

Streaming TV gears up for ad targeting

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In the new world of streaming television, advertising is not going away, but is evolving to become more like marketing on the internet—targeted to specific groups or individuals.

While some subscription streaming services including Netflix, Apple+ and Disney+ have pledged to be ad-free, others including those from WarnerMedia and NBCUniversal are expected to have some ad-supported options, as does Hulu.

Because these new platforms operate online, they will also be able to deliver targeted or "addressable" ads based on viewing habits, location and other data it may collect, in the same manner as Google and Facebook.

According to the research firm eMarketer, addressable TV ad revenue—which includes some ads on traditional TV—in the US is likely to grow from \$1.5 billion in 2018 to \$3.5 billion in 2021.

Smaller players

Streaming services are making it easier for smaller companies and marketers to get on television through self-serve ad platforms without the big budgets required for broadcast TV, according to eMarketer analyst Ross Benes.

"There are a lot of new companies coming into [television advertising](#)" as a result of streaming, Benes said.

"TV is still a place where you can get a massive amount of people's attention."

Roku, a television platform for many smart TVs, announced plans this month to buy dataxu, which provides automated self-serve ads for what is known in the industry as "over the top" or OTT services.

"TV advertising is shifting toward OTT and a data-driven model focused on business outcomes for brands," said Anthony Wood, chief executive officer at Roku.

Fresh privacy issues

The rise of streaming could raise a fresh set of privacy concerns over how data on TV viewers is collected and shared across various platforms and devices.

A recent academic study found smart TVs, streaming dongles and other connected devices sending data to companies such as Netflix and Facebook.

"There is a small number of these cloud providers that are getting a lot of insight into what you're doing with these devices," said David Choffnes of Northeastern University, who led the research.

The researchers wrote that these devices "have the potential to learn and expose extensive information about their users and their surrounding environment. Much of this information has major privacy implications."

Alan Wolk, co-founder and lead analyst at the consultancy TVrev, said he expects streaming ads to be less intrusive than those which follow users around the internet.

"The TV industry has learned from digital that people find that kind of advertising creepy," he said.

Wolk said streaming services are aiming for fewer ads compared with broadcast television that will be "less painful" for viewers because they are more relevant.

An apartment dweller, for example, might not be interested in a lawn care ad and a 24-year-old may be turned off by messages for retirement. And advertisers will pay more if they know their messages are being delivered to people interested in their products.

"The ultimate goal is to be able to get fewer, better targeted ads that brands will pay more money for and consumers are happy to watch," Wolk said.

Limits of targeting

Targeting for television has limits, however. It is never really clear which member of a family is watching a specific show, or whether it is seen live or recorded.

Charles Taylor, a marketing professor at Villanova University, said addressable TV advertising is on the rise, but that platforms are likely to be sensitive to consumer privacy concerns, and aware of new laws including a strict statute in California.

The California law, he said, "won't allow marketers to build data management platforms where they are merging data from various sources."

As a result, Taylor said the targeting is likely to be "behavioral," or based largely on viewing habits, without the detailed profiles that Facebook

and Google use.

"Almost nobody would want health information shared; on the other hand most people don't mind more targeted ads based on their real preferences," Taylor said.

2020 political ads

Addressable TV advertising also opens up a new channel for political ads, potentially impacting spending in the 2020 US election campaign.

"I don't think there's any doubt this will play a role" in the election campaign, Taylor said.

"The databases out there are pretty effective at knowing someone's political affiliation and a well-built data management [platform](#) should be able to give you a good idea of which voters might potentially be swayed."

Mark Jablonowski, managing partner at the digital ad consultancy DSPolitical, said these new platforms may not be able to get the kinds of details of internet services, but that they may still be useful for candidates.

"For now the platforms are well suited to geographical targeting—which can be quite powerful in politics," Jablonowski said.

"Candidates running in 2020 would be smart to include these platforms in their media mix because, at the end of the day, political advertising is all about getting in front of voters wherever and whenever possible."

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