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ABSTRACT

This report analyzes commercializing trends in America's schools and classrooms, using data from database searches in seven categories of schoolhouse commercialism in the period 1990-97. The number of citations relating to commercializing activities can provide only a rough approximation of the scope and development of the phenomenon. The number of citations reporting commercial activities in the schools has increased 154 percent--suggesting that the 1990s have become the decade of sponsored schools and commercialized classrooms. The largest area of schoolhouse commercialism appears to be sponsorship of programs and activities (199 percent increase). The fastest growing commercial activity appears to be exclusive agreements between schools and bottlers, sports apparel manufacturers, and other firms (495 percent increase). An emerging category of school commercialism is electronic marketing, which includes television, radio, and the Internet/World Wide Web. The categories of sponsored educational materials and incentive programs are well-established commercial categories. The number of citations describing sponsored educational materials grew 313 percent. Despite the pervasiveness of commercialism and its growth, the education press has had virtually nothing to say about the issue. An appendix lists sources, search strategies, search terms, and data tables. (Contains 101 references.) (DFR)

Sponsored Schools and Commercialized Classrooms

Schoolhouse Commercializing Trends in the 1990's

Center for the Analysis of Commercialism in Education

August 1998

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* This report was written with the research assistance of Elizabeth Buchanan, who spent countless hours conducting database searches and creating graphs, and Jennifer Morales, who tracked down information on companies and groups engaged in schoolhouse commercializing activities.

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Executive Summary

This report is a first attempt to provide a comprehensive and systematic analysis of commercializing trends in America's schools and classrooms. The data reported here are the result of database searches on seven categories of schoolhouse commercialism covering the period 1990-1997. The number of citations that relate to commercializing activities can provide only a rough approximation of the scope and development of the phenomenon. Nevertheless, the results are sobering.

The number of citations reporting on commercial activities in the schools has increased 154 percent between 1990 and 1997, a finding that suggests that the 1990's have become the decade of sponsored schools and commercialized classrooms.

Largest Category of Schoolhouse Commercialism: The largest area of schoolhouse commercialism appears to be Sponsorship of Programs and Activities. Between 1990 and 1997 the number of citations describing this category of commercial activity increased 199 percent. In 1997, the almost 1,400 citations documenting sponsorship activities suggest that events such as Greenbrier High School's notorious "Coke in Education Day" may have become commonplace in American schools.

Fastest Growing Category of Schoolhouse Commercialism: The fastest growing commercial activity appears to be Exclusive Agreements. The number of citations reporting on exclusive arrangements between schools and bottlers, sports apparel manufacturers, and other firms increased 495 percent between 1990 and 1997.

Emerging Category of Schoolhouse Commercialism: Electronic Marketing, which includes television, radio, and the Internet/World Wide Web, is a relatively new development in

schoolhouse commercial activity. Two of the three firms studied in this category have not been in operation for the entire period studied (one was founded in 1993, the other in 1996). Also, the extreme notoriety of Channel One in the early nineties resulted in an enormous number of citations that makes it appear that the prevalence of this sort of commercial activity has, by comparison, declined in the mid-nineties. However, the increase in the number of citations between 1996 (183) and 1997 (256) suggests that this activity may increase over the next several years.

Stable Categories of Schoolhouse Commercialism: The categories of Sponsored Educational Materials and Incentive Programs are well-established commercial categories. The number of citations describing Sponsored Educational Materials grew 313 percent between 1990 and 1997. However, the number of citations has remained relatively small (8 in 1990 and 33 in 1997).

Incentive programs such as Campbell's "Labels for Education Program" and Pizza Hut's "BOOK IT!" program drew more citations (96 in 1990 and 81 in 1997) than Sponsored Educational Materials. Although the number of citations related to Incentive Programs declined slightly when 1990 and 1997 citations are compared, the overall picture is one of a mature marketing category that has become a common fixture in many American schools.

Trends Unclear in Two Categories: On the surface, the number of citations associated with Privatization suggests that the for-profit management of public schools has experienced explosive growth during the 1990's. Between 1990-1997 the number of citations increased 1,285 percent. However, a large number of these citations were reports of financial and other problems associated with two of the five firms studied rather than descriptions of the spread of privatization. Since 1994 the number of citations in this category has trended downwards. It is too early to tell whether this category is likely to grow in the future.

The number of citations reporting on Appropriation of Space has declined about 33 percent between 1990 and 1997. However, there are relatively few citations in this category (43 in 1990 and 29 in 1997) which makes it difficult to assess whether this decline has any significance.

Educators Absent from the Discussion: Despite the pervasiveness of schoolhouse commercialism, and its continued rapid growth, the education press has had virtually nothing to say about the issue. The seeming failure of the education community to describe and attempt to understand and assess the impact of commercial activities on the character and quality of schools and their programs is hard to explain and warrants further investigation.

Introduction

Be True to Your Cola?

Greenbrier High School in Evans, Ga., made international news this March when Principal Gloria Hamilton suspended senior Mike Cameron. Mike, along with 1,200 or so of his classmates, was lined up in the school parking lot to spell out the word "Coke." Each class had an assignment. Standing on letters carefully marked off by the band director, seniors formed the letter "C," juniors "O," sophomores "K," and freshmen "E." Photographers in a crane captured the moment on film as Coke executives, who had flown in to participate in Greenbrier's "Coke in Education Day," looked on. During the photo opportunity, Cameron unveiled a Pepsi shirt.[1] According to Mike, while delivering a dressing down in her office, principal Hamilton not only told him he was being suspended for his disrespect but admonished him for potentially costing the school a lot of money.[2]

Ms. Hamilton was apparently worried that Greenbrier's chances of winning the $10,000 prize in a national contest sponsored by Coke, as well as the opportunity to collect $500 from the local Coke bottler, had been damaged by Mike's irreverent act. Greenbrier High was competing to win the $10,000 prize offered by the Coca-Cola Company to the high school that developed the best plan for marketing Coke-sponsored promotional business discount cards. Local Coke bottlers offered an additional $500 to the winning school in their territory. On the day that Mike Cameron exposed his Pepsi shirt in the Greenbrier High School parking lot, about 20 Coke officials were on hand to lecture on economics, provide technical assistance to home economics students who were baking a Coke cake, and help chemistry students analyze the sugar content of Coke. "Coke in Education Day" at Greenbrier High was described by Principal Hamilton as a "fun, instructional event." The school received no money from the Coca-Cola company for organizing the day's activities.[3]

Surprised by intense media attention to the incident at her school, Hamilton nevertheless stuck to her guns, commenting that "I don't apologize for expecting my students to behave in school." District Superintendent Tom Dorhmann defended his principal and pronounced himself "flabbergasted" by the media attention. He accused Mike Cameron of manipulating the press and called Cameron's act "premeditated." Superintendent Dorhmann told The Washington Post "The kid is preying on the press. He's used you."[4] Indeed, press reports were hardly flattering.

The director of the ACLU in Atlanta told the Atlanta Constitution, "This concerns me because basically, it's pimping our kids. Is it worth $500 for students to be out there hustling Coke?"[5] Editorial opinion was no kinder, with editorial writers raising a host of questions such as: "... has American society fallen so far that teens can be punished for not following the corporate party line?" ([Baton Rouge, La.] Advocate).[6] Under the headline "Student's Act of Cola Defiance Was Refreshing," The (Norfolk, Va.) Virginian-Pilot wrote "Enlightened, responsible corporate investment of time and money can be of significant help to hard-strapped schools everywhere; but to make the boosting of a business a part of the day's curriculum is counterproductive."[7] The Omaha World-Herald asked "What exactly is a school doing sponsoring a "Coke in Education Day" anyway? Promoting a commercial product to its captive audience of young people?"[8] The (Raleigh, N.C.) News and Observer was scathing: "Without even knowing it, der furious fuhrer [Greenbrier principal Gloria Hamilton] was imparting to the students a civics lesson in obsequiousness and greed. It is disquieting to think that a kid could be kicked out of school for refusing to regard an impersonal multinational corporation with the same reverence that the principal does."[9] And, according to Miami Herald columnist Carl Hiaasen, the incident at Greenbrier taught students "... that money is more important than freedom of choice. It taught them that silence is more desirable than dissent, that conformity is better than being different. And it taught them that there is no shame in selling out, if the price is right."[10]

The money actually offered by Coke to the winning high school in its marketing contest was, relatively speaking, minuscule. Greenbrier was competing for a shot at $10,000 in the national contest and $500 offered by a local bottler. This is a tiny fraction of the advertising dollars Coca-Cola committed to its campaign to market its Coke discount card. Advertising Age reported that the company had a multi-million dollar budget for "one of its most elaborate consumer promotions ever." One Coke distributor called the marketing effort "... one of our strongest programs ever. We're mainly going after kids, the junior and senior high crowd."[11] At Greenbrier, at least, it seems the company got the school administration into the bargain.

In addition to concerns about civil rights and about the values being taught, some commentators worried about the health implications of Greenbrier's "Coke in Education Day." Writing for the Fort Worth Star-Telegram Bud Kennedy, for example, noted that "Colas and other caffeinated soft drinks cause anxiety, irritability and loss of concentration," and commented puckishly, "I don't know whether Greenbrier had enough students to spell out Caffeine Free Coca-Cola Classic."[12] The South China Morning Post questioned the motives of corporations pitching products in schools. "The reason why the saga [at Greenbrier High School] strikes such a chord among students and parents alike is because of the light it sheds on the steamroller tactics of soft drinks and other corporations to turn schools into nothing more than supermarkets where children can also take lessons."[13] And the Chicago Tribune argued "... schools shouldn't be in the position of selling captive students to advertisers, whatever the excuse. They are entrusted with children's minds and they have no right to sell access to them. Even a quick glance at the sales pitches made by marketing companies peddling promotion ideas to schools makes it clear the whole point is to make money for advertisers, not to help kids."[14] In a story published in London by The Independent, Marlin Schneider, a Wisconsin lawmaker, pointed out the potential conflict of interest arising from corporate marketing activities in schools. He asked "What's next? Some large company coughing up money and then telling the school's social studies department, 'We don't want you saying anything bad about our labour or investment practices?'"[15]

Officials at Greenbrier High School might be forgiven for being caught off guard by the intense and largely negative press coverage of their response to a student wearing a Pepsi shirt at a "Coke in Education Day" photo op. Devoting school time, school space, and student energy to corporate sponsored activities has become so widespread that perhaps the most surprising thing about the Greenbrier incident is that it hasn't happened before.

Tracking Schoolhouse Commercializing Trends

Methods, Limitations, and Definitions

There is considerable consensus among people who follow marketing activities directed at children that these activities have increased substantially during the 1990's. As a sub-category of children's marketing activities, it may be reasonably assumed that efforts to get access to schoolchildren for commercial advantage are increasing as well. While the anecdotal evidence that this is so seems overwhelming, prior to this report, no source of comprehensive and systematic information about commercializing trends in schools and classrooms existed.

In part, this is probably a reflection of the difficulty of gathering the necessary information. Firms engaged in school-based commercial activities may, at different times, have an interest in making exaggerated claims about the number of children reached (in order to attract clients); remaining silent (to shield market research and product introduction information from competitors); or minimizing the size of their efforts (to lessen the possibility of a negative public reaction). In addition, the varied and particular purposes for which organizations gather data on school-focused commercializing activities results in information that is fragmentary and often not comparable, and, therefore, not reliable as a basis for identifying overall trends.

Methods

This report is a preliminary effort to provide researchers, policy makers, educators, and community members with comprehensive and systematic data about the nature, volume and direction of marketing activities aimed at schools and classrooms. The trends identified here are based on a bibliometric analysis of citations drawn from four bodies of literature: 1) the popular press, 2) the education press, 3) the business press, and 4) the advertising/marketing press. Databases used, technical descriptions of the search terms employed, and data tables for each graph reported below are contained in the Appendix.

After conducting an initial database search, preliminary categories of commercial activity were modified and search terms were refined. Additional database searches were then conducted and samples of the articles identified were retrieved and read. This process was repeated until the categories of commercialism were well defined and the search terms precisely stated. In drafting the final report, sample articles in each category of commercialism from each year studied were read and analyzed to help interpret the meaning and significance of the numerical data.

For several reasons, it is possible that the number of citations noted may be conservative and that the extent of commercialism reported here understates the magnitude of phenomenon. The education press, for example, is the only body of literature reviewed that strictly adheres to Library of Congress Subject Headings. In the other bodies of literature reviewed there are few consistent subject headings, descriptors, or key words used in searches. Thus, regardless of the descriptors employed, it was impossible to know if all of the relevant citations had been identified. To mitigate this problem, multiple database searches were conducted using variations in the search terms used and in the proximity parameters identified for those terms within the texts searched. Synonyms were also used as search terms to help insure that the maximum number of relevant citations was found. However, by excluding terms such as "higher education," "college," and "university" it is likely that at least some articles that discussed a particular issue in relation to K-12 education and post-secondary education were excluded from the data used in this report.

Limitations

Online searching is a useful research tool. However, the data that result are necessarily secondary data. Furthermore, a certain amount of artistry is involved in constructing the search terms. Search categories and terms are sometimes not precise; many of the terms used in this report are new; the names of companies and organizations change; and articles may use acronyms or slang. In addition, many writers may not use terms such as "school commercialism" directly, which means the content of the various categories was derived through the use of a series of surrogate terms. In considering the data in this report the reader should, therefore, bear the following limitations in mind:

1. The databases used for this report (Lexis-Nexis and H.W. Wilson Education Index) index different types of materials and different levels of materials. For example, the Lexis-Nexis Regional News database picks up small, local newspapers, while the H.W. Wilson database covers only major stories from the education press.

2. The H.W. Wilson Education Index uses Library of Congress Subject Headings assignments. The Lexis-Nexis database does not. This means that the search terms used will be somewhat different for each database. In addition, some concepts such as "exclusive sales" are not controlled vocabulary terms, i.e., Library of Congress Subject Headings; whereas, "exclusive contract," in contrast, is. Thus, for many searches it was necessary to use the less precise method of keyword searching instead of subject searches.

3. Stop words, such as "the," "an," "a," "to," etc., are not indexed in either database. This creates a potential problem when searching for a phrase such as "Alternative Public

Schools." Articles may include a phrase such as: "There are alternatives to public schools." Such articles would be pulled up even though they had nothing to do with the company Alternative Public Schools. To guard against this problem, the CAPS feature in the Lexis-Nexis database was used. This feature is intended to insure that only phrases in which each word is capitalized are retrieved. However, this method is not foolproof. Some irrelevant citations are, therefore, likely to have been retrieved.

4. The Lexis-Nexis news databases cover the Associated Press and UPI. This results in the duplication of stories. A large number of stories about Greenbrier High School's "Coke in Education Day" were, for example, rewrites of the same AP story. Nevertheless, because of different bylines assigned to a story, and the small but potentially significant changes that may be made in it before it is republished, it was decided that the danger of disregarding many worthwhile citations was greater than the distorting effect of duplicated citations.

5. When there is a widely publicized story such as Greenbrier's "Coke in Education Day," the large number of citations must be considered carefully. A large number of citations for a few spectacular stories could make it appear that a particular commercializing activity is more widespread than it actually is. Since "Coke in Education Day" took place in 1998, it did not influence the data reported here. However, in the period 1990-1997, the problems encountered by two firms attempting to run for-profit schools skewed the number of citations in the privatization category upwards in the early 1990s.

6. The data collected from indexing databases are secondary data. They can never provide as accurate a picture as would be possible using survey methods with a large number of

schools.

Definitions

Following preliminary database searches, seven sometimes-overlapping categories of commercial activity in the schools were identified. The quantitative data reported here are the number of citations for commercializing activities found within each of the seven categories listed below for each year in the eight-year period from 1990-1997. The variance in the number of citations from year to year was used to identify trends.

The seven categories of schoolhouse commercialism discussed in this report are:

1) *Sponsorship of Programs and Activities.* Corporations paying for or subsidizing school events and/or one-time activities in return for the right to associate their name with the events and activities. This may also include school contests.
2) *Exclusive Agreements.* Agreements between schools and corporations that give corporations the exclusive right to sell and promote their goods and/or services in the school or school district. In return the district or school receives a percentage of the profits derived from the arrangement. Exclusive agreements may also entail granting a corporation the right to be the sole supplier of a product or service and thus associate its products with activities such as high school basketball programs.
3) *Incentive Programs.* Corporate programs that provide money, goods, or services to a school or school district when its students, parents, or staff engage in a specified activity, such as collecting particular product labels or cash register receipts from particular stores.
4) *Appropriation of Space.* The allocation of school space such as scoreboards, rooftops,

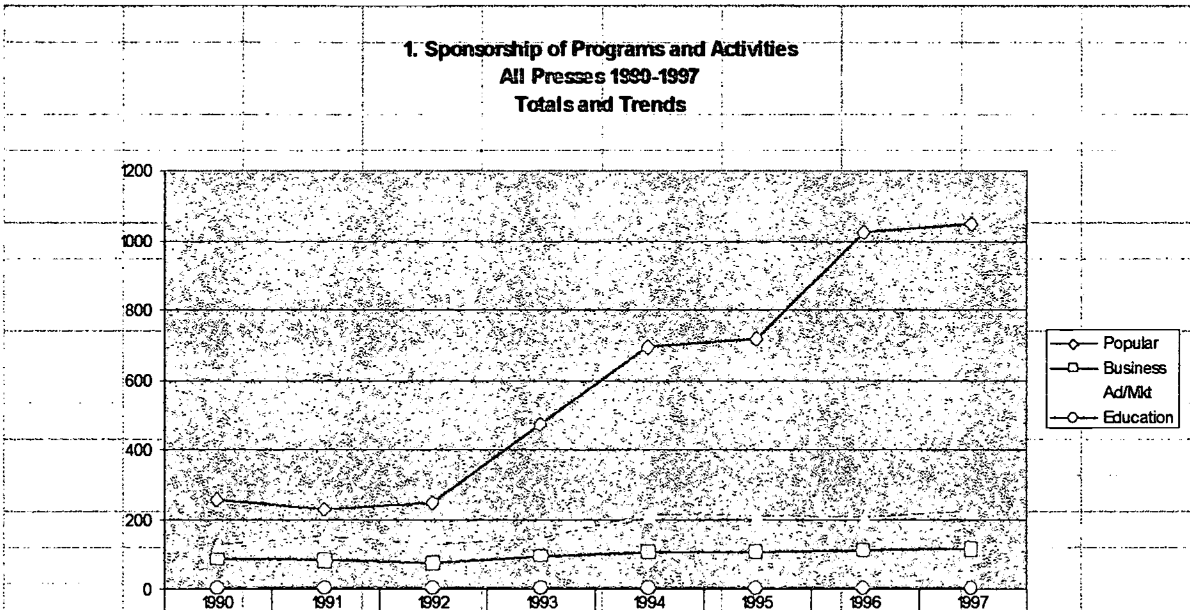
bulletin boards, walls, and textbooks on which corporations may place corporate logos and/or advertising messages.

5) *Sponsored Educational Materials*. Materials supplied by corporations and/or trade associations that claim to have an instructional content.
6) *Electronic Marketing*. The provision of electronic programming and/or equipment in return for the right to advertise to students and/or their families and community members in school or when they contact the school or district.
7) *Privatization*. Management of schools or school programs by private for-profit corporations or other non-public entities.

The results of database searches relevant to each of these categories are discussed in turn below.

Sponsorship of Programs and Activities

Results of the review of popular, education, business, and marketing/advertising press databases for the period 1990-1997 indicate that in each database the number of citations for this category of commercial activity increased between 1990 and 1997. Overall, the number of reports of corporate sponsorship activities in the schools increased approximately 199 percent during this eight-year period. (See Graph 1 on following page.)



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	254	224	246	469	694	715	1019	1046
Business	84	79	69	91	102	104	108	111
Ad/Mkt	122	145	123	143	213	209	203	220
Education	1	0	0	0	0	2	0	2

Sponsorship of athletic events opened the door. In 1984, for example, the Idaho High School Activities Association negotiated an agreement with the United Dairymen of Idaho that provided $37,000 for the travel expenses of students participating in boys and girls basketball tournaments.[16] By 1988 Newsday was accurately predicting that it was only a matter of time before "... we see something like the 'Reebok/New York State High School Basketball Tournament,' the 'Nike/New York Scholastic Wrestling Championship,' or the 'Coca-Cola/New York Public School Track Meet.'"[17]

It is now common for marketing firms to negotiate a wide variety of sports-related sponsorship agreements that funnel money to schools. The work of one such firm, School state championships in all sports. School Properties gets 35 percent of the take the first year and 25 percent thereafter. In 1991 the firm negotiated a $2.8 million multi-year contract between Reebok and California Interscholastic Federation (CIF). The deal guaranteed that all California state play-off competitions and title events would be called the "CIF/Reebok Championships."[18] According to the Sacramento Bee, by 1993, 27 percent of CIF's 500-school Southern Section's $1.1 million budget came from corporate sponsorship, creating financial dependency and leaving the organization vulnerable to corporate decisions made on the basis of corporate, not school, priorities. CIF thus faced a financial crisis when Reebok announced in 1993 that it would not renew its contract because it wanted to focus on product-driven advertising.[19]

During the nineties, School Properties, Inc., has also signed up Hardee's and First Security Bank for a sponsorship agreement in Utah, and Kraft, General Foods, and Burger King for one in Alaska. In the words of the Forbes article "... you can thank [School Properties founder] Don Baird for bringing together big-time advertising and boondock jocks."

Some educators such as Pinellas County Florida athletic director Bob Hosack are concerned. Hosack commented to the St. Petersburg Times, "It's a shame we have to do these things to raise money. But it's getting to a point where costs are so high, schools throughout the state and county are raising their own money. Just about anything they can think of that's legal is fair game."[20]

Despite such misgivings, in the 1990's sponsorship activities have moved well beyond athletics. They touch on almost every aspect of school life. School districts and professional education organizations actively solicit sponsorships and sometimes form consortia to do so. In the early nineties, for example, five Illinois education associations (Illinois Association of School

Administrators, Illinois Association of School Boards, Illinois Association of School Business Officials, Illinois Principals Association, Illinois High School Association) formed a school licensing cooperative. In 1994 the Chicago Tribune reported that the group had decided to hire School Properties, Inc., to oversee the marketing of Illinois schools. According to Walt Warfield, the executive director of the Illinois Association of School Administrators, "We understand the power of a company being able to say, for example, 'We're the official soft drink of the Illinois schools.' We want to capitalize on that." David Turner, executive director of the Illinois Principals Association acknowledged that idea was commercial. He commented, "Sure it's commercial. Of course, it's commercial. But money's tight. We're looking for ways to augment school financing. What's for sale is a relationship with Illinois schools."[21] The Illinois organization is not just interested in negotiating exclusive agreements with soft drink companies. The cooperative gets ¾ of one percent of the cost of purchases made by participating Illinois residents who use its affinity credit card.[22]

The Jefferson County Colorado School District and US West Communications Group have signed a ten-year $2 million agreement that makes the phone company the school district's "strategic supplier." Under the terms of the deal US West will have naming rights to a planned high school sports stadium. The company will also offer school groups phone cards with the school district logo that they can sell for a commission to raise money for schools.[23]

The Denver school district created a Community Sponsorship of the Curriculum program through which it has invited local and national companies to support the district's education programs in return for advertising rights throughout the district. Sunkist, for example, sponsored the Denver's Comprehensive Health Initiative. In return the company was given space for its

"Just One — A Whole Day's Vitamin C" advertising campaign on school buses, scoreboards, and print material sent home with students.[24]

Other sponsorship activities reported during 1997 included a Chips Ahoy! contest in which students were asked to verify that there were indeed 1,000 chips in every bag of Chips Ahoy! cookies. Contestants then sent in essays or videos that demonstrated ingenious ways of counting the chips. Three finalists competed for the top prize of $25,000 in scholarships.

The Chips Ahoy! contest was launched by Nabisco after the company received 130 letters from an elementary school in Wadesboro, N.C. Students complained that they had been able to locate only 600 of the promised chips and accused the company of false advertising and lying. According to Selling to Kids, by launching the contest in response to its 600 chip problem, Nabisco not only got extensive press coverage they gained "access to schools and kids nationwide." [25]

In Maryland, AT&T signed on with the Family Education Network to launch an initiative to connect parents to their children's schools via the Internet. In return for its $500,000, AT&T got corporate banners on each school web site and the rights to sell AT&T long distance and Internet access. Maryland AT&T customers could also earn "Learning Points" that schools could redeem for Internet accounts and computer equipment.[26]

The Mars candy company created a half-finished Halloween commercial for students to complete. The ad was broadcast on Channel One, a twelve-minute current events program containing two minutes of commercials broadcast into approximately 12,000 middle and high schools. Students then got to vote on one of three endings. By casting their vote, via a toll-free telephone call, students were entered in a sweepstakes with two $5,000 first prizes and 100 second prizes of 24 compact discs.[27]

Explaining the trend toward corporate sponsorships of school activities

The justification for the sponsorship agreements most often used by educators is the need for money. Money also drives the corporate side of the equation. It is estimated that children between the ages of 4-12 purchase or influence the purchase of goods and services worth nearly $500 billion a year.[28] David Siegel, general manager of Small Talk, a division of Sive/Young & Rubicam, notes that advertising directed at children has increased twenty-fold in the past decade to $2 billion.[29] Small wonder marketing professor James McNeal describes children as "the brightest star in the consumer constellation." According to McNeal, "Virtually every consumer-goods industry, from airlines to zinnia-seed sellers, targets kids."[30]

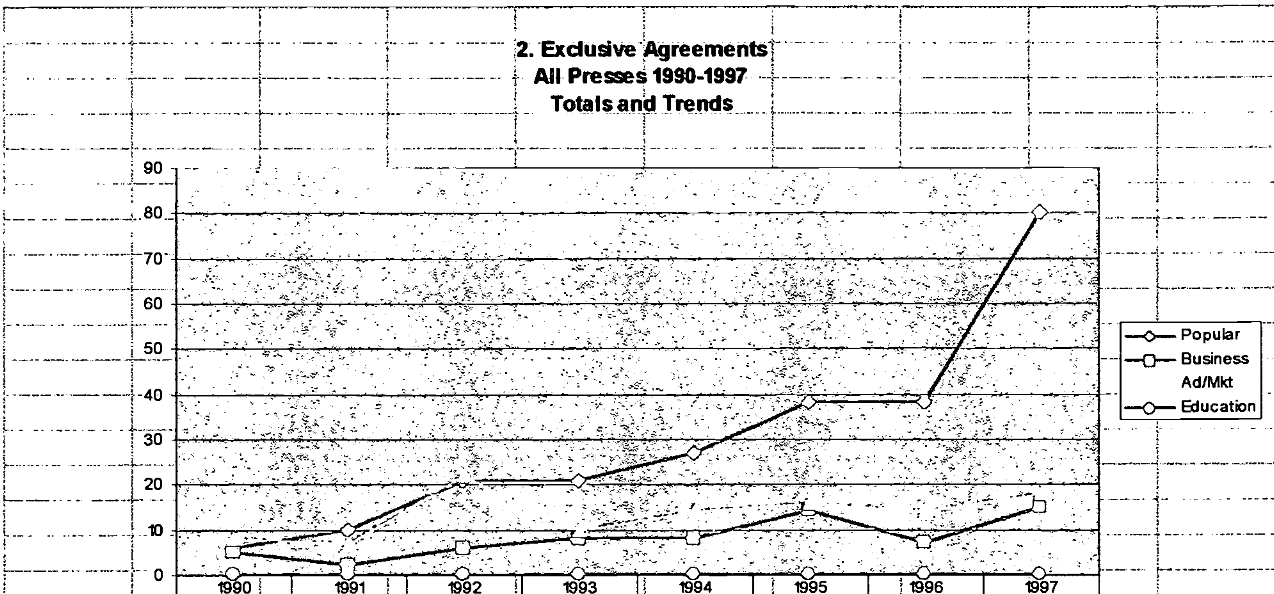
With school districts short of cash and the consumer power of children growing, it is not surprising that the commercial pressure on schools is increasing steadily. Ira Mayer, publisher of Youth Markets Alert, a newsletter that tracks developments in marketing to children, believes that it is the purchasing power of kids that has led to an increase in both the sophistication and the magnitude of the advertising directed at them.[31] And, according to Youth Markets Alert associate editor Gene Newman, "In the past, there was maybe more of a feeling that shameless promotion in school wasn't right, that you should keep education separate. I think in today's business climate, that is definitely beginning to change."[32]

Exclusive Agreements

With the exception of Privatization, no area of commercial activity in the schools has shown faster growth in the number of citations that refer to it than exclusive agreements.

Although exclusive contracts are sometimes hard to distinguish from sponsorship agreements they do represent a separate focus of marketing activity.

The number of popular press stories about exclusive agreements has shown considerable increase since 1990. (See Graph 2 on following page.) In 1990 there were 6 stories in the popular press; by 1997 the number had increased to 80. Clearly exclusive contracts are a hot trend. Within this category no type of exclusive agreements are currently hotter than contracts for the exclusive right to sell soft drinks. The number of citations in the popular press about "pouring rights" agreements jumped from 2 in 1996 to 51 in 1997. (See Tables 1 and 1.1 in Appendix.) There are considerably fewer citations for exclusive agreements between athletic apparel manufacturers and school districts. In 1997 there were, for example, 51 citations in the popular press involving exclusive contracts with bottlers and only 7 for exclusive agreements with sports wear companies. In the four-year period 1990-1993 there were 4 citations. For the period 1994-1997, the total increased to 21.



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	6	10	21	21	27	38	38	80
Business	5	2	6	8	8	14	7	15
Ad/Mkt	8	7	22	10	14	16	14	18
Education	0	0	0	0	0	0	0	0

The trend toward exclusive contracts especially with bottlers and athletic apparel companies may reflect corporate recognition that, as James McNeal has found, school-age children spend about a third of their money on food and beverages and that apparel spending is the fastest growing category of the children's market.[33]

Soft drink bottlers and the school market

From Colorado, to Texas, to Ohio, exclusive "pouring rights" agreements between soft drink companies and school districts provide a good illustration of how schools chronically short of money are attempting to turn access to their students into cash. As Pepsico spokesman Larry Jabbonsky told The New York Times, "Schools are serving up exclusivity as a carrot. They need to generate funds. At the same time we are constantly looking for new ways to broaden our exposure among young people. It's a pretty natural interdependent fit." [34]

In 1998 the Oakland, Calif.-based Center for Commercial-Free Public Education identified 24 exclusive contracts between bottlers and school districts with another 25 under consideration.[35] The volume of press reports on the topic suggests that these figures may understate the prevalence of the practice. DD Marketing, based in Pueblo, Colo., for example, negotiates sponsorships and exclusive agreements for 240 high schools. The typical exclusive contract with a soft drink bottler gives a school or district a percentage of the sales derived from soft drink purchases. In some cases there are additional incentives such as score boards, coolers, and free products for special events.[36]

In 1997 one of the more unusual exclusive agreements was announced by Dr Pepper and the Grapevine-Colleyville school district in the Dallas-Fort Worth area. As part of its 10-year, $4 million dollar exclusive agreement with Dr Pepper, the district allowed the company to paint its logo atop the high school building. The school's roof was of interest to Dr Pepper officials because it can be seen from planes taking off and landing at Dallas-Fort Worth International Airport. Grapevine-Colleyville deputy superintendent, Larry Groppel told The Houston Chronicle, "If it weren't for the acute need for funds we would never have entered into anything like this. ... It's totally driven by need."[37]

The Madison, Wis., school district signed a more conventional three-year contract that could potentially net the district $1.5 million over three years. In addition, the district received a $100,000 "signing bonus," $5,000 annual teacher-of-the-year scholarship, $5,000 to support students in annual marketing competitions, two $5-an-hour internships for students handling Coke promotional activities, a summer internship, and a post-graduation position with Coke for one student.[38]

Athletic apparel companies and the school market

Having saturated the college market, manufacturers of athletic apparel, primarily Nike and Reebok, have been turning increasing attention to high school athletics, described by the Sacramento Bee as "one of the last untapped markets for corporations looking to tie themselves to a wholesome and marketable activity." According to Bill Paterson, author of the Bee article, another probable factor in Nike's decision to associate itself with high school athletics is the company's need to overcome the negative publicity associated with minority hiring, exploitation of foreign workers, and victimization of poor African-American children through its advertising practices.[39]

Athletic apparel agreements are an opportunity that at least some educators seem to welcome. Randy Quinn, executive director of the Colorado Association of School Boards told The Denver Post: "It started on the university level. Nobody blinks an eye when Nike arranges for a contract with university football teams, or someone sponsors a scoreboard in university stadiums. The next logical progression in that movement would be the public schools. ... Given the reality of economics and the scramble for dollars, it just seems to reflect reality."[40]

In 1996 the Financial Network, a service of CNN, reported on the trend and described the competition between sportswear companies to represent high school basketball programs as a war, suggesting that it was only a matter of time before the battle lines ran through elementary schools. The Nike strategy seems to be to go after the best teams in the biggest markets. Reebok has tended to favor more broadly based agreements. According to CNN, Nike pays an undisclosed number of high school teams $20,000 to wear Nike gear. Mike Levine, director of marketing at Athletes and Artists, described Nike as a company with little shame in promoting its products. According to Levine, "This is the latest surge in that — I don't want to call it arrogance. I will call it pride in what they are doing."[41]

Many school districts don't seem to be interested in Nike's or any other corporation's pride — they want the money. As Ron Lynch, athletic director of the Alvin, Texas, school district told The Houston Chronicle: "With budgets being tight in school districts, it's hard to get uniforms. ... Because money is tight we're doing everything we can to try and find ways in which to help."[42]

Schools accepting money and equipment from athletic apparel companies run the risk, however, of creating conflicts of interest potentially harmful to students and the integrity of their programs, a danger that has officials at the college level worried. Bill Friday, former president of the University of North Carolina, told Newsweek in 1996: "They [Nike] influence the coaches' salary, they influence who wears what, and prescribe what logo is worn. I think they've gone too far."[43]

Occasional controversy

Sponsorships and exclusive agreements are becoming more and more common; they are, however, sometimes a source of controversy. Seattle superintendent John Stanford proposed in 1996 that, as a way of reducing a projected $35 million budget shortfall, the Seattle School Board allow him to solicit major national firms to enter into advertising agreements with the district. The idea was so controversial that after a series of public meetings at which he was roundly criticized for attempting to sell the district's children to advertisers, the superintendent was forced to back away from his plan.[44]

In early 1998, Milwaukee Public School Superintendent Alan Brown announced that he would recommend that the Milwaukee Board of School Directors enter into a contract with Pepsico that would give the soft drink bottler the exclusive right to market its products in Milwaukee's public schools. Superintendent Brown estimated that the three-year agreement would net the school district $5.2 million. Brown's recommendation immediately came under fire from high school principals who had already cut deals with other bottlers and from community members who opposed the idea of offering any firm an exclusive agreement. In addition, the city attorney found that the way the agreement was negotiated and its potential violation of the school district's advertising guidelines might make it illegal. As a result, Brown was forced to withdraw from the proposed deal.[45]

The Seattle and Milwaukee cases appear, however, to be exceptions. In Palmyra, Wis., for example, high school principal Jeff Tortomasi explained "we played one [bottling firm] off the other" to get what school officials felt was the best deal. Greendale, Wis., athletic director Jim Andrus told the Milwaukee Journal Sentinel, "The way money is with the revenue caps, for us to look away and say, 'We don't want to get into that,' it's kind of stupid." [46] Asked by the Dallas Morning News how much money was in corporate agreements, Dave Fry, executive director of the Illinois High School Association, replied, "Who knows? There's got to be millions of dollars. Let your mind go. The imagination is the limit."[47]

The motives of marketers

The imagination is the limit for advertisers. And the stakes are high, as corporations try to "brand" children early. Asked by The Pittsburgh Business Times why sports firms are interested in sponsorship agreements with schools, Ted Black, an attorney with the Pittsburgh firm Katarincic & Salmon, commented that "The number-one reason is to build brand loyalty and to build it as early as possible." Kevin Popovic, a marketing specialist with The St. George Group, noted that "Once you have a loyal customer, you really have to do something to lose him. Companies are making the investment and buying that market early."[48]

Apparently the strategy is a success. According James McNeal, about ninety percent of the product requests made by children to their parents are by brand name. He argues that "Customers cultivated as children may be critical of changes in products, both those they love and hate. But they will probably be less resistant to price increases and size reductions."[49] George Carey, the president of Just Kid, Inc., a Stamford, Conn., marketing company, reported that his firm's research found that when his company "asked kids to draw something cool, they overwhelmingly drew a brand."[50] Technos magazine reports that market research shows that "... brand names are important to kids, because they help young consumers forge and express their identities. If marketers can capitalize on that need for self-expression, if they can woo and win the child, they're likely to enjoy his or her loyalty for the next 70 years."[51] Thus, the message to marketers is clear: Establish product loyalty as soon as possible. Schools represent an attractive venue for advertisers because, to paraphrase Willy Sutton, that's where the children are, and because they represent one of the least ad-saturated environments available.

The financial payout and potential trade-offs involved when schools sign on with marketers

Despite the promise of millions of dollars in new revenue for schools, it is by no means clear that the fiscal benefits are as great as supporters of sponsorship programs and other commercializing activities suggest. In 1993, Colorado Springs School District 11 was the first in the nation to launch a comprehensive campaign to offer advertisers a chance to rent space in its hallways, on its buses, and at other locations on its property. Marketing News reports that between 1993 and 1997 the district received $338,680 from advertisers. With approximately 36,000 students, that works out to about $2.50 per student per year over the four-year period, hardly an amount that seems destined to make a much of an impact on the district's finances. [52] It is possible that the real financial winners in the trend toward sponsorship and exclusive sales agreements are not schools but the firms that broker the deals. In a 1997 editorial, the Dallas Business Journal pointed out that marketing firms that help negotiate agreements between school districts and corporations can take up to 40 percent of corporate payout.[53]

In 1997, Colorado Springs District 11 signed a 10-year exclusive agreement with Coca-Cola that the district projects is worth about $8.1 million, a figure that represents less than 1 percent of the district's budget. If the district meets "sales incentive thresholds," the contract could be worth up to $11.1 million according to district officials.[54] The existence of "sales incentives" underlines the kind of conflict of interest that critics argue is inherent in exclusive sales agreements. The Colorado Springs school district will not only profit from the sale of a particular brand of soft drink, it now has a financial incentive to promote the greatest possible consumption of that soft drink as well. Such a situation potentially places the Colorado Springs school district in the position of implicitly asking students to ignore the health and nutrition advice they are likely getting in the district's curriculum in order to benefit the district financially by drinking as much of Coke's soft drink products as possible.

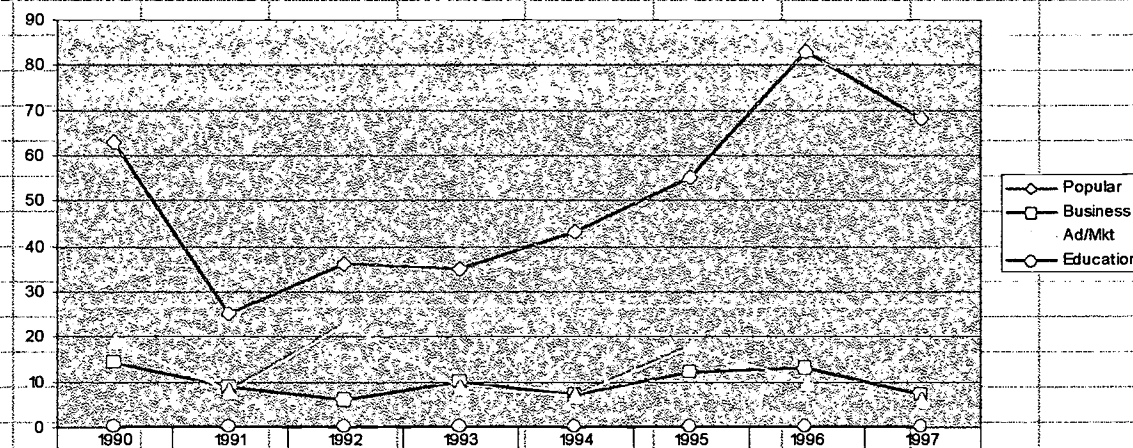
Incentive programs

Corporate incentive programs are, at least as far as database citations are concerned, a mature school marketing method.

When 1990 and 1997 are compared, the number of citations related to incentive programs declined. (See Graph 3 on following page.) However, the four-year period from 1994-1997 shows a 28% increase in overall citations (329) when compared with the four-year period from 1990-1993 (257), an increase that is entirely the result of the increase in the number of citations in the popular press. The business and advertising/marketing presses reveal no trend. According to the absolute number of citations, incentive programs are the third-lowest ranked commercializing category in 1997. This does not necessarily mean, however, that incentive programs are disappearing. They continue to pop up in a great number of different forms.

The Campbell's Labels for Education Program has been around since 1973 and has become a fixture in "tens of thousands of schools" according to the company.[55] In this program, schools can trade in labels from Campbell's products for a variety of equipment such as slide projectors, basketballs, film strips, computers — even a 15-passenger van. According to the New York Times, at 59 cents for a can of soup it would take $649,000 in soup sales to earn the van. The computer could be had for $131,747.[56]

3. Incentive Programs
All Presses 1990-1997
Totals and Trends



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	63	25	36	35	43	55	83	68
Business	14	9	6	10	7	12	13	7
Ad/Mkt	19	8	23	9	7	18	10	6
Education	0	0	0	0	0	0	0	0

The school incentive programs are not limited to large conglomerates such as Campbell's soup. In 1994, Silicon Valley parent and professional marketer Darren Martin founded Businesses United with Schools (BUS). Martin explains that "We wanted to establish an even exchange. So often in the past, schools have gone to businesses with their hand out. Honestly, I think they were beginning to wear out their welcome." The "even exchange" offered by BUS is fairly straight-forward. Businesses pay an annual fee ($540) to place a one-time ad in BUS's monthly directory. The directory is distributed in participating schools. When students and their parents shop at businesses listed in the BUS directory, they turn their receipts in to the school. The school turns the receipts over to BUS. BUS then collects a prearranged percentage (anywhere from 1 percent to 10 percent) of the sales total from the firm whose receipts have been collected and gives the money to the school. Participating schools pay BUS an annual fee of between $100 and $150.[57]

between $100 and $150.[57]

Service Marketing Group's "Apples for the Students" was one of several programs developed in the nineties to encourage children and parents to shop at particular stores by offering schools a chance to turn cash register receipts into computer equipment. Stores use the promotion to attract customers and encourage purchases in the name of a worthy cause. Aside from questions about the desirability of schools encouraging families to shop at a particular store, there were other challenges to the "win-win" view promoted by marketing firms. For example, according to some reports, the firms that provided the computer equipment were able to mark up the cost of the equipment provided as much as 40 percent.[58] Also, it took receipts worth a considerable amount of money to get the equipment. One Wisconsin school reported that it had collected $500,000 worth of receipts from its students and had earned computers worth approximately $3,000. In other words, the Apples for the Students incentive program paid the school about seven-tenths of one cent for every dollar's worth of receipts they collected.[59]

. A company called A+ America lined up corporate sponsors such as Lotus Development, MCI, and Sun. When students and their parents purchased a sponsoring company's product they turned in their proofs of purchase to their school which, in turn, "cashes them in" for products. For example, 200 families signing on with MCI could earn the school a personal computer.[60]

In 1996, Blockbuster video stores launched a program in Hawaii called Viewing Can Reward. In this program, districts received video cassette recorders when their students or family members turned in punch cards showing that a combined total of 5000 movies or video games had been rented.[61]

Also in 1996, the (Des Moines, Iowa) Business Record reported that Pepsi was working with 110 schools with its "School Caps" program. Students collect blue bottle caps from select Pepsi products and turn them in to their school, which can then collect 5 cents from Pepsi for every cap. In the view of the Business Record these "... give-and-take relationships enhance business sales and provide much needed auxiliary funds to educational facilities."[62]

In 1997 The Boston Globe reported that General Mills had "... managed to switch thousands of Special K eaters over to marshmallow-laced Lucky Charms by giving cash to students." The story went on to explain that students at Thomas Ditson school had collected 27,000 box tops (117 per student) in a General Mills promotion and reported that parents had stopped buying Post or Kellogg's. The cause of this devotion to General Mills was the 15 cents per box of $3.99 cereal purchased that the company paid participating schools.[63]

Not all incentive programs involve equipment or cash. Some say they promote learning. Perhaps the best example of a corporate sponsored learning incentive program is Pizza Hut's BOOK IT! program. BOOK IT! has been around for over a decade and millions of children have participated. Students whose teachers are participating in this program are rewarded with a pizza if they meet the monthly reading goals that their teacher has established for them. If all of the children in the class meet their goals for four out of the five months of the program, the class wins a pizza party. Classes that meet their reading goal for all five months qualify for the "Readers Honor Roll," a record of their accomplishment kept by their teacher and the principal.[64] Pizza Hut gets its name associated with a worthy cause and an opportunity to promote its products to students and their families.

As the brochure for the 1997 Kids Power Marketing conference announced to potential corporate clients, "Discover your own river of revenue at the schoolhouse gates. ... Whether it's first-graders learning to read or teenagers shopping for their first car, we can guarantee an introduction of your product and your company to these students in the traditional setting of the classroom."[65] Incentive programs continue to be an accepted way for corporations to dive into the school market.

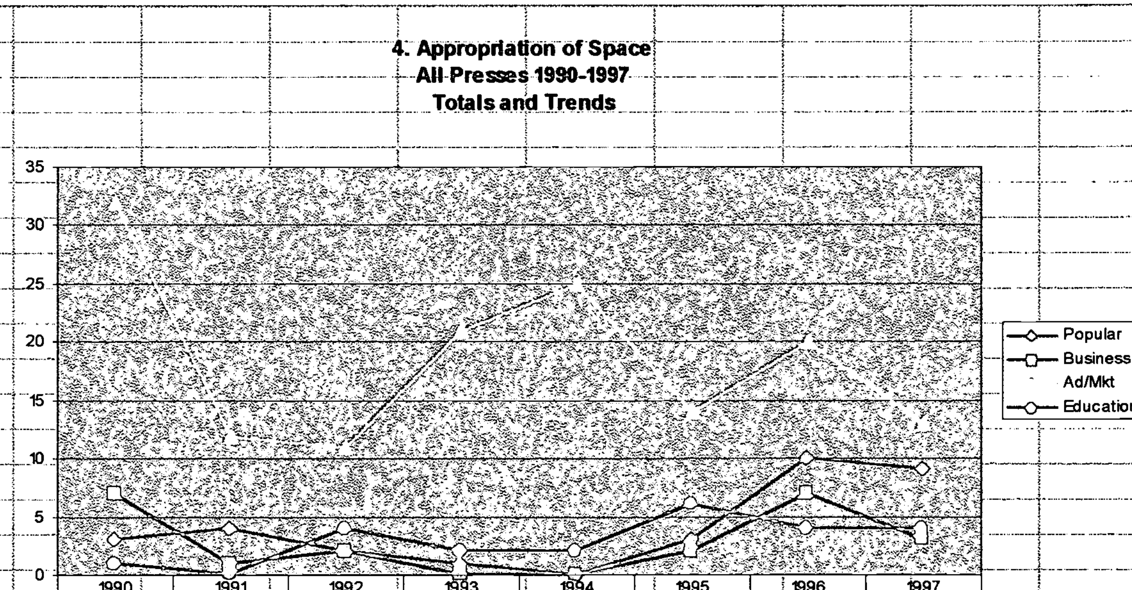
Appropriation of Space

"Clutter" is a major problem for marketers. This is because virtually every public space in the U.S., from bus stop benches to grocery carts, that can possibly be used to promote a product has already been covered. In such an ad-heavy environment, making an ad stand out is by no means easy. From this perspective the attraction of schools and classrooms is obvious. Not only are they filled with children with money to spend, they are also, relatively speaking, ad-free. However, the situation has been changing.

When the number of citations in the Appropriation of Space category for 1990 (43) is compared to the 1997 total (29), it appears that the incidence of this marketing activity is lessening. However this may not be the case. Overall, the number of citations in the Appropriation of Space category increased when the four-year period 1994-1997 (122) is compared to the four-year period 1990-1993 (103). Although none of the databases revealed a clear trend, in terms of absolute numbers of citations, the greatest interest in this category has consistently been in the advertising/marketing press. (See Graph 4 on following page.)

In 1997, parents in Seattle spent a day walking through thirty schools in their community to check for commercial activities. As a result, they were able to compile a thick dossier containing hundreds of examples of commercialism.[66] From school rooftops to telephone kiosks;

containing hundreds of examples of commercialism.[66] From school rooftops to telephone kiosks; from cafeteria menus to computer screen savers; from book covers to World Wide Web sites, schools in the U.S. are no longer "clutter-free."



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	3	4	2	1	0	3	10	9
Business	7	1	2	0	0	2	7	3
Ad/Mkt	32	12	11	21	25	14	20	13
Education	1	0	4	2	2	6	4	4

According to Education Week, for $1,000 the Grapevine-Colleyville school district offers advertisers a two-by-five feet sign in the gym and daily advertising on the schools' TV station. Add another $4,000 and it can put a signs on outdoor stadiums and the district's buses. $15,000 is the price of a "deluxe advertising package" that includes its name on the district's voice mail system and signage rights to a school rooftop visible from planes taking off and landing at Dallas-

At the Hillsborough School District in Florida, according to the St. Petersburg Times, thirty-three banners advertising everything from car dealers to doctors hang on the gym wall.[68]

Grapevine-Colleyville, Hillsborough, and many other school districts across the country are following in the footsteps of Colorado Springs District 11. The Colorado Springs school district made national news when it became the first in the nation to sell advertising space on the sides of its school buses. The Colorado Springs public schools are now filled with posters pitching products such as candy and soft drinks. According to a spokesman for Cub Foods, which has a $12,000 contract with the district, "It's always in the back of our minds to improve sales. We're building on the image we have in the community of being involved. And that's important." Advertising has become such a prominent feature of life in the Colorado Springs district that it has its own internal advertising manager.[69]

Cover Concepts, of New York City, distributes textbook covers to thousands of schools across the country. The covers feature ads for products such as Nike athletic shoes and are sent to schools free on request. Since, according to the company's estimates, 85% of the country's public schools require students to cover their books, the potential market is enormous. Cover Concepts earns its money by selling ad space on its book covers.[70] A company can buy coverage on the flap, the front cover, or the entire sheet.[71] Cover Concepts bases its rates on estimates of how many times a student sees the cover during its five-month run.[72] According to company president Steve Schulman, "Advertisers get ads in the schools, and kids get a book cover that's trendy and free."[73]

In a variation on the theme, School Marketing Partners makes its money selling advertising space on school lunch menu calendars to national advertisers, charging from $10,000 to $478,000 for space on its send-home calendars.[74] North of the border, ScreenAd Digital Billboards is attempting to cover electronic space in Canadian schools with ads. School districts that approve will have screen savers on their computers that, on a fifteen-minute cycle, flash a mix of trivia, information, motivational messages — and a corporate logo.[75]

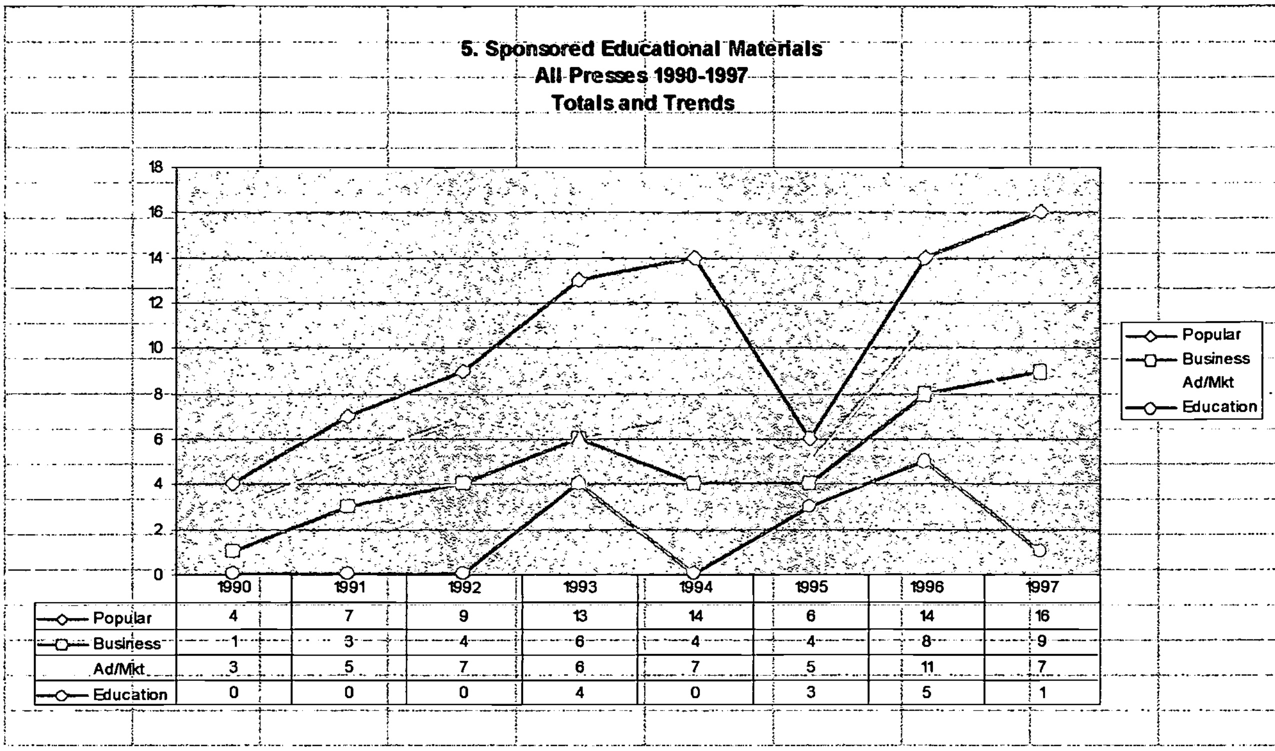
Appropriating school space is an attractive strategy for marketers. However, not all corporations are willing to limit themselves to advertising on whatever surfaces schools have to offer. Many want to put their messages in the heart of school's educational program by sponsoring educational materials.

Sponsored Educational Materials

Sponsored educational materials have been around for a long time. The magazine Marketing Tools has traced corporate sponsored educational materials as far back as 1890 when a paint company developed a handout on primary and secondary colors intended to be distributed in school art classes. The handout also contained a plug for the company's products.[76] By 1929 the issue was prominent enough for the National Education Association to empanel a committee (The Committee on Propaganda in the Schools) to study the matter.[77] Despite some occasionally harsh criticisms of the practice, sponsored educational materials have become a staple of marketers who want to put a corporate message in the school. In its 1995 publication Captive Kids, Consumers Union evaluated over 100 of the sponsored materials provided by corporations, trade groups, and others and found the vast majority were highly commercial, educationally trivial, or both.[78]

Producers of sponsored materials include Enterprise for Education, Learning Enrichment, Inc., Lifetime Learning Systems, The Mazer Corporation, Modern Education Services (formerly Modern Talking Picture Service), and Scholastic, Inc. Together these firms claim to put their clients' materials in the hands of millions of teachers, kindergarten through college, a year. As an elementary school principal in Washington commented to The New York Times, "We get them every day." According to Dominic Kinsley, president of Lifetime Learning, the number of curriculum projects the firm worked on in 1997 was four times greater than a decade earlier.[79]

The number of citations found in the four-year period 1994-1997 in all presses has increased significantly when compared to the number of citations found during the period 1990-1993. The number of citations in the popular press database increased 52 percent from a total of 33 in 1990-1993 to 50 in 1994-1997. In the advertising/marketing database the number of citations increased from a total of 21 in 1990-1993 to 30 in 1994-1997, an increase of approximately 43 percent. In absolute terms, sponsored educational materials' 33 citations make it the sixth-largest commercializing category in 1997. (See Graph 5 on following page.)



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	4	7	9	13	14	6	14	16
Business	1	3	4	6	4	4	8	9
Ad/Mkt	3	5	7	6	7	5	11	7
Education	0	0	0	4	0	3	5	1

Despite the apparent prevalence of sponsored educational materials, there has been virtually no discussion of them in the education press. The education press database contained a total of 4 citations for the four-year period from 1990-1993. The total for the period 1994-1997 rose to 9. The business press database contained 14 citations about sponsored materials between 1990-1993. Between 1994-1997 the number of citations totaled 25. It would appear that despite their pervasiveness in U.S. schools, sponsored educational materials are not considered an important issue by either educators or corporations in general. Marketers and the general public seem to be more interested.

Sponsored materials are rarely created with an enduring educational need in mind. As a result, the multitude of materials produced by and for corporations are hard to catalogue because they very often have a short lifetime. There is no central clearinghouse that receives and catalogues them.

Sponsored materials are created to achieve one or more corporate purposes. They may help a corporation or industry tell its "story" about a controversial issue, such as environmental degradation that involves its business (e.g., GM's "I Need the EARTH and the EARTH Needs Me" or Proctor and Gamble's "Decision Earth"); sell a product (e.g., "Gushers Wonders of the World" produced by Lifetime Learning for General Mills' Gushers fruit snacks); or burnish its image as a good corporate citizen (e.g., Chrysler Corporation's "Chrysler Learning Connection" program).

The variety of sponsored educational materials is enormous. In 1997, for example, Kaleidoscope Educational Sampling Programs created a "Back to School" program for Sports Illustrated.[80] Paradise Foods, Inc., the franchiser of Heavenly Ham Retail Stores, contributed "Pilgrims & Progress: The History of Prepared Foods in America," which was distributed to 40,000 fifth graders during the Thanksgiving season.[81] And the Nike corporation distributed a recycling unit that featured the recyclable qualities of its athletic shoes.[82]

It is now common for sponsored materials to include some sort of audiovisual or electronic component, however, electronic marketing in schools merits a category of its own.

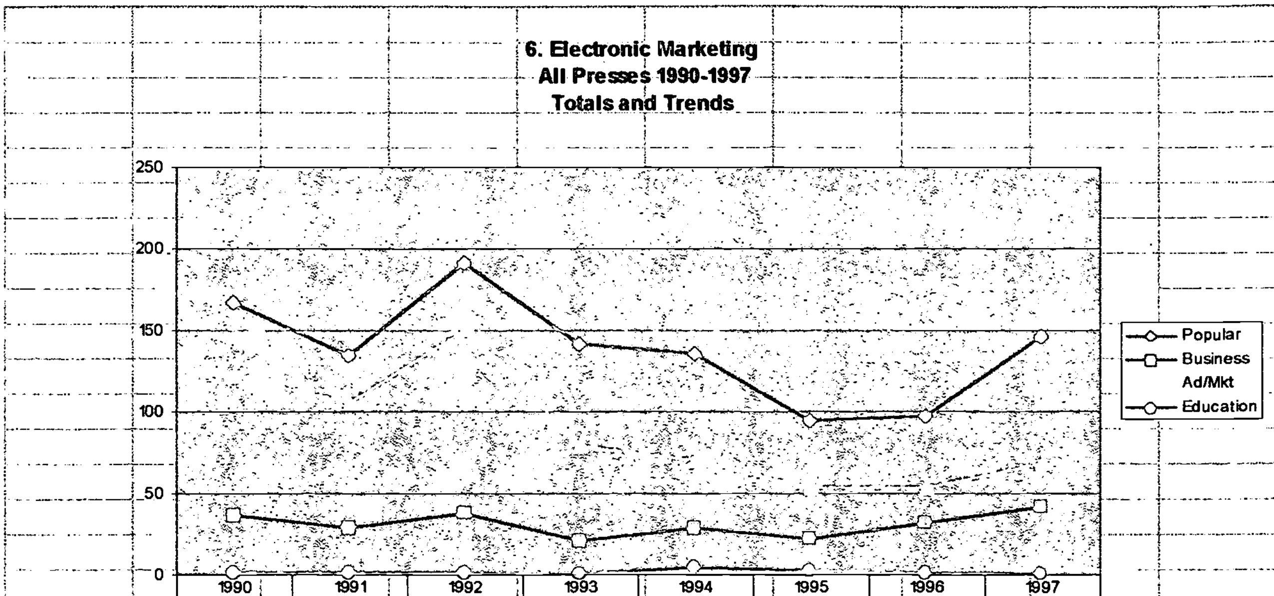
Electronic Marketing

In order to gauge the growth of electronic marketing, the searches were conducted using the names of three businesses, each of which focuses on a different electronic medium: Channel One (television), Star Broadcasting (radio), and Family Education Network (Internet/World Wide Web).

The majority of citations in the category of electronic marketing are related to Channel One, which is now in its ninth year. Star Broadcasting was launched in 1993. Family Education Network was established in 1996. The combined citations from all of the databases in this category increased about 40 percent from 183 in 1996 to 256 in 1997. However, the four-year period from 1990-1993 contained considerably more citations (1,217) than the four-year period from 1994-1997 (849). This probably reflects the controversy that attended the creation of Channel One, the well-publicized financial problems of its creator, Chris Whittle, and the circumstances leading up to its sale in 1994. The data in this category must, therefore, be interpreted with particular caution for the years prior to 1995. (See Graph 6 on following page.)

Whittle Communications launched Channel One in 1990. The program consists of ten minutes of current events programming and two minutes of commercials. Channel One was purchased by K-III (now Primedia) in 1994. It is currently broadcast in approximately 12,000 middle and high schools nationwide. Schools receive the program without charge on equipment provided by the company. The hardware consists of a satellite dish, a control panel containing video tape recorders for recording each day's program from a satellite feed, television monitors for each classroom, and the requisite wiring. Channel One is supported by its advertising revenue. A thirty-second spot on the broadcast currently sells for about $200,000.

The content of Channel One has been controversial since it was launched. On the one hand it has, according to the company, received over 100 news and programming awards including the George Foster Peabody Award. On the other hand critics have attacked Channel



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	167	134	191	141	135	94	97	146
Business	36	28	37	21	28	22	31	41
Ad/Mkt	123	106	151	79	71	54	54	69
Education	1	1	1	0	4	2	1	0

One because schools that sign up have to guarantee that about 90 percent of their students are watching the program approximately 90 percent of the time. This has led to charges that students are being forced to view advertising messages, many of which may contradict the schools' curriculum and parental values. Further, researchers have, among other things, found little value in the program's content, suggested that it was promoting materialistic values, and dismissed it as a uniformly commercial exercise. Channel One's web site has also come under similar criticism as has its practice of encouraging school personnel to engage in activities such as distributing coupons for Channel One sponsors.

In a 1998 study, "The Hidden Costs of Channel One," Sawicky and Molnar analyzed the value of Channel One's equipment and programming in relation to the cost of the instructional time the program occupied. They concluded that Channel One cost participating schools more money in instructional time than the value they received from the use of Channel One's equipment

In 1993, Star Broadcasting began piping music into school corridors, cafeterias, and student lounges, before and after school hours and during lunch. Star broadcasts contain 8 to 10 minutes of commercials per hour. In addition, schools can add two minutes of commercials sold to local advertisers. As is the case for Channel One, the company provides participating schools with the equipment necessary to receive its service. In return for allowing Star programming to be broadcast, the schools receive up to 60 percent (about $20,000) of the national advertising revenue generated by their participation and, according to the company, up to $2,000 more by having their students sell ads to local businesses. Also, like Channel One, commercials are primarily for soft drinks, fast food, and clothes.[84] The company claims it will not advertise personal hygiene products or movies rated R or X.[85]

The Family Education Network appears to support itself by selling corporate sponsors advertising space on school web pages and by providing demographic information about students at participating schools and their families to those sponsors. Its corporate parent, Family Education, Inc., offers education resources for schools, students, and parents.[86] In 1996 it announced the formation of the Family Education Network at a high-profile press conference attended by the Secretary of Education. The Network helps participating schools set up web sites with money from corporate sponsors, who are, in turn, allowed to advertise on the schools' web pages.[87] It has drawn organizational partners such as the National PTA, Communities in Schools, American Association of School Administrators, and National School Boards Association.[88]

Family Education Network is currently in about 300 schools.[89] Its sponsors include AT&T Learning Network, Century 21, Addison Wesley Longman, Inc., MediaOne, US West, and Fleet Bank. According to American Banker, Fleet Bank, for example, plans to post a video linked to schools' web sites that will "reinforce the bank's brand and give it a foot in the door for selling loans, on-line banking services, and demand-deposit accounts." Blaise Heltai, senior vice president of Fleet's on-line financial services, explained why the company was interested in being part of school-based web sites, "Children are one of the key events that trigger financial and investment decisions."[90]

In 1998 America Online (AOL) invested $14 million in Family Education Network which gave it a 20 percent share in the Family Education Company. AOL also has the right to acquire additional equity up to 33 percent of Family Education Network. Family Education thus gets access to AOL's 12 million members and AOL gets an opportunity to sign up new members who are attracted to the Family Education Network service.[91] According to Nancy Hoit, an advisor to Vice President Gore on family and education policy: "This Family Education Network speaks directly to the need for parents to be informed about curriculum. A parent, torn between work and family, can be at a desk at work and use a program to tap into a child's teacher."[92] It also speaks directly to marketer's desire to link schools to advertising in cyberspace.

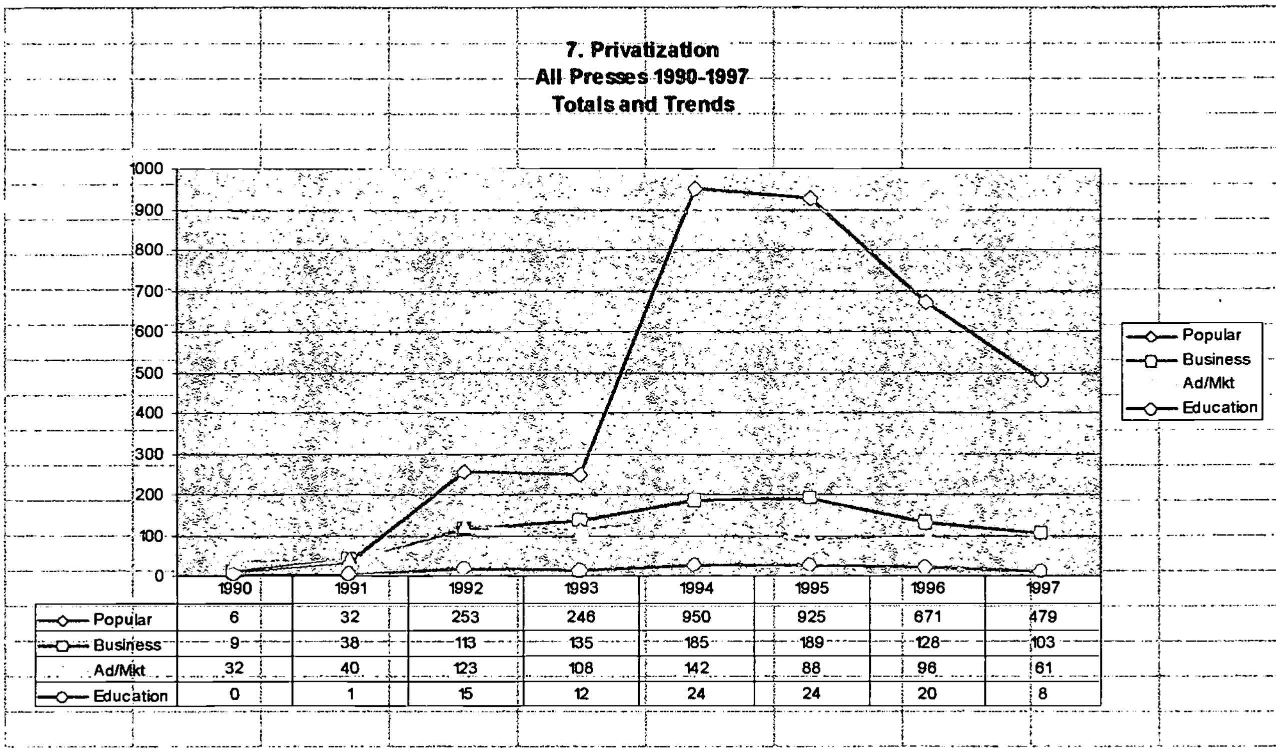
Privatization

A market potentially worth hundreds of billions of dollars has, in the nineties, made the "education industry" something of a favorite among Wall Street investment advisors. The "education industry" is diverse and includes firms that provide schools with supplies, perform services for schools, and own or operate pre-schools and post secondary schools. For investors, the desired model for the education industry is health care. To them, education maintenance organizations (EMO's) are the vision of the future. As Kian Ghazi, an analyst for Lehman

Brothers, a Wall Street Investment firm, told The American School Board Journal in 1997, "The concept of making a buck off the dying and sick was outlandish 20 years ago. Making money off kids — that's the same kind of thing. So change is possible."[93]

In this report, only the segment of the education industry that attempts to run K-12 schools for a profit are considered in the privatization category. The privatization category is somewhat different than the other commercializing categories in this report. The activities analyzed in the other categories represent various ways of using access to schools to market goods, services, or a point of view. Privatization, as defined here, is the attempt to run public schools themselves for a profit. In conducting the database searches, four firms were used to represent the industry: TesseracT (and its former name, Education Alternatives, Inc.), the Edison Project, Beacon Education Management (and its former name, Alternative Public Schools), and Advantage Schools, Inc.

Overall, the number of citations (4,093) for the period 1994-1997 are approximately 252 percent greater than the number (1,163) for the period 1990-1993. Within the period 1994-1997 the number of citations have trended downward since 1994. As is the case in many of the categories studied, the education press has, compared to the other three presses analyzed, shown relatively little interest in privatization, a surprising result given the general interest in the topic suggested by the number of citations overall (5,256). (See Graph 7, next page.)



	1990	1991	1992	1993	1994	1995	1996	1997
Popular	6	32	253	246	950	925	671	479
Business	9	38	113	135	185	189	128	103
Ad/Mkt	32	40	123	108	142	88	96	61
Education	0	1	15	12	24	24	20	8

TesseracT (Minneapolis), founded by John Golle in 1986 as Educational Alternatives, Inc. (EAI), signed its first contract to run a public school (in Dade County, Fla.) in 1990. In 1991 the company went public. Between 1991 and 1996 the company ran schools in Salt Lake City, Utah; Dade County, Fla.; Baltimore, Md.; and Hartford, Conn. By February of 1996, however, plagued by controversies over its operating costs and the educational results it produced, the company's sole contract was to help the Wappingers Central School District in New York develop a district budget.[94] Educational Alternatives, Inc., subsequently changed its name to TesseracT. The company has been granted the right to open 12 charter schools in Arizona and 2 charter schools in Texas and it is pursuing the right to open charter schools in other states. It is currently running only one charter school in Arizona. Tesseract plans to open 2 additional charter schools in Arizona and 2 in Texas in September of 1998. The company also runs three private schools in the schools in the K-12 sector.[95]

The Edison Project (New York) was announced in 1991 by Chris Whittle, the developer of Channel One. The original corporate plan was to raise between $2.5 - $3 billion to open 200 privately operated schools serving 150,000 students by 1996. Unable to raise sufficient funds, and faced with a financial crisis that forced him to sell Channel One in 1994, Chris Whittle redefined the Edison Project as a firm that would run public schools.[96] The company currently runs 25 schools in 13 school districts, located in 8 states. Almost half of the Edison schools (12) operate within the framework of charter school legislation.[97]

Since September 1997, Beacon Education Management (Nashville) has been the new name for Alternative Public Schools. Founded in 1993, Alternative Public Schools' first attempt to run a public school was its controversial 1994 agreement to take over Turner Elementary School in Wilkinsburg, Pa.[98] Following passage of the Pennsylvania charter school law in 1997, Beacon agreed to allow Wilkinsburg to void its contract to run Turner Elementary School at the end of the 1997-98 school year.[99] It currently runs three middle schools and six elementary schools in three states (Massachusetts, Michigan, and North Carolina). The firm also provides various other services to eight additional schools in five states. Of the nine schools Beacon runs, five Michigan schools are under the management of JCR & Associates, an affiliated company.[100]

Advantage Schools (Boston) was founded in 1996. It concentrates on running charter schools and, according to its mission statement, it focuses on urban schools. Advantage's curricular program is based on the Direct Instruction method. It currently runs 10 for-profit schools located in Rocky Mount, N.C.; Charlotte, N.C.; Phoenix, Ariz.; Kalamazoo, Mich.; Chicago, Ill.; Washington, D.C.; Jersey City, N.J.; Worcester, Mass.; Malden, Mass.; and San

Antonio, Texas.[101]

Evidence about the educational benefits, public cost, and financial performance of for-profit firms running public schools is mixed and very controversial. However, given the current level of interest, it is likely that privatization will continue to represent one of the major commercializing activities in education for the foreseeable future. It is, therefore, important to continue to monitor this activity.

Conclusion

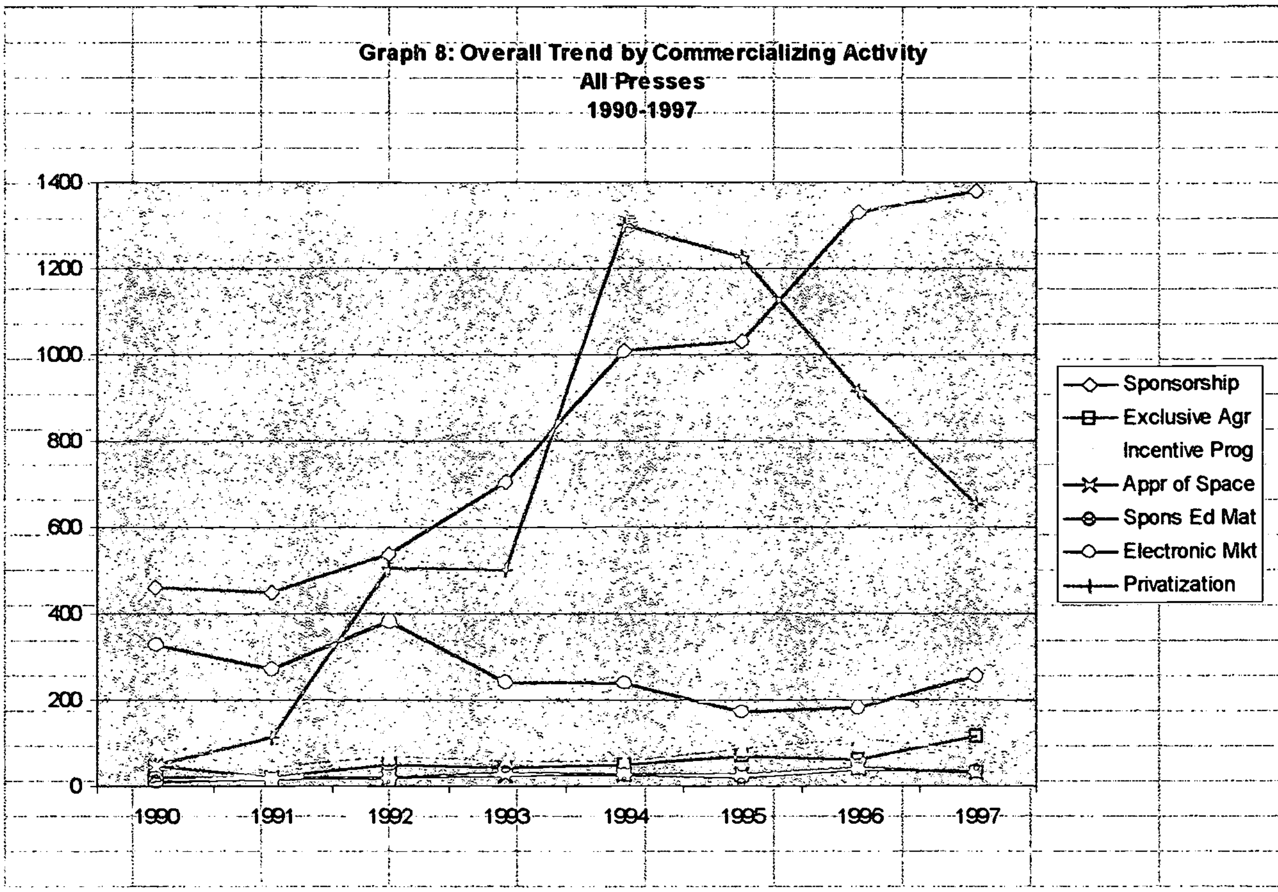
The evidence presented in this report suggests that the 1990's have become the decade of sponsored schools and commercialized classrooms. Overall, the number of citations reporting commercial activity in schools has increased 154% over the past eight years. Table 2 displays the total number of citations found for the combined commercializing categories by year from 1990-1997.

While overall there has been a large increase in the number of citations documenting commercial activities in the schools, there is considerable variance in the change in citations among the seven categories of commercialism studied. In fact, three (Incentive Programs, Appropriation of Space, and Electronic Marketing) of the seven categories posted decreases in the number of citations found when 1990 and 1997 are compared. In at least one case (that of Electronic Marketing), however, this is the result of factors unique to that category and not an indication that the activity is diminishing.

Table 3 shows the ranking of each category of commercializing activity in 1990 and displays the number of citations found in each category. Table 4 shows the ranking of each category in 1997 and displays the number of citations found. Table 5 ranks commercializing categories by percentage of change when number of citations in 1990 and in 1997 are compared.

Tables 6, 7, and 8 display the percentage change in total citations by category between the two periods 1990-1993 and 1994-1997; total citations by category 1990-1993; and total citations by category 1994-1997, respectively. This is a way of capturing longer-term trends. As the tables reveal, the extent to which a particular category of commercialism appears to increase or decrease is related to the unit of time used to measure the changes. The information in Tables 3-7 must be interpreted cautiously. Regardless, it is clear that overall the number of citations related to schoolhouse commercialism is up sharply for the period 1990-1997.

Within individual categories, the largest percentage increase in citations when 1990 and 1997 are compared was in the Privatization category (1285%). This is no doubt because of the large number of citations between 1993-1995 that documented problems rather than reported on the spread of for-profit schools. Graph 8 (on following page) displays a downward trend in Privatization citations since 1994, which lends weight to this assessment. It is likely, therefore, that the Exclusive Agreements category, which shows a significant increase in citations for 1997 when compared to 1990 (495%), is the commercializing activity that actually grew the most sharply between 1990-1997. (See Table 5.)



The number of citations in the Sponsorship of Programs and Activities category grew 199% and it is a huge category. In 1997 it had more than twice as many citations as Privatization, and more than twelve times as many citations as Exclusive Agreements. According to these data, Sponsorship of Programs and Activities was the largest school commercialism category throughout the nineties, and it continues to grow. These numbers suggest that activities such as Greenbrier High School's "Coke in Education Day" are going to become an increasingly common feature of the American public school landscape.

Appropriation of Space is a small category of commercial activity in the schools. The number of citations in this category fell 33 percent comparing 1990 and 1997 figures. That represents a numerical decrease from 43 citations to 29. This small number suggests that appropriation of space is not a major category of commercializing activity.

Sponsored Educational Materials was the seventh-ranked category in 1990 (8 citations) and the sixth-ranked category in 1997 (33 citations). This represents an increase of 313%.

Incentive Programs, Appropriation of Space, and Electronic Marketing all showed declines in the number of citations when 1990 and 1997 figures are compared. The decline for Incentive Programs (16%) probably represents a real decline in the prevalence of this sort of commercializing activity. The decrease in the number of Electronic Marketing citations, however, probably is not an accurate reflection of the actual pervasiveness of this sort of commercialism. This is because two of the three firms included in the database searches were not in existence throughout the eight-year period studied. Star Broadcasting was launched in 1993 and the Family Education Network was launched in 1996. The large number of citations in the early nineties is, therefore, entirely a function of the notoriety of Channel One and to some extent the financial ups and downs of its founder Chris Whittle. Graph 8 shows that the number of citations in 1997 in Electronic Marketing has increased over 1996. In subsequent years it will be possible to determine whether or not this is the start of an upward trend.

Graph 8 summarizes the number of citations contained in all databases searched by year and plots an eight-year trend line for each category of commercializing activity. Four of the seven commercializing categories, Privatization, Appropriation of Space, Sponsored Educational Materials, and Incentive Programs, show declines in the number of citations between 1996-1997. These declines suggest that Electronic Marketing, Exclusive Agreements, and Sponsorship of Programs and Activities may be the most important commercializing trends in the future, although it is too early to tell.

The Privatization category has been trending downward since 1994. However, this may have to do with unique circumstances associated with the firms studied. It is too early to predict whether or to what extent privatization, which is now an established commercializing activity, will grow in subsequent years.

Reviewing Graphs 1-7, a few things stand out. The popular press had, with one exception, the largest number of citations in each category of commercial activity. This was expected, because the popular press database is, by far, the largest database searched. Also, as noted earlier, one Associated Press or New York Times article could be picked up by many newspapers, and each time the story appeared it was counted as a separate article. Only the Appropriation of Space category reveals a different pattern. In this category, there are more citations in the advertising/marketing press (Graph 4).

What is perhaps most surprising in reviewing Graphs 1-7 is not the relative attention given to the various sorts of commercial activities in schools and classrooms by the business and advertising/marketing press. What is surprising is the apparent indifference of the education press. At a time when commercialism in schools and classrooms appears to be increasing dramatically, it is more than a little puzzling that educators do not seem to have much to say about it. The seeming failure of the education community to describe, attempt to understand, and assess the impact of commercial activities on the character and quality of schools and their programs is hard to explain and warrants further investigation.

APPENDIX

Sources, Search Strategies, Search Terms, and Data Tables

SOURCES

Popular Press Citations: To compile this data, the Lexis-Nexis "RegNews" Library "AllNews" file was used. According to the Lexis-Nexis Directory of Online Services, the "RegNews" Library is a "combination of news sources grouped together by geographical area. It contains more than 125 full-text US regional news sources. ... The UPI State and Regional wire service is also included." (p. 226)

Education Press Citations: To compile this data, the H.W. Wilson Education Index was used. Education Index, according to the vendor description on the company's web site, "indexes 349 English-language periodicals, yearbooks, and selected monographic series. It covers all levels of education. Feature articles are indexed, as are important editorials and letters to the editor, interviews, reviews of educational films, software reviews, critiques of theses, charts and graphs without text, and book reviews." (www.hwwilson.com/educat.html)

The Educational Resources Information Clearinghouse (ERIC) for education press citations was also searched. However, the ERIC results are not included in this report because there was considerable overlap with the citations found in the Education Index and ERIC often had fewer relevant citations. In addition, Education Index's use of standard Library of Congress Subject Headings allows for subject searches as well as key word searches, while ERIC allows only key word searches.

Business Press Citations: To obtain the business press citations, the Lexis-Nexis Business and Finance Library AllNews file was used. The Business and Finance Library contains a wide variety of sources that provide business and finance news including business journals and investments and merger acquisition news sources. (Lexis-Nexis Directory of Online Services, p. 27)

The H.W. Wilson Business Index was also searched. However, Lexis-Nexis featured more extensive coverage and therefore more relevant citations.

Advertising/Marketing Press Citations: The Lexis-Nexis "Market" Library, "Allnews" file was used to compile this data. This library includes "an extensive variety of publications covering advertising, marketing, market research, public relations, sales and selling, promotions, consumer attitudes and behaviors, demographics, product announcements and reviews." (Lexis-

Nexis Directory of Online Services, p. 142).

SEARCH STRATEGIES

In the development of the search terms used in this report, a number of different words and phrases were tested for their value in identifying relevant citations. The terms used to retrieve the citations described in this report are groups of words broad enough to include the various permutations of an idea (such as in Graph 2, "exclusive sale*" or "exclusive deal*" or "exclusive agreement*," etc.) but narrow enough not to pull up irrelevant citations.

An example of the evolution of one set of search terms, those for Sponsored Educational Materials (Graph 5), will illustrate the process. At first, the following set was used:

sponsored lesson or sponsored material* or sponsored curricul* or sponsored teaching aid

After reviewing the initial citations, the list was expanded to include a few other common variations of the terms, such as adding an asterisk to "sponsored lesson*" (the asterisk indicating that any variation on the word ending should be counted, i.e., "lesson" or "lessons.") and adding the phrase "sponsored education* material*." It was also noted that Education Index has a subject heading for "sponsored teaching aids," but not "sponsored teaching aid," so an asterisk was added to that phrase, to get "aid" and "aids," thereby increasing the number of relevant citations found.

The names of some of the major producers of sponsored educational materials, such as Scholastic and Lifetime Learning Systems, were searched on. However, depending on how the search was phrased, their inclusion either led to a greater number of irrelevant citations (such as mentions of Scholastic's other products), or to a restriction of citations to only those that featured mentions of both sponsored educational materials and one of the companies' names. For this reason it was decided not to include the company names in the searches.

SEARCH TERMS

The search terms used to compile data from the Popular, Business, and Advertising/Marketing presses are listed below. All search dates encompassed the period January 1, 1990 through December 31, 1997. Graphs in this report were created based on searches conducted 22 and 23 June 1998.

Graph 1: ((corporate sponsor*) or (school business relationship) or (sponsor* school activit* or sponsor* school program* or sponsor* school event*) or (School Properties Inc) and (primary or elementary or grammar or intermediate or

junior or middle or secondary or high w/1 school*)) and date = 19xx

Graph 2: (DD Marketing or exclusive sale* or exclusive contract* or exclusive deal* or exclusive agreement* or exclusive partner* or exclusive pour* right*) and (primary or elementary or grammar or middle or secondary or intermediate or junior or high w/1 school*) and date = 19xx and not college or university

Graph 3: ((Apples for the Students) or (Pizza Hut and Book It!) or (Campbells Labels for Education) or (grocery or supermarket or food store or cash register receipt and redeem*) and (primary or elementary or grammar or junior or secondary or intermediate or high w/1 school)) and date = 19xx

Graph 4: CAPS(Cover Concepts or School Marketing Partners) or (advertis* in and (primary or elementary or grammar or junior or secondary or intermediate w/1 school*) and date = 19xx

Graph 5: (sponsor* education* material* or sponsor* teaching aid* or corporate sponsor* material* or sponsor* curricul* or education kit* and (school* or classroom*)) and date =19xx

Graph 6: CAPS(Channel One) or (Star Broadcasting) or (Family Education Network) and (primary or grammar or elementary or intermediate or junior or secondary or high w/1 school*) and date = 19xx

Graph 7: CAPS(Alternative Public Schools, Inc or Beacon Education Management or Tesseract or Education Alternatives Inc or Edison Project or Advantage Schools) and date = 199x

To search H.W. Wilson Education Index, the following terms were used. The terms vary somewhat from those used in the other three presses because Education Index doesn't allow search phrases as long as those permitted in the Lexis-Nexis databases, and it also doesn't allow the complex nesting of terms that can be used in Lexis-Nexis.

Graph 1: search 1: School Properties Inc or school-business relationship or (sponsored activit* or program* or event*) and school*

search 2: school-business relationship

search 3: business and education and (sponsored activit* or program* or event*) and (primary or grammar or elementary or secondary or high or junior or intermediate)

search 4: (business or corporate sponsor*) and (activit* or program* or event*) and (primary or grammar or elementary or secondary or high or junior or intermediate)

search 5: school-business partnership

Graph 2: search 1: exclusive sale* or exclusive contract* or exclusive right* or exclusive agreement* or exclusive partner* or pour* right*

search 2: Coke or Pepsi or Dr Pepper or Coca-Cola or soda or soft drink

search 3: (sneaker* or Adidas or Reebok or Nike or athletic wear or athletic apparel or sports wear or sports apparel) and school*

Graph 3: search 1: Apples for the Students or (Pizza Hut and Book It!) or Campbell* Labels for Education

search 2: grocery or supermarket or food store or cash register and receipt and redeem*

search 3: (grocery or supermarket or food store or cash register receipt and redeem*)

Graph 4: search 1: Cover Concepts or School Marketing Partners or advertis* and school* and not channel one

search 2: propaganda in the schools

Graph 5: search 1: sponsored education* material*

search 2: sponsored lesson*

search 3: corporate sponsored material*

search 4: sponsored curricul*

search 5: sponsored teaching aid*

Graph 6: (Channel One or Star Broadcasting or Family Education Network) and (primary or elementary or grammar or intermediate or secondary or junior or high) and school*

Graph 7: search 1: Tesseract and school*

search 2: (Alternative Public Schools Inc or Beacon Education Management or Edison Project or Advantage Schools) and school*

TABLES 1-8

TABLE 1: Number of Citations About Exclusive Pouring Rights Agreements, by Press and by Year

Press	1990	1991	1992	1993	1994	1995	1996	1997
Popular	2	2	1	4	5	9	17	51
Business	3	3	0	1	4	4	2	2
Ad/Marketing	1	5	3	2	2	7	5	3
Education	0	0	0	0	0	0	0	0
Total	6	10	4	7	11	20	24	56

TABLE 1.1: Number of Citations About Exclusive Sports Apparel Agreements, by Press and by Year

Press	1990	1991	1992	1993	1994	1995	1996	1997
Popular	1	0	2	1	4	10	0	7
Business	0	1	0	1	0	7	1	2
Ad/Marketing	1	1	2	3	2	6	5	2
Education	0	0	0	0	0	0	0	0
Total	2	2	4	5	6	23	6	11

TABLE 2: Combined Total Citations, All Types of Commercializing Activity, All Presses, by Year

Year	1990	1991	1992	1993	1994	1995	1996	1997
Total	1001	921	1575	1591	2706	2624	2672	2542

TABLE 3: Total Citations and Rank in 1990, by Type of

Commercializing Activity

Type of Commercializing Activity	Total Number of Citations 1990	Rank
Sponsorship of Programs and Activities	461	1
Electronic Marketing	327	2
Incentive Programs	96	3
Privatization	47	4
Appropriation of Space	43	5
Exclusive Agreements	19	6
Sponsored Educational Materials	8	7

TABLE 4: Total Citations and Rank in 1997, by Type of Commercializing Activity

Type of Commercializing Activity	Total Number of Citations 1997	Rank
Sponsorship of Programs and Activities	1379	1
Privatization	651	2
Electronic Marketing	256	3
Exclusive Agreements	113	4
Incentive Programs	81	5
Sponsored Educational Materials	33	6
Appropriation of Space	29	7

TABLE 5: Percentage Change Between from 1990 to 1997 and Rank, by Type of Commercializing Activity

Type of Commercializing Activity	Percentage Change (+/-) 1990-1997	Rank in Percentage Increase
Privatization	+1285%	1
Exclusive Agreements	+495%	2
Sponsored Educational Materials	+313%	3
Sponsorship of Programs and Activities	+199%	4
Incentive Programs	-16%	5
Electronic Marketing	-22%	6
Appropriation of Space	-33%	7

TABLE 6: Percentage Change Between from 1990-1993 and 1994-1997 and Rank, by Type of Commercializing Activity

Type of Commercializing Activity	Percentage Change (+/-) 1990-1993 to 1994-1997	Rank in Percentage Increase
Privatization	+252%	1
Sponsorship of Programs and Activities	+132%	2
Exclusive Agreements	+129%	3
Sponsored Educational Materials	+58%	4
Incentive Programs	+28%	5
Appropriation of Space	+18%	6
Electronic Marketing	-30%	7

TABLE 7: Total Citations in the Four-Year Period 1990-1993

and Rank, by Type of Commercializing Activity

Type of Commercializing Activity	Total Citations, 1990-1993	Rank
Sponsorship of Programs and Activities	2050	1
Electronic Marketing	1217	2
Privatization	1163	3
Incentive Programs	257	4
Exclusive Agreements	126	5
Appropriation of Space	103	6
Sponsored Educational Materials	72	7

TABLE 8: Total Citations in the Four-Year Period 1994-1997 and Rank, by Type of Commercializing Activity

Type of Commercializing Activity	Total Citations, 1994-1997	Rank
Sponsorship of Programs and Activities	4748	1
Privatization	4093	2
Electronic Marketing	849	3
Incentive Programs	329	4
Exclusive Agreements	289	5
Appropriation of Space	122	6
Sponsored Educational Materials	114	7

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