



2003

2004

ShakeUp, MakeWaves, and PressOn:

Research and Reports on Changes in the Political Landscape



**E-Voter Institute
2003/2004 Study**

**ShakeUp, MakeWaves, and PressOn:
Research and Reports on Changes in the Political Landscape**



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E-Voter Institute, www.e-voterinstitute.com, is a trade association representing web publishers and solution providers. The mission of the Institute is to accelerate the use of the Internet in political and advocacy communications to enable more people to have a voice in the democratic process.

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Introduction & Overview

by Karen Jagoda

This pre-Presidential election year saw the emergence of the Internet as a legitimate political tool for fundraising, managing campaigns, and raising awareness about candidates. It was also a year when:

- Some used the Internet to shake up the establishment
- Individuals were empowered to take action thanks to Internet tools
- Incumbent candidates as well as insurgents used online political ads
- The Internet was an integral part of a movement to oust a sitting governor.

The jury is still out on whether the use of the Internet has truly changed politics and how to win elections. There is, however no question that the Internet is here to stay and candidates who ignore the effectiveness of online advertising, email campaigns, and online fundraising are at a disadvantage.

In hindsight, the excitement in 2003 about the Howard Dean for President campaign followed a somewhat predictable growth curve, reminiscent of previous Internet based revolutions. This E-Voter 2003/2004 Study intends to broaden out the dialogue to include more of what the Internet has to offer campaigns and candidates. The Internet that is discussed in these pages has more to do with public consumption of ideas and images than with passion of the masses.

This E-Voter 2003/2004 Study intends to broaden out the dialogue to include more of what the Internet has to offer campaigns and candidates.

While this study should have ended with events through December 2003, it is too tempting to ignore the results of the first caucus and first primary in January 2004. For while Dean raised an extraordinary amount of money, especially through the Internet, he also spent a great deal of money on traditional television advertising, knit caps for volunteers, yard signs, and distributing video tapes. This left him little in the way of dry powder for the stiff fight in the subsequent

primaries that followed shortly after New Hampshire. Though many of the included essays capture the hope from the early days of the Dean campaign, they also capture themes that transcend Dean no matter the candidate's fate.

Here in February 2004 it is clear that while the range of tools for political strategists have changed, the basic dynamics of winning campaigns have not been altered. At the same time, the Internet has contributed to the acceleration of the speed with which images are disseminated and the race is defined.

While Howard Dean will most probably always be seen as the first 21st Century Presidential candidate, it would have helped, if he had at least shown more strength in the early primaries. It is unfortunate that the candidate, his advisors, or his message was off and that the Internet is in some circles being dismissed as another fad run amok.

"Live by the Internet—Die by the Internet" say the pundits. E-Voter Institute recognizes that smart political strategists will continue to improve their Internet tactics and find ways to leverage Internet tools to raise money, persuade constituents, and get out the vote. What we hear are the last brave words from those who cling dearly to television ads, phone banks and direct mail as the magic ingredients for winning campaigns.

The E-Voter 2003/2004 Study includes the results from the Third Annual Survey of Political and Advocacy Communication Leaders. Surprisingly little has changed in the expectations of the strategists though there seems to be an increased acceptance of the need to develop an Internet strategy and use online advertising. Data from Nielsen//NetRatings reveals more about online activity in the presidential campaigns as well as amongst desirable voters online.

...smart political strategists will continue to improve their Internet tactics and find ways to leverage Internet tools...

Along with the Dynamic Logic analysis of the E-Voter Survey and research from Nielsen//NetRatings, there are essays by political insiders. Many of the essays have a cautious tone. Mike McCurry wonders how well citizens will use these new tools of e-Democracy.

Some suggest that the campaign finance reform legislation could benefit the Internet because of the lack of restrictions for online ads during the critical days leading up to an election. Trevor

Potter provides further clarification about the impact of campaign finance reform on Internet advertising since the law does not apply to Internet communications.

But why this insistence on television as the magic ingredient? Don't the strategists realize that the television viewing audience is shrinking and that the media habits of millions of voters are changing dramatically? Cyrus Krohn and Todd Herman from Microsoft discuss finding this fragmented audience online.

What seems to be least understood is who is online and how are they persuaded by messages receive through email, online ads, the web site and actual meetings organized online. David Anderson from Youth04 warns that 18-24 year olds may be the most Internet savvy but least engaged segment of the voting public. Hal Malchow and Michael Bassik compare the impact of direct mail to online ads and identify places where the Internet could compensate for weakness found in other mediums.

When we began our work in 1998, the election of 2004 seemed like the distant future and few could imagine how the Internet would change the political landscape.

The Study concludes with an Action Plan 2004 for both web publishers and campaigns. We are encouraged by the projection about an explosion of paid online political advertising in 2004 from Cliff Sloan, *Washington Post/Newsweek Interactive*.

When we began our work in 1998, the election of 2004 seemed like the distant future and few could imagine how the Internet would change the political landscape. In many ways it is remarkable how little has changed in the political world compared to how the Internet has affected other transactions in our society. Entering credit card numbers to make purchases online has become commonplace and the Internet is the first stop for planning trips or researching medical problems. Why is it such a surprise that voters turn to the same tools for information about voting, candidates and issues?

The delicious irony is that establishment candidates and the incumbent president are also using Internet tools to rally the base, raise money and persuade swing and independent voters. These activities are getting less news coverage in part because of the attention to the Dean campaign and in part because the traditional campaigns do not want to seem too trendy and are not talking about their online strategies. As a result, the election cycle of 2004 may be a watershed moment

in the acceptance of the Internet in mainstream politics.

Many thanks to all who contributed essays, constructive criticism, blunt feedback, and encouragement on this research.

Welcome to politics in the Internet Age.

Karen Jagoda
E-Voter Institute
March 2004
Washington, DC

"We are under no illusion that B.C.R.A. [Bipartisan Campaign Reform Act of 2002] will be the last Congressional statement on the matter. Money, like water, will always find an outlet....In the main we uphold B.C.R.A.'s two principal, complementary features: the control of soft money and the regulation of electioneering communications."

Majority opinion in the Supreme Court's decision upholding the McCain-Feingold campaign finance law. *McConnell v. F.E.C.* December 10, 2003

"Nothing in the world is as yielding and receptive as water; Yet in attacking the firm and inflexible, nothing triumphs so well."

Tao Te Ching by Lao Tsu, Translation by R.L. Wing

Section 1, Chapter 1

Third Annual E-Voter Survey Of Political And Advocacy Communication Leaders - Summary Of Findings

prepared by Brent McGoldrick & Nick Nyhan

As in 2001 and 2002, political communication experts (policomms) still view the Internet as most effective in communicating with supporters and asking them to do more (donate money online, attend events, and take action). However, a growing percentage of policomms see online advertising and other tools to reach swing or undecided audiences as effective.

To policomms, the uses of websites, email, database-building and online fundraising are obvious. What is less obvious to them is how online advertising might help them better target and reach audiences. It is clear that web publishers need to better explain how the Internet can be a persuasive medium. (Notably, there was almost no difference in these perceptions by age, partisan breakdown, or function).

Policomms most often advise clients to collect email addresses, post press releases, and develop websites.

Campaign Activity	Done for or Recommended to a Client
Develop a website	70%
Buy online advertising	38%
Conduct online fundraising	59%
Conduct online surveys/ focus groups	52%
Collect email addresses to build voter lists	80%
Use the Internet for campaign management	57%
Participate in online chats/forums	62%
Post press releases on the website	75%
Conduct "Rapid Response" via cell phone or wireless alerts	32%

Policoms predict that, by 2008, 25% of a campaign’s budget will be spent on Internet activities.

Percentage	Now	2006	2008
0%	9%	5%	5%
1%	10%	4%	3%
2%	9%	2%	2%
3%	8%	5%	2%
4%	3%	3%	2%
5%	20%	11%	7%
6-10%	21%	22%	17%
11-20%	13%	23%	19%
21-30%	5%	14%	19%
31%	3%	10%	24%

Candidate websites and email continue to top the list of tools policoms deem effective for every audience. One-third (34%) of policoms say websites are effective for every audience and 29% say candidate email newsletters are effective for every audience. Meanwhile, 54% say online advertising is effective for some audiences, underscoring the point that policoms view online advertising as an effective tool for targeting specific audiences with their messages.

	Effective for Every Audience	Effective Only for Some Audiences	Still Too Early to Say If Its Effective and for Whom	Not Effective/ No One Pays Attention
Online advertising	8%	54%	24%	14%
Online meeting organizers	12%	61%	22%	6%
Candidate email newsletters	29%	57%	10%	4%
Online fundraising	19%	57%	17%	8%
Online primaries	11%	28%	45%	16%
Candidate websites	34%	53%	9%	5%

Much like we saw in 2001 and 2002, policomms see the Internet as most effective in reaching out to and motivating traditional, "base" supporters.

Building databases and driving attendance for events (78%) and driving attendance for specific events (72%) top the list of activities for which policomms believe the Internet to be effective in 2003. Looking forward, there is a sense that the Internet has limited value for reaching swing voters and getting out the vote.

Activity for which the Internet is effective	Now	2004	2008	Never
Building databases of supporters	78%	17%	5%	—
Getting attendance for events	72%	18%	4%	6%
Recruiting volunteers	70%	19%	5%	6%
Building campaign awareness	69%	17%	2%	2%
Rapid response	69%	21%	4%	6%
Circulating petitions	63%	23%	6%	8%
Fundraising	62%	24%	7%	7%
Get out the vote	51%	26%	14%	10%
Reaching "likely" voters	56%	25%	11%	8%
Reaching "swing" voters	41%	28%	19%	12%
Targeting contrast advertising	43%	23%	15%	19%

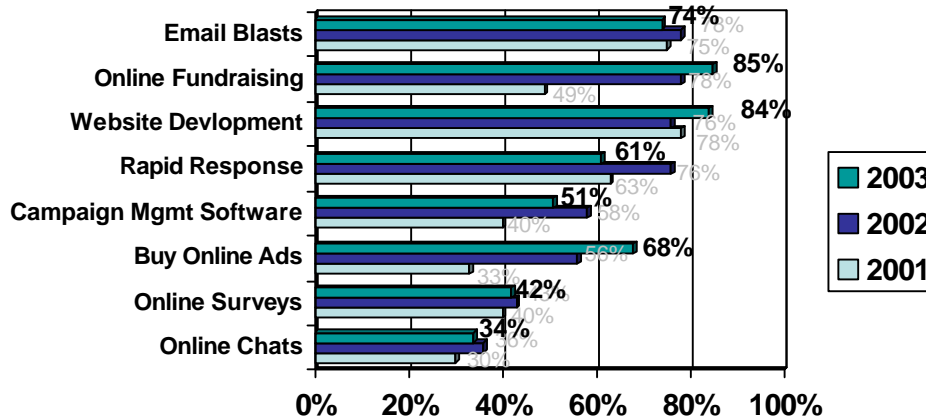
Source: Dynamic Logic

Online fundraising and website development have surpassed email blasts as the primary tools policomms use or recommend to their clients. Reported online advertising use in 2003 political communications is up 21% over 2002 levels and 106% over 2001 levels.

Online fundraising (85%) and website development (84%) now top the list of tools recommended or used by Political Communications Specialists, up from 78% and 76%, respectively, in 2002.

The only other increase for a tool was online advertising, which is now #4 on the list of most popular tools. Online advertising appears now to be a "go-to" tool for political communications specialists, posting a 12-percentage point increase (21% increase) over 2002 and a 35-percentage point (106%) increase over 2001.

Internet Tools Recommended/Used by Policoms:



Source: Dynamic Logic

Only 6% of Policoms say a campaign’s entire media budget can be measured for effectiveness.

Like most marketers, policoms struggle with the issue of effectiveness measurement when it comes to their media budgets. The fact that current media mix does not enable efficient measurement speaks to the need for more cross-media measurement tools.

How much of your media budget can be measured for effectiveness?

All	6%
Most	32%
About Half	27%
Less Than Half	18%
Small Amount	5%
Not Sure/ Difficult to Say	10%
None	1%

Source: Dynamic Logic

Respondents were asked if they agreed or disagreed with the follow statement: It is necessary for me to be able to measure the impact of each dollar spent on individual media activities in a campaign.

An overwhelming 88% of Policoms agree that it is necessary for them to measure each dollar spent during a campaign. This suggests a “measurability gap” between the media currently being used and the ability to measure its effectiveness. Thus, we would expect that, as the touting of the measurability of the Internet increases, the more likely it is that Policoms will use and recommend Internet tools.

Strongly Agree	45%
Somewhat Agree	43%
Total Agree	88%
Total Disagree	12%
Somewhat Disagree	9%
Strongly Disagree	3%

Source: Dynamic Logic

In terms of effectiveness, policoms still go to the “old reliable”: candidate contact and TV ads.

Which methods are effective for reaching and persuading voters?

Direct Contact between candidate and voter	87%
TV/Cable Ads	82%
Direct Mail	70%
Radio ads	67%
Phone Calls	62%
E-mail	60%
Newspaper ads	51%
Yard Signs	50%
Online Ads	28%

Source: Dynamic Logic

In similar proportions to 2002, fully 40% of Policoms’ biggest hesitations are that the Internet does not allow them to reach the right kind of voter.

- The “Resource” issue declined as a hurdle – mostly because we added a new hurdle this year (no need to change from what works) that likely drew the difference.
- On the flip side, we might want to point this out: the percentage of Policoms who believe it’s too expensive and takes too much time has dropped by 50%.

Hesitation/ Hurdle	
Not a Reach Medium	20%
Not a Targetable Medium	20%
Too Expensive & Takes Too Much Time	5%
Would Recommend But Client is Hesitant	9%
Not An Emotional Medium	9%
Security Concerns	9%
No Hesitations	17%
No Reason To Change from What I Know Works	6%
Other	5%

Source: Dynamic Logic

Roughly one-third of Policoms – and, specifically, media consultants – would go to an online media specialist to get information on online media.

- This indicates that the Internet advertising, media and online publishing industries must do a better job of educating policoms as to how to contact when campaigns are considering using Internet media.
- Underscoring this point is the finding that just as many would go to a search engine (13%) as consult their own website/ Internet people (13%)

“If you wanted to get information about online advertising and targeted email campaigns, where would you go first?”

	All Policoms	Media Consultants
Online Media Specialist	30%	34%
My Website/ Internet People	13%	16%
Search Engine	13%	8%
Directly Contact Website I’m Interested	12%	13%
Don’t Know	11%	6%
Regular Media Consultant	11%	13%
Ask a friend or Colleague	7%	8%
Other	3%	1%

Source: Dynamic Logic

¹ Survey analysis is based upon 464 “political and advocacy communication leaders.” Respondents were recruited from July 28-September 12, 2003. The survey has an overall margin of error of + 4.12%. Respondents were recruited with help from National Journal, E-Voter Institute, American Association of Political Consultants (AAPC), MSN/Slate, Politics Online, and AOL Time Warner.

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Section II, Chapter 2

Democratic Presidential Candidates: 2003 Online Recap

by Gregory Bloom, Nielsen//Netratings
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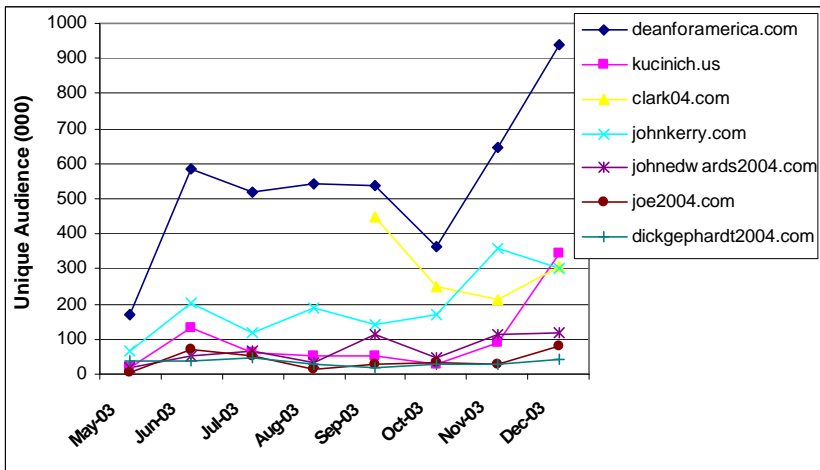
With its unique ability to convey information and connect people outside the boundaries of traditional channels, the Internet has been expected by some to profoundly change the way that private citizens interact with the political process. However, as we have learned in the aftermath of the 2004 Iowa Caucus, the Internet has not done for politics what eBay and Amazon have done for retail commerce. Despite the fact that old-fashioned campaigning made the difference in Iowa, the Democratic Presidential candidates are all utilizing the World Wide Web as an integral part of their campaigns.

- Tracking the Candidate Websites
- Profiling the “Involved” Audience
- Traces of Online Advertising?
- Key Points

Tracking the Candidate Websites

Over the last year, Howard Dean’s website (Dean For America, www.deanforamerica.com), has consistently had the largest online audience among those of any of the Democratic presidential candidates (see Figure 1). The closest any candidate has come to matching Dean for America’s monthly audience was Wesley Clark whose website attracted over 400,000 unique visitors in the first month after the general officially announced his intentions to enter the campaign.

Figure 1: Audience Trends for Democratic Presidential Candidate Websites



Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined -Some of the data in this graph falls below regular N/NR statistical confidence levels

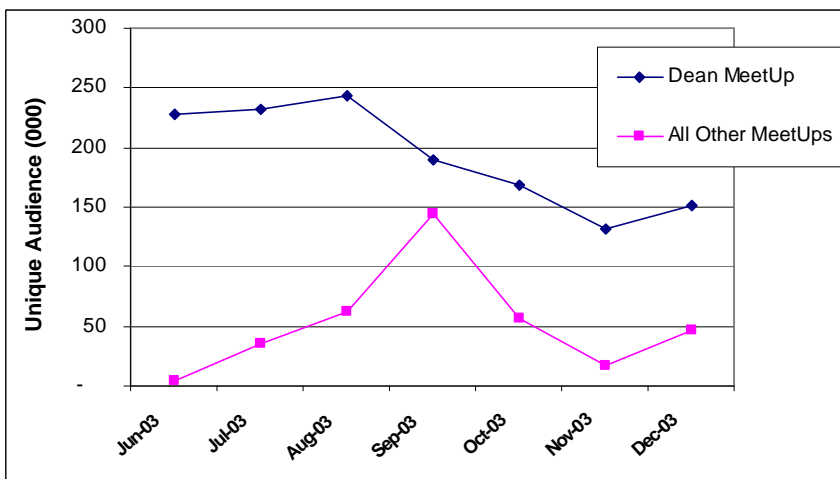
Dean for America wrapped up 2003 on a very high note. Its audience level was almost three times as large as kucinich.us, the second most visited website in the group during December 2003 (see Table 1). However, its average page and time rates were far surpassed by Clark and Kerry, respectively.

Table 1: Visitation to Democratic Presidential Candidate Websites

Website	Unique Audience (000)	Reach (%)	Page Views (000)	Visits Per Person	Pages Per Person	Time Per Person
1 deanforamerica.com	940	0.66	9,633	2.1	10	00: 08: 38
2 kucinich.us	345	0.24	1,201	1.4	3	00: 05: 17
3 clark04.com	307	0.22	6,069	3.1	20	00: 10: 32
4 johnkerry.com	301	0.21	5,377	1.8	18	00: 23: 25
5 johndwards2004.com	118	0.08	1,108	1.7	9	00: 10: 46
6 joe2004.com	81	0.06	215	1.2	3	00: 02: 13
7 al2004.org	46	0.03	113	1.6	2	00: 00: 13
8 dickgephardt2004.com	40	0.03	208	1.3	5	00: 01: 32

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined -The data in this table in red falls below regular N/NR statistical confidence levels

Without a doubt, the Dean campaign has done a brilliant job utilizing the Internet to galvanize supporters and generate interest. MeetUp.com, a major Internet success story of 2003, played a significant role in Howard Dean’s quick jump to the head of the pack in mid-year. The purpose of this website is to connect people with similar interests and establish a real-world place where they can meet. Politics is just one of dozens of interest areas.

Figure 2: Audience Trends for Democratic Presidential Candidate MeetUp Sites

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined -Some of the data in this table falls below regular N/NR statistical confidence levels

Political candidates are able to set up their own micro-sites on MeetUp.com (dean2004.meetup.com). These micro-sites serve as a forum for disseminating meeting coordinates, collecting email addresses, and driving traffic to candidate websites. Over the course of 2003, all the Democratic presidential candidates established MeetUp micro-sites. However, by all appearances, MeetUp.com has been far more beneficial for Howard Dean than it has been for any of the other candidates. Across 2003, Dean's MeetUp micro-site always drew more monthly visitors than those of all the other candidates combined (see Figure 2). Actual counts of participants who attended MeetUp events for all the candidates at bowling alleys and bars are harder to come by.

Profiling the "Involved" Audience

When compared to mass audience websites like NYTimes.com and CNN, visitation levels on Democratic candidate websites appear very low. During December 2003, the aggregate audience across all Democratic presidential candidate websites, MeetUp micro-sites, and official blogs was 1.9 million. This group represents 1.4 percent of the active internet audience.

This group of visitors, while relatively small when compared to the larger universe, could represent the portion of the online audience that is most highly interested in presidential politics. Obviously, the web contains innumerable sources of information about presidential politics. The political sections of the national newspaper and broadcast media websites are phenomenal tools for helping people get up to speed on the candidates and their policy positions. However, these

are not the best places for web users to register by email for campaign updates, find out how to meet other people interested in the same candidate, and hear that candidate’s unadulterated perspective.

In a pre-election year when two-thirds of U.S. citizens could not name a single Democratic contender as late as September (CBS News), candidate websites, MeetUps, and blogs established themselves as an important collection of destinations for this “involved” minority. Collectively, this group is composed of very high-frequency web users. Their quantity of pages and time spent is roughly two-and-a-half times greater than the average active web user (see Table 2).

Table 2: Democratic Candidate Website Visitors – Average Usage

Metric	All Web Users	All Dem. Candidate Website Visitors	Index
Audience	141,825,000	1,919,000	
Reach	100.0%	1.4%	
Visits per Person	41	76	185
Domains Visited per Person	83	203	245
Average Pages per Person	1,476	4,015	272
Average Time per Person	23:14:37	57:02:04	245

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined

The Democratic candidate website audience was strongly skewed towards Males, comprising 66 percent of the overall audience as opposed to 49 percent of the general web population (see Table 3). The best-represented portion of the male audience was ages 18-34, registering an Index of 180. At the same time, 18-34 comprised the least representative portion of the female audience.

Table 3: Democratic Candidate Website Visitors: Gender and Age

Age	TOTAL			MALE			FEMALE		
	Reach (000)	Comp	Index	Reach (000)	Comp	Index	Reach (000)	Comp	Index
2-17	32	1.7%	8	4	0.2%	2	27	1.4%	14
18-34	593	30.9%	128	355	18.5%	161	238	12.4%	98
35-64	1,160	60.5%	124	815	42.5%	180	345	18.0%	71
65+	134	7.0%	98	86	4.5%	120	48	2.5%	74
Total	1,919	100.0%	100	1,260	65.7%	134	659	34.3%	67

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined

Across the Democratic candidate website audience, each successive Education group corresponds to a greater level of representation (see Table 4). At the high end of the spectrum, 29 percent of all visitors to these websites had a post-graduate degree as opposed to 11 percent of the general web population. For Income groups, the progression is not quite as smooth however. The lowest income group (\$0-25k) was over-represented (Index 144) while the second lowest income group (\$25-50k) was under-represented (Index 68). This density at the low end of spectrum is most likely the effect of the young college-age adults whose anti-establishment views have drawn them to some of these candidates (i.e. the "Deaniacs").

Table 4: Democratic Candidate Website Visitors: Education & Household Income

Education	Reach			Income	Reach		
	(000)	Comp	Index		(000)	Comp	Index
Grammar School	15	0.8%	5	\$0-25k	182	9.5%	144
Some High School	69	3.6%	43	\$25-50k	332	17.3%	68
High School Grad	176	9.2%	47	\$50-75k	456	23.8%	81
Some College	238	12.4%	60	\$75-100k	465	24.2%	132
Associate Degree	121	6.3%	85	\$100-150	299	15.6%	122
Bachelor's Degree	728	38.0%	217	\$150+	152	7.9%	141
Post Grad Degree	572	29.8%	283	Unknown	33	1.7%	98
Total	1,919	100.0%	100	Total	1,919	100.0%	100

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined

The geographic Divisions that were best represented across the Demographic candidate websites were New England, Middle Atlantic, and the Pacific. This distribution of representation comes as no surprise given the traditional liberal bent of many states in these areas. The Division with the poorest representation, West South Central, includes Wesley Clark's home state of Arkansas - an ironic contrast from the fact that grassroots activity on the Web played an important role in his decision to enter the race (draftclark.com).

Table 5: Democratic Candidate Website Visitors: Geographic Distribution

Region	Division	Reach		
		(000)	Comp	Index
Northeast	New England	141	7.4%	138
Northeast	Middle Atlantic	358	18.7%	123
Midwest	East North Central	289	15.0%	89
Midwest	West North Central	118	6.2%	73
South	East South Central	82	4.3%	85
South	West South Central	96	5.0%	55
South	South Atlantic	246	12.8%	74
West	Mountain	115	6.0%	96
West	Pacific	474	24.7%	149
Total		1,919	100.0%	100

Source: Nielsen//NetRatings, NetView, December 2003, Home/Work Combined

The visitors to candidate websites – typically astute followers of current events – are voracious consumers of online news information. For instance, that group was fifteen times as likely to visit washingtonpost.com during December 2003 as compared to the general web population (see Table 6). Indices in excess of 300 were common for almost every news-related website, regardless of Democratic or Republican orientation. The website Bushin30seconds.org represents the most interesting website visitation contrast between the candidate website audience and the general web audience. Eight percent of the smaller group’s audience visited this website as opposed to just 0.2 percent of the overall online audience, generating an Index of 5147. Bushin30seconds.org is a website set up by the organizers of MoveOn.org, the well-known liberal-oriented advocacy website.

Table 6: Audience Overlap between Democratic Candidate Website Visitors and News & Information and Entertainment websites

News & Information				Entertainment			
Brand/ Channel	Group Reach (%)	General Reach (%)	Index	Brand/ Channel	Group Reach (%)	General Reach (%)	Index
CNN	41.0%	8.8%	469	CBS	24.0%	2.8%	853
MSNBC	35.0%	9.1%	385	ESPN	19.0%	7.8%	243
Yahoo! News	35.0%	8.9%	394	Ticketmaster	18.0%	3.2%	559
NYTimes.com	32.0%	3.7%	853	Yahoo! Movies	15.0%	3.7%	402
Tribune Newspapers	27.0%	3.0%	913	NFL.com	15.0%	4.4%	344
washingtonpost.com	27.0%	1.8%	1494	Rotten Tomatoes	10.0%	1.1%	886
USATODAY.com	18.0%	2.3%	795	Sportsline.com~	10.0%	2.8%	351
BBC News	18.0%	1.5%	1175	Yahoo! Games	10.0%	6.2%	160
The Washington Times	15.0%	0.5%	3173	Bushin30seconds.org	8.0%	0.2%	5147
drudgereport.com	14.0%	1.0%	1414	rushlimbaugh.com	7.0%	0.3%	2377
NPR.org	9.0%	0.4%	2210	the Onion	7.0%	0.4%	1696

Source: Nielsen//NetRatings, NetView, December 2003

Traces of Online Advertising?

Naturally, Howard Dean was the first 2004 Democratic Presidential candidate to advertise online (see Table 7). As early as April 2003, the Dean campaign experimented with an online campaign on Advocate.com, a gay-oriented website. That small campaign was followed up with a larger August campaign on MSNBC that smartly reacted to recent attention given to the President's supposed late summer itinerary.



Since August, the Dean campaign has not launched any significant new online advertising campaigns. During the more recent months, however, both the Edwards and Kerry campaigns have committed portions of their advertising budgets to online media. In October and November, John Edwards ran a campaign across an online schedule heavily composed of impressions on washingtonpost.com. This campaign utilized Flash technology to support a voting-themed online advertising campaign and also experimented with a wide variety of online ad dimensions.

Senator Kerry's campaign of November and December demonstrated how the Internet can be used as a me-



medium for negative political advertising. The Kerry campaign incorporated a wide variety of creative revolving around the slogan "Stop the madness and fight for your future." An interesting aspect of this campaign is that the impressions were spread across over 60 small-to-medium size websites. Most likely, the Kerry campaign engaged the services of an advertising network to








help fulfill such a diverse media schedule across such a large number of websites.

Despite the fact that the Dean campaign has only had one online advertising campaign of substance, it cannot be said that Dean's staff have not successfully tapped the Internet's marketing

potential. One area of Internet marketing that the Dean campaign has completely mastered is email marketing. Their ability to utilize email for raising money and driving website traffic is now legendary. From the vantage point of the recipient, it has seemed that campaign manager Joe Trippi has an editorial army at his disposal. The emails have been non-stop (see Table 8). Over the course of the last six months, many different personalities have been asked to send email on behalf of the campaign. Seeing emails from notables such as Martin Sheen and Al Gore has definitely helped keep the Dean message fresh and interesting. At one point, even Dr. Judith Steinberg Dean apparently succumbed to the urge to send an email (9/23/03). During this same period of time, the Kerry campaign has relied on a steady and reliable series of weekly updates. Nonetheless, it is apparent the volume of emails did not sway Iowa voters.

Table 7: Online Advertising Impressions per Democratic Presidential Candidate

					
Month					
Apr-03	-	-	14,000	-	-
May-03	-	-	130,000	-	-
Jun-03	-	800,000	8,000	-	-
Jul-03	-	-	11,000	6,000	-
Aug-03	-	-	2,161,000	4,000	-
Sep-03	-	-	20,000	-	-
Oct-03	2,391,000	-	114,000	-	-
Nov-03	2,913,000	470,000	9,000	6,000	-
Dec-03	-	2,172,000	85,000	-	1,000
Total	5,304,000	3,442,000	2,552,000	16,000	1,000

Source: Nielsen // NetRatings, AdRelevance

Table 8: Democratic Presidential Candidates - A Sampling of Email Headers

Sender	Subject	Date
Howard Dean		
Joe Trippi, Dean for America	It's Dean Team vs. Bush-Cheney; We're Bringing Out the Bat	Sat 07/26
Gov. Howard Dean, M.D.	Stop Attorney General Ashcroft	Tue 08/19
Giovanna Torchio, Dean for America	\$100 Revolution: LIVE NYC DEC 8	Thu 12/04
David Salie, Dean for America	Host a New Year for America House Party December 30th	Wed 11/26
Judy Steinberg Dean	Allow me to tell you about my husband, Howard Dean	Tue 09/23
DFA NY Finance Office	Dessert with Dean ~ Sep 23rd!	Fri 09/19
Martin Sheen	A special message from Martin Sheen	Fri 09/26
Rob Reiner	A Lifelong Commitment to Democratic Values	Thu 09/25
Senator Bill Bradley	Breathing New Life Into Our Democracy	Tue 01/06
Al Gore	Join Me in Helping Dean Win	Mon 12/29
John Edwards		
Nick Baldick, Edwards for President	New National Poll! Momentum Spreading...	Sat 01/24
JRE-Mail Update	Edwards on TV, Special Pie Recipe, More...	Fri 01/23
Coach Dean Smith	Why I Joined the Winning Team with John Edwards	Thu 01/15
John Kerry		
Kerry-NY Weekly Update	Iowa Victory Celebration Tomorrow Night!	Tue 01/20
Kerry-NY Weekly Update	Happy Holidays from the New York John Kerry Campaign!	Tue 12/23
Wesley Clark		
Paul Johnson, Clark Campaign Manager	URGENT -- Stand with Wes Clark This Weekend!	Sat 01/24
Steve Bouchard, Clark Campaign NH	Drive Wes Clark to victory in New Hampshire!	Fri 01/23
Clark for President	Action Alert: Help Wes Clark Win Today!	Fri 01/16

Source: Campaign emails received by author between July-03 and Jan-04

In summary, the key points of 2003 are:

1. Governor Dean has attracted the greatest number of visitors to his website and his MeetUp micro-site by a wide margin.
2. Led by Males 18-34, the people who visit Democratic candidate websites are a highly educated affluent and news-obsessed group.
3. Almost all the Democratic presidential candidates dabbled in online advertising at some point in 2003. The Dean campaign's greatest accomplishment has been building and leveraging its email marketing database.

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Section III

Recent Campaign Trends And The Internet

- Chapter 3: The Revolution Will Not Be Televised, You'll Get an E-Mail**
by Mike McCurry
- Chapter 4: Internet Influence Must Be Extended In Election Process**
by David Anderson
- Chapter 5: The Net Works: Prospects For Advocacy And Mobilization Online**
by Rob Stuart and Jed Miller
- Chapter 6: New Media Is Driving Politics Into The Unknown Zone**
by Joe Rothstein

Chapter 3

The Revolution Will Not Be Televised, You'll Get An E-Mail

by Mike McCurry

When Chairman of AOL Steve Case proclaimed that the 2000 election would revolutionize politics and the Web would be the agent of change, he was right as usual – just a little premature.

At the 2000 political conventions, we surrounded ourselves with Internet 'alleys,' 360-degree web-cam shots, big dot.com parties, and political website kiosks in the lobbies. But on election day, we weren't left with lots of evidence that the Internet had made a huge difference. Sure, some things were different. Reporters, consultants, operators, and candidates were all e-mailing each other and exchanging information in virtual time (even though Blackberries had barely made an appearance). But there were not sweeping changes in the ways that Old Politicians ran Old Campaigns covered by the Old Media.

Now, we are studying the Dean phenomenon, blogging, electronic get-out-the-vote, and lobbying-by-e-mail.

Then the dot.coms went bust, the traditional order breathed a sigh of relief and the conventional wisdom collected around the idea that this Internet stuff really doesn't matter much in the end. Thus was created a perfect environment for technological change to creep up on us, unexpectedly.

From such beginnings come the newest developments in political campaigns.

Now, we are studying the Dean phenomenon, blogging, electronic get-out-the-vote, and lobbying-by-e-mail. Suddenly, the new wisdom seems to be that maybe 2004 will be the year that the Internet shows its real utility when it comes to campaigns and politics.

There are four areas where the impact is clear:

Fundraising

Bill Bradley and John McCain proved in 2000 that you could jump-start national campaigns using web technologies. The ability to give money quickly to campaigns blossomed in 2000 as on-line donation technology proliferated. In 2004, campaigns have perfected on-line fundraising tech

niques. Gov. Howard Dean's infamous "bat" and goal-setting fundraising targets, coupled with the ability of technology to direct exactly the right "ask" to the right donor, have made the web a valuable fundraising tool. Over time, Internet fundraising will help Democrats close the big resource gap they now face when looking at the financial advantage enjoyed by the GOP.

Internet fundraising will help Democrats close the big resource gap they now face when looking at the financial advantage enjoyed by the GOP.

Organizing

On-line organizing has replaced the old shoe-box filled with 3X5 cards. Sophisticated data management tools can store a wealth of information about individual voters and activists. This has been true for twenty years since the 1984 campaign was the first in which computers played a role tracking the preferences of individual delegates to national conventions. But now,

data can be mined to tailor specific messages to individual people. And those people can be approached and built into virtual campaign committees through the power of e-mail outreach. The big idea in 2004 is marrying on-line organizing to old-fashion neighborhood coffee klatches. MeetUp.com has been able to do this by creating a business to help causes and campaigns use the Internet to schedule community meetings. The Dean campaign ran with this and practically built a viable national organization on a technology that had previously been used mostly by Star Trek nuts and collie owners.

Persuasion

The 30 and 60 second campaign ads that used to clutter the airwaves can now be delivered more efficiently via e-mail. So long as you have collected and identified sources of support with e-mail addresses, you can send them the same messages that it costs much more to deliver via broadcast on radio or television. You can even be a little more edgy or interesting because the vocabulary of the Internet is looser and more free-wheeling. The big news

is that the U.S. Supreme Court upheld the McCain-Feingold campaign finance law and that act prohibits TV advertising by outside interest groups just before elections. But... a big loophole.

Ads delivered by the Internet are exempt. Look for millions of dollars to be spent this election cycle figuring out how to get election messages to voters via the web in the last days of the campaign.

The Dean campaign ran with this and practically built a viable national organization on a technology that had previously been used mostly by Star Trek nuts and collie owners.

Mobilizing

Getting people to take action is often the hardest thing to do in politics. Via the web, that task is much easier. Technologies now exist to help organizations mobilize their key constituents with a single email "call to action." Software can match a citizen to an officeholder and a request to vote the right way can be a single click away. Campaigns can send supporters maps and instructions on which signs to hold at rallies with a few simple data entries. We are moving into an era in which opinions, arguments, negotiations, and compromises can all be fashioned via webmail and that will make the Internet a very powerful engine for democracy.

What is still unknown is how well citizens will use these new tools of e-Democracy. The dark arts could flourish, of course, and Internet politics could be just as nasty and bitter as the Old Politics that trap us now. But I am betting that there will be something fresh and liberating about the use of Internet technologies to revolutionize politics. After all, most of the real pioneers are young (at least younger than those of us pushing to or beyond 50) and when politics starts to speak the language of young people it, by definition, becomes visionary since the argument is over the future. If our politics gets more of the "vision thing" because of the web, that can't help but to improve our Republic.

What is still unknown is how well citizens will use these new tools of e-Democracy.

- **Mike McCurry, mike.mccurry@grassroots.com, is Chairman of Grassroots Enterprise, Inc., a political and advocacy solution provider. Mr. McCurry served as President Clinton's press secretary.**

Chapter 4

Internet Influence Must Be Extended In Election Process

by David Anderson

special to The Baltimore Sun, December 15, 2003, reprinted with permission of the author

The big story in Internet politics is the Howard Dean presidential campaign.

In the third quarter of the fund-raising cycle, the former Vermont governor raised just under \$15 million, about half of it online. His average online contribution is about \$74.

Dean, with the consent of his followers, is also opting out of the public financing system. He is counting on the Internet to make himself competitive with President Bush.

The Dean campaign has also used Meetup.com very effectively. About 200,000 people have used this Web site to arrange Dean get-togethers in public places such as restaurants and bars.

Dean Web logs have also mushroomed on the Net. Yet however impressive these developments, the Internet revolution is not here yet.

First, fewer than 1 percent of registered Democrats are giving money to Dean or using Meetup.com to get together in support of his candidacy.

Second, although Dean has used the Internet to become the Democrats' top fund-raiser and the front-runner in the campaign, he is using this ability to raise money to validate himself in the money-driven campaign system. If you can raise money, the tradition goes, then you are a

genuine competitor. That's important at this early stage, but it is far from clear that it will translate into broader engagement once the primaries and general election roll around.

The Internet revolution is not here yet.

But if the Internet's primary function in election politics is to raise money, then this new information and communications technology is being used to drive traditional election politics, especially the traditional media. If it turns out that the greatest value of the Internet is that it enables a candidate to pay for 30-second sound bite ads on radio and television, then the Internet really will have been used in Election 2004.

The most striking thing about the Dean Internet phenomenon is that the people who are using

Meetup.com to get together already agree with one another. The point of Meetup.com, after all, is to connect people with a shared interest.

What would truly be amazing is if the Internet could be used to bring people together who had not made up their minds. Rather than enlisting activists, these gatherings would center on dialogue and debate about the different candidates, their backgrounds and their positions on the issues.

18- to 24-year-olds: This is the most Internet-savvy but least-engaged segment of the voting public.

Aided by the Internet, small groups of the undecided could meet in public places to talk politics. If the gathering took place in a coffee shop or restaurant with a wireless Internet hot spot, anyone with a laptop could get online and do research right there, combining face-to-face contact with the breadth of the Net's resources.

Restaurants interested in encouraging civic engagement but wary of aligning with a particular party or candidate could offer various discounts to those who mention their interest in a nonpartisan political discussion. Such an approach could break with the accepted wisdom that the goal of getting out the vote is to mobilize those who already support a specific candidate or a specific issue.

Take just one segment of the population: the estimated 25 million 18- to 24-year-olds in America. This is the most Internet-savvy but least-engaged segment of the voting public. Only about 32 percent of this group voted in the last presidential election, while about twice as many citizens between the ages of 65 and 74 vote.

What would truly be amazing is if the Internet could be used to bring people together who had not made up their minds.

Perhaps what it takes to encourage these young people to vote in the 2004 election is a mix of online and off-line interaction aimed not at candidates and preformed positions but rather at ideas, values and even doubts and uncertainties.

What if candidates were to put up young voter Web pages on which they tried to address issues that matter most to young people and presented their positions on broader issues in terms that made it clear to young voters why they should care?

The real power of the political Internet may lie with its capacity to help people who have not made up their minds to decide on a candidate in a productive, social and even enjoyable way.

The real power of the political Internet may lie with its capacity to help people who have not made up their minds to decide on a candidate.

The Dean campaign is good for the Internet, and the Internet is good for the Dean campaign. Now we must build on these developments in order to fully realize the democratizing potential of the Internet.

■ **David M. Anderson, Ph.D., is Executive Director of Youth04, www.youth04.org.**

Chapter 5

The Net Works: Prospects For Advocacy And Mobilization Online

by Rob Stuart & Jed Miller

In just five years, the Internet has changed from a useful tool to a trusted venue for news, information and even civic participation. What began as a sub-culture of technology professionals is now supplanting many of the basic mechanisms of communication, commerce and commentary in mainstream culture. One critical result of this trend is the emergence of a new citizen audience for political information, one that values direct access, immediate opportunities, and the power to customize and even create its options for learning and taking action.

While some sectors of the American population are not online in as high proportions as others due to socio-economic opportunity, geography or infrastructure, overall adoption of the Internet in the United States continues to increase across all groups, and the reasons people use the Internet continue to grow in number and diversity. According to a Summer 2003 Nielsen-NetRatings survey, an estimated 144 million adults 18 or older have been online in the last 30 days, almost as high as the estimated 150 million registered U.S. voters, and almost 40% higher than the voter turnout in the 2000 presidential election. The Internet is increasingly the first source of information and news for the American public.¹

As the new information economy gives more autonomy to consumers, donors and activists alike, traditional assumptions about membership in advocacy organizations are challenged. Recent trends in online organizing suggest that organizations can galvanize large constituencies by empowering individuals to take the lead as recruiters, organizers and solo actors. These new models for social change action offer a new vision for social change organizations and political campaigns: Instead of coordinating action from a centralized organization and relying on support from member contributions, groups can now use technology to decentralize their own mobilization, supporting members whose main contribution is action itself.

Old vs. New

Membership organizations have developed sophisticated practices to inform, engage and retain members over time. Quarterly newsletters, direct mail and annual fundraising drives demand a significant percentage of organizational resources and have spawned entire job specializations and related consulting practices. These practices are rooted in communications technology:

print, mail, phone and limited in-person contact. They are also rooted in traditional assumptions about organizing and membership development.

Though some pioneering campaigns and groups have shown that effective online mobilization is possible and powerful, most social change organizations have been slower to evolve. Groups are clinging to outmoded tools like direct mail marketing and cumbersome perennial publishing cycles.

Using Internet tools, organizers can catalyze social networks already in place, instead of building new lists from scratch. Internet organizing also fosters the agency of individual citizens, by passing more tools for activism into their own hands.

For most organizations, donations are the core of the membership strategy and each member's primary form of involvement. Organizations can mobilize individuals to take up the cause in direct, cost-efficient ways. Internet organizing tools pass the means to create, advocate, protest, reach out and broadcast directly into members' hands. Organizations gain a widespread action force at a fraction of traditional infrastructure costs. Individuals gain an experience far more engrossing than check-writing and far more rewarding for anyone who values personal action in the quest for social change.

Success Stories: A handful of Internet-savvy organizations have gotten the message, and these pioneers are now mobilizing tens of thousands of people in support of environmental protection, peace and their chosen presidential candidates.

Heritage Forests

In the year 2000, even as unbridled hype about the Internet gave way the harsh realities of the dot-com bust, an online campaign at OurForests.org demonstrated the enduring potential of the Internet as a medium for organizing.

The Heritage Forests Campaign used OurForests.org to collect and deliver citizen comments to public officials on a draft of the Roadless Area Conservation Rule to govern the use of National Forests. An online advertising campaign drove people to the OurForests.org site and gathered 180,000 comments there in just three months. The cost of the online effort was \$1.11 per comment. At the same time, a direct mail campaign generated about 121,000 comments, at a final cost of approximately \$20 per comment.

Dollars-per-comment figures don't tell the whole story, however. Online campaigning offers

three distinct advantages over other organizing methods. The first is speed: messages are delivered in minutes, not days. The second is low marginal cost: it takes very little more effort or technology to send a message to 1,000 people or 100,000 people. The third is probably the most important: a well-run online campaign yields the valuable long-term asset of ongoing relationships with large numbers of closely-engaged activists. The 300,000 people in the OurForests database remain a tremendous asset in implementing and defending the Roadless policy.

A well-run online campaign yields the valuable long-term asset of ongoing relationships with large numbers of closely-engaged activists.

Howard Dean Campaign

In his meteoric rise to front-runner status, presidential candidate Howard Dean demonstrated that an electronically-enabled constituency can raise money, awareness and its own membership through the powerful tools of self-organization. The Dean campaign took its early lead in the 2004 election cycle thanks mostly to the success of its Internet-based campaign techniques.

In just nine months, the Dean campaign found and mobilized a national constituency of more than a 600,000 supporters. This breakaway network owed its existence largely to MeetUp.com, a web service that enables like-minded citizens to connect online in order to organize and meet

In just nine months, the Dean campaign found and mobilized a national constituency of more than a 600,000 supporters.

in person. According to The New York Times, the initiative had drawn 55,000 people in 250 local communities by summer 2003.² "Meetups" are created by the participants; though the central campaign continues to promote, encourage and support the local gatherings, the momentum comes from the local enthusiasts who create and "host" each event.

The Dean Campaign stunned the world and rewrote the playbook for the 2004 campaign by raising nearly 3 million dollars online in the space of one week, relying largely on small donations averaging \$75. Dean went on to raise more than \$40 million, mostly in small online contributions.

Dean's competitors scrambled to understand and apply his lessons strategically. Nearly every Democratic contender re-modeled their Internet outreach. General Wesley Clark entered the race with a sophisticated online strategy already in place. In early 2004, the Republican Party rebuilt and re-launched the GOP.com site, "to empower like-minded Americans at the grassroots level while motivating them to become active participants in the political process."

As the initial campaign contests approached in Iowa and New Hampshire, the Dean organization was not able to translate its success with distributed mobilization into coordinated outreach and get-out-the-vote efforts on the ground. The fledgling toolset that created hundreds of small “Meetups” and millions of dollars in Internet donations did not offer immediate solutions to the traditional challenges of the last-minute on-the-ground campaign.

The Dean Campaign [raised] nearly 3 million dollars online in the space of one week.

Whatever his political fate, Howard Dean re-shaped the campaigning process. He will be seen as the breakthrough campaigner online just as John F. Kennedy was with his use of television and both Barry Goldwater and George McGovern were for their direct mail fund-raising.”³

MoveOn.org

With massive initiatives opposing the Clinton impeachment and the war on Iraq, MoveOn.org has proven that the new lever of social change is not the ballot box, but your e-mail’s inbox. Using a few home-grown web tools, MoveOn.org recruits, trains and empowers its “members” to put their own energy into specific, usually time-sensitive, tasks like petitions and targeted contributions. MoveOn.org’s basic recruiting tool is email forwarding. As friends and colleagues have told each other via email about MoveOn.org campaigns, the group’s database of email addresses has swelled to more than 2 million members.

The new lever of social change is not the ballot box, but your e-mail’s inbox.

From a marketer’s perspective, it is always better to have issue messages come from a relative or a colleague than from a faceless organization. With only seven paid staffers, MoveOn.org has repeatedly organized events exponentially beyond what their organizational capacity could allow, capitalizing on existing relationships among current activists and new recruits. In a recent article in *The Atlantic*, Democratic organizer Simon Rosenberg praised MoveOn.org because “they ask people to do things. ...They treat their supporters like they are important people and not just donors.”⁴

MoveOn.org has also had unprecedented success sparking local action, including community rallies, large-scale anti-war protests and a huge influx of submissions to its recent “Bush in 30 Seconds” ad contest.

For the ad contest, MoveOn.org invited people to develop and submit 30 second videos critical of the Bush Administration. The initial contest judging was done by more than 100,000 online viewers, whose ratings allowed the favorite ads to “emerge.” The top-rated ad “Child’s Pay” also won top marks from a panel of pundits and filmmakers. With member funds collected online, MoveOn.org was able to air the winning ad alongside the President’s State of the Union Address.

The respective efforts of MoveOn.org and Howard Dean show how networks of people can be gathered and mobilized online more quickly than was previously thought possible. The Internet challenges conventional issue advocacy organizational structures. To deploy technology success-

With only seven paid staffers, MoveOn.org has repeatedly organized events exponentially beyond what their organizational capacity could allow...

fully in the cause of social change, leaders of campaigns must embrace its power to facilitate connections, not only to create and control them. When motivated constituents and potential recruits can interact with an issue on their own terms, the issue and the sponsoring organization both benefit.

While a central organization may develop the tools and action prompts, the Internet should be used to empower individuals or groups to perform many of the tasks associated with a centralized staff, reducing overhead and maximizing efficiency at savvy organizations. Issue-oriented groups and political campaigns committed to inspiring an active citizenry should develop Internet tools and techniques that yield independent individual actions. Relying on Internet infrastructure, Network-driven online advocacy organizations have the potential to effectively mobilize citizens on social causes across their towns, the country or around the globe.

¹“The Rise of the E-Citizen.” Pew Internet & American Life Project. April 3, 2002. www.pewinternet.org.

² Nagourney, Adam. “Howard Dean, Web Master.” The New York Times July 6, 2003.

³ Dionne, E.J. “Dean Innovates Fund Raising for Democrats.” The Charlotte Observer July 10, 2003

⁴ Schneider, William. “Connecting With the Wired Left.” National Journal/The Atlantic July 9, 2003

■ **Rob Stuart, rob@advocacyinc.com is the Senior Vice President of @dvocacy, Inc., an online political advertising company and the founder of the E-Volve Foundation. He acts as a senior advisor to MoveOn.org and several other political organizations on Internet strategy.**

■ **Jed Miller is a director at the New York non-profit Web Lab and acts as web editor for The New York Times Institutes for Journalists.**

Chapter 6

New Media Is Driving Politics Into The Unknown Zone

by Joe Rothstein

We're all sensitive to endangered species. Well, one very endangered specie is something called the "Yellow Dog Democrat."

For those of you too young to know about this breed, it once was a voter who would rather vote for a yellow dog than a Republican. As a Democrat, I'm sorry to see it go. But that doesn't mean that party preference is unimportant. In fact, in most partisan elections the determining factor among half to two-thirds of all voters is party label.

The campaign does not need to persuade party loyalists. It simply needs to find them and let them know who to vote for.

Most political campaigns in our lifetimes have been TV campaigns. It's pretty much been a mass media show.

What about the rest?

Some will vote based on the personality of the candidates...they want to be inspired. Some are looking for character. Some are specific issue voters: day care, abortion rights, military security, tax issues. Some voters will be persuaded by a candidate just because they share similar backgrounds. Some will vote the way a spouse or good friend or relative is voting. In other words, when we talk about voters we are talking about many flavors, sizes, shapes and colors. We live in a complex world. Politics is not inherently a one-size fits all process.

But over the past 30 years we've come to think of it as just that. Most political campaigns in our lifetimes have been TV campaigns. Media production and time buys typically take the giant slice of campaign budgets. Blend a dozen TV spots with a clever way to manipulate the press and that's the campaign. It's pretty much been a mass media show.

That's changing. Rich and inexpensive data base storage and management makes it a lot easier to know voters as individuals. The Internet and e-mail – and improvements in call centers and direct mail – all make it possible to use that individual information to contact people personally and to establish relationships with them.

The loyal party person doesn't need much persuasion. He or she just needs to know who to vote for. The persuadable voter will respond much more positively to messages that are important to them—and to invitations to communicate back.

Those of you who sell Internet advertising face a tough sell if you consider yourselves another form of mass media and go head-to-head with TV, radio and newspapers. But if you think of yourselves as targeted media—and you know exactly what your users' their preferences are and how to reach them—then you have the field all to yourselves. You've got a potential lock on campaigns where personal contact is key to the campaign's strategy.

But it would be a mistake to think of the Internet and e-mail merely as new ways to advertise. The new media over the next 5 to 10 years will fundamentally change the way most political campaign functions are conducted.

Campaign headquarters will be on-line, communicating with staff and volunteers 24/7 in ways that are not possible when people have to show up at the on-site headquarters.

Field work and traditional voter ID already is being conducted with Palm Pilots beaming information back to list managers from volunteers as they go door to door. Well-organized viral communications is already competing with the managed story, written by the reporter, processed through an editor and published once. A lot of news that isn't fit to print is rocketing through cyberspace.

And what about TV? Well, with a \$5000 digital video camera I can produce a very inexpensive spot about the future of elder hostels and send them to the few hundred people on my elder hostel list. Then I can produce another cheap spot about teachers' pay and send it to all those on my teachers' list. For hardly the cost of a single broadcast TV buy, I can produce hundreds of TV spots featuring my candidate or influential surrogates, and e-mail each to exactly those voters who might be persuaded by that message. And they can click "reply" and respond to me. We're not quite there yet, but we will be soon. It's potent stuff.

The new media over the next 5 to 10 years will fundamentally change the way most political campaign functions are conducted.

This is a lot more complicated world for people in politics than the poll+TV spots+saturation buy equation. The Internet has opened the door to the unknown zone of interactivity and real-

time campaigns. But there's no stopping the changes. And who knows, it might be good for the system.

- **Joe Rothstein, jrothstein@rothstein.net, Rothstein & Company, is a political consultant, media producer and strategist at the forefront of innovation in the use of technology in political campaigns.**

Section IV: Role Of The Internet In A Campaign

- Chapter 7: Crossing The Campaign Divide: Dean Changes The Election Game**
by David Iozzi & Lance Bennett
- Chapter 8: More E-Mail Address=More Fundraising Success**
by Rand Ragusa
- Chapter 9: The History Of The Gray Davis Recall**
by Doug Lorenz
- Chapter 10: The Power of the Internet and the Changing Political Landscape**
by Karen Jagoda

Chapter 7

Crossing The Campaign Divide: Dean Changes The Election Game

by David Iozzi & Lance Bennett

Over the past year, news of the Internet's role in the race for the Democratic presidential nomination made headlines in the mainstream media. Some news stories credited the very existence of Howard Dean's campaign to online organizing and fundraising. Others detailed the frustrations felt by other candidates as their attempts at creating vibrant online networks floundered. Still more went on to make predictions about the future role of the internet in American politics. Behind these articles lies a story of the tension between traditional and emerging campaign techniques—a story about by the coming of age of the interactive social networking technologies used so effectively by the Dean campaign.

Before the Dean phenomenon, prevailing logic pointed toward the war room model as the key to a successful campaign.

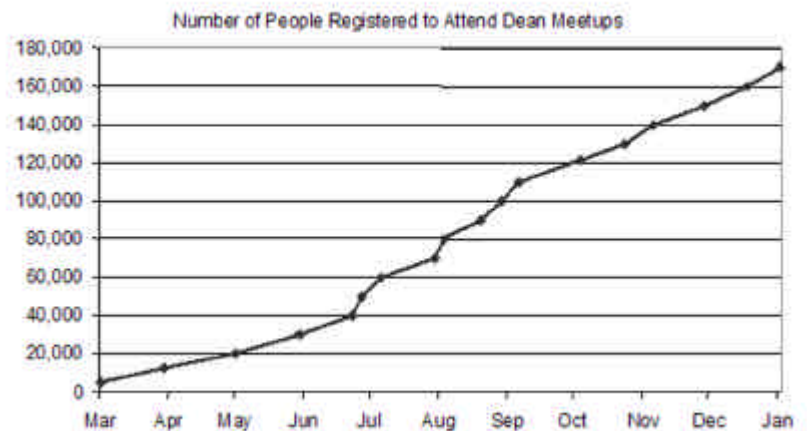
Social networking technologies (SNTs) differ from other internet-based media because they allow users to contribute original content to websites, and because they enable sustainable self-organizing by bringing people

together who are unlikely to have otherwise encountered one another. They have the potential to transform conventional political practices, bringing about a new type of campaign characterized by direct citizen involvement and bottom-up grassroots organizing. As interactive social networking technologies continue to emerge, campaigns must make strategic choices to either embrace or reject them. If campaigns choose to embrace online SNTs, they risk transformation from traditional, hierarchical organizations into broader, de-centralized networks that give supporters partial control over campaign messages. If campaigns reject online interactivity, they retain the controlled and hierarchical characteristics of traditional, war room campaigns. They maintain greater control over the campaign's message, but restrict their fundraising potential as well as the potential size of their active support network.

Before the Dean phenomenon, prevailing logic pointed toward the war room model as the key to a successful campaign. War room campaigns are hierarchical, top-down organizations that rely on controlled messages and a clear strategy. They attempt to retain rigid control of the communication environment by choosing a clear thematic emphasis and staying on message. Each message, so the logic goes, should be thoroughly analyzed and pre-tested using focus groups and polling in order to maximize the campaign's vote share.

The websites of war room campaigns resemble cul-de-sacs—they can be nice to look at, but they do not allow the average citizen to do anything but look around and then retrace their steps. While often highly informative, they do not facilitate bottom-up grassroots organizing. War room campaigns do not allow citizens to contribute uncensored original content to the campaign’s web presence because this could result in a multitude of messages, most of which never passed through focus groups or opinion polling. As a result, there is no true interactivity, but the campaign retains complete control of its message and all aspects of its website.

Until recently, campaigns did not have many convincing incentives to employ SNTs. However, internet use in the current presidential primary race tells a different story. In February 2003, Howard Dean’s campaign discovered that groups of people were meeting regularly to discuss the candidacy of the then little-known candidate. These meetings were not organized by the campaign, but by the supporters, themselves, using Meetup.com. Meetup.com is an online tool that organizes local interest groups. It began as a place for people with common hobbies, interests, musical likes, and gaming preferences to connect online and then meet up in the real world.

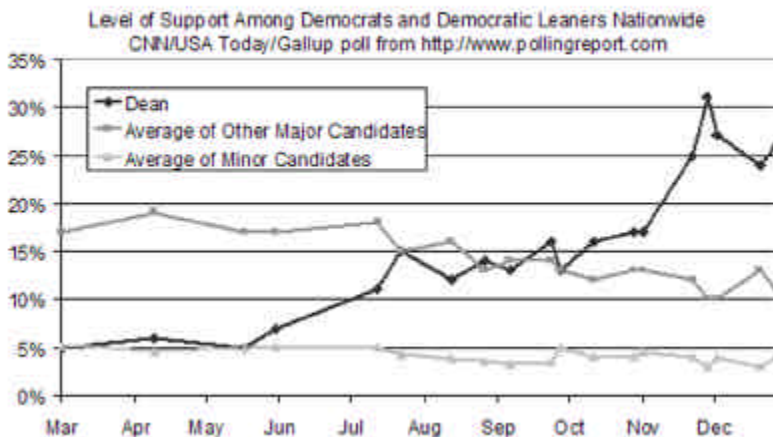


Sometime during late 2002 or early 2003, Dean’s supporters began using the site to organize around Dean’s candidacy and turn online communication into real-world action. Users registered to attend a Meetup in their area, voted on a venue, and then showed up to work towards furthering Dean’s campaign. After discovering the site, Dean started attending Meetups and, more importantly, put a link to Meetup on his website. With a link on the campaign’s website, increasingly large numbers of supporters found their way to the monthly Meetups. Over 10,000 people attended Dean Meetups in early May. By the end of the summer, the number of attendees passed 100,000, and by early 2004, it had swelled to over 170,000.

By recognizing Meetup, Dean campaign manager Joe Trippi began his innovative use of SNTs and his organization started to shift toward a networked campaign model. Dean’s use of online

interactivity continued to grow when, in March 2003, a blog was linked to the campaign site that allowed readers to respond to posts from the campaign. As the number of viewers and comments increased, the blog transformed from an online journal into a grassroots networking and organizing hub that facilitated two-way communication among supporters and between the supporters and the campaign. The real-time discussions on the comment threads allowed supporters to communicate independently of the campaign. Over the summer, the campaign added more innovative technologies to its website including discussion forums and surfable databases that allowed supporters to contact one another and post information about grassroots events. The campaign also began using its blogsite to post scores of links to grassroots support sites not controlled by the campaign. Without the campaign-sponsored links, most supporters would never find these sites, but once the campaign acknowledged them, blog users could enter into an immense network of grassroots sites relatively easily.

By December, with the first primary only a month away, Meetup.com and the Dean Blog had become central to the campaign. Traditional logic would hold that a staggering number of uncensored comments and uncontrolled links coupled with a network of over 170,000 active supporters operating with minimal guidance from the campaign would do more harm than good. However, as Dean's grassroots support network grew, he began to rise in the polls and, by late fall, found himself in the position of front-runner.

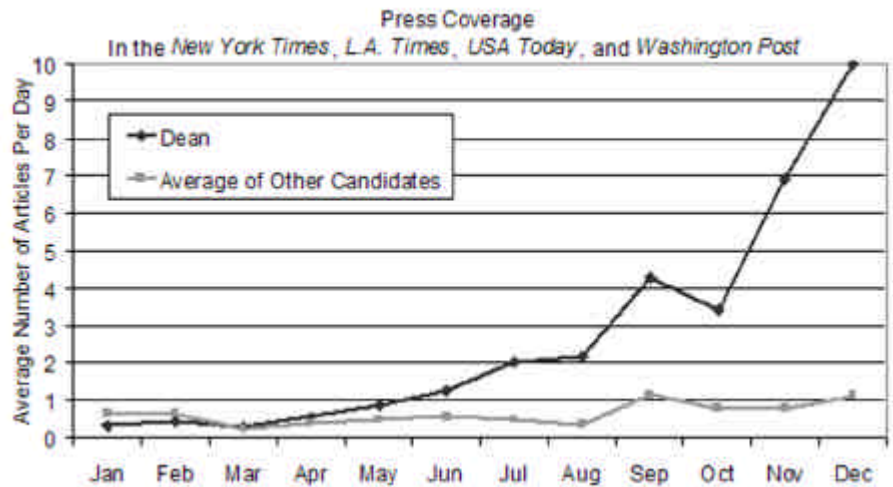


Dean's jump from the bottom to the top of the pack would probably not have happened without his innovative use of SNTs. The Meetups and comment threads, because they allowed supporters to become active participants in the campaign, provided a meaningful relationship between the

campaign and its supporters. This resulted in a large support base that donated money to the campaign on a regular basis, partly because of the connection they felt to the campaign. During the second and third quarters of 2003, Dean raised \$8 million and \$16 million respectively, compared to just \$2 million during the first quarter when he had not yet begun to employ interactivity. During each of these quarters, the other major candidates raised an average of just \$4 million each. As Dean's fundraising success became a news story in its own rite, the media

paid increasing attention to him. By April, Dean was getting above average news coverage, and by the end of the year, he enjoyed far more coverage than any of the other candidates.

The crossover from digital to mass media legitimated Dean's frontrunner status and contributed to his jump in the polls. Dean's use of online interactivity, and his ability to mix a war room campaign and a networked campaign, provided tangible benefits in the form of money and high opinion poll ratings. While they cannot create something out of



nothing, SNTs can engage potential supporters, enhance existing support, and produce strategic benefits despite the issue blurring and loss of control they may entail. (KEY POINT) Where there once were no strategic incentives to giving up control in pursuit of a networked model, it now looks as though campaigns have two options to choose from and a number of difficult decisions to make.

As we write these words, the news tells of Dean's collapse in the Iowa caucuses. Pundits attribute the surprise defeat to good old fashioned ground and air campaigns run by Kerry and Edwards. However, we also note the creation of a news narrative of Dean's anger and inability to be elected. These themes were reinforced in attack ads and debates that turned Dean into a "pin-cushion" as one political observer put it. This dynamic reminds us that integrated management of all the levels of media is crucial to winning campaigns. Dean clearly won the contest for most effective use of micro media (e-mail and lists) and middle media (blogs, campaign sites, Meetup), but did little to combat mass media images that he was angry, impulsive, and unable to beat Bush. Next generation campaign communication must learn to integrate the media strategies.

■ **David Iozzi and Lance Bennett are members of the Center for Communication and Civic Engagement at the University of Washington**

Chapter 8

More E-mail Addresses = More Fundraising Success

by Rand Ragusa

After watching Howard Dean's phenomenal Internet-based fundraising efforts in 2003, most political operatives now know that whoever builds the largest list of e-mail addresses has the highest probability of raising the most money.

At the start of 2003 Governor Howard Dean had roughly 8,000 e-mail addresses and \$125,000 in the bank. By Christmas, Dean's campaign manager Joe Trippi, along with his team of e-mail acquisition gurus, had amassed more than 650,000 addresses – and generated over \$25 million dollars in online contributions.

In June alone, the campaign was able to grow its list from 50,000 to 130,000, with almost 50 percent of those people making contributions online. By September 30, the governor's list stood at 450,000 e-mail addresses.

Due to his success garnering the largest e-mail list in 2003, Dean online effort raised \$7.4 million online in the third quarter – which was more than double the amount he generated online in the previous quarter. The campaign reported its third quarter totals include receiving 110,786 online contributions from 84,713 supporters – the average amount was \$61.14.

To establish Dean's position as the leading fundraiser among the democratic candidates, Trippi expanded his list by launching lively e-mail appeals and promotions to lure new supporters. Mr. Trippi also received help from people forwarding his e-mails on to their friends and family. The more e-mails he sent out, the more new people visited the site, registered and contributed.

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Bigger Is Better

It's obvious that having the largest e-mail list is a strategic advantage in the final stretch of a

campaign, but building one can be a very slow process. Since each e-mail address represents a potential financial contributor ("lead"), fundraisers are developing ways to better cultivate relationships with each e-mail address based on preferences and profiles.

According to Al Gore's 2000 campaign manager Donna Brazile, candidates are using the Internet and e-mail to tap into grassroots America for small donations. "A qualified e-mail list is an extremely valuable asset to any campaign, because when people sign up online they're one step closer to becoming engaged and converted into contributors," said Brazile.

Without an early emphasis on growing Dean's e-mail list, Trippi would never have been able to dominate the war of recruiting more contributors over the more established candidates. Con-

Trippi understood that with each new [e-mail] address Dean's fundraising capacity grew exponentially.

versely, Trippi knew that if he failed to build the largest database of e-mail addresses in the race, Dean's chance for winning the nomination would never flourish.

Building An E-mail List One Address At A Time

By the summer of 2003, it was clear Trippi had outsmarted the other democratic campaign managers with his aggressive e-mail acquisition programs. Trippi understood that with each new address Dean's fundraising capacity grew exponentially.

One of Trippi's techniques to attract new supporters was buying media placements on the most popular search engines (google.com) and community websites (meetup.com) to promote deanforamerica.com. He also bought "key word searches" on major news websites (washingtonpost.com), so that every time someone pulled up a Dean-relevant story about politics, there was an easy to see "Please visit DeanforAmerica.com" link near the article. These Internet techniques are not new to Internet marketing, just new to political communications.

Dean's online advertising deals were basic: the campaign paid the sites to feature a prominent link or ad banner on their homepage and other sections. Trippi's media buy was designed to create a primary channel of regular visitors (i.e. traffic) to the site. By placing links on the Internet's most frequently used sites, Trippi ensured voters were only one click away from visiting DeanforAmerica.com and pulling out their credit cards.

From a grassroots standpoint, Trippi established another battleground to cheaply reach voters by posting pro-Dean dialogue on message boards, chat rooms and blogs across America. Trippi assigned staffers to infiltrate these open online discussions to generate negative spin about

Bush's presidency – and to convince an active group of Internet communicators to help create buzz about Dean's candidacy via e-mail.

Rumble In Iowa

On December 28, Trippi sent an e-mail petition to the Dean faithful entitled "Rumble in Iowa." His opening pitch set the tone: "We need to raise \$1.5 million before midnight on December 31 so we can win Iowa. With just four days left to go, we're \$1.2 million short. Please take action right now, because these are the most critical days our campaign has ever faced."

To make sure recipients knew what was expected of them, Rumble in Iowa featured four different links to DeanforAmerica.com/contribute and closed with "If you've never heard urgency in my voice before, hear it now. We can't waste a minute. We are under relentless attack. We've only survived and gotten to where we are because of you and your action."

In Trippi's e-mail, and on DeanforAmerica.com's homepage, the campaign used a graphic of a baseball bat to illustrate the level of money already received. With four days left, the Dean bat was 1/3 full, and showed that approximately 7,119 people had donated \$443,367.91. In bold letters underneath the bat it read "\$1.5 million by midnight December 31."

Four days isn't much time to lure another million dollars in online contributions – even for a candidate who was recently endorsed by former Vice President Al Gore. Yet the honesty of the bat's graphic, which continually updated new totals every half-hour, underscored Trippi's belief in his group of web supporters who had already catapulted an obscure governor from Vermont into the most talked about Democrat in politics.

The E-mail Era Has Emerged

Dean's ability to use e-mail to build a national network of supporters has silenced the critics of online campaigning. While most industry insiders are rushing to learn the tricks of coordinating successful e-mail-fundraising programs, others now are wondering why the other Democratic candidates moved so slowly to build their list in 2003.

Campaign managers around the country now understand the value of building the largest e-mail list, placing it right up there with producing the best TV spots. In fact, e-mail is now considered the most cost-effective way to distribute messages, manage incoming requests, raise money, rally supporters and build personal relationships with groups and individuals.

Furthermore, e-mail's mainstream status as a casual conversation medium is forcing campaign professionals to focus on ways to improve and measure the success of their e-mail copy. The per-e-mail metrics they are monitoring include: "open rates" (how many people actually open the e-mail); "forward rates" (how many e-mails were forwarded to others); and "contribution rates" (how many people who clicked link and donated).

The Best Democratic Fundraiser

Regardless of whether or not the Democratic leadership continues to treat Dean like an insurgent he has set his mark in history as their leading fundraiser of 2003. His success not only stunned Democratic and Republican strategists, but has literally transformed the financial base of the Democratic Party.

The creation of the Dean fundraising phenomenon will forever be defined by Trippi's ability to generate more e-mail addresses than the other nine campaign managers in a 10-candidate field. His Web team will be credited for helping raise 50 percent more than Bill Clinton raised in the best quarter of his 1996 re-election effort.

Without an enormous e-mail list, Dean would not have led in money contributed, volunteers signed-up and profiles done on a presidential campaign. Having less name recognition than the other major candidates at the start of the race, Dean's use of e-mail was a cost efficient way for Trippi to create buzz about his candidate.

By December, Trippi's e-mail strategy – including his online constituent outreach, engagement and fundraising programs – had eclipsed the other campaigns in terms of size and productivity. His strategy also played a predominate role in establishing Dean as the front-runner in the polls leading into the caucuses.

Into The 10th Inning

[Dean's Web team raised] 50 percent more than Bill Clinton raised in the best quarter of his 1996 re-election effort.

With only three days left for Dean's 2003 fundraising effort, the "A New Year for America" baseball promotion switched bats to represent quarterly totals – instead of the original \$1.5 million seven-day goal. Now the graphic listed a total of \$14,127,714.94 raised from 129,413 contributors and challenged supporters to beat the previous quarter's overall fundraising

Dean's ability to use e-mail to build a national network of supporters has silenced the critics of online campaigning.

record of \$14,831,982.61 by midnight December 31.

On December 29, the Dean Campaign enlisted Vice President Al Gore to rally the troops. In a personal e-mail appeal to Dean's database entitled "Join Me In Helping Dean Win" Gore said, "The more than 233,000 Americans who have contributed to the Dean campaign have changed campaign finance through their individual donations. The contrast between us and the big-money special interests that fund the Bush campaign could not be clearer."

Then, on December 30, thousands of people opened their homes to friends, family, and Dean supporters for the "A New Year for America House Parties" conference call – allowing Dean to personally motivate his grassroots organization for one last push before the December 31 deadline.

The Dean Campaign enlisted Vice President Al Gore to rally the troops...[with] a personal e-mail appeal to Dean's database entitled "Join Me In Helping Dean Win."

By 5PM on New Years Eve, "A New Year for America" had generated \$15,128,612.62 from 143,507 contributors at an average of \$105 dollars. With the bat filled in, the seven-day fundraising promotion had exceeded its first goal of \$1.5 million – raising \$1,879,112.62 from December 23 to New Year's Day. Most remarkably, the average campaign contribution was less than \$100 throughout the 2003, many from first time contributors.

Can Dean Beat Bush's E-mail List?

Michael Cornfield, Research Director at The Institute for Politics, Democracy and the Internet, described the evolution of Internet campaigning best when he asserted, "Ventura was the skip, McCain was the jump, and Dean is the quantum leap" when it comes to building a database of supporters.

The vagaries of e-mail fundraising require different approaches than traditional processes of direct mail and cold calls. Because spam is the most hated e-mail experience in America, the Democratic nominee and Bush will stay clear of "buying lists" of e-mail addresses and sending unsolicited messages to voters.

As a result of the media hype surrounding Dean's online efforts, many feel his e-mail-list building days have reached a peak, and that the DNC won't be eagerly forthcoming coming with their database of e-mail addresses supporting him should he win the nomination. But first Dean must win the Democratic nomination, which won't be easy after the major defeat in Iowa, no matter

how big his e-mail list is.

If he wins, can Trippi develop a strategy to beat the RNC/Bush/Rove online PR and e-mail acquisition machine – which is already touting that the President has 6 million e-mail addresses of people who've signed up on GeorgeBush.com?

The Democratic nominee and Bush will stay clear of “buying lists” of e-mail addresses and sending unsolicited messages to voters.

Off To The Races In 2004

The debate is no longer whether or not a candidate needs a campaign website, but whether or not they have the right strategy and budget to increase the amount of “hits” (number of visitors) to their site – and how many e-mail addresses they are able to acquire.

To kick off the New Year, Trippi wasted no time launching his first one-week fundraising promotion for 2004. Using the campaign's signature baseball bat, “Sweep the Seven” started 9AM Tuesday, January 6 and generated 444 contributors who gave \$29,098.75 and touted a target goal of \$700,000 by Friday. At 9AM on January 7, the totals stood at 2,401 contributors and \$153,453.81.

With each new week of 2003, Trippi taught the other Democratic campaign managers lesson after lesson in how to run a successful e-mail campaign in the Digital Age. Stay tuned to see who wins the e-mail acquisition and fundraising races of 2004.

- **Rand Ragusa, rand@voterinteractive.com, manages Voter Interactive, a campaign consulting company that utilizes Internet, wireless, webcasting, and e-mail technologies to mobilize voters and fundraising efforts.**

Chapter 9

The History Of The Gray Davis Recall

by Doug Lorenz

The recall of Governor Gray Davis made its first major public appearance on a San Francisco talk radio station, where the chairman of the California Republican Party at the time, Shawn Steel, discussed the idea with KSFO's talk show host Melanie Morgan – later known as the “Mother of the Recall.” Different political consultants in less public settings had discussed it prior to that, particularly at the firm I work for, Russo Marsh & Rogers.

RMR was one of the lead consultants for the Bill Simon for Governor campaign, and it had been recognized even before Davis won reelection that there was no way his budget numbers would ever add up. The democrat governor was going to have to drop the charade that he put on for his reelection and admit that there were severe problems in California. Davis was never a likable governor, and it was obvious that when finally forced to reveal the truth, his already low approval would plummet further. If timed right, a recall may be able to gain some traction. The public doesn't like being lied to, at least not that brazenly.

In California initiative politics you can get just about any issue on the ballot if you get the signatures.

In recent years every California governor faces a recall petition, some immediately after they take office. Generally, governors don't even give the recall efforts consideration, and the petitions die a quiet death. Davis had already been through his first recall effort, a petition put together by a group offended by the way he handled the Proposition 187 court battle. While there was a large grassroots behind the first recall, public support for the effort never materialized.

When we first discussed the development of a recall effort that would not just fade into obscurity, we put together a list of things that the recall would need to be successful.

The first item is money. In California initiative politics you can get just about any issue on the ballot if you get the signatures, and the signature gathering process has been refined into a simple machine organized on top of thousands of paid signature gatherers. Insert money in one

end, and signatures come out the other. With the current signature threshold, for close to a million dollars, you can put just about any initiative you would like on the next ballot. The threshold for the recall was a bit higher, and we estimated that it would take at least double that amount to qualify the recall.

Part of the problem is that we didn't have that money and knew that the recall wouldn't get the money until the big money donors truly believed that this could be successful. So the first efforts were to build the recall up to show that this effort was different and would bear fruit. The key assumption was that there was a point where the first big donors would jump in, allowing us to bring in the paid signature gatherers.

Representatives of the recall kept pushing people back to the website where the grassroots network continued to grow...

That left us with a two-pronged approach to building the initial support. We had to constantly work on building broad public support of the recall, and we had to get an efficient grassroots operation to do the initial signature gathering. These two efforts had to be funded somehow, and since the funding would be very limited, the efforts had to be run on a tight budget. This is where the Internet really comes into play.

The first usage of the Internet was simply to build the grassroots network and to make sure that everyone had the ability to print out and distribute the petition on his or her own.

However, if left at that, the effort would have died as soon as we exhausted the original pool of grassroots activists. This is where the previous effort against Davis failed. By not building beyond their initial supporters, it was a given that they would never meet the signature threshold for their effort to be taken seriously, much less qualify for the ballot.

The other prong of the attack was building public support. To that end, we worked with talk radio, making sure that every station and every talk show host had the most current information about the recall. In interview after interview, representatives of the recall kept pushing people back to the website where the grassroots network continued to grow – and most importantly, receiving and distributing more petitions. Every success on the recall was pushed back to talk radio, building the news story, and each news story pushed people back to the website, building our network.

As the network grew, we were able to work more-and-more on making news ourselves. Whenever Davis or his supporters tried to do a press event, we would go to our network of people, identify everyone within a certain radius of a given event, and then through both online and talk radio efforts, we were able to see that protestors were mobilized whenever an opportunity presented itself. Once again, this effort created the news, and the news drew people back to the online efforts.

According to Alexa.com's statistics, for much of the spring and summer the RecallGrayDavis.Org website was the #1 political website in the nation.

Obviously, we were also aided by the fact that it was a non-election year, and there wasn't a whole lot else for political reporters to be doing. We just made it easier for reporters to see the stories and then choose for themselves how they would cover it.

For much of the spring and summer [of 2003] the RecallGrayDavis.Org website was the #1 political website in the nation.

By April, people were really starting to take the recall seriously, as we had achieved the first big milestone ahead of schedule. With the first 100,000 signatures in the can, we had enough signatures to force the Secretary of State to start counting. This threshold had never been achieved before by a statewide recall effort, and it forced the media to report more and more that the recall was coming.

In late April, as we saw our signature efforts nearing the 200,000 mark, the financial drought ended as Congressman Darrell Issa, a wealthy San Diego businessman stepped into the recall effort, promising financial backing of the efforts. An additional recall committee was formed from that first funding, and the paid signature gathering effort began to take hold. Issa's committee, "Rescue California" was able to take the money from Issa and put the signature gathering effort in the field. The rest is history.

However, as the public image of the recall effort shifted to Darrell Issa, the California Democratic Party and Governor Gray Davis turned their attack to focus personally on Issa. Repeated stories about Issa's alleged criminal background resulted in public opinion of Issa plummeting, and since Davis' campaign team had done an excellent job of tying the recall to Issa personally, the public polls began to show support for the recall falling. Even though Issa's background had been public knowledge since his run for U.S. Senate in 1998, his political consultants appeared to be caught by surprise, and were unable to counter the Democratic assault.

While Issa's campaign for governor was not able to compensate for the bad public relations that came from Davis' brutal counterattack, Issa's financial contribution assured that the recall would occur as a special election in October of 2003, rather than waiting until the March 2004 primary election. This could have been significant, since it was expected that there will be a higher Democrat Party turnout in March as party activists select their candidate for U.S. President.

Fortunately for recall supporters, the counterattack against Issa did nothing to improve Davis' image. As soon as Issa dropped out of the race for governor, polling numbers began to rebound. Davis' political team was unable to regain public focus against the recall, and from this point on the public discussion was primarily about the candidates who were eager to replace Davis.

Our online effort allowed us to do many of the things that we could have traditionally done by direct mail, but with less cost and with far greater speed.

One of the other negative results of Issa's contributions, both personal and through his family investment firm, Greene Properties, was that many other potential donors felt that Issa would then be fully financing the recall, which caused funding from other sources to dry up even further. Several prospective donors were perfectly willing to stand back and let Issa spend his money. There were a few contributors to Rescue California, but nothing that even came close to matching Issa's donations and campaign loans. Also, once the recall qualified, the larger political donors were directed toward the candidates that were running to replace Davis rather than the committees that were focusing specifically on the recall itself.

Several prospective donors were perfectly willing to stand back and let Issa spend his money. There were a few contributors to Rescue California, but nothing that even came close to matching Issa's donations and campaign loans. Also, once the recall qualified, the larger political donors were directed toward the candidates that were running to replace Davis rather than the committees that were focusing specifically on the recall itself.

Now, the clear lessons that were learned from the recall

First of all, and the lesson that everyone needs to take from this is that the Internet is a very powerful tool, but it is just a tool. Without more traditional media sources such as television and print news, as well as talk radio, there would not have been the push to the online effort.

Our online effort allowed us to do many of the things that we could have traditionally done by direct mail, but with less cost and with far greater speed. We would not have been able to mobilize a network of activists to events without our e-mail communications.

It is fortunate that we were able to keep expenses down by using the Internet for the majority of our communications, since the online fundraising effort was never spectacular. It was enough to keep us going, and was enough to put together a number of public events, but we could never

have paid for the signature gathering effort ourselves with the small online donations we were receiving. While much press has been made about political candidates such as McCain and Howard Dean using the Internet as a great fundraising tool, it will take some study to determine if their efforts were really developing a new significant revenue stream, or more likely were watching people who may have donated through traditional means using the Internet as an easier method.

One question remains. Since we have shown that it can be done, does this now mean that every California governor (or any governor in a state allowing recalls) should now be afraid that it will become easier to qualify a recall? Time will tell if the recall procedure gets abused, but I don't really see this happening. We were able to grow quickly because of the tremendous dissatisfaction with Governor Davis. Without that dissatisfaction, it would have been less likely that our efforts would have created much news, and without the news coverage, our efforts would never have grown.

Even if we had a network of a million California voters, online and ready, most of those people would still not have signed a recall against a more popular governor, even one whose policies they disagreed with. And once we exhausted the initial pool of activists, if we could not grow the effort further, it would again die like previous recalls. The Internet was crucial in building the support needed initially – thus bringing the media attention and money that was necessary for the complete victory.

We would not have been able to mobilize a network of activists to events without our e-mail communications.

■ **Doug Lorenz, dlorenz@rmrwest.com, Director of New Media and Technology, Russo Marsh & Rogers, Inc.**

Chapter 10

The Power Of The Internet And The Changing Political Landscape

by Karen Jagoda

In what will be the third U.S. presidential race in the Internet Age, there are early indicators that the Internet has finally become an integral part of a campaign strategy.

Some candidates in the 2004 election season are using the Internet in remarkably creative ways, from engaging in blogging to matching data files and e-mail addresses to target specific individuals through e-mail and online advertising. All candidates at the national level will have a website, e-mail access, and some sort of online fundraising capability.

The beginning of the latest national political campaign season has revealed several trends:

Can the Internet help an insurgent turn into the leading contender?

1. The traditional political strategists and media planners still generally believe that the Internet is a tool for insurgent political campaigns.

Many are saying that the Howard Dean for President campaign has found a niche audience online but could be the next dot-com bust.

At the same time, in many instances, insurgent campaigns have gained remarkable momentum by raising money, mobilizing volunteers and reaching out to voters using online tools.

Early fundraising success gives candidates time to build awareness and differentiate themselves from the competition. Howard Dean raised nearly \$7.5 million dollars in one calendar quarter with almost half coming from small contributions through the Internet. Can the Internet help an insurgent turn into the leading contender?

Prediction: The first national candidate who effectively uses the Internet to win a campaign will instantly change the Establishment's perception of this technology and its role in political strategy.

2. Self selection on the part of voters has become the norm and is powered by the Internet.

The acceptance of Internet tools by consumers has also changed voter behavior. Unlike data that we have on eBay and Amazon usage, there have not been as many opportunities to see the changing expectations of voters as elections take place so infrequently.

Voters grant permission to receive e-mail alerts and newsletters from candidates via candidate websites.

Some activities worth noting in 2003

Voters choose to attend meetings of those of like-mind using Internet tools such as Meetup.com. After making initial contact in the virtual world, people can get together in the physical world to do old fashion things like write letters or hear the candidate speak. Using such software, the Dean campaign has attracted hundreds of thousands of constituents in over 250 communities with little support from the campaign headquarters.

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Voters grant permission to receive e-mail alerts and newsletters from candidates via candidate websites, by being recruited at events or from referrals from friends. Direct mail lists have not gained permission from people to send campaign literature. Printed literature will continue to be considered junk mail and likely be discarded before reading.

People contribute to campaigns online because they can search for a candidate's website and enter their credit card number as they have become accustomed to for travel, books, or antiques. In the past people needed to be asked to contribute. If an unsolicited person wanted to contribute, they would have had a difficult time determining where to send the money. Now it is easy to identify oneself as a contributor – large or small—and to send the money in a timely fashion.

Will direct Internet activism transform party and election politics? Will self organizing and permanent Internet communities become the core organizational basis of winning a campaign?

3. The Internet is being used by incumbents and leading contenders though their tactics have largely been ignored by the popular press.

Prediction: These developments leave many traditional political strategists uncomfortable. Their lack of ability to control events, message, and fundraising activities means that their top down methods of campaign management just will not work in the future.

Despite the sense that the Internet is still for those campaigns with limited funds, incumbent and mainstream candidates are looking closely at how to influence those three indicators of political fortunes: fundraising, organization and generating that magical buzz.

The George Bush re-election campaign is actively pursuing sophisticated database management tools, building a creative web site, and incorporating many of the grassroots tools that have so effectively increased awareness for those insurgent candidates. The Bush campaign and the Republican National Committee are using e-mail to reach out to contributors, recruit volunteers and register new Republican voters.

With dwindling television viewers and a corresponding rise in time spent on the Internet by those sought after likely voters, media buyers can no longer just buy more of what they know.

Many of the Democratic candidates for president are also using e-mail newsletters, creating blogs, exploring the use of online ads, and calling for voters to sign online petitions and respond to online fundraising appeals. The Democratic National Committee is actively acquiring e-mail address and building voter files which take into account online behavior.

Traditional media planners are also seeing that the Internet presents an opportunity to reach disenfranchised citizens, reinforce messages from other media, and influence swing and independent voters. With dwindling television viewers and a corresponding rise in time spent on the Internet by those sought after likely voters, media buyers can no longer just buy more of what they know.

Prediction: The amount of money spent on Internet communications by the top campaigns is very small compared to money spent on television, radio, cable, direct mail, newspapers, and yard signs. Until the dollars are more substantial, the expenditures for online ads, e-mail newsletters, and database management will get lost in the descriptions in the press of a typical well-funded campaign.

Many of the traditional political strategists continue to ignore the 800 pound gorilla in the room hoping that the hot breath of change is just a tropical breeze. It would be folly to deny the potential power of the Internet to make the political jungle even more competitive.

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Section IV

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Chapter 11

The Impact Of Campaign Finance Reform On Internet Advertising

by Trevor Potter

The Internet and e-mail are increasingly important tools for Federal campaign activity. Party committees, candidates, and issue groups now all take advantage of the Internet because it allows them to communicate quickly at relatively low cost. Many campaigns regularly use e-mail and the Internet to solicit political contributions, mobilize voters, recruit volunteers, and exchange information.

Recently adopting a more sweeping deregulatory approach to on-line campaigning than it has in the past, the Federal Election Commission (FEC) exempted Internet and e-mail communications from many of the regulating provisions of the Bipartisan Campaign Reform Act (BCRA) of 2002. For example, the FEC regulations which implement the Reform Act's requirement that state and local parties use exclusively hard money to finance general public political advertising that promotes or attacks clearly identified Federal candidates exempt Internet communications – thereby allowing these party committees to use soft money to help pay the costs of candidate-specific Internet web pages and widely distributed e-mail "issue advocacy" communications (see 11 C.F.R. sec. 100.26.)

In addition, the "electioneering communications" provision of the BCRA does not apply to Internet advertising, but rather only to radio and TV broadcasts. The legislation states that corporations and unions cannot run a radio or television advertisement that refers to a Federal candidate within 30 days of a primary or 60 days of a general election if the advertisement is targeted to the candidate's district (which is defined as "received by 50,000 or more households in that district").

[The FEC] exempted Internet and e-mail communications from many of the regulating provisions of the [BCRA] of 2002.

Because this law does not apply to Internet communications, there exists a fairly obvious incentive for groups to use the Internet for Federal candidate-specific issue advocacy during the period when candidate-specific radio and television ads would otherwise be restricted. In a schedule uninterrupted by the BCRA, these groups could effectively discuss candidates and issues on the Internet via pop-up ads, e-mail, or web sites.

It is not absolutely clear why Congress left the Internet out of BCRA's "electioneering communications" requirements, but there are several possible theories for the omission. One reason Congress did not apply the restriction on ads referring to Federal candidates to the Internet is that Congress believed that election problems were connected to television and radio – which were saturating the airwaves with so-called issue advertisements run with "soft money," which were effectively supporting or opposing Federal candidates. It seems Congress preferred to wait and see how the communication world would develop before extending the "electioneering communications" provisions to the Internet community.

Another reason could be that up until now, the United States government has generally allowed the Internet to develop with little or no regulatory intervention. Both the executive and legislative branches advocate a strong national policy of continued growth of the Internet without unnecessary government regulation. Congress found that the Internet and other interactive computer services offer a forum for a true diversity of political discourse, unique opportunities for cultural development, and myriad avenues for intellectual activity and these services flourished, to the benefit of all Americans, with a minimum of government regulation.

It is not absolutely clear why Congress left the Internet out of BCRA's "electioneering communications" requirements, but there are several possible theories for the omission.

The accessibility, relative low cost, and seemingly endless capabilities of the Internet provides great hope that it will become a great tool for political change. Whether the Internet proves a vehicle for re-engaging an increasingly disassociated public in the democratic decision-making process, however, depends partly on the laws created, and adapted, to govern it.

Two caveats are worth noting here. First, other FEC regulations already prohibit certain corporate and labor communications to the general public (candidate endorsements, partisan voter registration forms). These restrictions would apply as much to activities through the Internet as through any other mode of public communication. Second, a portion of the FEC regulations exempting the Internet (relating to state and local party spending, and to coordination) are currently being challenged by the congressional sponsors of BCRA. This case is likely to be decided by the District Court before the 2004 election.

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Chaper 12

Coming Soon To A Computer Near You: Gigabytes Of Politicking

by Cliff Sloan

Los Angeles Times, December 29, 2003, reprinted with permission of the author

Corporations paved the way. Now candidates are poised to reap the benefits of Internet advertising.

At least since Joe McGinnis' classic book "The Selling of the President," about the 1968 presidential campaign, it has been a staple of conventional wisdom that political campaigns and consultants borrow the best techniques of Madison Avenue.

But with the rise of paid advertising on the Internet, there has been for some time now a conspicuous gap between the political world and the corporate world. Even though online advertising has become a settled part of the media strategy of mainstream companies and advertising agencies, it has remained a relatively isolated phenomenon in politics.

That is about to change dramatically. All indications are that as the 2004 presidential race gets underway in earnest in the months ahead we will see an explosion of paid political advertising online.

The Supreme Court's recent ruling on campaign finance may be the spark that ignites the fire of online political advertising. The McCain-Feingold law bans corporations, unions and interest groups from using certain funds on behalf of a political candidate in the period shortly before an election, but the ban applies only to TV and radio. The court upheld this ban and rejected claims that it impermissibly favors the Internet. But even without this advantage, the case for online political advertising would be extremely strong.

In 2003, we witnessed the unprecedented use of the Internet as an effective tool for political organizing and fundraising, particularly by the Howard Dean campaign. It's only a matter of time before campaigns realize it will do the same for advertising.

The facts about corporate adoption of online advertising are overwhelming. Despite the boom and bust of the Internet bubble, total online advertising in 2003

Even though online advertising has become a settled part of the media strategy of mainstream companies and advertising agencies, it has remained a relatively isolated phenomenon in politics.

exceeded \$6 billion. Online advertising at leading media sites has jumped almost 40% this year. During the heat of the Internet craze, fly-by-night Internet companies were spending heavily on Web advertising. Now, the big spenders are hotels, car companies, insurance companies, airlines, retailers and on and on through the largest sectors of the economy.

The reasons are simple and straightforward. More than 140 million Americans are online. Many use the Internet at work. Daytime is prime time for the Internet. Internet advertising allows the advertiser to reach people at an important time of day on a scale that no other medium can match.

More than 140 million Americans are online. Daytime is prime time for the Internet.

Online advertising also offers unique opportunities. In an age of fragmented television audiences and increasing use of commercial zappers such as TiVo, online advertising reaches a user who is on-task at his or her computer screen. Many sites gather enough demographic information about their viewers for ads to be

precisely targeted by ZIP Code, age and gender. There is no waste in parts of the market that are not the target.

Internet ad types have changed dramatically. Innovations such as “big boxes” and “skyscrapers” now are common because they are highly effective. One breakthrough for online advertising was the recognition that the value of online ads was not simply, or even primarily, the number of people who “clicked through” the ad. Instead, as with other media, the primary value of the ad is persuasion — its ability to deliver a message to viewers whether they click on the ad or not.

I predict that in the coming election season, viewers will be regularly seeing political ads on the Internet. When you go to any high-quality news and information site, chances are you will see a large, colorful political ad integrated into the page you’re viewing or perhaps even a video ad that is the same high quality as a TV ad. And the ad probably will be far more targeted at your personal interests than a typical TV or radio ad — aimed at your community, or at young parents, or at working women.

Many sites gather enough demographic information about their viewers for ads to be precisely targeted by ZIP Code, age and gender. There is no waste in parts of the market that are not the target.

Imagine the benefit of this for the Bush campaign or the Democratic nominee. Concerned about 10 key states? Target a flood of online ads on the ZIP Codes and demographic groups that may tip the balance there. Facing a gender gap? Target online ads directly on the gender you're trying to reach.

Online ads will be especially appealing to the political community because they can be put up quickly and changed on the fly, even allowing a response in real time to breaking news or an opposing candidate's charges.

Notably, studies have shown that Internet users overwhelmingly vote, contribute and get involved in campaigns.

Despite all these advantages, there is some resistance in the political community to online advertising. Consultants are comfortable with the way they have done campaigns and are not eager to try something new. Corporate advertisers and their agencies similarly were skeptical two years ago. But in the end, they did not want to lose the advantage to their competitors. That's why, as with the use of other media, the gap between the political world and the corporate world will close in the months ahead. There's no other choice.

Online ads will be especially appealing to the political community because they can be put up quickly and changed on the fly...

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Chapter 13

Political Online Advertising: The 800-Pound Gorilla That Can't Be Ignored Much Longer

by Karen Jagoda

The two most common elements of an online campaign tend to be e-mail and a web site with rich media and plenty of interactivity. The third and least developed leg of an online political campaign is online advertising. This chapter will raise questions about political online advertising strategies and explore how online advertising can target highly desirable audiences in day parts that are otherwise impossible to buy or prohibitively expensive. Not only can it reach the voters but it can also be a tool for persuasion, as a means to reinforce messages received through other media, for fund-raising, and to Get-Out-the-Vote.

Who is online and what is their voting behavior?

Many political strategists dismiss the Internet as a communications medium because they think the Internet does not reach the "right" people. For them the Internet is seen as a tool for the younger generation – those who traditionally may not vote in the same numbers as the retired union member.

In the December 21, 2003 New York Times, Frank Rich reminds us that "[i]n Washington, the Internet is still seen mainly as a high-velocity dissemination of gossip (Drudge) and rabidly partisan sharp shooting by self-publishing excoriators of the left and right. When used by campaigns, the Internet becomes a synonym for 'the young,' 'geeks,' 'small contributors' and 'upper middle class,' as if it were an eccentric electronic cousin to direct-mail fund-raising run by

acne-prone members of a suburban high school's computer club. In other words, the political establishment has been blindsided by the Internet's growing sophistication as a political tool—and therefore blindsided by the Dean campaign..."

More on this subject can be found in a variety of other essays in this study.

Many political strategists dismiss the Internet as a communications medium because they think the Internet does not reach the 'right' people.

Is the Internet a persuasive medium?

Persuasion comes in many forms. Are people persuaded to give money to a campaign; send their email address for future communication from the candidate; or change their mind about a candidate or issue?

Much is known about the persuasive nature of television and radio ads, yard signs, and the feet on the street of volunteers handing out literature or walking the neighborhood.

A bit less is understood about the persuasiveness of cable television ads with targeted messages, phone banks, and newspaper ads. Some are old technologies with a new twist and some are seen as the latest and greatest by the political strategists.

Whereas a television commercial can tell you to that a candidate needs your help, only an online advertisement can send a viewer directly to a web site that accepts credit cards.

Neal Gabler, in an August 24, 2003 LA Times op-ed, suggests that "[a]fter half a century of politics cozying up to entertainment, it is understandable why even seasoned political observers can't easily distinguish the two. Politicians and their operatives long ago discovered that they could deploy techniques of showmanship in campaigning and even governance, and achieve many of the same effects that entertainment achieves—most important, satisfying the audience."

Due to the interactive potential of online ads, the entertainment value of the Internet ads show promise. While the fine art of bringing a tear to the eye has been refined by the television and radio creative experts, for the most part they have been confined to 15 and 30 second spots. While the format in these mediums has been standardized, making for a relatively easy media buy, there is no way for the viewer/listener to respond to a call to action, ask for more information, or send money to a campaign. Whereas a television commercial can tell you to that a candidate needs your help, only an online advertisement can send a viewer directly to a web site that accepts credit cards.

Different Ways to Advertise Online

If the Internet can be used to persuade and raise money, what is actually bought in an online media plan? In addition to advertising through email, there are a number of ways to buy real estate on web sites in appropriate locations to reach the desired viewers.

A. Paid Search

Internet search sites such as Google, Yahoo, Microsoft's MSN, and AOL have seen a jump in interest in paid search. Ads are served up when visitors use a search engine to look for information about a candidate, race, or issue. It is a way to connect with the core audience who has already identified themselves as interested and who are looking for information. It is very likely that ads that appear in these environments are seen as less intrusive and more helpful than other forms of online ads.

Overall spending on the paid search market is expected to reach \$1.6 billion in 2003 and \$4.4 billion by 2008, according to New York based Jupiter Research, which tracks Internet trends. The advantage of this type of advertising is that it is clear that the viewer is interested in the specific topic addressed in the ad, results are measurable, and costs are relatively low.

Overall spending on the paid search market is expected to reach ...\$4.4 billion by 2008.

B. Online Ads

Banners that are animations, photos, or rotating text have been in use for many years. Over time, sizes have changed, placement been adjusted, and creative tools enhanced. Most web browsers can see them, some might be blocking them. These banners are effective if placed on pages with high traffic and have a contextual relevance.

These ads are relatively easy to buy, though the variety of sizes on different sites often requires that additional time be spent properly sizing the ad. Often these ads are charged on a pay-per-click basis that allows campaigns to leverage their ad dollars better.

C. Rich Media

Rich media ads are those that incorporate video, animation and sound and allow for more interaction with the viewer. While requiring the most recent versions of popular browsers, the ability to view these ads is becoming more common place.

Then again, so is the ability to block these ads.

Nearly 40% of the households in the U.S. have a broadband connection to the Internet, and the vast majority of the connections at businesses, government offices, and universities are high speed as well. This provides an opportunity for the political communications consultants to consider web-based, television-style ads with streaming video to be placed on popular sites.

There are many challenges for rich media ads. Will they be seen as too intrusive? Will the viewer expect to be able to manage the viewing and audio of the ad? Will the political consultants be able to apply their reach and frequency standard metrics to television-like online ads?

D. Text Ads

Text only ads can appear on newsletters or on search engines. Sometimes the ads are highlighted by a light colored background but there are otherwise no graphics. These ad units are challenging because of the limitations in the number of text characters that can be used and the need to compete with the other text on the page.

E. E-Mail and Newsletters

These ads appear as a text ad or banner within the body of an email message. This technique provides good targeting, though the quality of the mailing list will ultimately determine the effectiveness of the ad message. With new email account registrations sites most likely get an individual's physical mailing address and credit card information. When the email account is accessed, specific ads can be served to those individuals as they send and receive email.

Rich media banners can cost \$5,000-\$10,000 to develop, while television ads can cost upwards of \$50,000.

Costs

Simple banners, buttons and text links are relatively inexpensive to create. Rich media banners can cost \$5,000-\$10,000 to develop, while television ads can cost upwards of \$50,000. Repurposing media is one way campaigns are controlling costs, though the interactivity elements of the ad need to be fully developed to in order to take advantage of the power of the Internet.

Cost per thousand (CPM) pricing for placement of online ads is dependent on:

- Popularity of the site – how many people does it reach?
- Quality of the audience—are these people likely to vote?
- Degree of targeting – women over 18 versus women entrepreneurs between 45-60 who also have children, for example.

- Quantity of impressions purchased and purchase timeframe —buying a few hundred thousand impressions at the very last minute will cost more than millions of impressions planned over the course of the campaign
- Size and content of the ad—rich media ads with video cost more; small static buttons cost a lot less.

In general, CPM pricing can range from \$1 to \$50+ per CPM depending on all of the factors listed above.

Targeting the Message

Related to the question of Internet advertising's persuasive extent is the question of who is seeing the message.

Online ads can appear in a number of places throughout a site. Large Web publishers such as Microsoft, Yahoo!, and AOL have areas within their sites where they know exactly who is visiting and other areas where they have a general idea of who is spending time looking for information or entertainment.

Online ads can be targeted in essentially three ways:

A. Target by Individual

Sites such as the NYTimes.com have strong targeting capabilities due to the fact that they require registration, and that registration is tied to previously established user information. The paper has shown through independent research that their readers are very likely to vote. While their reach across the country may be relatively low compared to large portal sites, the penetration within the desired voting population is over 40%

B. Target by Context

People visiting sites related to local news are generally voters in those media markets. Visitors to financial sections on Yahoo!, MSN, or AOL are most likely concerned about the economy and their own retirement. Trusted news sources such as CNN, ABC News, local television, radio, and newspapers have increasingly shown they are attracting engaged citizens and not just political junkies.

C. Target by Behavior

There are ways to target visitors to some sites when little is known about the specific visitor but a great deal is known about people like them based on web behavior. This method of targeting is just now coming into the marketplace and early tests will determine how accurate the predictive model is.

Measures of Success

Before online political ads are launched, it is necessary to determine how the success of the campaign will be measured. Some ways to determine success include:

- Increased name recognition
- Lift in favorability in polls
- Dollars raised
- Traffic generated to web site
- Number of email addresses harvested
- Increase in voter registration
- Motivate the loyal base
- Influence swing and independent voters
- Mobilization of volunteers
- Increase in voter turnout
- Amount of press coverage of candidate's Internet ad activity
- Level of annoyance and number of complaints

The harder to measure component is whether a voter may have been influenced by an online ad even though they did not click on it or otherwise interact with the message.

Some of these elements are easily measured such as dollars raised after a single online campaign appeal while other measures of success are a bit more elusive.

The Howard Dean for President campaign raised nearly \$40 million in 2003 with no national fund-raising machine in place and with the average contribution at less than \$90 raised from online appeals and through the web site. Marking increases in money raised with a thermometer posted on the web site was further illustration of progress being made by the campaign.

The most interesting measure for many is the change in poll numbers regarding favorability which might be seen after an Internet ad campaign runs either alone or in conjunction with other media. This sort of activity can only be measured by surveying the audience of those who saw the online ads and those who did not. The harder to measure component is whether a voter may have been influenced by an online ad even though they did not click on it or otherwise

interact with the message. There is strong evidence from studies done for consumer brands to suggest that the majority of the people who do not click on ads might be influenced by the message.

It may be odd to consider the degree of annoyance as a measure of success. Traditional advertising to mass audiences has increasingly required that the message break through the clutter and interrupt the viewer. Some techniques like buttons and banners are unintrusive and as a result are not seen as being highly effective. Rich media banners that are larger in size, vertical skyscrapers, pop-ups or pop-unders, and interstitials provoke a higher level of annoyance and correspondingly have a higher level of effectiveness in studies done to measure recall and impact.

Do online ads work best for insurgents? How do they help candidates with little name recognition? Do negative ads work online?

How can a campaign use online advertising to enhance messaging through traditional media?

Many strategists have assumed that the Internet was not critical to the campaign and that the web expert on the team could handle online ads as well as other web related activities. In the virtual primary year of 2003, presidential and state races started to show an acknowledgement of the need to think of the Internet as part of the larger picture. Still online ad budgets were slim and the recognition of the potential power to enhance other messaging was missing.

Do online ads work best for insurgents? How do they help candidates with little name recognition? When is the best time to use online ads—to get the ball rolling, to help build momentum, to increase voter turnout? Do negative ads work online? Will the flood of media coverage of Howard Dean make his campaign less reliant on advertising?

No one is suggesting that online ads replace television or radio ads, yard signs or phone banks. There does, however, need to be a line item in campaign budgets for online advertising so that the message can be optimized over all available media.

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Chapter 14

Hunting Buffalo: Finding TV's Fragmenters In Their Natural Environment

by Todd Herman & Cyrus Krohn

McCain Feingold: The Good News

If necessity is the mother of invention, legislation may be the mother of necessity. What the McCain-Feingold Campaign Finance Law (Bipartisan Campaign Reform Act of 2002) takes away from political media planners (and, arguably, free speech), it hands back in Fresh Reach: the gift of influencing people you may have been missing all along. It also leaves you an opportunity to use your most potent mass communication tool – the political TV ad – in a new setting that empowers immediate interaction and involvement for citizens moved by your message. It's called Broadband Video: playing video or audio online with no need to waste time downloading. Ironically, McCain Feingold may be pushing the consumer in a direction he will need to travel anyway; and that may be the unintended good news of McCain Feingold. The good news about broadband video: you already know this business; it's simply TV across the Internet – and even McCain Feingold does not regulate speech -in any form or function – in the online world.

TV Fragmentation = Broadband Migration

McCain Feingold may drive you in this direction, but it didn't cause the cultural shift of audiences fragmenting within, and away from, TV.

Despite being a \$70 billion dollar industry, TV advertising is measured on presumptions, shrinking in share, increasing in ad clutter and raising its rates. In the early days of television, broadcast TV was a must-buy medium, regularly commanding majority-making shares into the sixties and seventies. As of 2003, NBC's flagship product, Friends, draws a 20 share. The drop in share may be the result of a dearth of quantity rather than a decline in the quality of TV; in 28 years from 1975 to 2003, the choices of TV networks has shot up from 14 to 165.

**...it's called Broadband Video:
playing video or audio online with no
need to waste time downloading.**

The increase in TV choices, number of TV's in homes, other media and leisure activities has led to fragmented viewing habits among U.S. TV audiences and has created clear lines in TV viewing quintiles, as measured by MRI. High viewing quintiles (those households watching more than 35

hours of TV per week) consume most of the frequency of TV's ad campaigns, meaning that the lowest viewing quintiles – the most valuable audience to advertisers – see too little frequency in any one campaign. Media planners have approached this problem by adjusting the media mix of

While TV delivers more mass reach, the addition of Broadband Video can improve on that reach.

campaigns to reach the lower viewing quintiles; they've added newspapers/magazines, outdoor and sports sponsorships, and, to a lesser degree, the Internet – all of these mediums requiring unique creative assets. This has created a world of fragmented media budgets, with Internet advertising trailing TV (55%) and Print (29%) in total allocated dollars. ¹ But, the cre-

ative asset widely considered the most effective by agencies, and the budget that is the most impressive, has been left to TV - a medium with which advertisers are increasingly unhappy.

Into this picture falls Broadband Video: trackable, un-cluttered, increasing in share and, most importantly, being used in large part by the audience who is not seeing enough TV ads – the low-viewing quintiles. Broadband video reutilizes TV ads and delivers it to an audience the advertisers are not getting with TV, while at a time of day – the work hours – when TV sets are traditionally silent and unused - the daytime prime. Broadband video can deliver any political TV ad –issue or campaign- up to the day of the elections.

While TV delivers more mass reach, the addition of Broadband Video can improve on that reach. By making relatively small adjustments in TV's media mix, which do not significantly affect TV-based reach (especially against light viewing quintiles) and airing some of their TV commercials on Broadband Video, advertiser can – without spending an extra dime in a campaign – significantly increase their net reach. This seems particularly powerful — especially for targeting the hard to find, selective TV viewer. ²

Odyssey LP, a San Francisco based researcher focusing on consumer use of media and technology, identified three attitudinal segments which view the most Broadband Video. The first group, 'surfers,' is difficult to find in broadcast prime – especially in the most popular shows. The second group, 'faithfuls,' are TV addicts, indicating Broadband Video's appeal to people captivated by TV. Most promisingly, Broadband Video reaches what Odyssey calls the most important segment to advertisers, 'new enthusiasts,' a segment typically impossible to reach with Broadcast TV. For more information on all of the Odyssey segments, and their role in Broadband Video, find contact data at the end of this paper.

The Broadband Video Audience



According to Odyssey about 56 Million consumers regularly watch Broadband Video and listen to radio online. The majority of them are voting age. Key for you, the content they most regularly view is news.

Microsoft-commissioned questions in Odyssey's 2003 Breadbox Study reveal that the group of advertisers most valuable to consumers is almost entirely absent from Prime Time Television, but omni-present in streaming video ads online. These advertisers have done their homework and are missing from TV for a good reason.

They realize that their target audiences are not watching broadcast television. New Enthusiasts make up 17% of society, these first movers shun network news, love CSPAN (they Index at 138) and MSNBC cable (115) and are most likely to be completely dissatisfied with network TV. So much so that New Enthusiasts rarely index at even 100 for prime time programs.

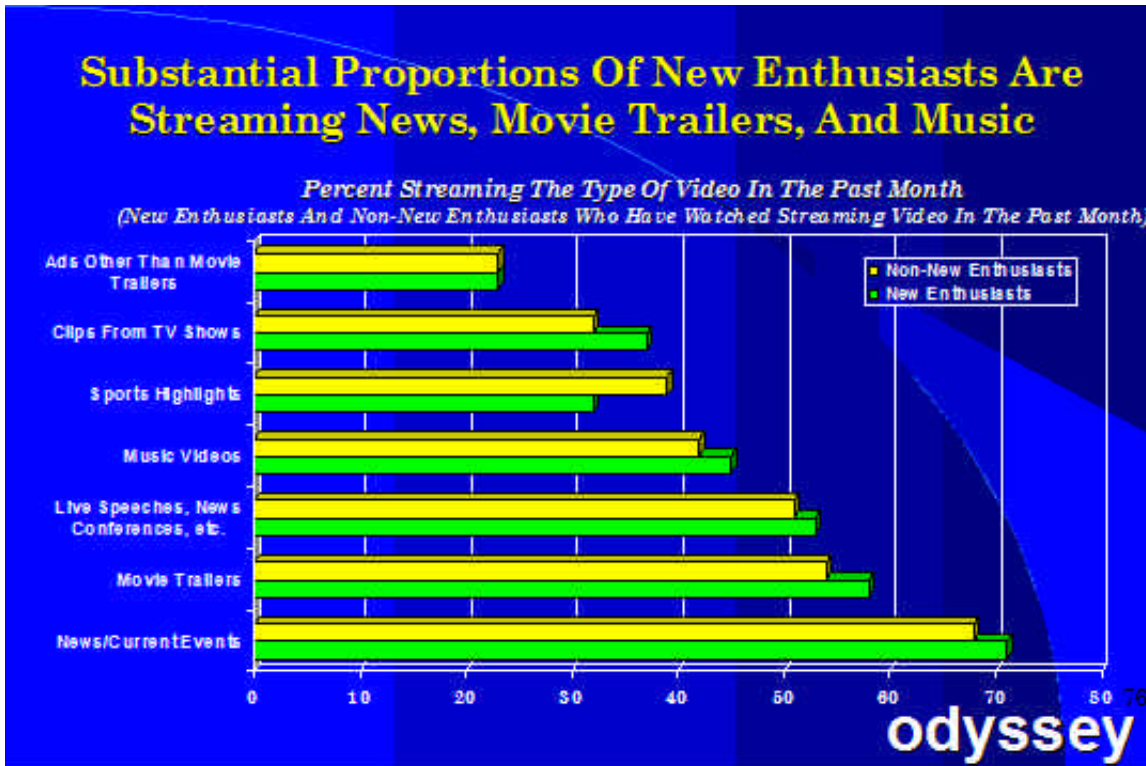
New Enthusiasts

- Family oriented, index high for families
- Median Age is 44
- \$58,000 per year average income Vs National mean of \$44,800
- 62% have at least some college education, versus 53%
- Above-average multi-channel penetration (86%) and digital television penetration (49% versus 42% of others)
- Most likely to have a PC at home (77%)
- Relatively high at-home broadband penetration (24% vs. 16% of others)
- Are followed by others in their purchases and lifestyles

Somewhat surprising, considering their apparent CSPAN habit, neither Network nor local news efficiently reaches New Enthusiasts:

New Enthusiasts Index low for Network and Local TV News

- Local TV News (96)
- Network News (98)
- 60 Minutes (90)
- 20/20 (97)



Their streaming behavior is, on the other hand, relatively robust: while they make up 17% of the population, New Enthusiasts account for 21% of all streamers. Predictably, their usage is highest in news.

New Enthusiasts adoption of Broadband Video is likely driven by their need to control their media experiences. Similar to Personal Video Recorders (PVRs) like TiVo® or The Microsoft Media Center PC®, Broadband Video allows people to consumer TV type content in non-linear form, choosing to watch only the pieces of a program that interest them. Most Broadband Video providers, however, have totally disabled another activity allowed by PVRs; skipping ads.

Tuning into Broadband: Leading Advertisers

While political advertisers have been relatively slow to move on the trend, traditional TV advertisers are making the jump. On May 5th, 2003 Starcom IP, one of the world’s largest agencies,

announced in 2003, that they would be shifting up to 15% of their TV budgets online. From Starcom press release: "SMG CEO Jack Klues announces the broadening of this year's SMG TV upfront market to contain a network of broadband providers."³ Other top agencies, Deutsch, McCann Erickson and Mediavest have taken note and adopted Broadband Video on behalf of clients like Procter & Gamble, McDonalds, Microsoft and Clairol. Media Post estimated that \$0.8 billion, 11% of the online media budget, would be spent on rich media ads in 2003.⁴

MSN Video

Built by the staff of television savvy MSNBC, MSN Video is the first web portal to truly embrace ad supported video. Design advice from ad industry leaders Starcom IP and Mediavest, helped make MSN Video a compelling showcase for traditional TV ads played in an environment featuring television content from major TV networks and trend setting independents. MSN Video is the exclusive home of NBC News online where viewers can regularly watch Tom Brokaw, The Today Show, Dateline NBC and more. Aimed squarely at consumers who want to control their media experience, MSN Video is distributed on MSNBC.com, MSN and other MSN properties, which, together, reach 64% of the U.S. Internet Audience (Nielsen//NetRatings, Dec., 2003). Happy hunting grounds indeed for hunting those elusive buffalo.

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1. Monitor Plus & Ad Relevance, 2001
 2. Nielsen/Net Ratings: The changing media landscape, September, 2003
 3. Starcom Press Release
 4. Media Post's Media Daily News, 10/13/2003

■ **Todd Herman, todd@mediagasm.com, is the streaming media evangelist for MSN.com, the Microsoft Network.**

■ **Cyrus Krohn, cyrusk@microsoft.com, is the publisher of Slate Magazine on MSN.com.**

Chapter 15

Tapping Into Online "Power Users" For Political Profit

by Melinda Gipson

Most campaigns and online newspapers have one thing in common: they're geographically based. If you have any doubt that there's an online newspaper everywhere your candidate could conceivably want to target his or her message, see www.newsvoyager.com. The Newspaper Association of America built this site nearly a decade ago as a link to all the online newspapers in the U.S.; and the list for daily newspapers online is nearly ubiquitous.

It is also clear that campaigns have choices about what sort of online consumer they want to target, and here again online newspapers may offer some useful synergies. One of the trends in online newspapers important to campaign managers is that we want to know as much about our audience as you do. So, in late 2003, we took a massive survey to market with the help of MORI Research of Minneapolis, conducting 2,000 telephone interviews of U.S. consumers who had been online in the last month and 23,415 pop-up surveys of users on a dozen newspaper Web sites across America. From major cities like Boston, Phoenix, Atlanta, Chicago, San Diego, Tampa the Bay Area, Oklahoma City and Dallas to smaller towns like Lubbock, TX, Portland, ME, and Davenport, IA, online newspaper users match the most coveted demographics of campaign planners everywhere.

Online Newspaper Users vs. General Net

84% recently researched a purchase online (vs. 59% for the general Internet user)

82% recently bought online (vs. 52%)

88% are employed (vs. 73%)

69% are online daily at work (vs. 33%)

63% check news daily (vs. 25%)

58% frequently bank online (vs. 30%)

57% have home broadband (vs. 40%)

54% have college degrees (vs. 45%)

The mean age is 38 (vs. 45); 44% are 18-35 (vs. 26%)

Average income is \$71,000 and they spend an average of 19 hours online a week (vs. 11)

A snapshot appears at right. We call this user the "Power User," because in nearly all aspects they regularly employ the Internet to make important purchase decisions, and have better than average means to tap into that medium for mundane, daily chores.

While it is true that online newspaper users are much more likely to be able to see your streaming video commercial online than the average Internet consumer, broadband has the more pervasive effect of making them more likely to check the Web more often for information affecting their daily lives – information for which they might have used a telephone directory just a few years previous.

Seventy-five percent of general online users have read a week-day printed newspaper in the past week.

Certainly, they use the Net more for news, and for exploring their own political decisions. At a recent NAA new media conference entitled CONNECTIONS, Daniel

Weintraub, Public Affairs columnist and writer from The Sacramento Bee, said that, during his state's recent governor's race, posts to his California Insider political blog (<http://www.sacbee.com/static/weblogs/insider/>) went from 200-per-day to 20,000-per-day. Most of them were likely younger voters, he added.

Weintraub's observations are not hard to extrapolate, given that fully 44 percent of online newspaper users are aged 18-34, versus 26 percent of general Web users who fall into that age group. But what Weblogs, or "blogs," subtly demonstrate is that these likely voters also have grown accustomed to a higher degree of interaction with their candidates and the issues they represent. They are more involved in their home communities and much more likely to take a personal, promotional interest in the subject.

In a bi-partisan, nationwide survey of voters in August of 2003 conducted by the Cromer Group, a Washington, D.C.-based Democratic firm and Moor Information, a Portland, OR-based Republican firm, 1,200 registered voters were polled by telephone. Nine of 10 respondents report they had cast a ballot in the 2000 presidential election and, in the 2002 mid-term elections, when voting is typically much lighter, newspaper readers still delivered the vote with more than 8 of 10 reporting that they had cast their ballot. (More details on this research and pictures of winning print political ads are online at: www.naa.org/political/ads.)

Even though this earlier poll targeted people who reported reading a printed newspaper, there's high overlap between print and online newspaper readers. MORI reported that, among general

online users in the past week, 54 percent read only print, 20 percent read the paper and the newspaper Web site and six percent read only the newspaper Web site. Just 20 percent read neither in that time frame.

Some 16 percent of general online users ages 18-34 say that using a newspaper Web site has increased their readership of local newspapers.

Surprisingly, the best way to reach non-newspaper online users is via the printed newspaper. Seventy-five percent of general online users have read a weekday printed newspaper in the past week.

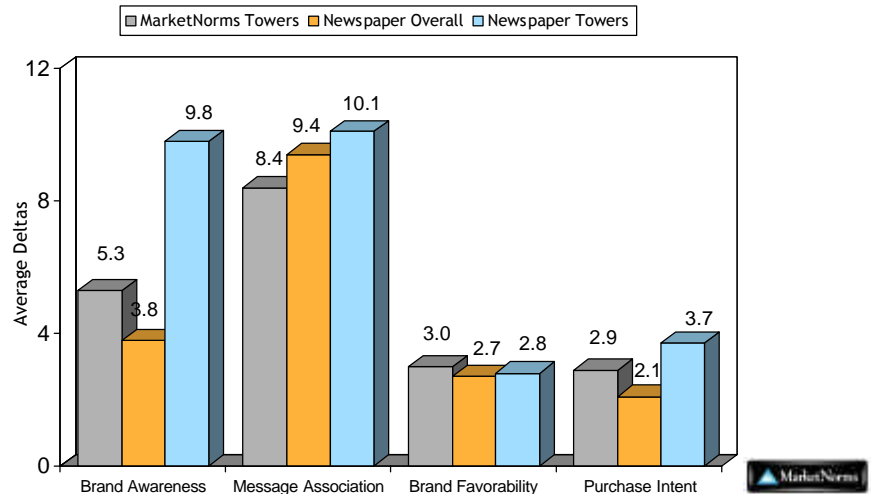
Sunday subscriptions among general online users are up about 10 percent to 66 percent from 59 percent, with another 27 percent purchasing Sunday newspapers via single-copy. About half of newspaper Web site users again subscribed to the Sunday newspaper, and a heavy 40 percent purchased a single copy. Some 16 percent of general online users ages 18-34 say that using a newspaper Web site has increased their readership of local newspapers.

What we tell other online newspaper advertisers is that the best use of online newspapers and newspapers together is to tell a consistent story. Online advertising formats like the so-called "surround session" can deliver sequential ad units that lead readers to higher curiosity about the message or service being marketed because they are the only advertisers being promoted.



Towers/Vertical Banners

- Tower Ads (approximately 240x400) perform very well on newspaper sites



Source: Dynamic Logic MarketNorms Q3/03, MN Towers n= 73,987, Newspaper n= 73,940, Towers n= 6,856
 *Please note that respondents in this sample have been exposed exclusively to Rich or Non Rich Media

Other issue advertisers have found that the "large tower" ad that runs vertically down a web page is a highly effective ad unit online, and we'd concur. In fact, in a study conducted for the NAA by Dynamic Logic, a New York-based online advertising research expert, a comparison of ad camp-

aigns that ran in online newspapers vs. its entire database of more than 1,000 campaigns run in a variety of online venues, found that online newspaper "tower ads" significantly out-performed market norms for branding and purchase intent.

It bears saying at this point that many candidates overspend on their Web sites, to the detriment of driving traffic to those sites. Online newspaper marketers have seen from the early days of the Web that so-called "mini-sites" – simple pop-up or pop-under ads that were self-contained and could even transact or collect e-mail addresses from users seeking more information – greatly outperformed product sites where the user had to click away from what they were doing at the time. Interest in multimedia is growing with the influx of broadband, so rich media also performed better on online newspapers than other sites, perhaps because there's correspondingly less clutter on the former.

In categories requiring the highest degree of choice by the consumer...campaigns in online newspapers beat the norm.

And there was one other key differentiator. The same study – using Dynamic Logic's proprietary MarketNorms database as the baseline – also found that online newspapers outperformed other sites in campaigns targeting "high-consideration" products or services. No one is suggesting that your candidate or cause can be compared to a car or online brokerage service, but the study found that, for industries like financial services, travel and automotive, online newspaper campaigns returned superior results in brand favorability and purchase intent. In other words, in

categories requiring the highest degree of choice by the consumer – where it is hardest to move metrics for things like brand favorability and purchase intent – campaigns in online newspapers beat the norm.

...simple pop-up or pop-under ads...greatly outperformed product sites where the user had to click away from what they were doing at the time.

Where we draw the analogy to political advertising is that deciding where to spend one's vote, campaign contribution, or issue advocacy is certainly no less momentous than choosing between auto manufacturers

or travel destinations. For decisions that require more information and more time to resolve, the most desirable, influential voters have demonstrated they turn to online newspapers to help them make that choice. They say the Internet is as effective as TV and more effective than radio in influencing their purchases.

Note that, in the more recent MORI study again, even the general Internet user found the printed

newspaper to be the most reliable tool in informing a purchase decision, and that online users rated the online newspaper as high as television in terms of influence.

We even know WHEN they're most open to suggestion. Using more than 11,000 follow-up interviews with online newspaper users to its 2002 consumer study for NAA, MORI research found that, overwhelmingly, online newspaper users were online and engaged in this medium from 8-11 a.m. on weekdays. Moreover, online newspapers are part of office-workers' new "Prime Time." This is the same time of day when decision-makers are sorting through their daily priorities. Your online messaging aimed at helping this user decide what to think about your cause or candidate could have no better constituency.

So, perhaps it is time to explore what form the ideal political ad should take. There is something to be said for simplicity, so we should not forego the obvious. Simple banner ads, with timely (meaning UPDATED), rotating messages, still garner interest, and have the advantage of being able to allow you to advertise on the "front page" of any online newspaper in America.

E-mail can be an even more timely way of conveying your message – either via sponsorship or in targeted marketing messages to registered users of online newspapers. The latter is a big trend among online newspaper publishers; more than 10 percent are estimated to have begun requiring users to register prior to accessing news pages. Sometimes this registration is as simple as asking for gender, ZIP code and age; sometimes, as on the Dallas Morning News site, more than two dozen questions are asked, including phone number and e-mail address.

Simple banner ads with timely ...messages...have the advantage of being able to allow you to advertise on the 'front page' of any online newspaper in America.

Another use of registration databases is targeted e-mail. Even newspapers that do not use general site registration often target breaking news or sports newsletters to users upon their request and these newsletters can be sponsored. Many online newspapers also offer marketers the opportunity to target their own messages or newsletters to users, but only when the latter have opted-in to receive such marketing messages in return for access to the online newspaper publication. Because DallasNews.com's registration database is so large – numbering more than 5 million users – no user need receive more than one e-mail a week, and it's always identified in the subject line as coming from the newspaper, reminding users of their prior consent to receive such messages.

Spam filters being what they are, sometimes rich-media e-mails can be tricky, but for users that explicitly have authorized any e-mail from certain domains, very dynamic messages can be delivered in a highly personalized way to certain types of users in targeted ZIP codes. That factor more powerful and more immediate than any flyer stuck in a person's mailbox, because the recipient of a digital message can click immediately to donate online, sign a petition or be connected directly to that candidate or cause directly from their e-mail in-box.

But, if online newspapers are so great an untapped resource, offering both geographic and demographic targeting to marketers, what's so different this year? Well, registration is a fairly new trend, so the targeting capabilities of online publishers have never been better. And, this year, campaign laws also restrict your use of broadcast ads 30 days before a primary and 60 days before a general election. There are no such restrictions on online media.

...that's what defines online newspaper readers as true 'power users' of the medium.

Finally, the newspaper industry has made it easier to buy online ads than ever before. NAA has constructed a Web site, Adconnections.org, to help any marketer search a vast array of geographic targets and receive online ad sales contact information across the country. More than 125 top U.S. markets are catalogued with links to the actual online newspaper Web sites and online marketing kits where available. All marketers need do to use this site is perform a search by target city, state or region, surf the Web sites that come up for quality, check the boxes of the sites you want to use to reach your target audience and e-mail a query or RFP to all the sites that could host your candidate's messages with just one click. It's as simple as we can make it in a medium where no single entity controls a majority of publications nationwide.

We hope that independence and quality will appeal to political campaigners looking for new ways to reach increasing numbers of voters in an engaged frame of mind. In a nutshell, that's what defines online newspaper readers as true "power users" of the medium.

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Chapter 16

New Methods For 2004: Changing The Approach To Online Political Ad Sales

by Michael Bassik & Hal Malchow

Over the past four years, the online political community has been on a crusade to inform politicians and political parties of the numerous benefits of advertising on the Internet. Presentations to campaign decision-makers focus on the growth of the Internet as a trusted source for news and information, capable of reaching undecided voters in targeted geographic areas. Presentations are peppered with references of “diminishing marginal returns” and “changing media habits” in an attempt to paint broadcast television as a dying medium, steadily losing market share to cable and popular online destinations. Yet despite their efforts and energy, online advertising still finds itself traditional media’s poor cousin, twice removed.

With the advent of the Internet, millions of Americans are watching less television, reading fewer articles, and listening to fewer radio programs than they did even a few years ago.

For all of its shortcomings, television is, and will continue to be, the best and primary means by which campaigns reach potential voters. Trying to convince candidates – who have relied on television since the 60s – that online expenditures should come from broadcast budgets is like making a case for Ringo as the most talented Beatle. It’s an uphill battle that will continue to end in confused looks and certain defeat.

Television, mail, radio, and phones are all important components of any complete ad campaign, but we no longer live in 1989. With the advent of the Internet, millions of Americans are watching less television, reading fewer articles, and listening to fewer radio programs than they did even a few years ago. Reaching voters in an advertising-saturated campaign season is a challenge that requires candidates to recognize that different voters get their information in different ways, including online. Any thoughtful strategy to cover the electorate would be benefited by making the Internet an important part of the media mix.

If 2004 is to be a “banner year” for Internet advertising, online publishers can no longer afford to wait around for the political community to reach an epiphany and suddenly realize just how

powerful interactive advertising can be. The online political community must abandon its doomsday scenarios of ineffective TV buys and threats of “act now or be left behind.” Rather, there must be a shift the sales approach from focusing on the Internet as “the be all and end all” to concentrating on how the Internet actually resembles traditional – and road tested - advertising vehicles.

Repositioning The Pitch

Online advertising pales in comparison to the sight, sound, and motion that television advertising offers. Therefore, rather than continue to compare the Web to TV, online consultants should consider focusing on the similarities between the Internet and other trusted communication

devices, such as direct mail – one of the oldest and most dependable forms of political communication.

Online advertising has many of the same qualities as direct mail.

Politicians ranging from Abraham Lincoln to Ronald Reagan have used the mail to make direct pleas for

support. It has helped campaigns communicate with specific segments of the voting population while providing advertisers with the flexibility to position their message as they see fit. The ability to show campaigns that online advertising is similar to direct mail advertising from a creative, targeting, delivery, testing, and cost perspective might drive candidates to experiment with banner ads across the web.

The Internet actually resembles traditional – and road tested - advertising vehicles.

Targeting

Effective targeting is often referred to as an art, rather than a science. Direct mail’s advantage is its ability to target individual voters with highly-specific and relevant messages. By combining consumer data with a person’s voting record, political marketers can create a mailing list of voters – such as Democratic women over 50 who drive American cars – who are more likely to support a particular candidate or issue. This level of specificity and accuracy is tantamount to that found in all other advertising vehicles.

Fortunately, online advertising has many of the same qualities as direct mail. While the Internet cannot yet target to specific individuals based on their voting records, online technologies do allow campaigns to serve ads to broader demographic groups by age, gender, household income, occupation, and a host of other useful filters. In addition, geographic targeting allows candidates to serve ads to individual states, cities, and even groups of specific zip codes.

Online ads can also be targeted based on a cultural interests and lifestyle patterns, mirroring the way in which political ads are purchased on television. Just like a 30-second spot during Fear Factor is likely to reach men between 18 and 34, placing ads on ESPN.com will also reach a predominantly young, male audience, who are coincidentally becoming one of the most difficult voting blocs to reach using network TV.

With targeting capabilities that combine the best of direct mail and television, Internet advertising can help campaigns reach their target audience with less waste than conventional media.

Flat direct mail pieces can easily be turned into lively, animated banners.

Creative

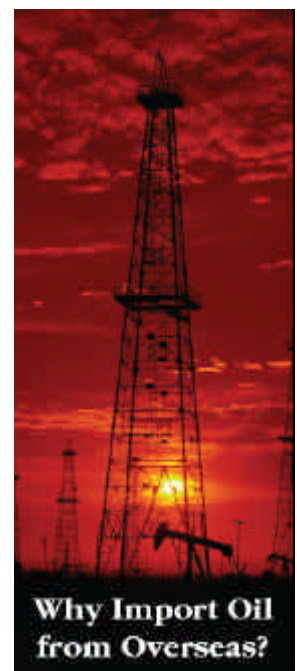
Direct mail and online advertising also share some creative advantages and limitations. Both forms of communication can be distinctively creative, limited only by the advertiser's ingenuity and budget. The challenge both mail and online ads face is in forging eye-catching and interesting creative that makes the most of their limited window of audience attention. By combining best practices from direct mail with successful banner ad development techniques, campaigns can craft innovative and effective creative that helps educate the electorate and

Creative Similarities: was this an online ad or piece of direct mail?

generate support. In addition, just as TV commercials can be transformed into online streaming video, flat direct mail pieces can easily be turned into lively, animated banners.

Cost

In a variety of smaller campaigns, such as congressional races, candidates cannot afford to develop and air television commercials. In such cases, inexpensive, yet cost-effective mediums like the mail become the centerpiece of a candidate's advertising campaign. Like direct mail, online ads are also inexpensive to create and distribute. Whereas direct mail charges campaigns roughly \$.60 per piece, online ads can be delivered to voters for less than one cent. Using conservative projections, the Internet can generate actual clicks to candidate websites for an estimated \$0.50 or less. A piece of direct mail costs ten cents more just to deliver, notwithstanding the fact that major



portions of the recipients don't even bother to open the envelope. Campaigns who consider direct mail should also consider the low price of online advertising as another incentive to experiment with the medium.

Accountability

Direct mail and online advertising also share the advantage of guaranteed delivery and exposure. In the case of television – as well as radio – viewers may leave the room or change the channel during commercial breaks, but the commercial is still aired.

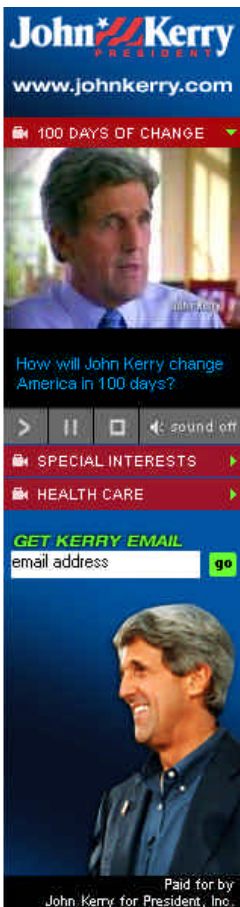
[Eliminate] the waste that exists when television ads are broadcast into empty rooms.

Conversely, the Internet serves ads only when a user is actively surfing the web, thereby eliminating the waste that exists when television ads are broadcast into empty rooms. And unless a voter is avoiding her mailbox altogether, direct mail is guaranteed to arrive into the hands of its intended recipient.

Internet ads also deliver on the one thing completely absent from most other media – accountability. Campaigns and advocacy groups spend millions of dollars to support the creation, production, and airing of broadcast ads, yet they often air such commercials without knowing how well they will perform. With the Internet, you know exactly how many people clicked on each ad and what each click cost.

In addition to accountability, campaigns can also test television and mail pieces online before releasing them to their intended offline audiences. For years, traditional marketers have used direct mail to test consumer reactions to product acceptability, pricing, and offers. Using statistical response rate analysis, tests can also be conducted online to discover the themes, phrases, images, and colors that are most likely to resonate with voters, thereby eliminating much of the uncertainty that accompanies launching untested messages.

For example, John Kerry's presidential campaign recently ran video ad banners on America Online's News Channel. The ads were targeted to early primary states and included streaming video from three of Kerry's TV spots. By allowing visitors to choose which commercial to stream, Kerry's online team was able to determine which ad was more interesting to voters.



In the end, not only were thousands of online users exposed to Kerry's TV spots online, but the campaign could have used the results of their online ad buy to help select the best ads to run on

To reach passive members of the electorate, the Internet also offers opportunities to educate voters without requiring them to actually click on an ad.

television. Just like direct mail, the Internet provides inexpensive, scientific methods for testing potential reactions to certain political messages.

Where They Fit

The bottom line is that online ads are not the salvation of politics. Like all viable forms of political communication, the Internet has its strengths and weaknesses. For active and motivated individuals, the Internet can be more interesting, user friendly, and comprehensive in providing answers to the questions voters have. To reach passive members of the electorate, the Internet also offers opportunities to educate voters without requiring them to actually click on an ad. And given the cost to deliver information to potential voters, Internet ads are probably the best buy in politics.

Thinking about these characteristics, one role for online advertising will be to deliver early messages to information seekers using news sites. Another will be to deliver highly specific messages on sites that cater to narrower constituencies, such as AOL Latino and NASCAR.com. Finally, as Election Day approaches and undecided voters begin to tune in, political ads should appear on sites targeting voters who are hard to reach through direct mail or television, such as younger men and working women.

Conclusion

Traditional mediums – television, mail, radio, and phones – all have their gaps in reach and effectiveness. The Internet may never be a good medium to saturate the electorate, but for all its weaknesses, banner ads fill in nicely in places where the other mediums struggle. And at current prices, the Internet is the best investment on the market and is the only medium that can deliver the data to prove it.

The Internet is the best investment on the market and is the only medium that can deliver the data to prove it.

Online publishers can continue to present campaigns with the same arguments year after year, fingers crossed that "this will be the year" for candidates and our messages find more success on the Information Superhighway. Or – online consultants could revolutionize their own thinking by changing the tone of their message, showing candidates and their advisors that the Internet is

not a new, untested medium. Rather, it is just an extension of advertising methods they currently employ and trust. The Internet is just one more powerful – and affordable – communications tool at their disposal.

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- **Hal Malchow, hmalchow@mshcdirect.com, is President of Malchow Schlackman Hoppey & Cooper. Hal is one of the seminal figures in persuasion mail marketing and is considered a pioneer in the application of statistical modeling and data mining techniques in the political arena. His proven targeting methods are described in his recent book, *The New Political Targeting*, published by Campaigns & Elections.**

Section V, Chapter 17

2004 E-Voter Action Items

	Web Publisher	Candidate & Strategists
Polling, Research and Rapid Response	<p>Obtain additional data about lifestyle of visitors to site</p> <p>Make it easy for campaigns to quickly drop in new ads</p>	<p>Maintain contact with email list</p> <p>Encourage constituents to send email to friends</p>
Paid Advertising	<p>Geographic targeting essential</p> <p>Target by lifestyle and web activity not only news junkies—Internet reaches all types of voters.</p> <p>Present the site in terms of gross rating points within a specific media market</p>	<p>Early commitments will ensure ad inventory</p> <p>Online ads should stand alone even if they are not clicked on—Not just about driving traffic to the candidate’s web site</p> <p>Consider local media outlets with online sites</p>
Voter Identification and Turnout	<p>Create election news areas where voters can find locations to register and vote</p> <p>Consider merging voter files with site registrants to better target likely voters</p>	<p>Use online ads when television & radio are prohibited by the campaign finance reform rules</p> <p>Protect the privacy of constituents by appropriate use of matched files</p>
Fundraising	<p>Create fundraising sections to help drive visitors to contribute online</p> <p>Help candidates create online ads consistent with offline ads but with more dialogue between the candidate and the voter and a call to action to give money.</p>	<p>Get email addresses from all contributors & reward online donations w/personalized response</p> <p>Reach out to younger voters who have already developed the habit of online spending</p>
Campaign Coordination	<p>Provide online tools to manage instant messaging, blogs, online chats</p>	<p>Use the Internet to coordinate all candidate activities, press releases, volunteer activities, fundraising</p>

Appendix

Third Annual E-Voter Survey Of Political And Advocacy Communication Leaders - Results & Data Tables July 28 - September 12, 2003

1. Age

17% 18-34
33% 35-49
50% 50+

2. For what kinds of organizations do you typically work?

47% Democratic candidates/ causes
26% Republican candidates/ causes
19% Independent candidates/ causes
20% PACs and Trade Associations
18% Unions
27% For-Profit businesses
54% Not-For-Profit organizations/causes
17% Other

3. How many years of experience do you have working in politics or public affairs?

19% 1-5
18% 6-10
15% 11-15
48% 16+

4. Which of the following job descriptions best describes the kind of work you do?

34% Media advisor/ public relations
30% General campaign manager or consultant
28% Public affairs
25% Fundraising
21% Phone bank/ get out the vote (GOTV)
19% Direct mail

- 16% Internet/ technology consultant
- 16% Think tank/academia
- 12% Corporate management
- 7% Pollster
- 5% I am an elected official/candidate for electoral office
- 20% Other
- 12% None of the above

5. Have you recommended or have you done the following for any of your clients' political/communications campaigns?

	I have done this for a client	I have recommended this and a client took the recommendation	I have recommended this and a client DID NOT TAKE the recommendation	I did not recommend this but a client has done this	I have never recommended this and none of my clients have done this
Develop a website	34%	34%	8%	9%	23%
Buy online advertising	15%	13%	10%	9%	48%
Conduct online fundraising	25%	23%	11%	8%	36%
Conduct online surveys/focus groups	25%	18%	9%	8%	39%
Collect email addresses to build voter lists	43%	29%	8%	7%	26%
Use the Internet for campaign management	29%	18%	10%	8%	38%
Participate in online chats/forums	33%	19%	10%	8%	36%
Post press releases on the website	47%	27%	6%	7%	23%
Conduct "Rapid Response" via cell phone or wireless alerts	16%	8%	8%	8%	53%

6. When, if at all, will the Internet be effective for the following goals of your clients' political/communications campaigns?

Activity for which the Internet is effective	Now	2004	2008	Never
Building databases of supporters	78%	17%	5%	—
Getting attendance for events	72%	18%	4%	6%
Recruiting volunteers	70%	19%	5%	6%
Building campaign awareness	69%	17%	2%	2%
Rapid response	69%	21%	4%	6%
Circulating petitions	63%	23%	6%	8%
Fundraising	62%	24%	7%	7%
Get out the vote	51%	26%	14%	10%
Reaching "likely" voters	56%	25%	11%	8%
Reaching "swing" voters	41%	28%	19%	12%
Targeting contrast advertising	43%	23%	15%	19%

7. What are your impressions of...

	Effective for Every Audience	Effective Only for Some Audiences	Still Too Early to Say If Its Effective and for Whom	Not Effective/ No One Pays Attention
Online advertising	8%	54%	24%	14%
Online meeting organizers	12%	61%	22%	6%
Candidate email newsletters	29%	57%	10%	4%
Online fundraising	19%	57%	17%	8%
Online primaries	11%	28%	45%	16%
Candidate websites	34%	53%	9%	5%

8. Which ONE of the following is the primary hesitation or hurdle you have with using and recommending the Internet for your clients' political/communications goals?

Hesitation/ Hurdle	
Not a Reach Medium	20%
Not a Targetable Medium	20%
Too Expensive & Takes Too Much Time	5%
Would Recommend But Client is Hesitant	9%
Not An Emotional Medium	9%
Security Concerns	9%
No Hesitations	17%
No Reason To Change from What I Know Works	6%
Other	5%

9. In the coming years, what percentage of your clients' political/communications campaign budgets do you estimate will go to Internet initiatives?

Percentage	Now	2006	2008
0%	9%	5%	5%
1%	10%	4%	3%
2%	9%	2%	2%
3%	8%	5%	2%
4%	3%	3%	2%
5%	20%	11%	7%
6-10%	21%	22%	17%
11-20%	13%	23%	19%
21-30%	5%	14%	19%
31%	3%	10%	24%

10. Which methods are effective for reaching and persuading voters? (Check all that apply)

Direct Contact between candidate and voter	87%
TV/Cable Ads	82%
Direct Mail	70%
Radio ads	67%
Phone Calls	62%
E-mail	60%
Newspaper ads	51%
Yard Signs	50%
Online Ads	28%

11. If you wanted to get information about online advertising and targeted email campaigns, where would you go first?

Online Media Specialist	30%
My Website/ Internet People	13%
Search Engine	13%
Directly Contact Website I'm Interested	12%
Don't Know	11%
Regular Media Consultant	11%
Ask a friend or Colleague	7%
Other	3%

12. Do you agree or disagree with the following statement: "It is necessary for me to be able to measure the impact of each dollar spent on individual media activities in a campaign."

Strongly Agree	45%
Somewhat Agree	43%
Total Agree	88%
Total Disagree	12%
Somewhat Disagree	9%
Strongly Disagree	3%

13. On average, how much of a campaign's total media budget can be measured for effectiveness?

All	6%
Most	32%
About Half	27%
Less Than Half	18%
Small Amount	5%
Not Sure/ Difficult to Say	10%
None	1%