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# Audience Construction and Culture Production: Marketing Surveillance in the Digital Age

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**Abstract**
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**Keywords**
marketing, advertising, mass media, production of culture, mass communication, Internet, surveillance

**Disciplines**
Advertising and Promotion Management | Communication | Communication Technology and New Media | Marketing | Mass Communication | Sociology of Culture

# Audience Construction and Culture Production: Marketing Surveillance in the Digital Age

*By:* JOSEPH TUROW

This study melds "contextualist" and "resource dependence" perspectives from industrial sociology to explore the implications that audience construction by marketing and media firms hold for the core assumptions that are shaping the emerging media system of the twenty-first century. Marketers, media, and the commercial research firms that work with them are constructing contemporary U.S. audiences as frenetic, self-concerned, attention-challenged, and willing to allow advertisers to track them in response to being rewarded or treated as special. This perspective, a response to challenges and opportunities they perceive from new digital interactive technologies, both leads to and provides rationalizations for a surveillance-based customization approach to the production of culture.

*Keywords:* marketing; advertising; mass media; production of culture; mass communication; Internet; surveillance

The needs of marketers have fundamentally influenced culture production in the United States since the late nineteenth century. Post-Civil War industrial growth ignited rabid competition between consumer brands. Manufacturers' desire to persuade retailers to carry their brands led them to advertise to consumers in large-circulation newspapers and magazines with the aim (often quite explicit) of having them din retailers for the products. Newspaper and magazine publishers, in turn, realized that they could make most of their profits from advertisers by charging low subscription rates to gamer the huge numbers of readers advertisers wanted (see, e.g., Tebbel 1974). It was the beginning of a lesson for Americans that was repeated with most new media technologies throughout the twentieth century: "Content is cheap—often even free—because advertisers support it."

*In the early twenty-first century, marketers, media, and the commercial research firms that work with them are constructing contemporary U. S. audiences as frenetic, self-concerned, attention-challenged, and willing to allow advertisers to track them in response to being rewarded or treated as special.*

The implications of this century-long lesson for the production of culture are profound. As many critics of media and advertising have pointed out, turning over the support of much of the U.S. media system to advertisers has ensured that media firms fundamentally shape the main streams of entertainment and news into environments that harmonize with sponsors' desire to sell their products. Critical analysts also recognize that the commodification of audiences is a central feature of media-advertiser relations. Taking cues from advertisers in symbiotic relationships often fraught with tensions, media firms position themselves to attract certain kinds of people in ways that the advertisers consider better or helpfully different from the media firms' competitors. As part of standing out in this competition, media practitioners typically exhort their readers, listeners, or viewers to think of themselves primarily as leisure-oriented consumers of media content and sponsored products. Commercial imperatives rarely encourage media firms to urge their audiences to be engaged producers of a civil society or to expect news and entertainment to contribute toward that goal.

A stream of writings suggests that ongoing relationships between media and marketing firms lead them to define audiences in certain ways. (For an overview, see Whitney and Ettema 1994.) The writings further suggest that the audience definitions lead to the creation of certain kinds of media materials—the production of certain kinds of culture—and not others. A number of studies explore the extent to which and the way in which changing advertiser-media relationships result in changing definitions of audience that, in turn, affect the structure for producing messages directed to those audiences (see Turow 1979; Cross 2000; and

Gamson 1997). The studies reinforce the proposition that deliberations by advertisers and media firms about the audience are crucial to the dynamics of mass media culture.

This study takes research on audience construction into the prospective, policy realm. It melds "contextualist" and "resource dependence" perspectives from industrial sociology to explore the implications that audience construction by marketing and media firms hold for the core assumptions that are shaping the emerging media system of the twenty-first century. More than previous studies, it argues that audience constructions by marketing and media firms derive not primarily from "objective" observations of the social world. Rather, the audience categories upon which they focus and the attributes that those choose to highlight relate directly to industrial needs and provide justification for industrial activities.

In the early twenty-first century, marketers, media, and the commercial research firms that work with them are constructing contemporary U.S. audiences as frenetic, self-concerned, attention-challenged, and willing to allow advertisers to track them in response to being rewarded or treated as special. This perspective, a response to challenges and opportunities they perceive from new digital interactive technologies, both leads to and provides rationalizations for a surveillance-based customization approach to the production of culture. An emerging strategic logic encourages media firms and advertisers to cultivate consumers' trust so that their audiences will not object when the companies want to track their activities. The goal of tracking is to store huge amounts of linked personal and lifestyle information in databases with the goal of more efficient "relationship "-oriented marketing that rewards "best customers" with discounts and even story lines designed for them.

The article suggests that the core assumptions of a surveillance-marketing media culture imply the promotion of new forms of consumer anxiety under the rubric of customer satisfaction. There is resistance; concerns about how and why people are watched-and, by implication, about the construction of audiences are leading advocacy groups to decry it and encourage alternatives. Marketers and media firms, however, have the upper hand in framing the situation for consumers and policy makers. It seems clear that important aspects of media culture produced in early-twenty-first century media will result from the strategies being laid out now under the rubric of giving the (industrially constructed) audience what it wants.

## The Industrial Construction of Audiences

A good deal of literature about people who attend to messages emphasizes that their interpretations vary depending upon a wide variety of factors, such as their personalities, family backgrounds, social relationships, context of viewing, and class positions (see, for example, Klapper 1960; Morley 1980; Liebes and Katz 1990). A less trodden, though growing, area of research takes a different tack on the notion of audience. It focuses not on the specific individuals who share programs, articles, or ads but on the ways that the people who create those materials think of those people (Whitney and Ettema 1994).

Writers in this area do not dispute the importance of knowing that the people who receive the messages may differ from one another in their interpretations of the texts. The writers show, however, that the ways media organizations search for and describe their audiences have important implications for the texts that viewers and readers receive in the first place (see Turow 1997, 1-17), The underlying point is that understanding how media organizations think about their audiences--and why in certain ways and not others--is crucial for understanding why particular agendas of news, entertainment, information, education, and advertising and not others are cast up for public consideration.

At the base of this perspective is the notion that audiences are necessarily constructions, whether they are "students" in a classroom, “concertgoers" in a large amphitheater, or “viewers" of a major television network. Typically, these conceptions reflect the reward system under which those addressing the audience work. In school, a teacher is salaried to think of the individuals in her or his class as students who will learn certain subjects from her or him. The jobs of network television officials rise and fall on their abilities to deliver the right numbers and types of people who view TV to sponsors.

Mass media activities are different from other forms of audience construction in the scale of the activities. Mass communication involves the industrialized production, distribution, and exhibition of messages through technological devices. Audience targeting and construction are key parts of the activity, which often involves advertising. Advertising involves the creation of messages to explicitly draw favorable attention to a person, product, or service. Advertising is not the only way that marketers use media to reach people. Another traditional route is public relations, which involves calling favorable attention to the product or service by becoming part of a news story. Yet historically, advertising has been critical to the survival of many U.S. media. In 2002, the one hundred leading companies in U.S. advertising spent an estimated $83 billion *(Advertising Age* 2003). Most of that cash was used to purchase time or space among attractive non-advertising material on broadcast television, on cable TV, on radio, in magazines, and in newspapers.

An ad-sponsored universe has profound implications for the production of entertainment, news, and information. Creators at all levels realize that the material must be successful in attracting audiences that advertisers want and putting the audience in a mood that makes them maximally persuadable to the sales pitches. Marketing executives continually engage in discussions with their ad agency counterparts about who their consumers are, how to best reach them, and with what messages. Conferences and the trade press are filled with articles discussing trends among American consumers and opining about what types of Americans are most attractive and why. Discussions about the nature of men, women, gays, lesbians, Hispanics, African Americans, teens, and children represent only the tip of an iceberg of constructions that continually take place between advertisers, their agencies, and media firms.

The specifics of these constructions get negotiated through struggles by stakeholders in the process. That is where the resource dependence perspective's focus on inter-organizational struggles for power is useful. According to the resource dependence perspective, major goals of organizational leaders are avoiding dependence on other organizations and making others dependent on them (see Aldrich 1979). The general picture is of decision makers attempting to manage their environments as well as their organizations. Power, in this view, is equivalent to the possession of resources. Emerson (1962, 32) added that "influence [perhaps a better word is leverage] is the use of resources in attempts to gain compliance of others." It is through this struggle over resources on several organizational and inter-organizational levels that industry strategies toward environmental forces such as audiences develop.

Andrew Pettigrew (1985) provided a helpful way to think about changes in these strategies over time. Pettigrew emphasized the importance of multiple dimensions of context--organizational, social, economic, and political--on organizational activities. Especially important is his suggestion that prominent strategies to face complex new environmental challenges often evolve from organizational activities that have not seemed at all central. A corollary to this idea is the possibility that seemingly unrelated responses to environmental challenges by different organizations might actually share a strategic logic--that is, assumptions by their creators about the best ways to move forward. If leaders across the industry begin to recognize these commonalities, and if technologies allow the interpenetration of the activities, the level of change within the industry may well be profound. So might be the social implications of that change.

Melding resource dependency with contextualism provides a useful lens for examining the way evolving marketer-media relationships are affecting the construction of audiences and, by extension, media content. Resource dependence points to the importance of tracking the ongoing struggles for control over legitimate ways to think about and reach audiences today, struggles that include reciprocal attempts to cultivate dependencies. Contextualism points to the importance of examining organizational, social, economic, and political factors that affect the evolving industrial constructions of audiences and their relations to media culture.

*Turn-of-the-century dilemmas*

The approach is particularly relevant to understanding how changes roiling through media and marketer organizations at the turn of the twenty-first century are interactively affecting constructions of audience and media culture. Marketers worry that the contemporary hyper fragmentation of media channels--hundreds of cable channels, millions of Web sites--is making it difficult to reach potential customers efficiently with traditional advertising. Even more problematic to marketers is that U.S. consumers seem to be using digital technologies to escape advertisements in ad-supported media. Industry observers fear that pop-up ad killers, spam filters, and ad-skipping buttons in personal video recorders are merely the leading edge of digital technologies that allow audiences to keep the content and zap the commercials without even looking at them.

The possibility that advertising in commercial media may be losing its ability to serve advertisers' interests has created consternation among marketing and media firms. Ranging across many of these difficulties, James Stengel, Proctor and Gamble's Global Marketing Officer, told the 2004 American Association of Advertising Agencies Media Conference that "today's marketing world is broken...We are still too dependent on marketing tactics that are not in touch with today's consumer" (quoted in Neff and Sanders 2004, 1). He made the point quite aptly in his keynote speech. Appearing via video, his remarks were interrupted three times by a TiVo personal video recorder (PVR) screen allowing the viewer to skip ahead and presumably past any sales pitches.

Commenting about PVRs at a different conference, the chairman of Turner Broadcasting issued similarly dire warnings. He asserted that PVRs were destructive to the 'TV industry because they contributed to lower ratings, lower ad revenue, and fewer quality programs for 'TV distributors. "What drives our business,"' noted Kellner, "is people selling bulbs and vacuum cleaners in Salt Lake City. If you take even a small percentage away, you are going to push this business under profitability" (quoted in Friedman 2003,13).

The concerns have led to intense discussions within the marketing and media establishments about how to cultivate customers via media in coming decades. Explicitly and implicitly, the discussions link the introduction of new media approaches with changes in the nature of American consumers, either as a guide to certain actions, a justification for them, or both. Guided by contextualism and the resource dependence perspective-and based primarily on interviews with key industry personnel, the systematic reading of trade magazines, and attendance of several marketing-and-media trade conferences-the following pages explore the various forces that are shaping evolving constructions of audience. They also explore ways that these constructions relate to the development of a shared strategic logic among marketing and media personnel that is pushing the production of media culture toward being intimately involved in audience surveillance.

## Changing Audience Constructions

To understand the trajectory of contemporary audience construction, it is useful to see how it connects with and diverges from the "audience targeting" approach that media and marketing firms have used for a few decades. Audience targeting by U.S. media dates back to the 1920s and even earlier, but it really took on steam beginning in the 1960s and 1970s. Before those decades, the most common approach to U.S. media audiences emphasized sheer size. The reasons were fundamentally rooted in the nature of manufacturing. Factory activity of the day was based on conveyer systems, rollers, and gravity slides that sent materials through the production process in a continuous stream. The process turned out huge inventories of the exact same goods. It seemed logical to manufacturers to use media vehicles to mass-produce customers in the same way that the factories mass-produced the merchandise (see Pope 1983; Strasser 1995).

The desire to sell to people by "tonnage" (as ad people sometimes describe it) meant that "men," "women," and "children" was about as detailed as most advertisers got in customizing their appeals. Daniel Pope (1983, 139) has written that in the first quarter of the twentieth century, few advertisers "were prepared to recognize and fewer to accept the nation's heterogeneity." Radio, then television, companies became the quintessential crowd catchers. As late as the early 1980s, the Nielsen rating service reported that the three major television networks together reached more than 90 percent of all households viewing television. It pleased marketers as well as the networks that, according to Nielsen, the 90 percent represented more than 50 percent of all homes in the country (see Turow 1997, 26).

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Despite this emphasis on tonnage, some advertisers did aim at smaller slices of the population--for example, immigrant groups and wealthy individuals--quite early in the century. By the 1920s, moreover, new manufacturing initiatives were creating the basis for an approach to marketing that would reward media that targeted segments of the population rather than "everybody." The basic change at work was product differentiation. Economies of scale were now allowing manufacturers to create slightly different versions of the same products to aim at different parts of the marketplace.

Especially after World War II, this sort of logic led manufacturers increasingly to support magazines and radio stations that reached consumer segments that they coveted at the same time that they used television to reach "everyone." Advertisers and their agencies began to support research that allowed them to learn about the buying and leisure habits of listeners to particular radio stations and subscribers to particular periodicals. The work had important implications for the future of marketing. It began to create a model for audience segmentation in other media.

By the late 1970s, many signals indicated that it was television's turn to be transformed by market segmentation (Turow 1997, 32-34). In manufacturing, increased competition was pushing product differentiation along so that smaller and smaller numbers of a product could be marketed profitably to certain segments of society. In market research, competition among consumer-analysis firms was leading to findings that differentiated groups in new, unusual, and profitable ways. The manufacturing and market analysis developments meant that advertisers increasingly agreed to support the multiplication of broadcast (mostly UHF) and cable television outlets during the 19805 if they reached the kinds of specific audiences the advertisers needed.

The explicit move by mainstream marketing and media firms to consumer targeting was accompanied by a shift in their construction of the U.S. population. The view of a segmented society that replaced it was a better fit with the new market specialization interests of advertisers and the media that wanted to serve them. It also tied in with writings by a small set of social observers in the 1970s and 1980s especially Daniel Yankelovich, John Naisbitt, Alvin Toffler, and Peter Drucker who popularized the idea that a profound change in the fabric of U.S. society was taking place (see Turow 1997, 39-43).

At conferences and in trade magazines, ad people explained the change--and justified their increased targeting--in historical terms. They claimed that from the 1940s to the late 1960s, the nation had been united in purpose. The trauma of World War II had created a public that, to quote one ad executive, was "mentally wedded to mutual cooperation and togetherness brought on by [the] conflict" (Maneloveg 1980, 56). About twenty years later, though, pressures such as the civil rights movement and the Vietnam War led the nation to become "less homogeneous, more splintered." America seemed "split asunder innumerable special interests ... all more aware of their claims on society." (Maneloveg 1980, 56). In addition, the success of the economic systems of the 1950s and 1960s freed people to experiment with a variety of lifestyles. They privileged the search for their own identities and new types of communities such as the "hippies" that were self-indulgent and typically not concerned with the larger world. The ideological Right also played its part in unleashing the forces of social division, according to this tale. Ronald Reagan's election to the presidency in 1980 led marketers to conclude that Americans had reinforced their belief in self-reliant attention to market forces along with less confidence in government regulation to solve problems (Crain 1984,30),

By the mid-1980s, ad executives, the marketing trade press, and conference themes had congealed a picture of Americans as much more suspicious, self-indulgent, less unified socially, and leading lives that were much more frenetic than in past decades. Research firms convinced marketers that learning as much as possible about the social and social-psychological attributes that drive consumer activities would allow for placing them into audience groupings made of people with similar buying interests and abilities as well as media habits. Cable and magazine executives, desperate to grab ad money from the major networks, asserted that as U.S. society became more divided, it needed more outlets to reflect those divisions-outlets of the sort that cable and magazines were now offering. The target-oriented media firms based their invitation to marketers on two claims. The claim of efficient separation was the media firm'$ assertion that it could deliver a desired group to advertisers without making them pay for audiences they did not want. The claim of special relationship argued that the target audience felt such an extraordinary tie to the media firm's outlet -the magazine, cable network, newspaper, Website-that it paid attention to everything about the outlet, including the ads.

Marketers increasingly agreed with these goals in the *1980s* and paid research firms to test them. Competition among research firms to refine audience targets for marketers led to an “arms race” that pushed new methods aimed to explore in detail the activities and interests-the lifestyles-that could be associated with people exhibiting certain demographics. In turn, cable, magazine, and other ad vehicles tried to prove that they could target these attractive groups.

By the 1990s, the tide was shifting from general interest to targeted media even in the television realm. The major players remained a few companies. A flurry of corporate combinations created behemoths that controlled major segments of media, including broadcast and cable television. Their response to the fragmentation of channels was to regain control by cornering as many slices of the targeted audiences as possible. Changes regarding CBS provide an example. The percentage of the prime-time audience reached by the CBS television network in 2002 was typically one-third of what it was in 1972. But whereas in 1972 CBS was a company that owned only one TV network, in 2002 CBS TV was one of several video networks owned by Viacom. Viacom therefore sold valuable slices of prime-time viewers to advertisers through MTV, Nickelodeon, Comedy Central, Spike, and UPN as well as CBS. It was a collection of channels that allowed Viacom to move toward controlling the share of viewers CBS reached in the early 1970s, but separated to meet the needs of the new media world.

There was great value in selling the right kinds of audience slices. It was a common industry observation that Disney's ESPN cable networks, aimed at different types of male sports enthusiasts, were far more valuable than its venerable ABC network, with a much larger though broader audience. The new construction of Americans had legitimated the new one hundred channel cable universe to marketers and encouraged media firms to tilt their formats toward the new format to cater to specific interests that attract advertisers. Target marketing and the associated construction of U.S. consumers as segmented and frenetic encouraged a media system increasingly to separate populations from one another particular along demographic, lifestyle, and even psychographic categories rather than “everyone.”

*Ad skipping and the reconstruction of audiences*

In that context of growing abilities of media and marketers to target specific groups through research-guided formats, the realization by mainstream marketing and media practitioners that their future audiences would routinely be able to use technology to eliminate ads aimed at them was disconcerting. Certainly, both groups had known for decades that newspapers and magazines could not guarantee that their readers would actually look at, let alone read, every print ad when they turned the pages. Similarly, advertisers understood that radio and television stations and networks had no way to force people to stay in their seats when the commercials came on. Advertising agencies, in fact, saw getting people's attention through compelling ads as one of their primary challenges. But marketers, their media planners, and traditional media executives saw spam filters, pop-up filters, new anti-ad laws for cell phones, and ad-skipping buttons in personal video recorders as collectively representing a fundamentally different challenge to marketers' ability to place commercial messages in front of even the most targeted populations. They ascribed the dangers not just to the ease of erasure or increased channel choice but to a changed nature of large segments of the audience. As early as 1989, executives argued that ad skipping was due to "the limited attention spans and itchy remote control trigger fingers" of the first TV generation grown to adulthood (Benson 1988, S4).

By the turn of the twenty-first century, executives were lamenting that increasing proportions of the public cared nothing about what they insisted was a decades long contract with media firms that promised attention to ads in return for free or discounted media material. Moreover, they noted that the individuals who were developing technologies to get rid of ads were part of that itchy public and had no vested interests in maintaining the ad-supported world. Agreeing with the CEO of Turner Broadcasting about the dangers of TiVo to the contemporary advertiser-media relationship, a Hollywood talent agent urged marketers to understand that they could no longer present ads through home-based electronic media in traditional ways. "The genie is out of the bottle," he asserted (Friedman 2003, 13).

Clearly, traditional commercial forms in conventional media still represent by far the most prevalent approaches in the first decade of the twenty-first century. Nevertheless, marketers in the early twenty-first century believe firmly that the genie is out of the bottle. They insist that the difficulties of targeting in a hypersegmented media world combined with new digital technologies that allow for the elimination of commercials mean they must be prepared to use new ways to ensure that consumers attend to their electronic solicitations. Increasingly, they are turning to alternatives to standard advertising as instruments to force consumer attention.

As these separate sets of activities develop, they are coming together in a new industry strategy for reaching the public that holds important implications for information privacy and ad-induced anxieties. The model they are developing melds a nontraditional area of advertising--direct marketing--with a selling approach--customer relationship management (CRM)--that has gained much attention in marketing outside the media during the 1990s (see, e.g., Pepper and Rogers 1993). Media and marketing practitioners justify the blending of these unrelated forms in the digital interactive media environment by pointing to what they say is a critical realization about the U.S. media audience that they had no reason to notice in the past. American consumers, they say, are willing to allow advertisers and media firms to collect data about them and track their activities in return for relatively small but useful benefits that make their frenetic, attention-challenged, self-centered lives easier-discounts, entries to media channels, or similar special attention. Converging media and marketing activities based on this proposition are leading to an emerging set of strategic logics in favor of an emerging culture-production system in which surveillance marketing is deeply embedded.

## The Rise of Surveillance-Driven Culture Production

A major reason CRM attracts marketers is that it focuses on the quantifiable value of known individuals. CRM is rooted in two insights that are based on the writings of nineteenth-century economist Vilfredo Pareto. One is that a small number of contemporary customers contribute to most of the profits. The second is that it is almost always much more expensive to gain new customers than it is to hold on to current ones. These notions lead to a corollary: "Focus 80% of your efforts on the 20% of customers who provide 80% of your profit" (Cram 2001, 20).

The key to believing it was worth the effort lay in recognizing a repeat customer's lifetime worth. The utility was clearly evident to airlines, whose frequent flyer programs were emblematic of the new approach. Similarly, upscale store and hotel chains saw the utility of keeping updates about their customers and contacting them on regular bases. As the 1990s progressed, manufacturers of inexpensive "package goods"--diapers, cereals, soups, inexpensive cosmetics, over-the-counter pharmaceuticals--also moved toward tracking and wooing individuals one on one. The basic assumption of their activities is, as one *Direct* magazine writer (Levey 2003, 5) put it, "that companies must discriminate among customers."

The process relies on the capabilities of contemporary databases and interactivity. Bloomingdales department store, for example, uses a CRM system to feed data about the store's fifteen thousand "most valuable" patrons straight to the call center or the sales floor. The system provides monthly transaction records on customers in a consolidated marketing database that includes their transactions and promotion history as well as some basic household information. Live links, which go directly to point-of-sale terminals, allow associates to provide access to individual customer photos, with the ability to custom-build merchandise suggestions. Aggregate spending information in each customer's file allows the salesperson to offer customized services. Tailored messages can also be sent by the system to the salesperson as well as to the customer. According to *Direct* magazine (Levey 2004, 1), “When the store hosts one of its 'Girls' Night Out' specials, a sales rep can be alerted that a given customer is particularly desired at the event, and can be fed information about it. That information is printed on the customer's receipt, too.”

Marketers' developing desire and ability to discriminate among individual customers based on their contributions to the bottom line has become a badge of honor, a mark of moving with cutting-edge potential of the digital age. When it comes to using media to do that, a clear road map does not exist. Companies are well aware that with the exception of certain personal health information, certain types of personal financial information held by certain types of firms, and personally identifiable information from children younger than thirteen years, marketers have virtually free rein to use individuals' data in the United States for business purposes without their consent. The rise of public outcries over privacy, however, has led many marketers to make at least a nod of getting people's permission for using their information.

A well-known exponent of this point of view, Alan Westin, uses his Privacy and American Business research consultancy to promulgate the idea that most Americans will give it up for a perceived benefit. Westin (2003, 445-46) noted his survey research finding that 58 percent of Americans are "privacy pragmatists" when it comes to information. When asked, he says they “examined the benefits to them or society of the data collection or use, wanted to know the privacy risks and how organizations proposed to control those, and then decided whether to trust the organization or seek legal oversight.”

The idea that consumers would make a cost-benefit calculation in giving up useful information about themselves fits the needs of advertisers and media perfectly. Using CRM as a paradigm, advertisers are experimenting with activities that aim to insert themselves unfiltered into their desired customers' domestic lives in ways that encourage surveillance and tailored relationships. Converging on a variety of seemingly unrelated activities, marketers and media practitioners are adapting a business that has historically been looked down upon in traditional media-direct marketing--and reconfigure it to fit the new information--oriented CRM model. The resulting labels that emerge--customized media, walled gardens, and interactive television--are increasingly central to marketers' discussions of the evolving ad world. Though still in their infancy, they represent the strategic future to marketers and are already changing the structure of media culture.

*From direct marketing to customized media*

For decades direct marketing had a reputation as the less classy, too-obvious part of advertising. A common example of direct marketing was an ad in a magazine that encouraged a reader to write for a free catalog. Another was a set of coupons mailed to the home. In both cases, sales could be tracked by the company giving the discounts. As late as the mid-1970s, though, the elite of the ad world looked down on "direct" work. They associated it with the selling of shoddy or quirky mail--order products-breast enlargers and Ginsu knives--by preying bluntly on the audience's anxieties about being left out socially and desire to be exclusive.

Despite these marked philosophical differences, by 1982 fifteen of the top twenty advertising agencies had bought or started a direct-marketing capability *(Advertising Age* 1983). It was primarily their clients' growing interest in computer- guided targeting of niche markets that brought them to look at direct practitioners with grudging respect. Large direct-marketing firms had been keeping lists of people on computers since the 1960s. Beginning in the late 1970s, their new techniques for dividing and tracking consumers according to an enormous number of demographic, psychographic, and geographic categories led target-minded executives to look at the business anew. At the same time, developments such as the 800 number (for quick responses to TV and catalog offers), ink-jet printing techniques (that allowed mailers to personalize messages to individuals), and the personal computer (which allowed easy data storage and access of sales results) generated a conviction among direct -marketing practitioners that the advertising world was moving their way.

A Dun and Bradstreet executive (in Pagnetti 1983) saw the changes as paralleling the multiplication of U.S. media channels and the distribution of audiences across more outlets than ever. The traditional hallmarks of direct marketing-precise audience identification, individualized media communication, and speedy full-satisfaction order fulfillment-meshed constructively, he said, with the new technologies. Futurist John Naisbitt (in Pagnetti 1983) was even more blunt.

"Direct marketers are at the forefront of where everybody is going to be," he predicted in 1983. "We can all learn from them."

*The idea that consumers would make a cost-benefit calculation in giving up useful information about themselves fits the needs of advertisers and media perfectly.*

As CRM became popular in the off-media world, direct-marketing practitioners began to argue that digital, interactive versions of their craft would allow their clients to reach the customers who count with messages tailored specifically to them. The practice, they knew, implicitly added a crucial assumption about U.S. consumers that went beyond the accepted notion that they are highly differentiated, frenetic, suspicious, self-indulgent, and impatient with any idea that commercials must be part of the media deal. Critical to direct marketing's success in the interactive digital environment is the notion of a new implicit contract between marketers and media firms, on one side, and consumers, on the other: consumers will agree to give up important demographic, psychographic, and lifestyle information about themselves when marketers and media reward them or treat them as special through material that appears tailored for them.

Customized media are those that apply the concepts of one-to-one marketing to help themselves and their advertisers gain the fidelity of desirable audience members. Such media vehicles are still quite expensive using traditional media. Using magazines owned by Time, Inc., for example, it is quite possible to specify that ads should go to certain individual subscribers and not to others, depending on the advertiser's needs and the information about the readers in a *Time* magazine data base. Moreover, using ink-jet printing technology, the advertiser can alter on-page copy to reflect the information in the database. The operative phrase, though, is "at a premium price." Even by 2003, producing truly separate versions for different audience segments, let alone individuals, increased costs dramatically. The return-on- investment typically makes the activity unrealistic.

Nevertheless, both print and electronic media firms are increasingly looking for ways to implement customization. Increasingly, they are turning to the Web for customizing relationships with those individuals and those individuals' relationships with advertisers. CNN.com (2004), for example, exhorts users to "personalize your CNN.com page experience today and *receive* breaking news in your email inbox and on your cell phone, get your hometown weather on the home page and set your news edition to your world region." Such customization allows the site to cultivate a relationship with its audience and to develop data about audience members' interests and movements that it can use for targeting ads.

Using a somewhat different approach toward the same ends, *The New York Times* tries to cultivate loyalty by encouraging users to sign up for a "news tracker" service, which sends them e-mail when articles are published on particular topics. Armed with registration, user-interest data, and information about readers that the *Times* purchases from database firms, the company touts technologies to force ads in front of desired consumers through the ability of "surround sessions": the ability to "own a consumer visit to nytimes.com" by having targeted visitors receive ads almost exclusively from one advertiser during individual sessions on the site (Taylor 2003).

*From customized media to walled gardens*

The monetary advantage of the personalization approaches used by nytimes.com and CNN .com is that it relies on the user's expressed interest and the depth of content rather than tailored content on the site to generate user interest. That gets around the expenses that it costs to create specifically tailored content. It is an open question, however, whether the costs of even that level of en masse customization can be met by advertising alone. To generate another revenue stream to cover such activities, many online practitioners have begun to engage in a "walled garden" approach to the digital world. A walled garden is an online environment where consumers go for information, communications, and commerce services and that discourages them from leaving for the larger digital world.

The concept initially referred in the late 1990s to a safe place for children on the Web; parents would set their computers so that the loch could visit only those areas. Quickly, however, the concept morphed to mean an area where content providers could induce targeted consumers to enter--sometimes even have them pay for entry--and then track their activities while surrounding them with ads appropriate to their demographic characteristics and actions.

The utility of a walled garden is that the firm running it can charge for it in addition to making money by using information about members to lure advertisers. The marketing trade press has often predicted that this activity would be rejected by consumers because of its association with limited access. In 2003, though, cable systems, phone companies, and America Online began to reframe the concept of walled gardens. In the words of one analyst (Vittore 2003, 9), instead of restricting users from viewing content outside the confines of specific--or preferred--content providers, the new edition of walled gardens "gives users incentives to stay, such as faster access to high-end applications and premium content that others outside the wall can't see."

As a result, cable system owners, major phone companies, Time Warner's AOL, and independents such as Yahoo and Google are rushing into this domain. These players are trying to shape a digital world where walled garden services work faster and better for people than the larger Internet. Moreover, the firms are trying to lure people by proclaiming that these special places protect subscribers and their families from such nuisances as spam, viruses, and pop-up ads more effectively and safely than elsewhere. “The mass market likes a safe, comfortable, supported environment,” added a Replay-TV *executive* (in Moch 2000, 1). “They don't really want the choice and control. They want to be taken care of.” An Alcatel phone company executive (in Vittore 2003, 9) agreed. Going online, he said, is “kind of like going to a flea market. There's some good stuff laying on the table, but it's generally not a good shopping experience. We think this is a better way to organize the marketplace and monetize the network.”

This transformation of the Internet into a privatized and monetized custom domain is beginning to take place. For example, in 2003 BellSouth started offering a $4.95 per month add-on package of content from ABC for its FastAccess DSL subscribers. Among the choices were 700-kilobit encoded videos of movie trailers, extreme sports, game trailers, music videos, celebrity interviews, short films, and fashion videos. Also, during the Iraq War the company provided a satellite feed from ABC Live. Only the sites that were party to revenue deals with BellSouth could be reached at these speeds. The purpose of these attractive spaces was to bring elite customers to an area where BellSouth could present both general advertisements and customized appeals to them.

### *From walled gardens to interactive television*

The logic of walled gardens has also carried over to discussions of the least advanced area of electronic media: interactive television. In industry discussions, the term is quite elastic, ranging from already available PVR and video-on- demand devices such as TiVo to over-the-horizon technologies that encourage even more radical changes in the way people use TV: When it comes to the latter, advertiser and media executives *have* expressed consensus about the direction of major changes, if not the time it will take to see them implemented. They are pretty well unanimous that the future of television in the twenty-first century lies in presenting viewers with menus of programs that they can watch at times of their choosing often for a small fee. Not only will the twentieth-century notion of linear network programming be challenged, but viewers will be guided into their own program choices and flows by "intelligent navigators" that learn what they like and search for programs that fit those characteristics. Moreover, say the futurists, viewers who would like to interact with programs could do that, to change the plot, perhaps, or to find out about-and even purchase-the clothes or objects that the characters use on the programs.

Some of these capabilities are already here. Wink is a firm with a device that allows viewers to interact with, and order from, programming (Elkin 2003, 6). Another firm is involved in differentially placing commercials into New York City cable homes based on collected information about the households (Friedman 2001, S2). Still another firm has mastered the capability of digitally placing brands into programs themselves (Mandese 2004). Doing that in real time based upon individual or household lifestyle or demographic information is technically possible but is still expensive and unlikely because so few households subscribe to digital TV. The basic infrastructure for garnering the required information for this sort of data-driven product placement is developing rapidly, however. Two already minutely tracks and categorizes the viewing habits of its users as part of its service contract. The company sells the data in aggregate to potential advertisers. For its own purposes, it analyzes the habits of individual subscribing households. It then recommends, and even records, programs for the households based on preferences inferred from the computer data as well as deals with advertisers who want TiVo viewers to watch those shows and commercials.

Discourse about interactive television's future suggests a movement from tracking and customizing for the household to doing that for the individual. In these discussions, the language used to picture future TV merges with the language of walled gardens, customized media, and loyalty programs. "Television in the interactive world is going to have a world of walled gardens," noted one marketing executive (in Moch 2000, 1). He argued that multiple cable systems operators and satellite providers will be able to create the high-quality, complete media environments. They'll give [consumers] so much information in this walled garden that [they] don't desire to leave."

Getting them to not want to leave will be particularly useful to media and marketers when the viewers provide enormous amounts of data about what they do in the electronic environment, when, and where. Here is where the strategic logic of CRM loyalty programs kicks in. The goal of media firms in this interactive environment will be not only to instill loyalty to their own brands; it will be to cultivate relationships with their advertisers who will, despite the subscription nature of walled gardens, pay a substantial part of the programming freight. Product placement through sponsorship and embedding will be one step in the process. Another step, already being tried by content sites such as Salon.com on the Web, is to give desirable viewers discounts to content if they view commercials. Still another is to simply give them advertiser-sponsored discounts to premium content so as to emphasize goodwill and encourage the transfer of consumer data.

## Concluding Remarks

It is in this convergence of strategic logic that some may feel the social rub lies regarding this approach to the production of culture. The combined language of direct marketing and CRM suffuses discussions of trusted media, walled gardens, and interactive television. The digital world marketers and media firms are building consequently has as its core in the belief that success will come from seducing customers to release their personal data in the interest of rewarding relationships with media and marketers. Marketers will claim to reward consumers' distinctiveness. Purposefully and not, they may well also encourage feelings of anxiousness and anger.

The circumstances are not hard to imagine. They are, in fact, common topics in consultancy reports, trade articles, and conference discussions. Using detailed audience surveillance, digital marketers would like to be able to track the media activities of their target audience in quite a lot of detail. To ensure that customers they value view targeted, perhaps even customized, commercials on the Web or on TV, marketers may offer those audience members discounts to programming, even "sponsor" certain media materials, or even embed certain products and characters into programs they view. Such seemingly benign relationships can quickly lead to feelings of discrimination, anger, and suspicion if viewers believe that they are not getting the discounts, or the opportunities to attend to material, that others receive.

CRM specialists, however, have learned how to manage such anger. One way is to make the customer see tension-inducing rules as almost an interpersonal issue between company and customer. "Failure" to get benefits or offers within the scheme would then be a private issue resulting from the rules of collaboration rather than one needing public remedy. In the best of cases, customers try to show by their purchases that they deserve to be treated at a higher level of service. Some customers exit the "relationship," which because of low volume may suit the company fine. The approach could still blow up into public trouble, as when Victoria's Secret was accused of charging more in its West Coast than East Coast catalogs. Still, loyalty programmers believe that properly configured programs based on one-to-one interactions can keep legal discrimination in the interest of marketing a private matter. Moreover, they believe that inducing anxiety that causes unwanted customers to feel they do not belong to a consumption group is good business. Efficient marketing increasingly means "managing" the customer roster-"rewarding some, getting rid of others, improving the value of each of them Peppers and Rogers 1993)."

There are those who do not believe that this approach to audiences should be the basis for the production of culture in U.S. society's mainstream media. At this point, however, media advocacy groups are opposing contemporary developments in new media around issues of privacy invasion and hypercommercialization (Turow forthcoming). As this article has shown, however, the emerging strategic logic of mainstream marketing and media organizations is to present their activities not as privacy invasion but as two-way customer relationships, not as commercial intrusion but as pinpoint selling help for frenetic consumers in a troubling world. Clearly, as developments progress, the contours of the emerging media environment will change. It seems clear, however, that much mainstream production of culture will have audience surveillance intimately woven into it.

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