

# E-Commerce (Winter 2011)

## America Online Case of Study

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20 Years of AOL Annoyances and Foul-Ups

AOL floppies and CDs. Sharon Stone's fling with the Running Man icon. The death of Netscape. It's all part of AOL history we'd like to forget.

Original article by:

By [Harry McCracken](#), [PCWorld](#)

# Quantum Computer Services

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- 1989, Quantum Computer Services changed the name of its moderately popular online service to America Online
- cheery e-mail notification recorded by an employee's husband: "You've got mail!"
- more than any other to introduce the country to the online world
- Over the years, it's also found a remarkable number of ways to drive both loyal customers and random bystanders bonkers, shooting itself in its corporate foot again and again through everything from monumental technical glitches to willful strategic decisions

# Discworld

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- in 1993, most people had never heard of AOL--it only had 250,000 subscribers
- even if they had heard of it, they didn't know how to get it
- spend a quarter-million dollars sending out floppy disks with AOL software and a free trial offer
- It worked. So they mailed out more. And more. The company ended up distributing millions of floppies and CD-ROMs; just how many has never been disclosed

# Discworld

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- The early floppies were kind of cool, since they could be reformatted and put to good use. Not so for the CD-ROMs
- before long, many of them cluttered up the lives of two groups of people who didn't need them: Existing AOL members and anyone who had no interest in becoming an AOL member

# AOL Offline

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- On Wednesday, August 7th, 1996, a switch upgrade at an AOL data center went awry and knocked the service offline for 19 hours, sending millions of users into withdrawal
- In subsequent months, AOL suffered several similar-but-briefer hiccups
- The company reacted by spending millions of dollars to improve reliability, which mostly worked--although it didn't eliminate glitches entirely

# 1996 Meltdown

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- AOL moved from hourly rates to flat-rate pricing.
- Customers who were used to carefully monitoring their consumption began simply dialing in and staying on, maxing out the service's inadequate capacity and leaving other subscribers with busy signals rather than the squeal of a successful dial-up connection.
- It got so bad that Steve Case, in a letter to members, urged subscribers to treat AOL as they would a pay phone

# 1996 Meltdown

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- But not before then-archrival CompuServe ran a snarky commercial during the 1997 Super Bowl

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# Captive Consumers

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- Among the many online innovations that AOL pioneered was the annoying advertising pop-up
- market a bevy of third-party products and services to subscribers
- Just to add insult to irritation, opting out of the pop-ups carried an expiration date: unless you reaffirmed your decision, AOL would begin bombarding you with pop-ups again
- Pop-ups weren't the only way AOL hawked third-party products to its subscribers. In 1997, it was forced to rethink plans to let marketing partners call subscribers at home

# Chat Dirty to Me

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- For a company that rose to fame in part on the strength of a family-friendly image, AOL had a thriving seamy side
- especially in its chat rooms. In 1996, one researcher said that almost half of user-created AOL chat rooms were sexual in nature
- Chat areas gained a reputation for being popular with pedophiles looking for underage victims
- AOL increased control over them

# The Neutering of Netscape

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- AOL paid \$4.2 billion in 1998 to acquire Netscape Communications
- But what did AOL do with its new toy? Nothing
- it didn't even dump Microsoft's Internet Explorer as the default AOL browser
- Netscape slipped into not-so-benign neglect and ever-declining usage, culminating in AOL's formal abandonment of it in 2007.

# Netscape

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- Netscape Communications in 1998 while still independent released Netscape source code
- It took years, but the move eventually led to Blake Ross and Dave Hyatt's creation of Firefox
- two youthful programmers managed to accomplish what the billion-dollar AOL couldn't or wouldn't do: reignite browser competition and put Microsoft on the defensive

# Incommunicative Messaging

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- Between its own AOL Instant Messenger service (launched in 1997) and instant-messaging pioneer ICQ (which it acquired in 1998), AOL took an early lead in IM...
- ...and then it spent years preventing its users from chatting with the outside world, by blocking attempts by Microsoft, Tribal Voice, Trillian, Odigo, and others to establish interconnectivity between AIM and other IM services
- AOL eventually struck a deal with Apple to let iChat users sign into AIM accounts and no longer actively blocks Trillian, Meebo, and other IM applications from accessing its network

# Crass Commercialism

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- In 2004, AOL launched a big new TV campaign
- One commercial featured a teeming mob of irate customers showing up at company headquarters to demand new features--the idea being that AOL was listening to its subscribers, but the subscribers looked just plain angry

# Can'tcelation Policy

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- AOL intentionally made it difficult for unhappy customers to say goodbye
- AOL's offices handled 60,000 calls a day, and that employees were given an 81-page training manual on how to convince disgruntled subscribers that they didn't really want to leave

# Search Privacy? What's That?

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- On August 4th, 2006, AOL made 20 million keyword searches available online for researchers to study
- They contained no personally-identifiable information, so they were anonymous and harmless
- Except that they weren't--you didn't have to be Sherlock Holmes to figure out who had done some of the searching, since folks' queries included information such as their own names, addresses, and Social Security numbers
- AOL yanked down the data and apologized, but the damage had been done

# Example: user 17556639 search history

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- 17556639 how to kill your wife
- 17556639 how to kill your wife
- 17556639 wife killer
- 17556639 how to kill a wife
- 17556639 poop
- 17556639 dead people
- 17556639 pictures of dead people
- 17556639 killed people
- 17556639 dead pictures
- 17556639 dead pictures
- 17556639 dead pictures
- 17556639 murder photo
- 17556639 steak and cheese
- 17556639 photo of death
- 17556639 photo of death
- 17556639 death
- 17556639 dead people photos
- 17556639 photo of dead people
- 17556639 [www.murderdpeople.com](http://www.murderdpeople.com)
- 17556639 decapitated photos
- 17556639 decapitated photos
- 17556639 car crashes3
- 17556639 car crashes3
- 17556639 car crash photo

# Summary

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- AOL highly dynamic business model allowed the company to survive more than 20 years
- despite some terrible choices

**captzero** says:

Wed Apr 29 11:00:32 PDT 2009

Re: 20 Years of AOL Annoyances and Foul-Ups

AOL = the Army Of Losers.

**number6** says:

Wed Apr 29 11:21:17 PDT 2009

Re: 20 Years of AOL Annoyances and Foul-Ups

I avoid any shape or form of AOL like the plague.