, Yahoo!, Microsoft Network, and other popular search engine sites. New technologies permit marketers to know the search terms used to get to a site. They can then quickly add content to a site that reflects the interest of the users and helps build a relationship.[128] For example, Microsoft's new MSN "adCenter" allows marketers to identify "a user's age, gender, and other demographic information, based on his or her online behavior." Microsoft also provides marketers with the ability to tap into "clickstream" and "search entry" data. Yahoo! offers advertisers a similar menu of extensive services. According to its promotional materials, Yahoo! has "become a vital partner" for Frito-Lay, helping the food company "take a bigger bite of snack food sales." A full-page ad in *Advertising Age* displayed a happy Frito-Lay executive standing in front of a huge display of Cheetos, with Chester Cheetah leaping into the air. "Frito-Lay has added a special ingredient to its snack line," the copy read. "It moves chips off shelves and into grocery bags.... It's the Yahoo Marketing Engine."[129]

Digital 360 Buzz Campaigns

Peer-to-peer marketing (sometimes called "buzz," "word-of-mouth," or "viral" marketing) has become a staple among youth advertisers.[130] For years, companies have purposefully sought out the most influential young "connectors" within their social groups and encouraged them to promote brands among their friends. Procter & Gamble launched its peer-to-peer teen network, Tremor, in 2002, carefully choosing a select group of "Tremorites" based on "Internet usage, social networks, and willingness to advocate to peers," and then giving them coupons, new product samples, and advance copies of TV program scripts to encourage their participation in research and promotion. Within two years of Tremor's launch, P & G boasted "a sales force of 280,000 teens...part of a massive focus group and word-of-mouth marketing drive to counter the eroding influence of conventional advertising." The company predicted that its "Tremor Nation" was only the "first of what's expected to be a mass movement as advertisers seek new ways to attract audiences and build loyalty."[131] Tremor claims great successes for its clients. Its members are credited with helping Coca-Cola choose "Nothing Else Like it" as a billboard slogan.[132]

With the widespread adoption of digital technologies such as instant messaging, mobile communications, and social networking software, the practice of peer-to-peer marketing is becoming even more sophisticated, tapping into an ever-expanding array of new platforms to spread the word about product brands among young people. Youth are in the forefront of an "always on" media environment, guaranteeing them constant connectivity wherever they go. Business models underlying youth-oriented websites such as MySpace.com are based on using technology to tap into these complex social relationships, enabling marketers to pass on branding messages through a daisy chain of hundreds and thousands of connected friends and acquaintances. [See discussion of social networking strategies below.]

Business models underlying youth-oriented websites such as MySpace.com are based on using technology to tap into these complex social relationships, enabling marketers to pass on branding messages through a daisy chain of hundreds and thousands of connected friends and acquaintances.

The key to success in peer-to-peer campaigns is targeting the most influential segments of the youth market. Digital marketers speak with a kind of New Age religious zeal about "recruiting evangelists" and identifying "alpha users."[133] A 2006 report entitled "Tapping into the Super Influencer: What You Need to Know to Engage the Elusive Young Consumer" found that "word of mouth driven by technology has greater impact than ever before."[134] The ethnographic study of more than 10,000 young people was conducted by the Digital Connections Unit at Starcom Mediavest Group, an agency whose clients include Coca-Cola, P&G, Kraft and Masterfoods.[135] A "small but significant portion of respondents"—between 15 and 20 percent—fell into a category dubbed "Brand Sirens." These "super-influential" individuals can "have a profound network effect on marketing through their ability to influence friends and family via word-of-mouth, viral video and applications such as instant messaging and blogs," among other media.[136] While these youth could be somewhat skeptical about "marketing and corporations," they also "appreciated brands." Their social connections and passion for brands can "lead to a powerful, multiplicative impact.... Think about Technology and Ripple/Tsunami Effect."[137] Among the Sirens' key attributes is their ability and interest to take "information in" (via books, friends, the Internet, TV, etc.) and then send it "out" using "texting, blogging, MySpace, IM-ING" as well as videos and pictures. These young people also express a "sense of urgency in telling friends/family about a new product they like," explained the report. With the right approach, they "can be a marketer's strongest voice in a seemingly fragmented media landscape." The study explored a variety of techniques for reaching out to these

"Insert your brand in a conversation" across platforms, marketers were advised, using "touchpoints that can deliver both emotional and rational messages."

influential youth, including Internet search sites; online coupons; text messaging from a brand to a cell phone or Personal Digital Assistant (PDA); as well as brand-sponsored, Web-based entertainment and Internet ads. "Insert your brand in a conversation" across platforms, marketers were advised, using "touchpoints that can deliver both emotional and rational messages."[138]

Viral marketing is a key ingredient in the growing number of "360 degree" buzz campaigns, which frequently involve hidden messages and coded information to lure youth into an elaborate series of games and other activities across different media, thus generating buzz within the online youth subculture, all under the public radar. Several food and beverage companies have eagerly embraced this particular strategy. For example,

- Cadbury Schweppes recently conducted an unconventional campaign for its soft drink, Dr. Pepper, built around "word-of-mouth and Internet buzz." Tagging the effort "Hunt for More," the company hid coins in high-traffic public locations in 23 different cities. Customers could use codes in specially marked Dr. Pepper products to access a website, where they were given clues as to the location of the hidden treasure. Only one coin was placed in each city, and its redeemable value was between $10,000 and $1 million.[139]

- Frito-Lay launched a similar viral campaign to promote its popular Doritos brand among youth. Marketers placed a mysterious message on billboards that could only be deciphered by typing a text message into a cell phone, which then took people to the Doritos website. Once there, reported the website iMedia Connection, "young folks could read and post to blogs, socialize with others, win prizes and receive free IM buddy icons. An entire community was created using multiple content platforms."[140]

- KFC used a high-pitched tone as a promotional "buzz" device for a recent "interactive advertising campaign." The MosquitoTone™ was embedded in TV commercials to launch KFC's new Boneless Variety Bucket™. In its press release, the company explained that the popular cell phone ring tone "is too high-pitched for most adults to hear because most people begin to lose the ability to hear high frequency tones starting at age 20. This is a fact not lost on young Americans who seek the sound for clandestine ring tones that don't turn the heads of nearby adults." When inserted in the TV commercial, the secret sounds were designed to attract the attention of young viewers and "drive" them to a website, where they could enter a contest to identify exactly where the tones could be heard in the ad, in order to win $10 "KFC gift checks" redeemable for the new chicken meal at any KFC. The company's chief marketing officer called the innovative buzz campaign "the 21st Century dinner bell."[141]

- Sprite created an alternate reality game "Lost Experience"—based on the highly popular ABC TV series, "Lost"—giving viewers "a way to further their pursuit of the show's mystery while inadvertently engaging in a Sprite-branded website." Marketers began by creating a "faux-commercial" that aired during an episode of the TV series, in order to "leak" the Web address—Sublymonal.com—to viewers. Once online, site visitors were invited to participate in a scavenger hunt with "DJ podcasts, videos and hidden memos." Codes were also hidden in print ads in *Entertainment Weekly* and *People* magazines. As a result, more than 500,000 codes were entered and Sprite's Web traffic jumped 400 percent.[142]

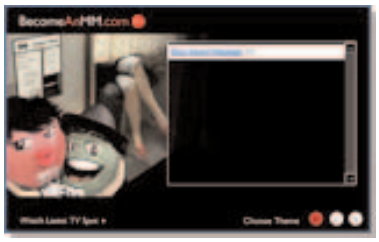
Infiltrating IM

According to the Pew Internet & American Life Project, approximately 16 million teens in the U.S. use instant messaging, with about half using it every day.[143] IM can be sent and received from PCs, cell phones, and—soon—even television sets. It has also become a popular marketing platform, useful not only for its peer-to-peer distribution capabilities but also as a branded environment that can permeate and surround ongoing casual conversations, "24/7." "Instant Messaging is the quick-fix of digital communications," remarked Joseph Jaffe, marketing guru and author of *Life after the 30-Second Spot*. "It's the addictive rush that is just impossible to let go once you get a hold of it.... It's also a cool way to put bums in seats on a Friday night; introduce a new malt liquor beverage; launch a new album; drive tune-in to an upcoming program; recommend a lunchtime meal option."[144] Adds Paul Martecchini, director of marketing services in the Network Services Group at Yahoo!, "It's viral, builds community, is a communications hub and indicates a users' 'presence!'"[145]

The three major IM formats—AOL's AIM, Yahoo!'s Messenger, and MSN Messenger—all promote themselves aggressively to advertisers that want to reach teenagers. Calling itself "the leader in Instant Messaging," AOL's Instant Messenger Service (AIM) promises access to nearly 3.3 million 12-to-17-year-olds, and offers companies a panoply of ways to engage young people as they communicate with their friends, by surrounding them with branded content and encouraging them to interact with advertising.[146] For example, marketers can embed "large flash ads" into the service's welcome screen, ensuring that teens see their brands every time they log on. Or they can employ "roadblocking" and "takeover ads" to flood the site with interactive commercials.[147] Instant message services are also building entire communication "environments" around particular brands. Users are encouraged to select these backgrounds as a way of defining who they are to their friends and acquaintances. Yahoo!'s "IMVironments (IMVs)" are promoted to customers as "interactive backgrounds that you can select when talking with your friends. Choose from a variety of different IMVs to express yourself."[148] For marketers, they are "special branded backgrounds that provide additional color and personality to a conversation," surrounding users with "unique rich media features" that are "fun and effective advertising."[149] Users not only experience the ad themselves throughout their IM communication activities, but also spread it virally as they communicate with their friends. As one marketer explained, "On average, for a specific IMV, we see 1.5 million people download a particular IMV, send over 100 million messages within it, and spend five to 10 minutes per user per day per IMV. This time spent is a particularly impressive statistic when you compare it to how much time in one day that user would spend watching a particular TV commercial for that advertiser."[150]

"On average, for a specific IMV, we see 1.5 million people download a particular IMV, send over 100 million messages within it, and spend five to 10 minutes per user per day per IMV. This time spent is a particularly impressive statistic when you compare it to how much time in one day that user would spend watching a particular TV commercial for that advertiser."

Food and beverage brands are taking full advantage of these multiple opportunities for permeating the instant-message environment and engaging young people in relationships with their brands. The following recent IM campaigns are illustrative of the techniques used:



- At "Pepsi Smash" on Yahoo! Music, users are offered "exclusive video content featuring artists, their music, and their lifestyles. Keep up to date with the Smash IMV which updates you weekly on what's hot now!"[151]

- "Max Out your chats!" urges the Yahoo! IMvironment sponsored by Kraft's Lunchables. "New Lunchables Lunch Combinations Maxed Out Double-Stacked Tacos have arrived and you're in charge of the flavor and the fun. Buzz a friend and take your chat from Mild to Wild—no salsa necessary! Try it now."[152]

- The "M&M Always IMvironment" features the brand's popular "spokescandies." "There's a new way to add a little more M&M® to your day," the site chirps. "Chat with friends about life, love and chocolate with this cool IMV. There's an M in everyone."[153]

- The Pepsi Free Ride IMvironment comes with a free "starter code" for a chance to win a "2007 Subaru Impreza WRX Limited Customized by DUB Magazine® directly from your IMV!" In this manner the Pepsi IMVironment drives traffic to the company's Free Ride Sweepstakes website, where users can enter codes from specially marked 20 oz. and 1 liter bottles for a chance to win the car (one per day) or $20 for gas (one winner per minute). The sweepstakes page also includes a gallery of user-submitted customized Imprezas, a car race-simulation video game, and a video of the TV ad for Pepsi's contest.[154]

- The gaming service Xfire, which is owned by Viacom, has incorporated IM features into its game to enable users to send and receive messages to each other while they play. This addition helped boost the game's popularity, and is particularly appealing to Xfire's advertisers, which include Pepsi and Taco Bell. Players can also add branded "skins" to their games, including Taco Bell's "El Presidente" skin, "featuring Mountain Dew Baja Blast."[155] According to industry trade reports, "Xfire is adding 400 thousand new users per month, mostly in the core male 14 to 34 demographic, and is adding two million 'buddy' relationships a month."[156]

Marketers can also encourage IM users to develop ongoing relationships with branded virtual friends, through the use of "bots" and buddy icons.[157] AOL debuted its new upgraded version of the AIM Instant Messenger Service in 2005 by calling it "the front door to more than 43 million Americans' social networks."[158] Among its features was a souped-up flock of "bots" that "allow users to interact, play and get essential information updates in real time."[159] The instant messaging service has also been redesigned to better service advertisers and marketers. "The New AIM.com and AIM Today," explained the company's press release, "present marketers and advertisers with targeted and 'day-parted' reach into AIM's dynamic user base, half of which is comprised of attractive yet hard to reach teen and young audiences."[160]

Commercializing Online Communities

Social networking websites such as MySpace, Friendster, and Facebook are considered "the newest frontier for advertisers."[161] These participatory online platforms enable users to create personal home pages, where they can post profiles, photos, videos, and music. They also serve as powerful word-of-mouth engines, where people can find new friends, connect with old ones, and manage their social lives. According to a recent survey by the Pew Internet & American Life Project, more than half of online teens (55 percent) use social networks.[162]

Social networking sites have been attracting huge investments in advertising dollars. Google recently made a $900 million deal with News Corp. over three years to incorporate its search technology, along with search-related advertising, into MySpace and other websites owned by the company. Marketers recognize that social media platforms provide an opportunity to reach consumers in new ways, through the complicated web of their personal and community relationships. Expenditures for advertising on social network sites were expected to reach $350 million in 2006 and $1.8 billion by 2010.[163]

Because of the peer-to-peer nature of these online networks, they are ready-made vehicles for viral marketing. As Hollywood Reporter.com observed, MySpace is leveraging its online community into a "peer recommendations framework for leads on everything and anything," from "the best children's playgrounds in Los Angeles to the best concert seats in Madison Square Garden to the best steakhouse in Dallas. Such peer recommendations provide a gentle seaway into targeted, fine-tuned behavioral marketing for national and local advertisers wanting to reach MySpace's 15-34 core user."[164] MySpace's media kit offers advertisers a range of digital marketing opportunities for "Viral Networking" and "Digital Word of Mouth," including sophisticated software that can track the number of users viewing a branded ad, as well as "direct brand/ad interaction," "amplification of message," and "reposts in bulletins."[165]

Like many of the digital marketing strategies targeted at young people, social network marketing purposely takes advantage of the identity-exploration process that is such an essential part of adolescent development. "Millions of people are defining what they are there," explained a MySpace executive, "and for young people especially, getting feedback and evolving themselves. For advertisers, it's the potential for a level of intimacy that they could never have dreamed of 20 years ago.... It's word-of-mouth on steroids."[166]

As companies insert themselves into these new social networks, they are intentionally seeking to blur the lines between advertising and content. Social networks are "breaking down that wall between what is marketing and what isn't," commented one youth marketing expert. "[S]ometimes the marketing is so embedded in the social network sphere that it draws users to interact with the brand as if they were e-mailing friends," explained an article in *Marketing*.[167] MySpace actively encourages marketers to create "branded profiles," notes Pete Lerma of the Click Here ad agency. "Essentially," he explains,

"[S]ometimes the marketing is so embedded in the social network sphere that it draws users to interact with the brand as if they were e-mailing friends," explained an article in Marketing.

you can set up a page for a brand with all the same features as individual profiles and more. By doing this, you create a mini-social network in which users interact with the brand just as they would with other profiles. MySpace's standard branded page functionality includes product information, videos, wallpaper, a friends' network, forums, comments, and more. Additional functionality includes sweepstakes, voting, quizzes, and user-submitted content. In addition, MySpace will put together custom promotional packages to help drive traffic to the branded profile. These can include things like home page roadblocks and custom games.[168]

Among the growing number of marketers moving into MySpace are several familiar food and beverage brands:

- Wendy's has acquired nearly one hundred thousand "friends" on its MySpace page, which features the fast food restaurant's "square hamburger cartoon mascot." According to MySpace Marketing Vice President Shawn Gold, the company "created a likable character" as a way of "humanizing the brand." The campaign has been highly successful, generating "exponential" exposure for Wendy's every day. "It's quick, viral and people really like it."[169]

- Burger King's profile page beckons visitors with this message: "Welcome to the King's Court... The virtual home of the Burger King. He's giving away free episodes of the Fox shows '24,' 'Pinks,' and 'First Friend.' ...And in typical King fashion, he's giving you plenty of other stuff to check out too."[170]

- At the MySpace Jack-in-the-Box profile, visitors are greeted by "Jack Box" himself, who announces that his goal is "to rule the fast food world with an iron fist." You can read Jack's daily blog entry, post your own poem about the joys of cheeseburgers, or "create a film and send it in" for a chance to win a "Jackie."[171]

- MySpace pages for Pepsi's Sierra Mist feature its branded improv group, the "Mist-takes."[172]

Food companies are also creating their own social networking sites. "Major brands worldwide are embracing online community as the basic marketing construct of the new generation," explained Peter Friedman, Chairman and CEO, LiveWorld, whose company helps corporations create "branded interactive communities."[173] LiveWorld's clients include Kraft, Coca-Cola, MTV Networks, and Disney/ABC.[174]

"Brand-Saturated" Environments

Since the beginning of the World Wide Web, one of the defining features of digital marketing has been the complete integration of advertising and content. Thousands of corporations have created their own online branded entertainment sites, seamlessly weaving a variety of interactive content with product pitches. Food companies were among the pioneers of these new forms, staking their claims in the digital frontier with the launch of colorful, interactive online playgrounds, where popular brands invited children to play with such familiar "spokescharacters" as Tony the Tiger; Snap, Crackle, and Pop; and Ronald McDonald. The Center for Media Education's 1996 report, "Web of Deception," identified these early practices as a disturbing departure from the longstanding rules for children's television advertising, which has required clear separation between commercials and programming, and prohibits the hosts of television shows from pitching products directly to child viewers.[175] More than a decade after the CME study, the Kaiser Family Foundation found dozens of these corporate-sponsored entertainment sites online, representing some of the most popular food brands among children. Many branded sites offer "free" content, games, merchandise, and endless replays of television commercials, encouraging young consumers to engage playfully with products over long periods.[176]

With the growth of broadband technology, these digital playgrounds have evolved into highly sophisticated "immersive" experiences, including entire programs and "channels" built around brands. General Mills has an "AudioMixer," where visitors can get free music downloads. Coke's VideoMixer provides what its developers call "an immersive, brand-saturated experience."[177] Multicultural marketers are keenly aware of the strong interest in music among both African American and Hispanic/Latino youth, and have created branded entertainment featuring some of the most popular celebrities and offering free downloads of their recordings.[178]

Since the beginning of the World Wide Web, one of the defining features of digital marketing has been the complete integration of advertising and content.

- In a partnership with MSN, the Coca-Cola Company created the "Sprite Refreshing Wall," a branded "microsite" that invites urban teens to paint graffiti on a virtual wall. "Spray it, don't say it," the site says—to the beat of funk music. "Leave your mark on the wall for all to see." The new branded artwork can then be used as a screensaver or emailed to friends. Visitors can use the "Music Player" to switch to "Deep Bass Groove" or "Urban Break Beats."[179]

- Burger King recently created its own "branded online channel," called Diddy TV, "using rapper P. Diddy's star power to direct attention to, in his words, another 'king'—Burger King. Burger King is now a media entity as well as a restaurant chain."[180]

- The Mars candy company enlisted the musical group Black Eyed Peas to make a series of "Webisodes" called "Instant Def," in an effort to promote Snickers bars to teens. "Four hip-hop performers—played by actual hip-hop stars will.i.am, Fergie, Taboo and apl.de.ap—pose in front of a gritty urban scene. A fluorescent Snickers sign blinks atop a tower in the background." The brand is featured prominently in the storylines. A Snickers factory "played a vital role in the first episode, when a candy-mix explosion gave the stars superhero powers."[181]

- Pepsi DJ Division features the work of nine DJs from around the country, with streaming audio, video interviews, downloadable graphics, and interactive maps of the DJ's favorite hangouts (everything from nightclubs and restaurants to shoe stores and vacation spots). A Pepsi Superstar DJ contest, soliciting mix-tapes from DJs around the country, offers a chance to earn "an honorary spot in the Pepsi DJ Division and all the glory that comes with it." The "Move the Crowd" section ("Choose your tracks, pick your beats, and see how long you can keep them dancing"), developed by TribalDDB Dallas, uses the computer key-board to control a Flash simulation of a DJ's turntables and mixer, complete with a dancing crowd that reacts, both positively and negatively, to the user's loops, beats, and scratches.[182]

Viral Video

Short online videos are an increasingly popular way of promoting brands among youth, who like to consume these "quick snacks of media" and forward the links along to their friends through IM, text messaging, and blogs.[183] With the growth of broadband, streaming video has become pervasive throughout the Internet, migrating to cell phones and other mobile media as well. YouTube, the free video sharing service that enables users to post their own videos and download millions of others, has witnessed the kind of meteoric rise that has become the stuff of myth in the Digital Age. Less than two years after it was launched, YouTube had become the fifth-most-popular website, with 100 million clips viewed, and an additional 65,000 new videos uploaded every 24 hours. Attracting an avid following of 12-to-17-year-olds, the site quickly became such a hot property that Google paid $1.65 billion in stock to purchase it in October 2006.[184] Fox Interactive Media, operator of MySpace, reported 1.4 billion streams of video in the month of August 2006 alone; Yahoo! delivered 823 million streams, according to one industry study, which also noted that on the three most popular video streaming site—Fox (including MySpace), Yahoo!, and YouTube—users were streaming dozens of videos every day.[185]

In a recent report, investment analysts at Piper Jaffray called video advertising the new "killer app of the Web," which is "supplementing or taking over most other forms of content." As the report explained, "In today's Internet, the advertiser must actively engage the user in order to create a brand impression, and video ads allow brand advertisers to create an emotional connection with a user similar to the dynamic in TV advertising."[186]

- Burger King's interactive "viral video," "Subservient Chicken," was created by ad agency Crispin Porter + Bogusky to promote the fast-food restaurant's new chicken sandwich. Featuring a man dressed in a bizarre-looking chicken costume, the video was programmed to allow users to control the chicken's action, thus taking advantage of the character's "subservient" nature. Echoing the Burger King slogan, "Have it your way," the ad instructed visitors to "Get chicken just the way you like it. Type in your command here." Along with links, TV clips, and photos, the video offered a downloadable chicken mask. Backed by "online buzz marketing," the ad "took the blogosphere by storm, moving from obscurity to an astounding 46 million visits in the first week," explained Nielsen Buzz Metrics. Hailing it as a "trail-blazing" effort," Nielsen noted that it "was one of the first-online campaigns fueled almost entirely by consumers, bloggers and others willing to pass it digitally around the Internet because of its uniqueness."[187]

- Wendy's placed several "commercials masquerading as videos" on YouTube, specifically designed to attract "young consumers." In one video, "Molly Grows Up"—which generated more than 300,000 views—a young girl discusses ordering "her first 99-cent Junior Bacon cheeseburger and Frosty." While Wendy's own corporate name was not connected to the intentionally humorous videos, users who watched them were sent to a special website for "Wendy's 99-cent value menu."[188]

- In January 2007, Domino's Pizza revealed that it was the company behind a viral video that had been "capturing the attention of millions in the Internet community." To promote its "Anything Goes Deal Contest"—featuring any large pizza, on any crust, with any toppings for $9.99—the company placed a series of viral videos on MySpace and other popular social networking sites, using "larger-than-life characters" offering to sell big-ticket items. The first video, "MacKenzie gets what MacKenzie wants," featured a "spoiled rich girl who wanted a blue car for her birthday but got a red one instead. Her whining persisted until she got the car she wanted and then, much to the surprise and delight of video viewers, she decided to offer her red car [a Saab® 9-3 convertible AERO] on eBay for only $9.99." The campaign was a hit, according to the company. "With over two million views across multiple video sites, the popularity of the MacKenzie videos earned a top spot on several video sharing websites."[189]

Recruiting Brand Advocates

With more and more young people creating their own online "user-generated content," marketers are encouraging them to "co-create" and promote commercials for their favorite brands.[190] What better way to engage consumers with brands than to have them create the advertising themselves?[191] The new buzzwords in the industry are "consumer-generated" or "brand-generated" media. In marketing circles, the two terms are often used interchangeably, suggesting an intentional blurring of roles. The strategy is designed to foster powerful emotional connections between consumers and products, tap into a stable of young creative talent willing to offer their services for free, and produce a new generation of "brand advocates." Food and beverage companies are actively engaged in a variety of user-generated media campaigns:

- For the 2007 Super Bowl, Pepsi's Frito-Lay division urged consumers to produce their own commercial spots for Doritos tortilla chips and submit them online in the "Doritos Smash the Super Bowl Contest." In addition to a chance at a first-place airing during the mega sports TV event, participants competed for the five finalist spots, which were made available online at Crashthesuperbowl.com and on YouTube and other online video sites. More than a thousand video ads were submitted, with "thousands of fans" voting for their favorites. One of the finalists reported that his video was viewed 200,000 times at the Yahoo! website, with the winning entry attracting nearly 400,000 views.[192]

- Fight for the Flavor (FftF) is part of the larger Doritos Snack Strong Productions site (http://www.doritos.com/, which also includes the "Crash the Super Bowl" user-made commercial archive and the "Flavor Lab" product gallery). FftF serves, in a sense, as an online, animated equivalent of a focus group, in which users interact with dueling bags of Doritos (Wild White Nacho vs. Smokin' Cheddar BBQ) to determine which of the two new flavors should be brought to market: "Cast your vote. Win delicious prizes. Shame opponents in an online match of no-holds-barred ultimate fighting." Registered users (who must submit their name, e-mail and postal addresses, and phone number) can "login to the multi-player arena and take on other flavor fighters to earn a spot on the leaderboard." They are also eligible to cast votes (either online or via mobile phone text messages) for their flavor preference and are eligible to win one of ten grand prizes (a year's supply of Doritos) or one of five thousand first prizes (Doritos T-shirt).[193]

- Wendy's launched a contest on the youth site Bolt.com, inviting teens to contribute "tracks to a song in progress," as part of an online "audition" for performing spots with the "Bolt Band."[194]

- At Viacom's online teen channel, "the N," visitors can use the website's "Video Mixer" to create their own ads for Skittles and email them to their friends. "We view this as one of the most innovative digital media products that a major media company has launched on the Internet," commented an industry analyst.[195]

- At General Mills' Millsberry.com website, children are encouraged to make the "best movie" about "Lucky" (of Lucky Charms) and then vote for the winning video. The site provides a pre-branded kit of settings and spokescharacters, making it easy to combine them into a personalized commercial.[196]

- Pizza Hut launched a recent contest inviting pizza enthusiasts to create a short video "demonstrating their devotion to Pizza Hut Pizza" and showing why they should earn the title of "Honorary Vice President of Pizza." Contestants were encouraged to engage in a variety of creative acts to show their loyalty to the brand, such as "decorating their room with Pizza Hut memorabilia." Entrants submitted their videos on YouTube, ensuring they would be seen by thousands of viewers, whether they won or not.[197]

- With a code from a 20-oz bottle of Sprite, visitors to the Lebron 2323 site were invited to "help create a theme song for LeBron James." The site offered online audio and video mixing tools to enable young people to remix the audio track to a Sprite Sublymonal television spot featuring the NBA star. Add a viral element ("Promote your track on your social networking profile to get votes—the top vote getters get judged by LeBron James and our celebrity artists—Paul Wall & Al Fatz...") and the promise of broad exposure ("The top 3 tracks get premiered in the new Sprite/LeBron TV spot during NBA All-Star 2007"), and Coca-Cola's Sprite division enjoyed the support of thousands of volunteer online marketers.[198]

While some industry observers have expressed concern over consumers gaining too much control and creating videos that may undermine, rather than enhance, a brand's image, most marketers have figured out how to make the boom in user-generated content work for them. For example, the Coca-Cola Company initially played down the phenomenal success of the unauthorized viral video—viewed by millions on YouTube—in which Mentos candy is dropped into a Diet Coke, triggering a chemical explosion. Officials told *The Wall Street Journal* that while the video was "entertaining," it didn't "fit with the brand personality." However, the company subsequently decided to proactively build consumer-generated content into its Coke.com site, tempering unfettered online expression with a carefully calculated campaign. "We give the structure, we try to give the guidance," one official told *IQ Interactive,* "but we're looking for consumers to fill it with content that's relevant to them rather than us talking to them."[199] In August 2006, the website began featuring a series of monthly challenges that encourage people around the world to create videos in response to a theme. The first challenge on the site, "The Essence of You," asks, "If you could bottle the essence of you and share it with the world, what story would you tell?" Visitors can vote on each other's work, and the winner is awarded about $5,000 worth of video equipment and editing software. "We're bringing a global creative community together," explained a Coke spokesperson. "It's not just the U.S. creative teenagers uploading their videos. It's going to be everyone around the world, and you're going to see everybody's [stuff]."[200]

For the 2006 Christmas season, Coca-Cola joined with YouTube to create a promotion that encouraged people to "create and distribute holiday video messages." In addition to creating one's own message, individuals could "send a classic Coke commercial or customize a pre-made video created by YouTube personalities such as Geriatric1927, Boh3m3, TerraNaomi, Renetto, TheWineKone and LisaNova." A Coca-Cola spokesperson hailed the YouTube deal as "the first time video messages have been available and supported by such a large brand name." The powerful alliance enabled Coca-Cola to leverage YouTube's video platform and global reach in order to attract new users to coca-cola.com. "You're going to see a lot more of this from Coca-Cola," he predicted.[201]

By encouraging consumers to create and distribute "personalized" advertising for their brands, marketers can also enhance their data collection and behavioral tracking abilities. "CGM [consumer-generated media]," one marketer explained, "is both timely and revealing of consumer attitudes and habits: it is available continuously in real-time, and this spontaneous voice of the consumer provides insight into consumer feelings."[202] Marketers routinely work with tracking firms that constantly monitor user-generated content.[203] Videos produced and distributed online can be analyzed using "a variety of engagement metrics" enabling marketers to "measure a consumer's interaction with the ad."[204]

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"Game-vertising"

Of the more than 25 million 12-17 year-olds in the U.S., 20 million play interactive games, according to industry studies.[205] As research from the Interactive Advertising Bureau notes, "teens are tied for the most time spent playing online per week (13 hours).[206] Gaming takes place across many digital platforms in addition to the Internet—from consoles, to hand-held devices such as Nintendo, to cell phones. Some of the biggest brands in the youth market, including Levis, Coke, McDonald's, Kraft, Nike, AT&T Wireless, and Nokia, have been woven into the content of popular games.[207] "In-game advertising" (or "game-vertising") has become such a profitable business that it has spawned a new generation of companies specializing in the creative integration of brands into interactive games. One of the biggest firms is Massive, a New York-based gaming network that has signed deals with dozens of U.S. advertisers, promising to integrate their products into games like Ubisoft's "Splinter Cell: Chaos Theory" and Funcom's "Anarchy Online."[208] Microsoft—which owns Xbox and produces "Halo" and other popular games—recently paid several hundred million dollars to acquire Massive. In public statements, Microsoft executives framed the company's move as a way to enhance the aesthetic quality of its games. "Massive's solution," a spokesperson told the press, "depicts brands in various forms within the game—on soft-drink cans and pizza boxes, on billboards and posters, and in images on TV screens—where gamers would expect to see them in real life, adding realism to the overall gaming experience."[209]

But despite such claims to artistic "realism," in-game advertising is, in fact, a highly sophisticated, finely tuned strategy that combines product placement, behavioral targeting, and viral marketing to foster deep, ongoing relationships between brands and individual gamers. Through "dynamic product placement," Massive (whose clients have included Dunkin Donuts, Coke, Subway, and Wendy's) enables advertisers not only to incorporate their brands into the game's storyline but also to respond to a player's actions in real time, changing, adding, or updating advertising messages to tailor their appeal to that particular individual.[210]

Fox's IGA Worldwide, which offers advertisers "a surefire way to reach millions of consumers with high impact advertising and highly measurable results in some of the worlds leading game franchises," recently announced the addition of Burger King to its client list.[211] The Interactive Advertising Bureau has released a "Marketer & Agency Guide to Online Game Advertising," instructing companies on how they can engage in the practice, and identifying the different "models" for incorporating their brands into games.[212] A story in *The Hollywood Reporter* described the in-game targeting process:

> The technology makes it possible to change a campaign across day-parts, so that a food company, for example, could promote its coffee in the morning and snacks in the afternoon. Placement can be tailored according to consumer demography, game genre, behavioral data, day-part and other factors, and all aspects of the campaign can be changed across the network rapidly.[213]

Recent industry research suggests that marketing through interactive games is more effective than other forms of advertising. "Pervasive product integration in video games," the IAB guide explains, "can be highly effective, leading gamers to not only recall featured brands but also recommend them to friends or rate them highly."[214] According to another industry white paper, "30% of in-game ads are recalled in the short term, and 15% are recalled after five months—unheard of in advertising.... 32% of ALL gamers have discovered a new brand in a videogame."[215] Food and beverage brands fared particularly well in brand-recall tests. Coke, Pepsi, Mountain Dew, Gatorade, McDonald's, Burger King and KFC were the "most recalled brands" in an October 2006 survey.[216]

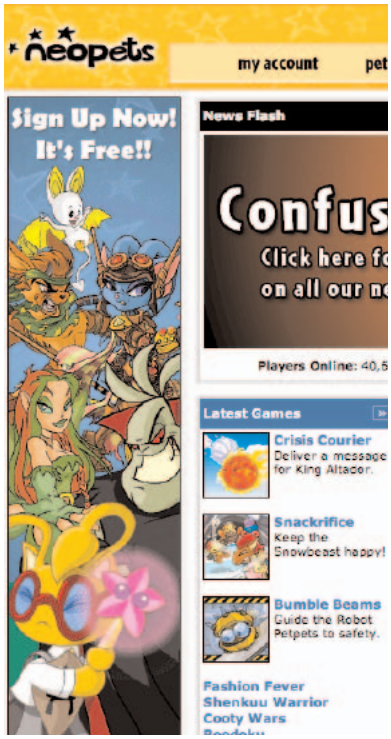
Online games are a particularly good vehicle for advertising snacks and other impulse food products:

- Fox-owned IGN Entertainment bills its online gaming portal as "the web's number one videogame information destination," attracting "one of the largest concentrated audiences of young males on the Internet." The service's "massive audience" has attracted major advertisers, including Coca-Cola, KFC, McDonald's, Pepsi, and Taco Bell. IGN promises marketers "turn-key solutions that are customized" for target audiences. "...[T]racking the real-time play levels of games (as well as the advertising in those games) is a key data stream...."[217]

- According to Nielsen/Net Ratings, buyers of Tombstone pizza were among the most avid players on such online game sites as cheatplanet.com, addictinggames.com, and Lycos Network entertainment.[218]

- Sony partnered with Pizza Hut to build into its "Everquest II" videogame the ability to order pizza. "All the player has to do is type in the command 'pizza,' and voila—Pizza Hut's online order page pops up," explained the trade publication *Strategy*. "While it's just pizza now, the in-game purchasing potential is wide open."[219]

- At Viacom's Neopets.com—targeted at 8-to-17-year-olds—young gamers create and "take care of" virtual pets, earning virtual currency (neopoints) to pay for their upkeep by participating in contests and games. The site earns substantial advertising revenues from "User Initiated Brand Integrated Advertising—activities or games built around advertisers' products and services that help build relationships and generate revenues with Neopets visitors." For example, participants can earn points by buying or selling "valuable commodities such as McDonald's Fries" or "winning games such as Cinnamon Toast Crunch Umpire Strikes Out." Food companies that have sponsored various activities on Neopets include: McDonald's, Frito-Lay, Nestle, Kellogg's, Mars, Procter & Gamble, General Mills, Kraft Foods, and Carl's Jr./Hardees.[220]



Industry analysts predict that in-game advertising will continue to grow, becoming a dominant business model for most games in the future. Keynoting the 2006 Game Developers Conference, Kevin Browne, Microsoft's general manager of its Xbox new media and franchise development, told participants:

> When you think about it, a fairly small shift in advertiser behavior could replace all the revenue that we generate today. We could be a totally ad-funded business if we could figure out how to do that. We could double the size of our industry by 2010 by finding the right mix.[221]

Marketing is already shaping how new games are designed. At a recent conference on interactive advertising, software developers explained how they purposefully create games to make them "in sync with the brand," ensuring that images players see in the game are similar to what "they see in the supermarket aisle...[and on TV] Saturday morning." Games must always be "addictive," and should include a "viral component" as a "persistent navigation element" that is always a part of the experience, thus giving players "the opportunity to contact friends and urge them to play." The more rooms built into a game, the more opportunities players will have to "interact with the brand," enabling the game to foster "deeper engagement with users." Finally, games need to be designed in such a way that they can be "continually updated" and facilitate ongoing data collection and analysis so that companies can know which "elements are being used."[222] With funding from advertisers, the next generation of interactive games could be even more powerful vehicles for engaging consumers with brands. Digital technology, including broadband, now permits thousands of gamers to "simultaneously interact in a game world connected via the Internet," according to a June 2006 report from the ad firm Universal McCann. "Massively Multiplayer Online Games" (MMOG) already generate $350 billion a year, and are "the fastest growing entertainment segment in the world," according to the report. Combining the worlds of virtual reality, gaming, and targeted advertising, MMOGs will increasingly become part of the advertisers' arsenal "to engage with a hard-to-reach youth demographic."[223] As IGA Worldwide executive Justin Townsend recently explained, "The next generation of ads will be 3-D interactive ads—clicking on an appealing billboard to receive an email for that brand, for instance. There's a big difference between image-based advertising and transactional advertising. The whole concept of clicking on a billboard will shift [in-game advertising] to a transactional ad medium."[224]

[S]oftware developers explained how they purposefully create games to make them "in sync with the brand," ensuring that images players see in the game are similar to what "they see in the supermarket aisle…[and on TV] Saturday morning."

Advertising through Avatars

Immersive three-dimensional environments are on the cutting edge of digital marketing. These "virtual worlds" are complex, multi-layered enterprises that combine many of the most popular online activities—such as instant messaging, interactive gaming, and social networking—into increasingly elaborate settings in which individuals create their own online identities through avatars. "Once the stuff of science fiction," explains the website for the new-media ad agency Millions of Us, "virtual worlds are becoming central to the future of marketing, technology, entertainment and brand-building."[225] Marketing through avatars is "one of the most effective kinds of advertising going," commented one advertising executive, explaining that the speed with which a "brand or marketing message can spread through a virtual world from avatar to avatar is breathtaking."[226] Among the food and beverage brands actively engaged in avatar-based strategies are Coca-Cola, Pepsi, Kellogg's, Nabisco, Kraft, Pizza Hut, P&G, and Subway.[227]

[T]he speed with which a "brand or marketing message can spread through a virtual world from avatar to avatar is breathtaking."

- Habbo Hotel—"a teen community where you can meet people, play games and create your own online space"—aggressively promotes itself as a marketing venue, providing "companies and brands with a completely new and exciting way of building their brand value among teenagers around the world." Marketers can "check in" to the hotel and can also "sponsor" various "elements" on the site, encouraging the virtual "Habbos" to "decorate their pages with cool objects, but free of charge." Habbo Hotel's "pre-programmed bots" have been designed "to reply to particular sentences that involve the current promotion taking place in the room."[228] Among the "Quests & Activities" currently featured on the home page of Habbo Hotel is a promotional game for Kellogg's Pop-Tarts. "The Crazy Good Pop-Tarts Pastries are Hollywood Bound," the site announces. "Find out where they are now!" Hotel inhabitants are also offered virtual incentives to take part in a poll: "Are you fashionable like Strawberry, courageous and creative like Blueberry, divalicious like Brown Sugar Cinnamon, silly like S'mores or sophisticated and studious like Cherry? Let us know who is most like you! Just for voting, you'll have a chance to receive one of 20 free RARES! [Habbo furniture]"[229]

- Kellogg's Go-Tarts' site allows users to assemble avatars from among a menu of multi-racial faces and clothing, and walk through one of five simulated neighborhoods (all of which reference various Go-Tart flavors) and interact with on-screen elements. Retrieving a bicycle helmet and mounting a bicycle, for example, allows one to play the "Speedy Delivery" game, in which users "feed the hungry neighborhood kids by tapping the spacebar to throw GoTarts™ to them...."[230]

- Virtual Laguna Beach is an online extension of the popular MTV television series. Through their own personal avatars, teens can "immerse themselves" in "virtual versions of the show's familiar seaside hangouts." With the promise of 24/7 access to the show's fan base, Virtual Laguna Beach has already attracted companies such as Pepsi, Coke, and Procter & Gamble, who are eager to take advantage of "the multitude of opportunities afforded by a thriving virtual world," which is "redefining the boundaries of interactive marketing." Product placement for a product like Pepsi, explained an MTV official, goes way beyond the traditional soft drink ad plastered on a virtual billboard. "Instead, when users attempt many of the myriad activities available in VLB, such as the gravity-defying sport of hoverboarding, they are awarded points that they can trade in for all sorts of Pepsi-branded gear."[231] The strategy appears to have succeeded. At the Virtual Worlds conference in March 2007, MTV executives reported that about 6000 avatars had bought more than 11,000 cans of virtual Pepsi from Pepsi vending machines in Virtual Laguna Beach.[232]

- MyCoke.com is a virtual, immersive environment in which users are "encouraged to associate personal identity with brand identity." The site offers a multitude of interactive activities to engage teens, including chat, music downloading and mixing, user-generated video, blogs, and its own currency. Coca-Cola worked with interactive marketing expert Studiocom (part of the WPP Group) to create Coke Studios, a "massive multiplayer online environment" where "teens hang out as their alter-identities, or 'v-egos.'" Teens who want to become part of the MyCoke community are greeted with encouraging, step-by-step instructions on the site: "Ready to reinvent yourself?" "Be who you want with your V-ego." After completing the site's registration process: "You've just made millions of new friends! People are cool. We'll help you meet more of them."[233]

The use of avatars and other online identities is by no means new; scholars such as MIT's Sherry Turkle have been writing about these extensions of self into cyberspace for more than a decade.[234] But only recently have these various digital forms of identity and the worlds they inhabit figured so prominently in the strategies of marketers, who are seizing them as "a dream marketing venue."[235] A growing infrastructure of consultants, ad agencies, and academic experts has moved into place to help companies take advantage of this commercial bonanza. Indeed, these online spaces are increasingly being shaped by the imperatives of the marketplace, designed to serve as powerful vehicles for brand promotion and financial transactions. Buying and selling virtual "good and services" has already become big business, with more than $1 billion being spent on them in 2006.[236]

Avatars are particularly appealing to tweens and teenagers, who can use these digital expressions of self to experiment with different possible identities.[237] As online marketer Jesse Shannon explained in a recent article, "avatars should be considered more than just an online representation," but rather "an online projection" that "engages multiple levels of the user's psyche and sense of self."[238] There is a growing recognition that the avatar "represents a distinctly different 'shadow' consumer, one able to influence its creator's purchase of real-world products and conceivably make its own real-world purchases in the virtual world."[239] As one marketer explained, "if an avatar in a virtual world is given the tools to adorn their online projections with brands and marketing messages, whole new levels of reach and personalization become available."[240]

Sophisticated software is being developed to help companies create "a persistent and immersive experience" for their brands, utilizing "customizable avatars with a wide range of animations," as well as streaming audio, video, and voice chat.[241] For example, "seller" avatars can be programmed to engage in online transactions with "consumer" avatars, responding to each move with calculated precision. According to a recent article by Paul Hemp in *Harvard Business Review,* researchers at Stanford University have found that "users are more strongly influenced by avatars who mimic their own avatars' body movements and mirror their own appearance." As Hemp explains,

> This virtual manifestation of an old sales trick makes avatars potentially, if insidiously, powerful salespeople. Using a simple computer script, the selling avatar clerk is able to subtly and automatically tailor its behavior—its gait, the way it turns its head, its facial features—to the avatar buyer's, thus making the clerk seem more friendly, interesting, honest, and persuasive. Even more astonishing, digital technology allows avatar sellers to modify their behavior and appearance so that they simultaneously mimic the different gestures and look of hundreds of avatars in the same room—at least in the virtual eyes of each of those potential buyers.[242]

"If I want a group of virtual people to buy a product," Stanford's Jeremy Bailenson explained to Hemp, "I can morph my avatar to subtly act like every one of them."[243]

Because virtual worlds "host the most engaged of all eyeballs," they are ushering in a new, more sophisticated form of "interactive product placement."[244] Marketers can "insert a contextually correct, interactive advertisement in the form of a place or activity (or both) for the consumer to experience. The advertisement—when done well—becomes part of the virtual world."[245] The online community Whyville.net—which is billed as "the leading education-focused virtual world for children age 8 to 15"—is one of the child-oriented virtual worlds that is actively promoting itself as a vehicle for product placement.[246] As the site explains on its "About" page, Whyville's 1.7 million "registered 'citizens' come from all over to learn, create, and have fun together:

> Whyville has places to go, things to do, and of course, people to see. Whyville has its own newspaper, its own Senators, its own beach, museum, City Hall and town square, its own suburbia, and even its own economy—citizens earn 'clams' by playing educational games. And much, much more![247]

The "much, much more" includes brands that have been strategically incorporated throughout the site. "Rather than passive banner ads that today's savvy tweens have learned to ignore," the website advises potential marketers, "Whyville specializes in custom integrated games and activities that empower the audience to actively experience your message, product or brand."[248] Whyville assures marketers that "we integrate our sponsors into Whyville so that our users (kids) actively experience their product/brand."[249] As Whyville's Chief Operating Officer (COO) Jay Goss wrote in a trade publication, "Nearly every sponsored activity in Whyville involves experiences where kids are interacting with the advertiser in a social setting."[250]

To encourage brand identification and loyalty among young children, Toyota participated in an interactive product placement campaign on Whyville, incorporating its Scion model into an "interactive advergame." Kids were encouraged to visit "Club Scion," where they could spend their "clams" on a virtual Scion xB, and "customize it with real world and fantasy accessories." The effort was highly effective. "Within the first two weeks of the campaign's launch," explained Whyville's executives, every "citizen" had either directly engaged with the product on the site, or had been exposed to the brand by observing a virtual "friend" driving the car. As a concrete measure of the campaign's success, the word "Scion" was mentioned in chat conversations 78,000 times in the first 10 days, "conceivably more than the term was used across the globe by the world's population during the same stretch," suggested COO Goss.[251] Added another marketing expert, discussing the campaign's impact, "The truly industrious kids save up enough clams (a staggering 15,000) to purchase the ultimate avatar customization/status symbol in Whyville, a Scion xB. Now that's engagement with a brand."[252]

The Whyville Toyota campaign also illustrates the sophisticated data collection, target marketing, and monitoring that are possible in these new virtual worlds. Every move an avatar makes "can be tracked and logged in a database. This behavioral information, organized by individual avatar, aside from being priceless to marketers in the long term, could be processed immediately."[253]

"Nearly every sponsored activity in Whyville involves experiences where kids are interacting with the advertiser in a social setting."

In late January 2007, Nickelodeon launched a virtual multimedia "web playground" called Nicktropolis. Targeted at 6-to-14-year-olds, the site enables children to create virtual identities for themselves in the form of 3D video characters, and inhabit their own personalized virtual bedrooms, complete with their own possessions. Like HabboHotel and most of the other three-dimensional online worlds, the site permits the child-controlled avatars to interact with each other through a form of Internet chat.[254] Kids are also able to visit their friends' online bedrooms (in an area called "Nickname Lane"), tour amusement parks and gaming regions such as "The Pier," and shop in stores in "Downtown Nicktropolis." Sauntering down "Nicktoon Boulevard," an "immersive area" on the site, they can meet up with their favorite characters or explore the virtual locales of popular hit shows, such as Sponge Bob's "Bikini Bottom." Nicktropolis offers users a variety of ways to earn "points"—the site's currency—and spend them buying "virtual TVs," on which they can view Nick videos.[255]

Though Nicktropolis was initially "advertising free," Nickelodeon executives have been engaged in "an open dialogue with marketers," exploring a number of possible "sponsorship" opportunities with companies seeking creative ways to reach Nickelodeon's valuable demographic market. As an "initial advertising foray," explained Steve Youngwood, executive vice president for digital media for Nickelodeon and the MTV Networks Kids and Family Group, Nicktropolis is being promoted and linked to TurboNick, the company's ad-supported broadband channel, as well to Nick.com.[256] At the March

2007 Virtual Worlds conference, Youngblood said "there are absolutely plans to monetize Nicktropolis. We are working with our partners to figure out the most appropriate way to insert advertising into the site that will not take away from the user experience yet still provide marketers the most value. And as a bonus, with the video capabilities, gaming and community, the site is a terrific way to promote the brand and our various properties."[257]

The extent to which food and beverage brands become major participants in this next generation of children's virtual playgrounds remains to be seen. And there are some indications that the public debate about childhood obesity has encouraged some media companies to develop pro-social efforts through these new 3-D environments. For example, Whyville recently launched a "virtual nutrition education effort" in partnership with the University of Texas Health Science Center and the School Nutrition Association. The effort illustrates how social marketing in digital media can be much more creative than the conventional public service campaign. "Citizens" of Whyville can go to the "Whyville Cafeteria," where

> they can sit down at a virtual dining table together to share and discuss their food choices.... Nutritional information is shown with every food, and citizens are held responsible for their choices. If a citizen consumes insufficient calories, the avatar becomes pale. Over-consumption of calories turns the avatar ruddy.[258]

While this innovative campaign is commendable, it is doubtful whether such pro-social messages can effectively counter the pervasive presence of food and beverage brand promotion in the many new online spaces that are flooding the digital media landscape. Moreover, Whyville's relationships with other brands, and the practices it is forging for integrating them into the fantasy lives and play experiences of children, raise troubling questions about the role of such new media ventures in fostering critical thinking among young consumers.

Second Life is ushering in the next generation of three-dimensional, avatar-based marketing, providing a compelling glimpse into the digital future. Launched in 2003 by San Francisco technology company Linden Lab, the three-dimensional virtual world has attracted a huge following, with membership growing at an exponential rate—from 100,000 at the beginning of 2005, to more than 1.5 million by the end of 2006, to 3 million at last count. An average of 10,000 members are "in-world" at any given time. Industry analysts estimate its current growth rate at 10 to 12 percent per month, predicting that it could grow to as many as 9 million members by the summer of 2007.[259]

For a relatively small monthly subscriber fee, people can become "residents" of Second Life, crafting their own custom avatars that can fly around in the imaginative 3D world, interacting with hundreds of other avatars, and communicating through text chat (or, with "add-in" software, even voice chat) in real time. "Residents" can also earn and spend virtual money, called Linden Dollars. (One U.S. dollar is worth about 271 Linden dollars.) People can buy or rent property in Second Life—including entire "islands" that cost about $5,000—and build their own structures there. Through the use of simple design tools, residents can create their own products and sell them online. *PC World* magazine credits the new virtual world with creating "nearly limitless entrepreneurial opportunities" to design and sell clothes, run a casino, offer landscaping services, build houses—you name it."[260] Linden Lab CEO Philip Rosedale told the press in January 2007 that residents were spending approximately $500,000 in Second Life every day.[261]

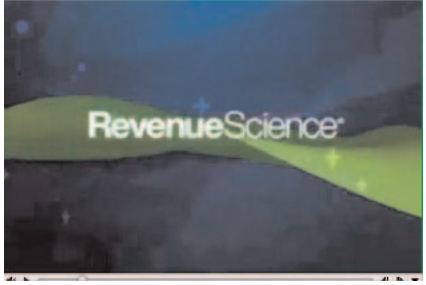
Given the promising financial opportunities and skyrocketing popularity of Second Life, media companies, political figures, foundations, educational institutions, and scores of corporations are flocking to this new region of cyberspace, buying islands, erecting buildings, and recreating landmarks in its virtual spaces.[262] Among the companies that have established a business presence in Second Life are Dell, Circuit City, Sears, CBS, NBC Universal, AOL, and Sony.[263] Advertising powerhouses Leo Burnett, BBH, and GSD&M, as well as new-media marketing companies such as Crayon, have also set up virtual headquarters there.[264] Linden Lab is aggressively inviting brands into its new online world. "It's such a compelling opportunity for these guys to get into communities," David Fleck, vice president of marketing for Linden Lab, told the press.[265] Corporations that "commit to a long-term, creative presence in Second Life have an opportunity to interact with their community in new and innovative ways," added Catherine Smith, Linden Lab's marketing director.[266] Second Life has also opened up an entire new set of possibilities for ongoing market research into its users' behaviors and attitudes, utilizing online surveys, interviews, focus groups, experiments, product concept tests, and advertising "pre-tests."[267] As MIT's *Technology Review* observed, companies "are rushing to create virtual billboards, information booths, corporate headquarters, and private by-invitation-only islands with media and conference facilities."[268] Combining viral, user-generated, and behavioral strategies, marketers are creating a variety of ways for "residents" of the virtual world to serve as ambassadors for their brands. Commenting on the flurry of interest in such avatar-based strategies, one blogger coined the term "advertars."[269]

In April 2007, Coca-Cola launched a multi-faceted "Virtual Thirst" marketing campaign to promote its brand in Second Life. The company announced a competition for the best design of a Coke "portable virtual vending machine." Open to both Second Lifers and outsiders, the contest invites participants to submit their designs and view other entries on both MySpace and YouTube. The grand prizewinner will be flown to San Francisco to work with Coca-Cola's virtual reality design team to "turn the winner's concept into Second Life reality." The final product will be offered for sale in the 3-D world.[270] To guarantee maximum exposure for the campaign, Coca-Cola posted an array of interactive marketing materials on MySpace—including interviews with celebrity avatars, publicity photos, podcast interviews, and videos.[271]

Based on its phenomenal success, Second Life has spawned Teen Second Life, a separate spin-off virtual world targeted at 13-17 year-olds, where flying avatars can

> chat and socialize with other teens from all over the world, and build anything from skyscrapers to virtual vehicles. It's more than a videogame and much more than an Internet chat program—it's a boundless world of surprise and adventure that encourages teens to work together and use their imaginations.[272]

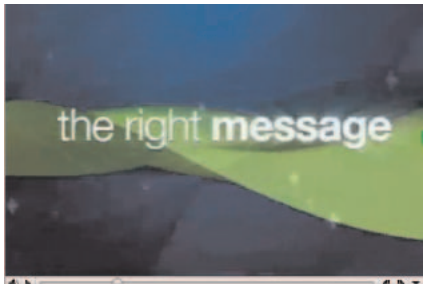
Whether this new youth-oriented virtual environment will openly welcome "Real World" brands into its economic enterprises remains to be seen, but if the developments taking place in the original Second Life are any indication, it is very possible that Teen Second Life could become a hotbed for brand promotion.[273]


RevenueScience

the right people

the right place

the right time


the right message

moment of opportunity

Creating a Healthy Media Environment for the 21st Century

When used to promote certain food products, the aggregation of these new marketing tactics could have harmful consequences.

Marketing has become a pervasive presence in the lives of children and adolescents, extending far beyond the confines of television, and the Internet, into an expanding and ubiquitous digital media culture. Food and beverage companies are at the forefront of a new twenty-first century marketing system. The strategies and techniques described in this report constitute a dramatic departure from traditional advertising. For example, in-game advertising is not just a new form of product placement; it is a highly sophisticated interactive environment designed to closely monitor individual players, and direct personalized ad messages designed to trigger impulsive purchases. Viral marketing is not just an online extension of word-of-mouth brand promotion, but also a calculated database strategy that relies on detailed profiles of key "influentials," along with surveillance of their social networks. And so-called "brand-generated marketing" is not a way to direct advertising messages *to* children, but instead an increasingly popular method for recruiting millions of children to create and distribute the ads themselves.

Many of the practices we have documented will need to be investigated further before we can fully understand their implications for children and youth. But the patterns and directions we have identified raise a number of troubling issues. For example, the influx of brands into social networking platforms—where they now have their own "profiles" and networks of "friends"—is emblematic of the many ways in which contemporary marketing has all but obliterated the boundaries between advertising and editorial content. The unprecedented ability of digital technologies to track and profile individuals across the media landscape, and engage in "micro" or "nano" targeting, raises the twin

specters of manipulation and invasion of privacy. The growing use of neuropsychological research suggests that increasingly digital marketing will be designed to foster emotional and unconscious choices, rather than reasoned, thoughtful decision making. The prospect of armies of avatars, deployed as brand "salespersons," and programmed to react to the subtlest cues from other online inhabitants, suggests a disturbing move into uncharted territory for consumer-business relationships. On the face of it, a number of these practices are exploitive and unfair. Some may well be deceptive. For adults, they are problematic enough. For children and teens, they are even more serious. When used to promote certain food products, the aggregation of these new marketing tactics could have harmful consequences.

There is no question that digital media are also playing a positive role in the lives of young people. Academics have been studying the myriad ways that youth are engaging with new media. With the Internet's unprecedented, instantaneous access to vast global resources, children and youth have been able to seek out information on any number of topics, find like-minded peers, and connect with online communities. Digital media have become indispensable allies in the quest for identity, training wheels for social interaction. For example, many youth have eagerly embraced the Web as an electronic canvas to showcase their writing, music, artwork and other creations to the infinite audiences of cyberspace. Blogs and social networking sites can be powerful forums for political expression and participation. Three-dimensional virtual worlds are among the most exciting innovations in the digital media, creating a host of new possibilities for furthering education, fostering innovative forms of e-commerce, and promoting citizenship.[274] Public health institutions, such as the U.S. Centers for Disease Control and Prevention, are tapping into the potential of Second Life as a powerful vehicle for promoting health education.[275]

However, the powerful role of marketing in the development and growth of these new platforms cannot be overlooked. The current dot-com boom is fueling a resurgence in the digital marketplace, and triggering dramatic consolidation and reconfiguration in the advertising, communications, media, and high-technology industries. Venture capitalists are spending billions of dollars to fund new "Web 2.0" start-ups, many of them based on interactive advertising business models.[276] Ad agencies are investing in companies that create and distribute digital content, and expanding their holdings within the market research field. All of these strategic moves are designed to ensure that advertising shapes the next generation of digital media.[277] A February 2007 report by the investment firm Piper Jaffray predicts that global online advertising revenue will grow dramatically in the next few years, reaching $81.1 billion by 2011, which would represent a 21 percent compound-annual-growth rate. Because of today's "user revolution," the report explained, the next decade will witness a shift of more than half of Internet usage to "communitainment" sites that blend online community and entertainment.[278] At a recent meeting of the Advertising Club of New York, futurist and consultant Edie Weiner—whose clients have included Burger King, Coke, Taco Bell, Kraft, and Procter and Gamble—described a future "virtual economy" that will transform the way advertisers interact with consumers. Her remarks were summarized in an article on the ClickZ Network online:

The growing use of neuropsychological research suggests that increasingly digital marketing will be designed to foster emotional and unconscious choices, rather than reasoned, thoughtful decision making.

> Weiner predicts marketers will be able to form neuro-attachments to the human brain and, hence, create products, messages, and experiences that could be described as addicting. She also foresees a melding of man and machine, as bits of one are spliced into the other and smart objects begin to participate in the purchase-decision process (think of those refrigerators that "think").[279]

Despite these plans and predictions, however, the digital media system is still in a formative, fluid stage. While the growth and expansion of the interactive marketing system will continue unabated, there is time for the public, parents, health advocates, industry leaders and policymakers to be sure the twenty-first century media culture serves the health of our children rather than undermines it.

The food- and nutrition-related health crisis facing America's children and adolescents is not simply a matter of bad choices by individuals or families. It is part of a broad pattern of consumption that is affecting large segments of the youth population, and that will likely follow this generation into their lives as adults. As the editor of the Spring 2007 *Journal of Law, Medicine & Ethic*s explained, "the argument for personal responsibility in making healthy choices concerning diet and physical activity ignores that such choices take place in a 'toxic' environment that encourages over-consumption and sedentary behavior."[280] To the extent that marketing plays a role in creating this "toxic environment"—and it is clear from the research that it does—then it is important to look at broad trends in the marketing environment, as well as where it is headed. It is not a coincidence that the alarming increases in poor nutrition, weight gain, and serious health problems among children and teens have occurred during the same period of time when marketing food products directly to these age groups has increased in both amount and intensity, and when new products were developed specifically for children, a large proportion which are high in fat, salt, and sugars.[281] While marketing may not be the single cause, there is little doubt that it is an important contributing factor to the nutritional challenges that are affecting children and their families.

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According to a recent report by the Kaiser Family Foundation, children between the ages of 8 and 12 are already exposed to more than 7,600 food ads per year, and teenagers view more then 6,000 per year—*on television alone*.[282] With the explosion of digital media we are witnessing a further expansion of food marketing, designed to intrude into every possible "touchpoint" of a young person's daily life. Such an environment makes it very difficult for children to maintain health. In many ways these trends have stacked the deck against them. We cannot afford to wait another decade to see if the rates of obesity and disease have risen further. Without meaningful systemic changes now, the risk to future generations may even be greater.

The government is spearheading a number of initiatives aimed at addressing the role of food marketing in children's heath. The Federal Trade Commission is in the midst of completing an inquiry as a follow-up to its 2005 workshop on "Marketing, Self-Regulation, and Childhood Obesity," jointly sponsored by the Department of Health and Human Services.[283] The FTC is expected to ask a number of food and beverage and quick-service restaurant companies to provide data about their marketing practices, and will be reporting back to Congress.[284] The Federal Communications Commission's Task Force on Media and Childhood Obesity, whose members include Senator Sam Brownback (R-Texas) and other lawmakers, the chairman of the FCC and two of its commissioners, as well as representatives of food companies, advertising groups, and nonprofit organizations, will be issuing its recommendations within the next few months.[285] The emphasis at both of these regulatory agencies is on encouraging better self-policing by the industry, rather than on proposing new government rules to guide food marketing. (The FCC has instituted some new rules to govern children's advertising in digital broadcasting, but none specifically addresses food products.)[286]

The recent industry self-regulatory efforts are an indication of how seriously food and advertising corporations view the problem. But while they are steps in the right direction, they are not enough. The members of the Children's Food and Beverage Advertising Initiative, which account for an estimated two-thirds of children's food and beverage television advertising expenditures, has promised to

> devote at least half their advertising directed to children on television, radio, print and Internet to promote healthier dietary choices and/or to messages that encourage good nutrition or healthy lifestyles; limit products shown in interactive games to healthier dietary choices, or incorporate healthy lifestyles messages into games; not advertise food and beverage products in elementary schools; not engage in food and beverage product placement in editorial and entertainment content; reduce the use of third-party licensed characters in advertising that does not meet the initiative's product or messaging criteria.[287]

Adolescents may be even more at risk of consuming a "high-calorie, low-nutrient" diet than younger children.

How these commitments will translate into changes in business practices, however, is not yet clear. The revised Children's Advertising Review Unit guidelines do include some provisions related to interactive marketing, but they are very narrow. For example, they stipulate that advertising "should not be presented in a manner that blurs the distinction between advertising and program/editorial content in ways that would be misleading to children." And on "websites directed to children, if an advertiser integrates an advertisement into the content of a game or activity, then the advertiser should make

clear, in a manner that will be easily understood by the intended audience, that it is an advertisement."[288] But these new rules are most likely to result in only minor alterations of online children's advertising, such as the addition of "sponsored by" in advergames and other forms of branded entertainment. They have been so carefully and narrowly tailored that it is doubtful whether they will affect most of the new marketing strategies documented in this report.[289]

One of the biggest weaknesses in the industry self-regulation programs is that they apply only to advertising that is targeted exclusively to children 12 and under. This approach is part of a tradition in U.S. regulation, dating back to the 1970s, when research documented that young children were unable to understand the intentions of others and were therefore vulnerable to advertising.[290] But we cannot address the nutritional health problems facing America's young people by narrowly focusing attention only on the youngest segment of the youth population. The Institute of Medicine's comprehensive study was concerned with food consumption by all children, 18 and under.[291] Adolescents may be even more at risk of consuming a "high-calorie, low-nutrient" diet than younger children. Teens spend more of their own money on food, make more of their food choices independently of their parents, and do more of their food consumption outside of the home. Food marketers can now target teens through an explosion of new digital venues—including social networking platforms, peer-to-peer video, instant messaging, interactive games, and cell phones—completely bypassing any parental oversight. And because the Children's Online Privacy Protection Act (COPPA) protects only children under the age of 13, adolescents are also subjected to some of the most extensive behavioral marketing in contemporary media.

In the new world of digital media, clear demarcations of age are increasingly blurred. Many of the current websites and online platforms are directed at broad demographic categories encompassing children, teens, and young adults.[292] For example, a report by the industry trade publication *eMarketer View* explained that "tweens" are "children (boys and girls) who are between the ages of 8 and 11," while pointing out that "some researchers include ages as low as 7 and as high as 14" in the "tween" category. The report identified "young teens" as between 12 and 14 and "youths" as between the ages of 12 and 17.[293] In the virtual world of Whyville, "tweens" are defined as 8-15.[294] The interactive game service XFire says that it targets "males 14-35."[295] And Bolt.com explains to prospective advertisers that 31 percent of its "target demo" of 5.5 million monthly users falls into the age range of 12-17, even though its privacy policy says it is targeted to 13 and over.[296] Such confusing configurations suggest a media environment in which the traditional concepts of age no longer apply. Just as advertising and content are conflated, so are the very categories of childhood.

Food marketers can now target teens through an explosion of new digital venues—including social networking platforms, peer-to-peer video, instant messaging, interactive games, and cell phones—completely bypassing any parental oversight.

The dramatic changes in media distribution and advertising technologies require a comprehensive and systematic approach. We have a relatively brief period to establish policies and marketing standards that could help prevent today's parents, young people—and future generations—from suffering the serious health consequences of poor nutrition. An overall goal should be to create a digital media system that promotes the healthy development of children and youth. However, regardless of their recent public commitments, the food and advertising industries cannot be expected to develop adequate consumer protections on their own. Self-regulation is always reactive. Adjustments are made to certain controversial practices in order to placate critics, deflect pressure, and preempt government regulation. But when pressures have subsided, and the public spotlight has been diverted elsewhere, industry policing may be relaxed. When there is a great deal of money to be made, as there is in the children and teen market, practices are likely to return to business as usual, or new ones created to circumvent public scrutiny. Industry self-regulation will only work if it is developed and implemented in the context of strong governmental and public oversight. The responsibility will therefore fall on government and the health community to monitor closely the emerging practices in contemporary marketing, and to develop interventions that can effectively minimize the harm that any of these practices may have on the health of America's children. The following are recommended steps in that direction:

- As part of its current proceeding on food marketing to children, the Federal Trade Commission should require all food and beverage companies to report the full extent of their digital marketing and market-research practices targeted at both children and adolescents, including the targeting of Hispanic/Latino, African American, and other multicultural groups.

- The appropriate Congressional committees should hold hearings on contemporary food marketing practices targeted at children and adolescents.

An overall goal should be to create a digital media system that promotes the healthy development of children and youth.

- The Federal Trade Commission, the Federal Communications Commission, and Congress should work together, along with the industry and the public health and child advocacy communities, to develop a new set of rules governing the marketing of food and beverage products to children. New regulations must take into account the full spectrum of advertising and marketing practices across all media, and apply to all children, including adolescents. Direct attention needs to be focused on the practices described in this report.

- Government agencies, such as the Department of Health and Human Services and the Federal Trade Commission, should regularly monitor the digital media marketing industries, with a particular focus on the impact of new advertising practices on children's nutrition and health.

- Private and public funds should be established to support broad, multi-disciplinary research on the interactive media and their relationship to the health of children and adolescents.

- Venture capitalists and other financial investors in the digital media should develop policies for ensuring that the companies they fund do not engage in deceptive or unfair marketing of food products to children and adolescents.

- Avenues should be created so young people can become leaders in the effort to monitor and understand new marketing practices targeting them and to educate their peers—and adults—about digital marketing and its relationship to health.

Finally, because of the global nature of the digital media, advertising, and food industries, international efforts will be necessary—involving the health community, government agencies, NGOs, parents, and youth themselves—to protect the public health of all children and adolescents.

Industry self-regulation will only work if it is developed and implemented in the context of strong governmental and public oversight.

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[124] "The My Coke Rewards website is powered by a technology platform that's built upon a business rules management solution. The platform automates the decisioning process in terms of which consumers see what content—and, importantly, when. A dynamic survey engine captures relevant pieces of information at various iterations, and through multiple touchpoints, while an analytics application rates consumers on their different passions, from sports gaming to the great outdoors, assigning scores to segment them into the most appropriate buckets. In turn, the program interface displays different page views with dynamically-generated content tailored to consumers' individual passions. Also determining what content gets served up are their product preferences, their consumption behavior, their geographic location, their demographic characteristics and a vast array of other considerations derived from various sources of data input. 'It's more than just a technology platform,' said Doug Rollins, Coke's director of interactive marketing, speaking last year at Fair Isaac's InterACT conference. 'It's an asset that establishes an ongoing, two-way dialog with consumers.'" Jeff Zabin, "Cracking the Code on Next-Generation Code Promotions," Chief Marketer, 15 Sept. 2006,

http://chiefmarketer.com/disciplines/promotions/code_promotions_09152006/ (viewed 28 Mar. 2007). The same author, who serves as the "director in the Precision Marketing Group" at Fair Issac, wrote the following on his blog: "The My Coke Rewards program offers perhaps the most sophisticated example of how brands can utilize code promotions to also capture behavioral and psychographic info, including insights into their favorite music groups, sports teams, hobbies and other specific passions.... The platform serves as the foundation for all of the company's interactive marketing programs, across all thirteen brands within the Coke product portfolio and on a global scale. It's enabling the company to make intelligent marketing decisions about the treatment of individual consumers each and every time it touches them. Think of it as Coke's new secret formula for building consumer relationships. But unlike Coke's other secret formula, which is reportedly kept in a security vault in a federal building in Atlanta, this one contains no coca leaf or kola nut extract." Jeff Zabin, Pareto Rules, 26 Sept. 2006, http://www.paretorules.com/ (viewed 28 Mar. 2007).

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[245] Goss, "Virtual Worlds Return Real Results." There.com—which describes itself as an "online chat community featuring virtual worlds inhabited by 3-D avatars"—aggressively promotes its platform to marketers: "When it comes to product placement in virtual worlds, context is key. Unlike fantasy-themed online role-playing games, There.com is a social virtual world with a real-world setting. This means our members welcome in-world brands and place real value on virtual products that enhance their online experience." There.com also offers a variety of "event sponsorship opportunities," along with a full range of "commerce" tools. "Opportunities for product placement in There include: avatar clothing; accessories & shoes; cosmetics; beverages; automobiles & motorcycles; home improvement & building; home furnishings & décor; gardening & landscaping." "Product Placement," There, http://www.there.com/yourBrandProductPlacement.html. "Event sponsorship opportunities in There include: product launch parties, music concerts, film festivals, fashion shows, trivia challenges, talent contests, home design contests, racing tournaments, VIP parties." "Sponsorships," There, http://www.there.com/yourBrandSponsorships.html. For another company providing marketers with virtual world tools, see Meez, http://www.meez.com/home.dm (all viewed 30 Mar. 2007).

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[260] Cade Metz, "Living in the Immaterial World: This Online 3D World, like that of There.Com, Lets You Create an Avatar That Interacts, via Text Chat, with the Avatars of Other Subscribers," *PC Magazine,* 10 Jan. 2007.

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http://investors.interpublic.com/phoenix.zhtml?c=87867&p=irol-newsArticle&ID=877174&highlight=. Microsoft has established a global interactive advertising facility, adLab, based in Beijing, whose mission is to "research and incubate advanced technologies" and "provide advertisers with rich targeting capabilities based on audience intelligence information...." Roger Park, "Microsoft adLab and TV Ad Tech," iMedia Connection, 17 Jan. 2006, http://www.imediaconnection.com/news/7835.asp. Among the projects Microsoft is working on are "video hyperlink ads, which can detect product items displayed on a television screen during a show or commercial." Microsoft's TV ad technology allows consumers to zoom into products featured on the television screen and click through to detailed product descriptions and information on where the products can be bought. "'The Microsoft team of top researchers in this field is unsurpassed and certain to produce compelling advances that will impact and ultimately change the game in online advertising. With this long-term applied research, we will continue to help improve advertisers' return on investment by delivering rich audience intelligence information and enabling simple and complete control over all aspects of the advertising campaigns,' says Tarek Najm, general manager of adCenter at Microsoft." "Microsoft adCenter Incubation Lab Unveils Global Technology for Digital Advertising Industry," press release, 12 Jan. 2006, http://www.microsoft.com/presspass/press/2006/jan06/01-12adCenterLabPR.mspx (all viewed 1 Apr. 2007).

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[287] Better Business Bureau, "New Food, Beverage Initiative to Focus Kids' Ads on Healthy Choices; Revised Guidelines Strengthen CARU's Guidance to Food Advertisers," press release, 14 Nov. 2006, http://www.bbb.org/alerts/article.asp?ID=728 (viewed 1 Apr. 2007). The founding companies participating in the effort are Cadbury Schweppes USA; Campbell Soup Company; Coca-Cola Company; General Mills, Inc.; Hershey Company; Kellogg Company; Kraft Foods Inc; McDonald's; PepsiCo, Inc. and Unilever.

[288] "New Food, Beverage Initiative to Focus Kids' Ads on Healthy Choices"; Children's Advertising Review Unit, "Self-Regulatory Program for Children's Advertising," [Nov. 2006], http://www.caru.org/guidelines/guidelines.pdf (viewed 1 Apr. 2007).

[289] For example, when the new guidelines were announced, several food company representatives told the *Washington Post* that they were already abiding by the principles outlined. Annys Shin, "Ads Aimed at Children Get Tighter Scrutiny," *Washington Post,* 15 Nov. 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/11/14/AR2006111401245.html (viewed 1 Apr. 2007).

[290] The Federal Communications Commission's rules on children's television advertising, enacted in the 1970s, are restricted to commercials that appear in programming directed to children under the age of 12. See Dale Kunkel, "Children and Television Advertising," in Dorothy Singer and Jerome Singer, *Handbook of Children and the Media* (Thousand Oaks, CA, Sage Publications: 2001), 375-394. The Children's Online Privacy Protection Act (COPPA), enacted in 1998, also is restricted to websites targeted at children under the age of 13, or to websites where children visitors are known to be under that age. See Chapter 4, "Web of Deception," in Montgomery, *Generation Digital*.

[291] The IOM report examined a range of studies, concluding that "children and youth consume a large proportion of their total calories from foods and beverages that are of high-calorie and low-nutrient content." Institute of Medicine, *Food Marketing to Children and Youth: Threat or Opportunity?*, 53.

[292] For example, according to industry studies, half of all U.S. teens and young adults, 12-24, visit social networking sites. Marketers are increasingly targeting the range of 12-to-24-year-olds in their campaigns. Furthermore, even the top websites visited by children under the age of 13 don't account for all of the time that young people in this age group are spending online. See OneUpWeb, "Mobile Search and its Implications for Search Engine Marketing," n.d.. http://www.sempo.org/learning_center/research/industry/mobilesearch.pdf (viewed 1 Apr. 2007).

[293] Williamson, "Tweens and Teens Online: From Mario to MySpace."

[294] "About Whyville," http://b.whyville.net/top/pdf/whyville_101.pdf (viewed 1 Apr. 2007).

[295] "XFire Advertising Media Kit 2006," http://media.xfire.com/content/aboutus/2006_Xfire_Advertising_Media_Kit.pdf (viewed 1 Apr. 2007).

[296] Bolt2 targets "tweens and younger teens" and reaches 9.4 million monthly unique users. Its target demo includes 6-12 (30%) and 12-17 (24%). "Cult of Creativity," Bolt Media, http://mediakit.bolt.com/home.php; Bolt Privacy Policy, http://www.bolt.com/siteinfo/privacy.jsp (both viewed 1 Apr. 2007).

Appendix:
Multicultural Marketing in the Digital Age

"Nowhere is America's diversity reflected more dramatically than in our youth markets."

Multicultural Marketing in the Digital Age

Within the field of food and beverage advertising focused on children and youth, a number of campaigns specifically target African-American and Hispanic youth (as well as other groups, including Asian Americans). Increasingly, as these "multicultural" youth spend more time online, advertisers are turning to new-media technologies to capture their attention. Via new media or old, such "multicultural marketing" comprises, in the words of Fay Ferguson, CEO of Burrell Communications Group (*Ad Age's* Multicultural Agency of the Year for 2005), "specific and intentional efforts to market to each key ethnicity individually."[1]

A number of factors have come into play in fueling culturally specific marketing, not the least of which is industry research focused on the receptivity of African Americans and Hispanics to commercial messages. According to data from the 2006 Florida State University, AOL/DMS Multicultural Marketing Project, "AA [African Americans] and H [Hispanics] are much more positive towards advertising and marketing than A [Asians] and NHW [Non-Hispanic Whites]. This differentiation serves as confirmation that AA and H are less cynical and more interested in commercial messages. For marketers this indicates that communicating with these AA and H consumers via commercial messages is more likely to be well received."[2]

A growing body of research is focused on encouraging the commercial targeting of African-American and Latino/Hispanic children. Nickelodeon and Cultural Access Group, for example, have partnered on a number of yearly marketing-oriented studies examining "U.S. Multicultural Kids," starting in 2004. Among the findings of the initial

study was that "opportunities for reaching kids through electronic media are very rich."[3] Described as a "comprehensive resource in the exploration of lifestyle and attitudes of multi-ethnic 6-14 year-olds in the U.S.," the research has involved both "one-on-one interviews" and "ethnographic research" (the latter involving "home-based videotaped interviews with parents and kids in friendship groups" and "observing and talking with kids in after-school setting").[4] Among its goals are to help marketers "optimize relevant and impactful brand relationships."[5] Cultural Access Group has worked with leading food marketers, including General Mills, Kraft, Carl's Jr., and Hershey's.[6]

Such studies document the ready access children have today to TVs, game systems, computers and Internet access, and also reveal how much each group receives, on average, as an allowance. (Asian-American, Hispanic, and African-American children outpace their white counterparts in the size of their allowances.) In their most recent report, for 2006, Nickelodeon and Cultural Access Group explained that technological "access abounds" for multicultural children.[7] Supporting their technological savvy and access, suggested the report, was the amount of money such children have to spend. Under the headline "Ka'Ching!," Nickelodeon and CAG noted that there is $60.4 billion in "total Kids 6-14" income (making the annual income of U.S. 6-to-14-year-olds greater than the annual per-capita income of Nigeria, China, the Philippines and the West Bank).[8] At the top of the list of things children purchase with these funds are "food/snacks/candy" (followed by toys, clothes, video games, music, and shoes).[9] Children also have great influence on what their parents purchase, according to the study, affecting a variety of products, including "brands of packaged snack foods, brands of breakfast foods, and brands of other kinds of packaged foods."[10]

The leading U.S. interactive advertising industry trade association has also expanded its focus to examine more closely the growth of the digital multicultural market. In 2004, the Interactive Advertising Bureau formed a "Hispanic Committee" to explore targeted advertising via interactive marketing. "The Internet is fast becoming one of the best channels to reach the Hispanic consumer," explained one of the committee's founders.[11] Among the IAB companies participating in the Hispanic Committee are Time Warner (AOL), Microsoft (MSN), Yahoo!, Disney/ESPN, Google, Univision, Telemundo, and leading Hispanic websites.[12]

Commenting on the broad appeal of so-called urban marketing, Esther Novak, founder of Vanguard Communications (which specializes in multicultural marketing), observed that "urban marketing is more of a mindset" than a specific demographic category.[13] Leading food marketers are using specifically designed "urban marketing" campaigns that draw heavily on new technologies, such as Snickers' Instant Def campaign (with five dramatic "webisodes" featuring the Black Eyed Peas) and a Burger King/P. Diddy collaboration that has both online and offline elements. Burger King was the official sponsor of Diddy's cross-country tour in the fall of 2006, and was "represented at all local market events, including consumer listening parties and special appearances by Diddy at high schools in select cities."[14] In making the announcement, the fast-food company explained that Mr. Combs was a "'king' when it comes to music and fashion... [and] will help beef up Burger King Corporation's profile in the music and entertainment industry." Both Snickers and Burger King have embraced the Internet as the next frontier of urban marketing. "We knew we had to go online to reach teens because that's where they spend most of their time," explained Vic Walia, Snickers senior marketing manager. "But we also know that teens are very savvy consumers so we made a conscious decision to tone down our branding in an effort to build credibility with the online community. We

wanted to communicate the Snickers' brand message in an authentic, credible and contagious way. The Instant Def digi-sodes allow us to do that."[15] According to a company press release, "Public relations efforts for the Instant Def campaign will have a heavy online concentration, using a grassroots approach to create buzz surrounding the webisodes, as well as online promotions with key websites."[16]

Burger King seized upon YouTube as a means of reaching a younger demographic, sponsoring a Diddy TV channel on the popular video service (which was purchased by Google in October 2006 for $1.65 billion).[17] Coca-Cola's Sprite has a launched a number of branded sites over the years, including such urban marketing strategies as the Miles Thirst spokes-character (which the Rainbow/PUSH Coalition accused of negative stereotyping).[18] In 2005, Sprite joined forces with MSN to launch The Scenario (music.msn.com/thescenario), which it billed as "... a unique place on the Web where teens can experience 10 of the hottest hip-hop DJs in the country, connect with each other through new MSN® Messenger functionality and connect with the Sprite brand in groundbreaking ways...." The site offered "three distinct experiences through which teens can discover new music, connect with each other, and interact with Miles Thirst and the Sprite brand," with downloadable musical tracks for sale, an Internet radio station (Thirst Radio), and an opportunity to interact with Miles Thirst on MSN's instant messaging service, MSN Messenger: "Teens can bring Miles Thirst into their conversations by sharing audio clips featuring his voice and tone during MSN Messenger conversations, and by downloading backgrounds and displaying pictures (tiles) and emoticons for members of their contact list to enjoy." The campaign, a Microsoft press release explains,

> will employ cross-network promotions and advertising to draw audiences to the custom site. "The Scenario is an entirely new way of connecting with teens where they live on MSN, in MSN Messenger and on MSN Music," said Gayle Troberman, director of the Branded Entertainment and Experiences Team at MSN. "We expect the campaign to help make Sprite a part of the teen consumer's digital experience every day."[19]

"We wanted to communicate the Snickers' brand message in an authentic, credible and contagious way. The Instant Def digi-sodes allow us to do that."

More recently, the Sprite Exposure website (www.exposure.msn.com/) highlighted the work of 15 young musicians, "b-ballers," and street artists, while NBA star Lebron James' Sprite-sponsored website (www.lebron23-23.com) invites visitors to create and distribute, using online technology, theme songs for the basketball star (as well as to redeem Sprite instant-winner codes, a staple of online marketing).[20] By harnessing the power of Web 2.0 streaming media technologies, Sprite engages users themselves in the branding experience.

Sprite's latest "Sublymonal" campaign was described by *Brandweek* as "edgy, Gen Y male-friendly spots" that "stray far from the brand's hip-hop, basketball roots."[21] Introduced initially in movie theaters, the various ads all included the same mock-ominous tagline: "Welcome to Sublymonal advertising. Don't worry, it will only affect your brain." According to AdAge.com, the new campaign is an effort to shore up Sprite's sagging sales: "Although it's still the leading lemon-lime soft drink, share for the No. 6 brand has steadily slid in recent years, despite its prior hip-hop-laced campaign starring character Miles Thirst.... The result is a relaunch effort, which is aimed at teens, ... with new packaging that updates the logo with a stylized 'S' icon, reminiscent of a yellow-and-green yin-yang symbol, and dreamlike advertising and viral components."[22] As *Brandweek's*

Kenneth Hein observes, "To try and shake things up at street level, Sprite is employing a campaign that loosely strings together viral video, guerrilla postings and print ads in alternative weeklies all of which ask, 'Do U have the proof?' The new logo, which looks like a football made of half lemon and half lime is featured, although the brand name is not revealed."[23] *Variety's* Jonathan Bing noted the cinematic aspects of the sublymonal campaign, in which lavish production values alone are sufficient to attract attention. "One of the 'sublymonal' ads," he observed, "is a fast-cut dream sequence that looks like something Salvador Dali might produce if he were to shoot a 60-second soft drink ad with the special effects budget of 'Superman Returns.'"[24]

Multicultural marketing takes place in a range of venues, reaching far beyond traditional print and broadcast media to include a variety of real- and virtual-world settings. "Nowhere is America's diversity reflected more dramatically than in our youth markets," proclaims the website of Alloy Media + Marketing, a company whose American Multicultural Marketing (AMM) division targets Hispanic, African-American, and Asian-American teens, tweens, and college students.[25] In addition to serving "more than 150 African American, Hispanic, Asian and other ethnic news and entertainment sites reaching the growing number multicultural Web surfers," AMM's multicultural marketing techniques involve a full arsenal of both overt and covert messaging techniques: media boards located in schools and movie theaters, textbook covers distributed through schools, product samples and promotional materials, events ("Fun and memorable programs to reach youth consumers in their places, on their terms"), and advertising in school newspapers.[26,27] DCD Marketing (whose clients include KFC, Dominoes, and Proctor & Gamble) takes a similarly ground-level approach to its "supervised direct demographic response marketing of circulars, fliers, publications, booklets, coupons, door hangers, and packaged product samples."[28] And as Vanguard Communications CEO Esther Novak has observed, "one of the most popular marketing channels for ethnic groups is through festivals and celebrations because of the face-to-face interaction between the marketer and consumer. 'In this way, multicultural marketing has been ahead of the curve on what today is called buzz marketing,'" she said.[29]

"[M]ulticultural marketing has been ahead of the curve on what today is called buzz marketing."

One product to emerge out of this environment is Rap Snacks, "The Official Snack of Hip Hop," whose product line includes a dozen potato chip and popcorn snack packages emblazoned with famous rappers' names and images (e.g., YoungBloodz Southern Crunk BBQ Chips, Murphy Lee's Red Hot Riplets, and Pastor Troy's Cheezie Popcorn). Along with streaming rap singles and inspirational prose ("I wanted to set the artists on Rap Snacks in a positive manner," writes Rap Snacks founder James Lindsay on his site, "so kids would say, 'Wow, Lil' Romeo is telling me to stay in school.'"), the Rap Snacks site sells its product online by the case at $9.99. The energy drink fad—aptly described by the *Washington Post* as "carbonated cough syrup" for its potent combination of caffeine and sugar—has found a home in the "urban market," too, with hip-hop-inspired brands such as Crunk!!!, Pimp Juice, Hunid Racks, Stinger, and DefCon3 vying for a share of the fast-growing market ($3.4 billion in sales in 2006, up 80 percent from the previous year).[30] "Within the hip-hop niche," writes Burt Helm in *Business Week*, "rappers Nelly (Pimp Juice) and Fat Joe (Stinger) and megamogul Russell Simmons (DefCon 3) have built brands around their own, larger-than-life personalities. Jon Crecy, vice-president for sales and marketing at Crunk!!!, says each celebrity brand is out to prove it's 'hipper' and 'edgier' than the others. And of course, he claims his Crunk!!! label, promoted by rap star Lil Jon, reigns supreme."[31,32] Hunid Racks (100 Racks, "The Energy Drink for the Real Hustler") may not be the best known of the new Hip Hop beverages, but with a site on MySpace ("Respect The Name, Respect The Game, Respect The Drink"), it certainly has an air of authenticity.[33]

While African Americans, according to the Multicultural Marketing Project, are good candidates for peer-to-peer and viral marketing campaigns (since "in-culture networking and word-of-mouth about products and commercial messages is much higher for AA [African Americans] than for anyone else"), "Hispanics are lowest in this attitude scale. What this means is that AA are more likely to spread influence in homogenous AA networks, while H are more likely to get their influence from others outside their network. This is a finding that has important implications for grass roots campaigns and the stimulation of word-of-mouth."[34] But the diverse Hispanic "community"—immigrants from some 20 different countries that have helped make the U.S. Hispanic population second only to Mexico in size—is no less active online. According to the AOL Latino 2006 Hispanic Cyberstudy, "Online communications among Hispanics goes well beyond email. Hispanics meet electronically with others in unusually high numbers. They visit chat rooms, send instant messages, read blogs and post to online message boards at far greater numbers than their online general population counterparts.... Based on our research, we also see that online Hispanics enjoy social networking online: 68% use instant messaging; 63% share photos online; 52% read or post blogs; 43% visit social networking sites; and 40% talk on a phone using the Internet."[35] Mobile communications also come into play in reaching Hispanics with advertising. "In general," observes Emily Burg, "Hispanics tend to respond better to SMS-based promos than online ones as the proliferation of mobile phones is higher among that population and is their most popular way of connection to the Internet."[36]

Increasingly, as Hispanics spend more time online, advertisers are turning to new-media technologies to capture their attention. This community is seen as a crucial and growing new market online, as a new study entitled "Conexión Cultural/Connected Culture" makes clear. "Hispanics with Internet access outpace the general population in reported hours of daily media and technology use," the report explains. Hispanic users regularly "utilize more than one device at a time."[37] According to Michele Madansky, Yahoo vice president for global market research and co-author of the report, Hispanics

> are using all these media simultaneously. The Internet has really become central to their lives. The television is on all the time in the background, but the Internet is a critical part of their daily lives. Really it's about how TV and Internet are being meshed. The Internet is not replacing the television, it's enhancing the experience.[38]

African Americans are more likely to spread influence in homogenous African American networks, while Hispanics are more likely to get their influence from others outside their network.

As the fastest growing segment of the U.S. population, the Hispanic community is especially attractive to advertisers. "The term 'ethnic marketing' does not intrinsically include or exclude any group," observes Jennifer Zegler, "but with 58 percent growth from 1990 to 2000, and continually increasing, the burgeoning Hispanic steals the focus from other groups."[39] According to the Census Bureau, Hispanics are also the youngest segment of the U.S. population, with a median age of just under 27 years (compared to 31 years for African Americans and more than 40 years for non-Hispanic whites). Comprising 14 percent of the U.S. population in 2004, Hispanics accounted for nearly half of the nation's growth from 2000 to 2004.[40] Nor is there any lack of opportunities for advertisers to reach this coveted demographic, with some 75 cable networks, four broadcast networks, and 160 stations catering to Hispanics, along with a number of popular websites (led by AOL Latino and Yahoo! en Español).[41] Little wonder, then, that Kagan Research predicts that Hispanic advertising growth is expected to exceed that of the general market, reaching some $5.5 billion in gross advertising revenue by 2010.[42]

Although the amount spent on online advertising targeting Hispanics is still comparatively small—an estimated $132 million in 2006—that amount represented a 32 percent increase from the previous year, and will surely grow in the years to come as the so-called "Generation Ñ" spends more time online.[43] Already, the number of Hispanics online, and the scope of their digital activities, are impressive. On average, Hispanics spent 9.5 hours a week online at home and 18.8 hours a week at work in 2003, 16 percent more time than the overall Internet-using U.S. population.[44] Among youth between the ages of 12 and 17, moreover, English-speaking Hispanics show the highest rate of Internet use of all ethnicities, at 89 percent.[45]

Just as the boundaries separating editorial content and advertising have been blurred online, so has the distinction between minority and mainstream, especially among Generation Y (fully one-third of which belong to a minority racial or ethnic group).[46] According to Omar Wasow, executive director of BlackPlanet.com, "Multicultural for youth markets isn't even about multicultural. Multicultural markets are the new mainstream. If you want to reach anyone in youth markets, your message has to be multicultural at its core."[47] That was the message that informed the March 2007 Innovation in Hispanic Marketing Conference in Miami, one session of which targeted Hispanic teens as "avatars of the new cool." Led by Stephen Palacios, executive vice president and Hispanic practice leader of Cheskin (whose clients include Coca-Cola, ConAgra, and General Mills), the session promised to unravel the seeming contradictions of Hispanic youth: "They live on MySpace.com and shop at Abercrombie, but listen to Spanish radio and embrace diversity. They are proud of their unique individuality and their collective Hispanic heritage. It's no secret that US Hispanic teens are both an appealing segment and a challenging one."[48]

"If you want to reach anyone in youth markets, your message has to be multicultural at its core."

The large composition of younger consumers within the Hispanic market (45 percent are 24 years or younger) was highlighted in an Interactive Advertising Bureau Hispanic committee's major report, "Reaching U.S. Hispanics Through Online Marketing." It detailed the reasons why the Hispanic online market was "so attractive," and made clear how important the online medium already is for reaching Hispanics, noting their regular use of instant messaging (59 percent of online Hispanics, compared to 48 percent of the general online population). The Hispanic online market has reached a "critical mass," explained the report, pointing out that Hispanics spend more time online than other groups via connections from "home, work or school." Among the techniques recommended for reaching Hispanics are the use of "emotion" (e.g., "humor"), along with such techniques as advergames, viral communications, and e-mail registration.[49]

Advertising agencies, such as Cheskin, also underscore the growth and influence of Hispanic teens. As Cheskin notes,

> US Hispanic teens present a huge opportunity to glimpse how ethnic and cultural identity plays a role in teens lives and how it affects their choices and behaviors. By understanding what is meaningful to this segment, we have the opportunity to glimpse insights into the increasing "intracultural" forces shaping the broader teen market.... One in five teens in the US is Hispanic and they are growing in numbers and influence. Between 1993 and 2001, the Hispanic teen population grew 30 percent, while the non-Hispanic population grew just 8 percent Their current spending habits exceed those of their mainstream counterparts and as does their influence over household spending pat-

> terns. They are largely bicultural and bilingual and a bellwether for one of the most important trends shaping the future of the United States—the growth of the US Hispanic population.[50]

The role that emotion plays in appealing to the interests of the Hispanic community is a major focus of targeting efforts. Also recognized are issues related to identity, community, and tradition within the diverse Hispanic/Latino experience. McDonald's and other marketers have made this a theme of their work during the last several years. For example, a 2002 panel at "Marketing to U.S Hispanic Youth" conference explored how

> Emotional branding can be a very powerful marketing tool. Your campaign must be carefully orchestrated in order to create the desired effect for your audience. In this session, hear specific examples of how companies are developing emotional branding strategies that are structured to appeal to Hispanic youth. Furthermore, work on generating marketing campaigns designed to appeal emotionally to the consumer and learn about triggers that have worked effectively.[51]

As they have for other young people, advertisers have developed a comprehensive approach to targeting Hispanic youth. For example, at an Association of Hispanic Advertising Agencies conference in 2006, a key theme was the use of "brand story telling." "We create the tale and then invent the media to deliver it," explained Tom Cotton of Conductor. "Rather than simply imbed the brand into entertainment, the brand is inextricable to the story itself and engages consumers to keep them coming back for more."[52] Noting that the "the estimated 6.3 million Latinos age 10-19 represent 20 percent of the entire US teen population and spend about $20 billion a year," the AHAA explained that "...branded entertainment and product integration are among the tactics incorporated into the marketing mix to influence purchase and behavior among all Hispanic demographics; however it is the Latino youth that represents one of the most dynamic consumer groups in the country."[53]

Database marketing approaches are also being applied to multicultural online users, including the use of behavioral targeting and search engine marketing.[54] "With behavioral targeting, a user who visits a Hispanic website (either Hispanic themed content or Spanish language) is flagged as exhibiting 'Hispanic' behavior through cookie technology," explained one advertising firm focused on the Hispanic market.[55] The use of "geo-targeting," based on the location of the user, as well as through the use of "keywords" bought by marketers from search engine companies, is also growing. Major search engines, such as Yahoo! have created partnerships with leading Hispanic websites.[56]

The two leading soft drink companies, Coca-Cola and PepsiCo, have long competed for the Hispanic market, not only by aggressively marketing their own mainstream products with culturally specific messages, but also introducing beverages designed specifically for Hispanic consumers. Pepsi, for example, has supported its domestic soft drink sales with Pepsi Musica, a website offered in conjunction with Yahoo! en Español (espanol.music.yahoo.com/pepsimusica/) and a weekly hour-long series on the TeleFutura Network. "Pepsi has been a teen brand, and we market it to that lifestyle," observes Lara Montilla, senior manager of multicultural marketing for Pepsi-Cola. "We use more Spanglish, for example, and for that target we must demonstrate that we're perfectly comfortable with both languages, and we can target them in both languages."[57]

"Pepsi has been a teen brand, and we market it to that lifestyle…. We use more Spanglish, for example, and for that target we must demonstrate that we're perfectly comfortable with both languages, and we can target them in both languages."

In a similar fashion, Pepsi and the Hispanic portal StarMedia launched a co-branded community called Pidemasonline.com ("ask for more"), an effort to "create a virtual teen community, where they can forge relationships with the first generation to grow up with the Internet."[58] According to StarMedia Interactive Group CEO Francisco Loureiro, "Together with Pepsi, we have created a global virtual teen hang-out that reflects the diverse ideas of pan-cultural youth."[59] Demonstrating that the international traffic for soft drinks can move in both directions, Pepsi now markets two of its Mexican soft drinks, the apple-flavored Manzanita Sol and the orange-flavored Miranda, to Hispanics in the U.S., the former supported by a multimedia website featuring downloadable graphics depicting spokes-models for the product.[60]

Coca-Cola, to be sure, has a Hispanic marketing campaign of its own, ranging from its Copa Coca-Cola youth soccer sponsorship to a version of its "Real" TV ad campaign that depicts actress Salma Hayek sneaking away from a dinner meeting at a swanky Hollywood restaurant to have tacos and an ice-cold Coca-Cola with the Mexican staff.[61] And while Pepsi and Coke battle to slake Hispanic thirst, Burger King and McDonalds have been equally aggressive in their efforts to whet Latino appetites, with marketing campaigns that are as opportunistic as they are culturally relevant.

The use of music and popular culture, including the use of celebrities, is one key tactic used by Burger King and others to reach youth. For example, Burger King created an "A Tu Manera (SM) National Sweepstakes" in 2005, which featured the young Latin artists Pilar Montenagro and Obie Bermudez (touted as "the first Hispanic celebrity spokespersons to endorse a consumer marketing campaign for Burger King Corporation").[62] The "A Day Your Way" (Un Dia A Tu Manera) BK campaign was promoted by banner ads on Univision.com, a sweepstakes, and a personal appearance tour. More recently, Burger King launched a "Sizzling Reggaeton Promotion," partnering with artist Voltio. Continuing its "A Tu Manera" theme, Burger King said its "My Music, My Style" effort was designed to "meet the tastes of younger consumers who incorporate their preference for reggaeton into their lives the BK Way."[63] The campaign, explained BK's manager for multicultural marketing, was part of a five-year effort sponsoring "promotional music platforms to engage our consumers...."[64] In a BK release, Voltio explained that "Kids today always want to be informed of 'what's hot and hip' in today's urban culture. They look for excitement and adventure around every corner. Whether it's a Spicy Chicken Sandwich at BK®, or high voltage music, it's got to be unique and express who we are. Youth want things their way, and I try to give them what they want to hear, without compromising what I want to say."[65]

Burger King has other Hispanic-targeted sites as well.[66] The "A Tu Manera" slogan is also shared by MTV's new multi-platform Hispanic channel MTV Tr3. That channel, which includes an extensive online and mobile component, features what is being called "product integration" and branded content into the schedule.[67] Burger King is one of the sponsors worked into MTV Tr3's "Sucker Free Latino." According to *Adweek's Marketing y Medios*, "Sucker Free Latino will incorporate Burger King during the one-hour show that takes host L. Boogs into urban cities across the country as he meets with a who's who in rap, Latin hip-hop, reggaeton and urban bachata. Burger King's tagline 'A Tu Manera' will pop up organically during the program, by way of the host or VJ."[68]

Such product integration is part of a growing trend in Hispanic programming, reported *Multichannel News* in February 2007. Pepsi is one of the sponsors to have paid to have its products incorporated into "The Chicas Project," a reality- and lifestyle-based program on mun2, the Latino youth cable network. "Look," said Alex Pels, general manag-

er of mun2, "I think the issue of product integration plays a critical role whether programmers like it or not. It's a reality. Advertisers are no longer interested in only buying spots."[69]

Seizing upon the Lenten season as a potential boost for its Filet O' Fish sandwich sales, meanwhile, McDonald's launched a Web (www.filetofish.com/) and mobile campaign, backed by radio, TV, and in-store promotions. "The company is putting particular emphasis on a mobile component of the campaign that gives customers access to free games, wallpapers and ring tones associated with the Filet O' Fish, according to Mike Breslin, VP of marketing and public relations for I-play, a mobile gaming company providing content for McDonalds."[70]

McDonald's has been a leader in what has been called "Latino marketing" since the 1970s, according to food industry trade reports. It has used a variety of Internet strategies to target its audience.[71] Both Hispanic and African-American use of the Internet has been a focus of the company for several years. According to a 2002 interview with McDonald's senior director of interactive marketing, the company is "using the ability of the Internet to reach specific targets, for example tweenagers (8-14 years old). We're reaching these folks effectively and economically. Where tweens' Internet habits will end up going, who knows, especially with the rise of PDA and cell phones and instant messaging."[72]

McDonald's has undertaken a number of online efforts targeting young Hispanics, including Levantateya.com ("Wake Up Now"), which gives users an opportunity to view other Spanish speakers telling their stories of the difficulty getting up in the morning, and allows them to record their own stories and post them on the website.[73] A wide variety of Latin American cultures are displayed via professional actors, who tell stories as part of an impromptu self-help group.

McDonald's has been a leader in what has been called "Latino marketing" since the 1970s, according to food industry trade reports.

Cross-channel promotions such as these, involving a range of online, mobile, and broadcast technologies, are becoming increasingly common among Hispanic advertisers, with the Interactive Advertising Bureau's Hispanic Committee leading the way. (The committee's members include the top five online destinations for Hispanics: AOL Latino, MSN Latino, Yahoo! en Español, Terra Networks, and Univision.com.)[74] Interactive ad companies such as ValueClick Media (which specializes in ad serving and search marketing) and Return Path (which offers e-mail marketing solutions) have carved out specific Hispanic channels within their networks.[75] And cell phones and other mobile devices will play an increasingly important role in the delivery of targeted advertising. "Mobile marketing is rapidly becoming a powerful tool for brands to break through the clutter of traditional media channels to reach and engage diverse consumer groups where other media fall short," explains James Briggs, co-founder and CEO of Briabe, which recently launched its Multicultural Mobile Marketing Assessments for brands seeking to enhance their connections to multicultural audiences. "In fact," notes a recent Briabe press release, "Hispanic and African American audiences are already utilizing mobile tools, such as text messaging, that are at the heart of most successful mobile campaigns at a much higher rate than the general population."[76] According to mobile marketing research firm M:Metrics, 52 percent of Hispanic and 48 percent of African-American cell phone owners used text messaging in November 2006, compared to the overall average of 29 percent.[77] Thus as more media delivery and commercial transactions are carried out on mobile devices, Hispanics and African Americans may well turn out to be ahead of the general curve. The ready use of mobile devices by U.S. ethnic youth could consequently increase their exposure to food marketing campaigns, with possible negative consequences for their nutrition and health.

Multicultural Marketing in the Digital Age Citations

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current state of the "African-American Market for Cable and Broadband Services, Programming and Technology" explains, "In 2000 the black/African American population of the US was 34.7 million. This population is projected to increase by 10 million by 2010 and to double by the year 2050, fueled both by natural growth and by increased immigration from Caribbean and African countries. The black/African American market is largely urban, with 81% living in urbanized areas in the US and almost 60% living in urban cities. African Americans in urban areas have consistently been some of the cable industry's best customers, spending more per month for cable, local and long distance services, and subscribing to premium channels at higher rates than any other ethnic or racial group. The African-American 'community' is not monolithic—it is culturally and economically diverse. In this highly competitive multichannel and increasingly digital environment, understanding the African-American market in all its complexity and potential will be essential for successful programming, marketing, acquisition and retention of these valuable customers." Horowitz Associates, "Focus: African America II Prospectus," 2007, http://www.horowitzassociates.com/faapro.pdf. A similar research project covers Hispanics/Latinos. "Focus: Latino VII Prospectus," http://www.horowitzassociates.com/flpro.pdf (all viewed 6 Apr. 2007).

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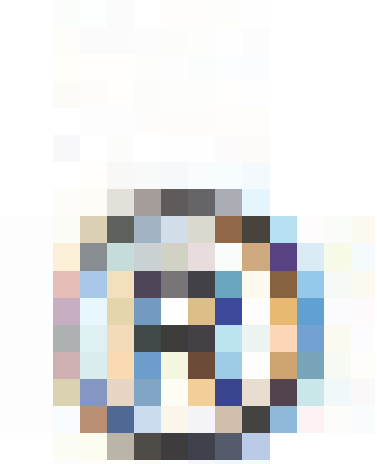
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