

2002 – International Symposium on Online Journalism

Panel 4: The Perspectives

What lies ahead? Is online journalism here to stay? What will the immediate future hold? What trends are the industry betting on? What should journalists and students do to better prepare themselves for the future?

Moderator:

Rosental Calmon Alves, Professor and Knight Chair in Journalism, University of Texas at Austin

Panelists:

Sean Baenen, Managing Director, Odyssey Ventures, Inc.

Janine Warner, author and syndicated columnist, former Director of Miami Herald Online

Bruce Koon, Executive News Editor, Knight Ridder Digital, President of Online News Association

Larry Pryor, Executive Editor of Online Journalism Review and Director of the Online Program at USC's Annenberg School of Communication

ROSENTAL CALMON ALVES: The next panel is to look at the future but also to look at the very recent past. I mean, look at the wonderful symposium that we had so fine, had the wrap-up session here, so I'm going directly with the speakers. Starting with Bruce Koon who is the Executive News Editor of Knight Ridder Digital and the president of our beloved cosponsor Online News Association.

BRUCE KOON: I'm going to do a very risky thing here in the interests of both time and to deal with the fact that this is a sum up session. I've completely thrown away my presentation. The PowerPoint is gone, my prepared remarks are gone. I'm going to attempt to recast it in Internet time and so wish me luck. Alright.

And the reason I'm doing this is because of so many questions when we were asked to ask what lies ahead? Is online journalism here to stay? What are the scenarios for

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the next few years? Quite frankly I've heard answers today that I hadn't thought of or knew about. The other reason I'm doing this is because all my material was taken today by so many of you. And actually it's interesting because we started this day with a panel talking about the genre and I almost feel as if there was a half-glass - is it half empty or is it half full? Because I looked at some of the same studies that a number of you referred to earlier here today and I was all prepared to talk about a half empty glass. And now I'm ready to switch that around to the half full glass. We started this morning with this question of where are we today as compared to years ago. We asked folks, well, where is the aha? We've been doing this for awhile. As I recall, I've had some historian friends tell me that, you know, CNN was first started - and we have someone in the audience who can tell me if this is true finally - in 1979 because of the Iran hostage crisis. The fact of the matter is that it was a news event of such epic proportions and the American public had this need for wanting to know about it every day, including late at night when there was not late night national show. So hence, ABC made a decision at that time, to say, let's keep broadcasting this news event. It's too important. Out of that came Nightline. So I think those - and then similar it's been said that that CNN again came of age as a cable news network during the Gulf War because it became so compelling.

So news creates. New media comes because news events create a need among their audience. And I think we in journalism, especially the online world have been waiting for this aha moment where we finally have gotten it over the edge and the time has arrived. I thought it was interesting that Carin said earlier that for her it was the year 2000. And I think there were several references to the Star Report. Because I thought similarly until I was speaking on this topic and someone said it was the Oklahoma bombing. That was the aha moment. Then someone else said, no, no, it's when Princess Diana died. That was the aha moment. Now a number of us are feeling that 9/11 was that moment where online journalism and online news became part of the landscape.

Well, I think what we've learned today is that, is online journalism here to stay? Sure. It's already here. I mean the aha is that it's been evolutionary and it's already starting to occur. What's interesting to me is there was mention of a study that said, how did people really use the Internet after 9/11? This was done by the Pew Internet and American Life project. The survey was, How Americans Use the Internet after the Terror Attack? It found, "The Internet was not a primary resource for news for outreach for most Americans after the terror attacks. But it was a helpful supplement to TV and the telephone and many found it useful for expressing their sorrow and anger at the assault." So it was said earlier, some of us should applaud the fact that we are now that kind of presence. I took it earlier that it said, well, it looks like we're not really getting there.

And that's because I'd also just read report from the Forrester folks who said - which was done just in December - that very similarly they concluded that people use the Internet content to complement, not replace traditional media channels. And what

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was discouraging when I read that is the reasons why that is still so. For one quick moment, let's find out why that is. First of all, familiarity. The Internet is still an afterthought. Turning to the web for information isn't ingrained behavior for most consumers. Ease of use. As we heard today it's still slow and hard to find content. You heard earlier only 15% of online households have broadband at home. So it's very, very difficult.

Today you heard from some of the best institutions who are pioneering the way, so that when you go to their sites you have a good experience. But I'd like to submit that this is a very, very small sliver of what most of you are facing when you go to a news site today. So the third reason is the quality. It's still not the best experience. When a consumer finally gets to a website after their dialup, maybe they're lucky if they find the news they are looking for from a local market or from a particular vertical niche.

And again we heard earlier today, portability. Wireless is not here next year. Even if it is here, it's not going to quite work. It's interesting, I sent one of my editors to Japan a couple years ago and he said I couldn't understand it. Everybody in Japan had their cell phone and they're looking at it instead of putting it up to their ear. Not realizing how much farther they are ahead on being able to screen content in there. Right now the Internet is not easy to take on the road. Only 3% of the consumers have wireless web access.

So when I went through that earlier in thinking about these scenarios, I thought, my we've got a long way to go. But based on what I've heard today, I think that's changing for me. Because it says we're really already here. I think the real message I just wanted to speak about in terms of that is that we are now in the, I think someone said earlier, is this like dating when somebody had difficulty put up the A good date and a bad date... I think the infatuation period in this relationship is over. Now all of us are having work very, very hard to make it work. [All ready for marriage counseling?] So in my shop how that translates - I'm the Executive News Editor for Knight Ridder Digital. Again, Knight Ridder took a tactic that was again already referred to in many presentations today, is that local news is going to be an interesting sell. In fact, I think it was in Mr. Clark's lunchtime presentation. He said it was going to be a very hard sell. Unless you can find a way to make it efficient and so by creating a network of sites at Knight Ridder we are hoping to be able to support our local sites in Philadelphia, in Miami, in Charlotte by giving them national programming from a single source with high quality journalism that will allow them to focus on that local news. And I think when you're saying, are there success stories on that? I think the number one area to the question of what are the best bets for the industry in this evolution will be this continuation of breaking news. This is a traumatic change for newsroom cultures to begin to give readers the branded expertise they expected on a 24/7 audience. But I think it is starting to happen. In Knight Ridder the MBOs, the Manager By Objective. In other words, if you don't make your MBO, the publisher does get his bonus or her bonus. And this year, the

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top Knight Ridder markets have to produce local breaking news now. And it's even quantified. There's a target number you have to do.

So what's interesting to me as a news junkie point of view. Well is that makeshift work or is there really news and markets that are important? It's a good test for me on journalism because we've often said, well, what's the difference between a Philadelphia Inquirer reporter doing a story and the AP wire person doing a story. Well, one excellent example when the school bus in Pennsylvania was hijacked four months ago which became a compelling story of a school bus full of kids suddenly being taken off the God knows where - all the way to Maryland - we had an AP advise be on it very early, but the Philadelphia Inquirer reporter, the school reporter, who knew the territory, knew the people, within twenty minutes was able to tell you the kind of contextual storytelling and reporting that even the best AP reporter is not going to be able to do because they don't know that market. That story became a national story for us. It was compelling and it was one of those evidence to me that said, yes, journalism can change. It can have high quality and standards and it can do it in different time frames. It's not that hard.

I think the second part is there's been a lot of talk about multimedia today and I think again, I think the best examples have already been illustrated here in multimedia. Photojournalism, the references on the New York Times and the Washington Post which has a channel called Camera Works. Again, if you want to look at where the unique content is happening from traditional media but working on the web, photojournalism is yet to be maximized in a way that's going to work very strongly.

We need creative young people who know how to craft and pull together the news and information. Because behind all this conversation we had today, someone's got to create that information and news and gather it. But I do think that you need to experiment at this level. Because I don't know if the industry has the answers cause we're too busy being asked to make a profit this year. So I've cut back on my multimedia tremendously. I can't afford to do it. So I'm probably looking for students in academic institutions to be putting new forms that might be of interest. The University of Missouri had one recently where they have the game programming from the computer science class take news stories and turn them into a video game, an interactive video game so that you could learn about the story but you had to do it by answering questions to get to the next bit of information. And you know, is that really going to be really the path? I have no idea. But it was speaking outside the box, it was turning us into a way to recognizing that the medium is very different is very different from what we're used to.

So I'll conclude with a Woody Allen remark. Of all things. It was kind of funny cause it wasn't a funny remark, and he's usually very funny. He just simply said that if you don't have any failures attached to you then clearly you haven't taken enough risks.

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ROSENAL CALMON ALVES: Our next speaker is Larry Pryor, Executive Editor of Online Journalism Review which really became a reference in our field and Director of the Online Program of USC.

LARRY PRYOR: First of all I'd like to thank you for putting this conference on. We just put out a conference at USC called "The Third Wave: Doing it Right". So I know how hard it is to pull these together. The concept of doing it right came from actually Paul Grabowitz who is my counterpart at UC Berkeley. We're convinced that there is really a fundamental change going on in online journalism right now. We're very optimistic. We are definitely in the glass is half full if not going up further school.

Let me back that thinking up a little bit and I've got a - this is a piece I've got for the Online Journalism Review. I've got to put it up next Thursday. I'll just speak from it and not even look at it. I started out, my first experience was with video text back in 82. Then I was in Prodigy and then I did LA Times.com and now I've got a niche website that is getting more traffic than I ever dreamed. So I can safely say that I've been through several periods here that are fairly distinct. I first got the idea from Ben Crosby. He's talking about the three waves of online journalism. I would say that from my experience and also being at USC I've got a lot more respect now for communication scholars and they now have the time. This business has been going on long enough so that the communications people really have something to study and to tell us practitioners something that I think is very valuable. For example, Francois Barr at Stanford is doing wonderful work. He has come up with a theory about how networks, in effect websites, are the entire network, the Internet. Its growth and its cycles basically struggle between the owners of the networks and the end users, the customers, the audience. I can give you three illustrations by these three waves.

The first wave was in 1982 when Knight Ridder and the Times put up these videotex sites. And this is really wild stuff. There were set top boxes that AT&T made for us that were on top of TVs and they were called scepter terminals. People accessed this through 900 baud modems and we had a mainframe that was churning away with this really primitive stuff but the graphics were sort of there. And we had amazing content. We had updated news. I had a staff of 9 people. It was not quite 24/7. We had to go down for 4 hours for maintenance every night. But except for that, we cranked out the news, we had changing headlines on the front page, we had entertainment, home banking, games, chat, bulletin boards. I mean you name it, it was all there. It was terrific software. We got it from Canada. The only problem was it all had to through this 900 baud modem. And the advertisers came in and said that they wanted their graphics to build faithfully. So Coca-Cola and IBM - it meant that they had to build pixel by pixel and the poor user had to sit there and watch the screen as it built pixel by pixel and 900 baud. But if you can talk about being hostile to end users, this was probably the greatest example in the history of electronic communication.

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And then that didn't work for a lot of other reasons it didn't work. So then we got rid of the scepter terminals and then we went to people with PCs. In 1984, the Mac had just come out and the IBM PC was beginning to get out there in the marketplace so people were calling in my telephone. We charged them about \$30 a month and they came in by phone and we had again this same rich database and fortunately modems jumped up to 1200 baud and we convinced our advertisers that we would not send through all of the graphics. And in fact we began to get the first idea of how to cheat, how to compress data. We would send through the graphics and went on their harddrive. So whenever the Coca-Cola ad came up, it came out of their hard drive instantly. So right then we were figuring out ways around these problems technically. But we still couldn't stay ahead of the curve. There were too many demands from the end users that we couldn't meet. And then on top of that our management was so stupid. We would hold these focus groups and ask them what they liked. And they would say, we love your international news and we love your encyclopedia and your first aid book online. So management was believing that stuff. But actually what they were doing was going to chat room to talk about sex. Which is really what they wanted. But they wouldn't admit it. But management sort of caught on to this and you couldn't advertise in chat there were a few other problems, so management - it consumed a lot of juice from the computer to run chat, so management decided to close chat down because a. they were talking filthy and b. it was too heavy in the system and we couldn't make money out of it.

Well, just at the time that we closed down chat and then eventually in 86 closed the whole system down, AOL was coming up and saying, hey, if you want to come over and be anonymous and talk about sex, be our guest. So all of that market went over to AOL just at the time we were closing down. AOL didn't become what it is just because of sex. But what it did was, it did play a role. But what it did was AOL right from the getgo listened to the end user and really at the opening stages there offered them exactly what they want.

So this was an example of how the owners of the networks - us and Knight Ridder - were just intolerant of the demands or the wishes of the end user. We just stiffed them, and as a result we failed. So we did learn quite a bit about failure because next time around we decided we wouldn't quite be that way.

The next way - so the first wave was from 82 to 86 and it was kind of a trough there while Prodigy, the proprietary services - Prodigy, AOL and CompuServe gained quite a bit of membership. But then when the web came up, at least Prodigy and CompuServe couldn't handle it. AOL made some important changes and was able to withstand the arrival of the web. Companies like us at Times Mirror we immediately got out of Prodigy and went to the web. We knew where our bread was buttered.

And then the second stage I would say it started about 92, 93. That wave went on to about 2000 until the market crash. Then I really think that there was, in one of the graphs it showed there was a drop-off there and now it is definitely coming back up.

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But what were the characteristics of the second wave? In my opinion this is the time when the end user got control of the network. And they really were in the drivers' seat in many ways. Including rejecting ads, and putting terrific demands us through wanting more and more personalization which is very costly. And rejecting registration. They're saying, we'll go somewhere else if you do that to us. And a lot of people took that really seriously. If you didn't have a really, really robust product. If you weren't a Washington Post or a New York Times you really had to tow the line. You had to say, oh, I'm sorry, we don't mean to do that. So the impression came around that the end user was in control. I think that had something to do with the decline in markets. I really think that there was a loss of investor confidence on who was in charge of the system. And it became - and then a self-publishing systems came and loggers and diaries and all this kind of thing. It kind of gave the impression that this was going to just go off into totally in their direction and so then how can you accumulate capital? How can you make a buck? How can you monetize? How can you build capital to innovate?

Well I think that was too drastic in the other direction. I think what we're seeing in this third wave, which I would argue started about a year ago. In this third wave we're seeing a genuine partnership between the end user and the owner or manager of the system. And that both sides recognize that to survive they have to give up some power and that it's more cooperation, more understanding. There have been references today to people are more accepting of ads, people are more accepting of registration. There's much more recognition on the part of the audience that it's going to take some money to make these newsrooms work. Even bloggers are admitting that if the daily news report wasn't there from the Washington Post and the New York Times and Wall Street Journal, etc. that they wouldn't have anything to talk about in their blogs. So, I think there's a general recognition that journalism costs money. That it is necessary to accumulate capital to make all this work.

Now I think that one of the problems we have right now is that there's a general concern about the conglomeration about the trends toward monopoly, the FCC decision that we're awaiting the Supreme Court decision of the last few weeks, that everybody is worried that it's going to back so far to the owner's side that the owner's are going to lock the end users out. I don't see that as happening. I think that we really are watching a genuine partnership here, a genuine awareness on both sides of who has to be kind to whom in order to make this work. The users have to pay the owners and the owners have to listen very closely to what the users want. I think that what we've heard today is expression after expression after expression of the system owners understanding that they have to listen to end users. I think that's the most important step that I've seen since I've been involved in this. And I think it's the most encouraging, the most optimistic sign. It think this medium really is going to work.

AUDIENCE QUESTION: Larry, your full article is up on the OJR site?

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LARRY PRYOR: Next Thursday.

ROSENAL CALMON ALVES: Sean Baenen is our next speaker. He is the Managing Director of Odyssey Ventures in San Francisco.

SEAN BAENEN: Thank you. I promise I will keep the talking at your portion to an absolute minimum so we can both maximize the talking with you portion and also I'm very sensitive of the fact that anybody who makes you wait for lunch is a jerk. Anybody who makes late for lunch and going home should be taken outside and subjected to several major felonies, or what have you.

I don't have a PowerPoint presentation. You people and your technology and your automobiles. What I do have is I guess just some general thoughts on the data. The challenge of speaking at this time of day, in addition to time, is that you want to try to make your comments as useful as you can. And so I hope I do that. To the extent that I can provide some macro level contexts about media habits in general and why it is consumers use these sites, why it is that we're all sitting here having this conversation, I'd like to at least given attempt.

Why was I asked to do this? Well, there's an old expression that I don't know who discovered water, but chances are it wasn't a fish. And I am not fish. We do not do qualitative work at Odyssey. We do quantitative work. We do not do tactical work, we do strategic work. There's value in both. It's just, I want to be clear what we do. We're an independent market research firm that works with 5 of 6 very, very large companies on a retainer basis with their executive committee to help them make demand side decisions about a whole host of things. We also work with a group of small companies that are just getting started who have various ideas about how to exploit mostly new media technologies.

So let me just check in, with that as context, on three fronts. Larry and I met this morning for the first time. But I'm going to mirror a lot of what he said. Because I look at things from the end user's perspective. That's my job. So, yeah, 60% of households have PCs and that's the basis of all the traffic that you've seen so far. That also means that 40% of households don't. In fact, that number has been flat for about a year. The number one reason that people who don't have PCs say they don't have PCs is what? Not that they're too expensive. Not that they don't get the technology, because they don't think they need one. If I may contribute my own two cents to this broadband issue. Look, it may be very possible that sometime next year 30% of all US households, as we heard earlier, went broadband. That's a stretch. About 12% of all households have broadband right now. The number one reason online households - not households that aren't online. The number one reason online households don't have broadband? Don't think they need it. They're very, very comfortable with their existing service. I think this is an opportunity, but again, just to give context. In other words, you've got a lot of opportunity in primary demand. The people that, the next 40% that comes online to the extent they do, will not be

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the same as the first 60% that came online. And the first 60 are not all the same either. They all come in different shapes and sizes. They're all using your sites. They're all seeking their news for different reasons. For some it's about efficiency. It adds efficacy to their day. To others it's an easy way to educate themselves or other members of their family or to get ahead - to look good at the water cooler or what have you.

And to the extent that you're not going to assume growth, because again, PC penetration has been flat for a year. To the extent you are going to get growth, it's not going to be the kind you think. Now why do I say that? Well, what's really going on here? I'm from Silicon Valley, so I'm a very seasoned veteran of the technology push model. The theory that if you build something that's cool enough consumers will have some sort of homogeneous reaction to it. That is just absolutely false. I mean there really is not a piece of data that would contradict the fact that we have a country that is growing more and more heterogeneous, not more and more homogenous. That is expressed very much so in people's choices around technology, around media. And to the extent that you don't believe, just look at the magazine rack. I'm old enough to remember when the magazine rack was - a magazine store was a relatively small proposition. Today that's no longer the case. Let's look at broadcast media. According to our friends at Nielsen who if anything would be in the business of over reporting this, in 1978 and 1979, the three major networks - ABC, NBC, CBS - controlled 91% of prime time share in this country. Do you know what that number is today? 40%. And people say ah, yeah, but that's because most people are watching the WB or UPN or Fox. If you count the big six, they've lost about 17% share in the last six years alone. People are expressing their heterogeneity - is that word? It's my understanding there'd be no vocabulary. People are expressing their heterogeneous natures by their media choices. You know we look at a fully penetrated cable network in terms of analog cable homes, which is the main real estate they have these days if you're in the television business and only 48% of the households view CNN at least once a week. A great business. Lots of stuff you can do there, but even a mature medium like that is not drawing 100%.

So we do need to approach these things from an end user perspective and we need to think about targeting. We need to begin thinking about why it is that people really come to these sites to get their information when they have many, many other choices available. What do consumers hold most dear? Each of your consumers. Is there a piece of research somewhere that's quantitative and representative that looks at all the people who access online sites for news and looks at why they do it? Is it because it's more convenient? I'm sure for some it is. Is it because the only time they have - they want it in short concise format and the medium allows them to consume things that way? Is it because they bought a PC to help educate their kids? Is it because they want to show off? I don't know the answer to that question, but the one thing I can assure you is that we can't lump everybody together. And people are going to be different moving forward. So, what does that mean. Well, to wrap up, the words you love - bigger. I hate to say this but online journalism is a channel.

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It is. It's not magical. It's not going to defy the laws of journalism. It is a channel. It's a really good channel, but it's a channel. The things that made - you know there was this theory for awhile in marketing for instance - well, we're going to have a marketing department. And then we're going to have an emarketing department because somehow or another that is different. I think we've learned over the past four or five years that no, it's not. And the marketing function in an organization operates by the same basic rules. You need to bring people through the product purchase funnel. Awareness, image, purchase, trial, repeat, etc.

The same is true for journalism. What makes good online journalism is what will make good journalism. It all starts there. I can guarantee you. There is not one consumer anywhere in the world that right now just put their kids to bed and said, alright, I'm ready for some layered journalism! Or who fed their family and said, how about some multimedia? These are not end user needs. So the things that will make online journalism successful is exploiting a very unique channel we've heard a lot about the channel today - I don't need to describe it - and allow people to express their needs.

Secondly, to the extent you believe that people want more choice and more control, and I think they do. The extent you believe that that is a fundamental kind of center of gravity issue - that people will gravitate to things that give them more choice and more control. Then I think there's a real opportunity for the companies that we've heard from today, to instead of being kind of add-ons, to actually be fundamental base primary traffic drivers.

You know, I'm an online service and PC penetration is flat. And the number of households that have a PC that do not have online access is basically shrinking to zero. I look at opportunities for growth and I'm really concerned. If I'm a broadband provider, I've said that broadband is going to be coming tomorrow for 3 years at least, and it's not. And in fact, the number one reason that people don't have broadband is because they don't think they need it. Hmmm. That's a real big problem for me. So I think based on some of the really, really interesting things we've seen both on the retail commerce side and on the content consumption side, there's all sorts of opportunities for the people who we've heard from today to actually take a role and to use customized news content as a primary traffic driver.

The good news is that if I think if we can figure this out, trying to summarize everything that we've heard today, people will pay for it. People have proven a willingness to pay for things that they think are of value. Again, I'm not trying to discredit the research we saw over lunch, but if you ask somebody in the abstract. You have something for free right now, do you want to pay for it? They're going to say, no, absolutely not. If you ask people a well thought out articulate question about if I was to offer you these things, would you be willing to pay for it?

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You know, when we've asked for this question, we work for media companies that are making decisions around online music services. Our fundamental conclusion there is that the reason people aren't paying for your services is because you're not offering what they want. The number one thing people want to do when they download music is they want to be able to create their own play list, separate tracks, and you want the ability to burn - to put it on some medium that's most convenient to them. What are the two features that you cannot do on any of the major push systems right now? You cannot separate tracks and you cannot burn. Now I understand that that's an oversimplification but again, I'm speaking from the end user perspective. If you ask me if I'm going to pay for that system, hell no. But we've done a lot of research for a long time that would suggest that people actually - if you give them what they want - will pay for it. And I think there's an opportunity there.

Then finally, choice and control as it continues to take root in media behavior doesn't take us at the final destination of that - You know we had the mass-market model. I think we can all agree that's dead. We had a kind of mass customization model where I'm going to sort of aggregate and instead of going from the bazooka approach, I'll shotgun them. We hear a lot today about this market of one. So I am somehow or another going to diagnose you and I'm going to send you some sort of content being that it's very personalized news, that is very tailored to your needs. I think that's exactly right. That's exactly the right path and I'm very impressed with some of the stuff that I saw today. But that's not the end state.

The end state is truly the reverse media market place where instead of me going to a news stand and selecting from a bunch of covers. The covers are coming to me. And in that kind of world, my provider of news isn't chosen, they're invited. It all comes back to the issue of targeting. The more you can use why it is people are using your services and what the ultimate end user needs are, I think the better the future for all of us. Thank you very much.

ROSENAL CALMON ALVES: Our last speaker is Janine Warner. Janine is an author and has written several books and syndicated columnist writing a column on the Internet at the Miami Herald and the former director of the Miami Herald Online. She is the only person in the world who has been in my three symposiums.

JANINE WARNER: Thank you. Imagine that you're 18. OK, that's easier for some of the people of the room than others, but play along with me. Imagine that you're 18 and you're going off the college for the first time. And you're really excited because you just got your first credit card ever and you can shop like a grown up. So you buy your books with it. You know, it's not a real credit card, it's one of those debit cards that your parents put your allowance on every week and it's only got so much of a limit, but you can buy your books, you can buy some meals out with your girlfriend and look like you're cool - your boyfriend - whatever. Well, Thanksgiving comes around and you're driving home from school and your car breaks down and you go in

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with your credit card and repairing the car exceeds your limit. But today you can appreciate why this credit card is so special. Because when Visa created this debit card, it also linked it to your mother's cell phone. When that card exceeds the limit, when that transaction exceeds your limit, your mother gets a message on her cell phone in that moment where you are, what you're trying to buy, how much over the limit it is, and pushing just a few buttons, she can increase the limit. Now, when you tried to buy an electric guitar last week, she probably said no. But try to come home for Thanksgiving and breaking down on a rainy night, she'll probably say yes. That's a pretty cool credit card. Now is that something that's happening today? Or is that the future? What do you think? How many of you think that's going to happen someday? How many people think that's already happening today?

Good job. You know this is a way too well informed audience. Visa Latin American actually rolled out a test on that in the Dominican Republic of all places. And if you wonder why, it's because the president of Visa Latin America is one of the most forward thinking company heads I've seen. Latin CEO did a cover story on him a few months ago if you're interested. And he is so about technology. That if you ask him what his competition is, it's not MasterCard, it's not Visa. It's not any other credit card. Visa dominates the market completely. His competition is money. Paper. His staff are so aware of that. They're afraid to print things out in the office. That's visionary leadership. I collect anecdotes like that from visionary leaders because it helps me kind of imagine what might happen in the future. We we've talked a lot today about how broadband is way off and no I'm not going to read my newspaper on my cell phone tomorrow. But I do like buying movie tickets that way. And it does save me time. And there are things that newspapers are doing today that have application to wireless technology in the not too distant future. There are things that broadband's going to make happen in a better way in the future. And I think the more you can sort of look at companies like that example in Visa that are pushing the limits and are experimenting on new things, the more ideas you can get for your own markets.

So I'm keenly aware that I'm the last speaker and that I think the only thing worse than making you late for lunch is making late for cocktails on a Friday night. So I went out at lunch and cut a bunch of slides. But I do have a couple of things to share with you.

This is one of my favorite cartoons and one of my favorite reasons for writing dummys books, is I get all these cartoons in my books. I have to say I'm really impressed with the interactivity of this car wash website. I like that one because I think a lot of us feel like our websites are so generic sometimes. And I think that's kind of true. You know, you fake it till you make it. That's okay.

This is a little dated but I think it has some perspective about how quickly things have happened on the Internet. Just quickly with hands. How many people have email today. Anybody in the room who doesn't? Okay. How many of you had it last

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year? 2 years ago? 3 years ago? 4 years ago? 5 years ago? 6 years ago? 7 years ago? 95?, 94? You guys are a loaded audience. Well, let me put that in more realistic perspective. When I talk to business audiences and people who aren't as technically savvy as this room, usually after 4 years, most of the hands go down. And when you ask today, most of the hands are up. Although this is a little outdated now, thinking about how quickly the Internet reached the penetration of other technologies that came before, I think really helps for perspective. Not that Internet is necessarily a better technology. But it's one that's changing much faster and one that requires us to respond and react must more quickly. I do think it's a better one. I think it's a lot more exciting one.

Two little things I'll share with you after hearing people today. The book, "Life After Television." Did anyone else read that book? It's a little outdated now, but the premise was that newspapers were much better set up for the Internet than television because they already had an essentially interactive content. And if you haven't read that book, even though it's rather outdated today, it's got some valid concepts in it that still apply today. I think his forward thinking in writing that is worth going back to. The other thing that people talked about a lot is the whole shovel word. The word I like even more is digital sausage. It's not a much better concept. It's certainly not a premiere concept, but at least it implies that you're doing a little more than just throwing it online. That you're moving it around, that you're regurgitating it in a way that really is a new product.

One other thing I'll share for you from a past event here that is an example that I use a lot in speeches. The keynote speaker last year was Anitesh Barua. He did a study on the Internet economy and something that I did that I thought was really simplistic and elegant in the way he described it was the separate what he calls the dotcom economy from the Internet economy. And what he said is if you look at all the pure dotcoms - companies that got way too much venture capital with way too little idea of a business plan. They go straight up and they straight back down. But if you separate those out and, by the way, I think if you put all of the pure dotcoms including Amazon and Ebay together it's only about 10% of the total Internet economy to date. If you take those out, that curve goes very steadily and nicely up. As we've seen in many of the things today, Internet use, Internet penetration, people reading online continues to increase. If you go back to your publishers or your professors or your future employers and they say, oh, that Internet thing. We're never going to make money on that. That's a waste of time and resources. Remind them about that. There was too much hype and then there's been way too much pessimism. And somewhere in-between there's a curve that now is more than 50% of the households in the U.S. That's not an insignificant number.

So one other thing I thought I'd do quickly with you just cause I thought it was sort of interesting as I went through the slides. I used to run the Miami Herald website and when I joined the team, this is what the newspaper looked like online. Like many people at the time, they thought they needed a brand that was distinct on the

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Internet. Now a lot of marketing people, or most of today would say, well, that's silly. They spent all that money treating the Miami Herald brand. It's kind of silly to throw that out and call it Herald Link. So not long after redesign and came up with this. I like this slide too because Elian Gonzales - remember that little kid that we found in the ocean. Traffic to the Miami Herald tripled during that time. So those local stories, those things that only can cover are the ones that make the biggest difference. Just a couple more in the evolution here. We launched Miami.com. And then that evolved into a centralized platform. The last generation of the Miami Herald and Miami.com - looking more and more as Knight Ridder moved towards this national network of local sites. And then now the most recent.

Without making a whole lot of comments or criticisms about the current design versus previous ones, I just offer that as a reflection if you think about your own history and all the different changes you've made all the interface changes for better and worse. I'll give you this piece of advice. Make the best decision you can with the information you have at the time and move on.

Now part of what's so profound for me about that quote is it comes from my now all-time favorite book which just came out a few weeks ago - Hannah's Gift. Which may sound tragic to you. It's about the story of a 3 year old dying of cancer. But not unlike "Tuesdays with Morrie," for anybody who reads that, it's one of the most inspiring, touching books I've ever read. But this was the advice that the doctor gave to her when she found out her daughter had cancer. And his own daughter was dying of leukemia and he said, there are going to be days when you look back and you think, I wish we'd known. I wish we'd had better information. I wish I could go back and register all those domain names. Look toward the future.

I'll just leave you with these four comments. Local. Local. Local. What could happen in the next five minutes in your readership market that you're not prepared for? An earthquake in San Francisco? Somebody dies in Washington? Plane hits the World Trade Center? Okay, some of those are more predictable than others. But if you live in California and you don't have an earthquake package ready to go online immediately, go home and do that. If there's a major celebrity of personality in your area who's likely to die - I know that sounds morbid - but all the newspapers have those packages ready for print. You should have those ready for online. Take those resources off rehashing if you lose and prepare some packages on things that would really draw traffic to your site.

I think there are too many people still fighting with their companies and still not clear about who the real competition is. There's been a lot of talk about that today. I have one more cartoon to share with you about that. Multiple revenue streams I think is one of the best pieces of advice you got today. There are lots of ways that you can make money. Focus on those, think about those, and whatever you do, never put 6 smart people in a room with a magic marker and an eraser board and ask them to come up with a new idea. Because they will. They'll come up with lots of great ideas.

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But unless you really got some feedback from some of the analysts and people in this room about whether those are going to work and whether you can make money on them, you're wasting your time. Then obviously, interactivity. I think - one thing that I didn't hear enough of today is how important it is to let readers talk themselves. Discussion areas. Feedback. Getting email to your reporters. That's the biggest difference. Not that we can send multimedia but that they can send information back to us, and that they can communicate with each other. That's the fundamental difference between the Internet and any other medium before. It's not one to one. It's not one to many. It's many to many. And I think it's important to remember that, especially since we're used to being us to you.

So just how accurately shouldn't our website reflect my place of business? I mean that's kind of cute. His office is a little bit of a mess and obviously you don't want your website to be that cluttered. But for me, thinking about newspapers, my point is, all the fights you guys are having with your classified ads sales people and the journalism and the newsroom who still don't get it, don't let them affect what you send out to the public. Don't show them all the chaos in the office in the back. Do everything you can to work that out before it gets to them.

So I'll leave you with a game. And the best part about this game is that it's about 4 minutes long and you need it to go. You have to stand up to play it. So if everybody will get out of their seats. So if any of you have ever played this game before with me or with anyone else, you're welcome to use what you know. But please don't tell anybody else how it's going to turn out. So you need a partner for this game and I recommend that you pick the person on your right or left who you think is most likely going to make you laugh. Either that or the one that can drink you under the table. So you need a partner. Make sure you're introduced and you know who it is. This is pretty straight forward. I just want you to turn back to back. No touching. Okay. Now here's what I want you to do. I want you to change one thing about your appearance. Any one thing about the way you look today. Any one thing. You have 30 seconds. Okay. Turn back around and compare notes with your partner. Okay. In the interest of time, you guys are catching on quick. Turn back around back to back one more time. Okay. This time I want you to change 3 more things. Any 3 things about your appearance. Now keep them decent. This is a mixed audience. You have 45 seconds this time. Five seconds. Three. OK, turn back around. Compare notes. Okay. You guys are so good. We're going to do this just one more time. I swear, just one more time. Back to back. Come on. Come on. It's the end of the day. You can do this. This time I want you to change 7 more. And you know what, nobody ever does that. You can now sit down now.

You know, that's extraordinary. I've played that game literally all over the world, in two different languages, and nobody will ever do 7. Well, let me tell you a little bit about why. Because that is not just a game. That is an exercise in change. I love to play that game when I talk about the Internet because the Internet is all about change. It's about stuff being different every day. It's the biggest challenge and to

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me it's the most interesting thing. That game brings out the most common responses to change. So the first thing that most people feel when they're asked to make a change, whether it's new school or a new job, or a new city. The first reaction is that change is about loss. So when I tell you to change something the first thing people most people do is take something off. That's why I have to say at some point, keep it decent. And that's also you won't do 7 because nobody dressed for strip poker today. You didn't know I was going to play this game. By the way, if you took off both shoes, did that kind of - two or one? It doesn't matter. But people think change is about loss. So the second thing is that people feel like change is something really private. Now I did tell you to turn back to back and that is a little misleading. But when I said, turn back around, I said compare notes. I didn't say, try to make your partner guess what you changed, but that's what everybody does. Because change is something you feel like you're supposed to have all figured out before you tell other people about it. And tell them, sure, I've done it right and I don't really want anybody else to know. So while you're still uncertain about what the heck this game is about, you're certainly not going to offer that you took your belt off. And I think one of the most creative - somebody actually tied his tie around his head one day. That really got my attention. But the last thing and the one that most impressed me when I played this game, and I think the most valuable lesson, is that people feel like change is something they have to do alone. And so while you were laughing at her trying to figure out what she was going to change, she was laughing at him trying to figure out what he was going to change. It almost never occurs to anyone that you could trade things with each other. That you could have given your glasses to her and she could have given your name tag to you and you could have traded other things around the room. And if you'd done that, you could have done 7. It wouldn't have been hard at all.

I think that's the best lesson in a room like this. That some of the most valuable things you can learn in a conference in a seminar in a classroom are not from the people at the front of the room. They're from the people in the room with you who are going through the same kinds of things you are - whether you're one of the panelists trying to figure out how to make money on your online operation, or one of the students trying to figure out how you get a job from one of these panelists that doesn't have any money. You're all going through the same thing. Don't try to figure it out alone. Talk to each other. Compare notes. Get email addresses from each other. Call each other next week with follow-ups when you can actually have a conversation about something. And so I'll leave you with this message. You're not alone. Thank you.

ROSENAL CALMON ALVES: We do have a couple of minutes for a couple questions if anybody still has energy and wants to ask questions.

LARRY PRYOR: I just got to say something. That was a hard act to follow. But one quick anecdote. When I saw that cartoon with the bubbles coming over the computer, when we did the videotex thing, we tried to make it so people could order

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movie tickets and we couldn't make a deal with the movie people and we couldn't make it work. But we told them to order their tickets anyway over our system and then we had a secretary come every hour and get the orders. Then she picked up the phone and she called the movie theatre and it worked just fine.

ROSENAL CALMON ALVES: Anybody from the panel want to make a final comment or ask each other a question since the audience already has left.

LARRY PRYOR: I'd like to raise something. The luncheon speaker said that he didn't believe that wireless revenue was going to be arriving for a long time. I wonder how the audience feels about that. I tend to disagree. We've got a piece up on the Online Journalism Review right now by J.D. Lasica saying that major, major changes are about to happen in the wireless world and their use will have major revenue implications for publishing. Not in the distant future but it could be like in about 2004 or at the most 2005. I wonder how other people feel about the prospects for wireless.

AUDIENCE QUESTION: Mainly in several areas - in regulations and in standards and basically in the hardware. That more like what the experience that they have in Europe. If we could mimic what's happening in Europe and then go one step further which is what it looks Nokia is planning for us. I think that we might see some really huge developments in a short time.

AUDIENCE QUESTION: I've done a little writing a wireless lately and I think it's somewhere in the middle. I think, if you think about the Internet and you talk about 2004 or 2005, that's a long time away. But I do think it's probably in the U.S. market somewhere between 2 to 4 years where we still start to seeing more compatible use of interesting applications. The ability for content providers to actually make some money and have a more stable platform in which to provide that. Which they are doing in Europe which is mostly with short text messages which we're starting to do a little bit here. And then having AT&T Wireless make the deal with DoCoMo out of Japan to bring that type of platform to the U.S. I think it's at least 2 years if not 4 years away. But I'm somewhat optimistic that we'll be able to provide a unique platform for revenue generating services for content providers. But it's not going to be like we all thought the Internet was going to be. Where there's going to be man from heaven next year. It isn't like that. And maybe that's smart that it takes a longer lag time and that we create it more like a business.

STEPHEN NEWMAN: I think the jury is still out really with this and two years is a long time. Four years is even longer obviously. But the question is one, let's look at where we are on the value chain. We're not in a great position on the value chain when it comes to wireless because wireless first and foremost commoditizes content. So it really levels the playing field. I mean, you can do very little on the cell phone. It's a little different with a PDA. That's number one. Number two, I'm not sure if there's a demand on the advertising side so it would really subscription base and

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that's told again the commodity nature, and then finally back to the value chain. Those carriers really own the customer and paying for placement is not a game that you want to get into and that's really what's happening these days. If you look at depths of these cell phones right now, it's not surprising who you find on that first screen. It's AOL. It's Microsoft and it's the people who can afford to do it because they are who they are and (inaudible). I'm just not convinced. We're in the game and we'll continue to be in the game to protect our position there, but I think the jury is still out.

ROSENAL CALMON ALVES: Maybe the wireless as we are talking about is beyond devices that we have now. I mean, one thing is to talk about wireless as a big explosion that is ahead but the other thing is to think the future with the reality that we have what we have now. The other thing is that it's very surprising why the United States got behind in this technology now - compared with Japan with Asia in general and with Europe. And the other disappointment here that is amazing here that happened was in the broadband thing. I mean, you can find countries in Asia and in Europe that have more broadband than here and this is really something that you could not imagine a few years ago.

BRUCE KOON: Let me just actually pass on - it's not my information - but I asked the same question of an analyst a few weeks ago. And the first iteration again going back to what is it the user wants? They may want breaking news headlines, but again, AP wires, anybody already has, that 's a commodity provided by anyone. They're going to want traffic reports. Again, we at media companies are already having to get somebody else already owns that information - so there's very little that, even if there is some revenue, as they said, that we would have some assets or leverage on. The one thing that was suggested on a first generation again, is if you have syndicated content and the carriers roll out their products - like the cable companies when they first did - they did programming with it. So there might be a first iteration where some of your content might have some values as they throw it into the package - buy our service for \$9.95. You can get some local restaurant listings from the Miami Herald. It might help them to get the thing started. But that's about the only thing I've been told.

JANINE WARNER: People talked a lot today about early adopters - geeks like me that will try anything because it's cool. A few years ago I was in a presentation by some marketing specialists and they talked about the second and third tier of adapters. They don't try things because they're cool. They try new things cause the thing that it replaces is so bad. So if you want to know what's going to work in new technologies, like wireless, like Internet, whatever. Look at whatever really sucks offline. So one of the reason that I said I buy movie tickets, and I dial the 800 number and punch in my tediously my credit number - is because I really hate waiting in line with a bunch of screaming teenagers. The incentive there to pay the extra 50 cents. It's worth it to me. One of the things that really impresses me when I look around the world is that I believe there are some places where emerging

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countries are going to jump ahead of the U. S. precisely because the improvement of doing things on line is so much better than what they have today. Whereas in the U.S., you know online banking, it's a little bit better, it's a little more convenient. But in Brazil, where online banking has really taken off, when you stop at an ATM machine in Rio you take your life in your hands. Correct me if I'm wrong. The incentive there is a lot higher. So that's kind of an extreme example and it's a terrible one. Rio is one of my favorite places in the world. But I really believe we are going to see more and more of those examples. I mean it doesn't surprise me.

ROSENAL CALMON ALVES: But it's not only a banking in Brazil. Web banking in Brazil is much better than web banking than it is here, believe me. I mean, the system developed there - and it's not just because of violence. It's also because of the way the system is there. Banks have long lines. You pay everything in the agency in the branch there. So they really developed ways that are saving them a lot of money that they don't have the need here. So when you compare the banks there, it's like we were the developed country and you guys are the underdeveloped.

AUDIENCE QUESTION: I had a very quick comment and a question. I totally agree with Janine and my last trip, which was last December was terrible because when I left India, August 2000, cell phones had become the thing to have. Not because they were cheap. They're incredibly expensive - the phone and the service. But the reason the cell phones went really wild was because the actual telephone line takes longer to install. I actually had more run-ins with - you had problems with the lines, you had problems with weather at the moment. It rains and your telephone is dead and it could be dead for days. If you haven't bribed the telephone official enough, he's going to have the guy (inaudible) you're going to have to wait till the next month. So that's very, very true especially in other countries. But what also happens this time when I went to India was that I saw instant messaging basically right on phone taking off tremendously and not because messaging is the cool way to interact but it is, but it cut down costs. It cut down telephone costs. It was cheaper to send messages than to make a telephone call. So using that as a premise I think content companies in India would probably catch on and yes it would be a way to make the system great but if you took this particular service, that you could get this content for free. But I think that while this content messaging is not very far off. It's not in the U.S. or elsewhere.

ROSENAL CALMON ALVES: It think we had lots of answers. I think this day we had - I would say that in the morning I hope it's not like the other times when we ended up with very happy because we had more intelligent questions after a day of debate. I sincerely believe that we had lots of answers and we had a great day. Thank you very much for coming, our guests, and thank you in the audience to stay until this late. Thank you the students who helped me a lot and I would not have this without your help. Thank you very much everybody.

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JANINE WARNER: If I might just say, thank you Professor Alves, for all that you've done. Thank all of you.