

**TRACKING  
THE CHILD  
PARENT  
INTERACTIVE  
INDUSTRY**

Online Services

Interactive Television

CD-ROM

Games

Internet/World Wide Web

Educational Software

Cable in the Classroom

School-Home Links

Homework Assistance

Distance Learning

Demographics

Video On Demand

Parental Controls



## FEN, Microsoft: Let's Make a Big Deal

**M**icrosoft Corp. has struck a deal with the Educational Publishing Group that could send the Boston-based company's fledgling Family Education Network to the head of the class. Specifically, the companies have agreed to co-market the FEN service, which is scheduled for launch in September. The service—a preview of which is available at [www.families.com](http://www.families.com)—is the cornerstone of a membership program under devel-

opment by EPG, which will include a newsletter, discounts on a wide variety of products and services (including Microsoft software), and other benefits. Under the terms of the deal, EPG will develop the FEN online service using the full portfolio of Microsoft tools and technology; subscribers to FEN will receive the Education Explorer browser, which is a version of Internet Explorer gussied up for the education audience. Customers (page 5)

## FTC Investigation Keeps on Probing

**D**igital Kids has learned that the Federal Trade Commission is reviewing the online advertising and data collection practices of some other children's World Wide Web sites in addition to its public investigation of the Milwaukee, WI-based SpectraCom's KidsCom service. FTC staff attorney Toby Levin said the agency is doing its own "monitoring" of Internet sites for potentially inappropriate practices but would not elaborate. As a rule, the FTC does not comment on its investigations—whether instigated by a third party or the agency itself—until they are closed. The KidsCom investigation was launched when Washington, DC's Center for Media Education asked the FTC's Division of Advertising Practices to review the data collection practices on the site. There are three possible outcomes to any FTC investiga-

tion of this ilk: The commission performs its review and then closes the investigation if it perceives no unfair practice; the agency determines there is a problem and reaches a consent agreement with the violating party; or, if that doesn't work, it issues a complaint against the party. If a consent (page 4)

## Advertising: When Will Kids' Sites Get Some?

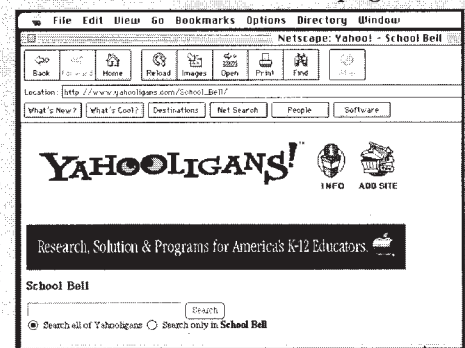
**A**sk children's Web sites developers about advertising and be prepared for some serious moans and groans. We can't blame 'em. With most of the online industry touting advertising as the answer to the revenue question, what are children's sites to do? This month's special feature tackles the issue. (page 6)

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### Family Sites Get Ads

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## INTERNET

## Family Education Network, Microsoft Make Deal

(*cover*) will also receive five free hours of access to the service via a deal brokered by Microsoft with AT&T's WorldNet Internet service.

While the casual observer might be surprised by the partnership, the deal delivers for both parties. For EPG, it means access to Microsoft's marketing and technology prowess, which it would have been hard pressed to match on its own. (To date, Microsoft has handed over about \$500,000 in technology resources alone, according to EPG president Jon Carson.) In return, Microsoft gets the cachet of EPG's standing in the educational community; EPG is an important ally in the the Redmond giant's foray into this multi-billion dollar market.

While FEN is intended primarily for use by parents in the home, the service has a substantial school-based component. Specifically, FEN is designed to be customizable so that communities can create local FEN services that bridge the gap between home and school. (The company forged a partnership with the American Association of School Administrators to promote this aspect of the service.) Also, subscribers will be able to access national programming from *Exceptional Parent*, PBS, *Congressional Quarterly*, and much more.

### Back to School

It's no secret that Microsoft is aggressively pursuing the education market both at home and in the schools. The company is offering Windows 95—which retails for about \$100—to K-to-12 schools at \$19.95 per program. It's also pouring millions into creating what it calls a "connected learning community." Examples include a program to wire the Parent-Teacher Association and its local affiliates; a \$3 million partnership with the American Library Association called Libraries Online; and a multi-million dollar initiative to wire schools, the Global Schoolhouse, via a partnership with MCA.

These efforts are slowly but surely chipping away at long-time leader Apple Computer's share of the education market: According to Quality Education Data (Denver, CO), 39 percent of school districts in the U.S. plan to purchase Windows machines in the 1997 school year, which is up from 37 percent in 1996. Macintosh purchases will drop from 61 percent of school districts in 1996 to 55 percent this year. Other studies show an even greater penetration of Microsoft software. Last May, CCA

Consulting (Wellesley, MA) reported that Windows-based PCs will account for 72 percent of computer purchases by K-to-12 schools in 1996.

Certainly, the deal with Microsoft pushes the FEN service into the big league even before it officially launches. There's little doubt that education players will be watching this one carefully.

DIANA SIMON

## Scholastic Looks Home

With the impending launch of Scholastic Network, Scholastic Inc.'s emergence into the online consumer market could be imminent. "Parents want something that will have results in their kids' schoolwork," said Robert Gehorsam, vice president of new media at Scholastic, "and kids want something fun and engaging." Like many others in the education field, including the Lightspan Partnership and Family Education Network, Scholastic hopes to become a forerunner in the evolving home-school connection arena.

SN on the Web is like SN on America Online but with a slew of additional features. Gehorsam said that SN's success on AOL is due to the easy sense of community the consumer online service facilitates and the "many layers of trust" it offers. However, thanks to a relationship with New York-based technology developer InterWorld—which implemented a complex and layered framework—the Web version of SN resembles a commercial online service itself; it is stocked with chat, bulletin boards, Sister Cities (a pen pal program), and a searchable Internet Guide. In fact, Scholastic plans to drop its long-standing placement on AOL within the next several months.

Speaking of trust, Scholastic's best marketing tool is word of mouth from teachers passed on to parents, which is how the company hopes to expand its brand name into the home. "Scholastic's success is based on trust and credibility with teachers who recommend products for the home." One way Scholastic will ensure the same standards in a consumer product is through its partnership with parental controls maker CyberPatrol, which also developed customized levels of safety and filtering options for teachers on the Web service. With the infrastructure it has built for Scholastic Network, which will launch in early September, there are multiple options for growth, such as local content, parent services, and homework help. Gehorsam acknowledged that—similar to a company such as Infonautics—Scholastic believes that a space exists between the school and the home that connects the child's school day and the family's home life. And that is where Scholastic wants to leverage its educational brand name.—ER