

Read the article and answer the 3 questions that follow. You can earn up to 5 points on this assignment.

TV That Watches You

Cable companies adopt online-style tracking technology to target ads

Your television is tuning into you.

Data-gathering and technology companies are aggressively matching people's TV-viewing behavior with other personal data—in some cases, prescription-drug records obtained from insurers—and using it to help advertisers buy ads targeted to shows watched by certain kinds of people.

At the same time, cable and satellite companies are testing and implementing new systems designed to show households highly targeted ads.

The goal is to emulate the sophisticated tracking widely used on people's personal computers with new technology that reaches the living room.

One of the most advanced companies, Cablevision Systems, has rolled out a system that can show entirely different commercials, in real time, to different households tuned to the same program. It can deliver targeted ads to all the company's three million subscribers.

'SPUTNIK MOMENT'

This new wave in monitoring Americans is driven, in part, by fear: The TV industry is moving quickly to avoid losing ground to Internet advertising companies, which have found that they can charge a premium for online ads that target individual people based on their specific interests.

"This is our Sputnik moment," says Tracey Scheppach, senior vice president at Starcom MediaVest Group, a unit of advertising firm Publicis Groupe.

Ms. Scheppach's advice for the TV industry: Adapt quickly, or go the way of other media whose business has been eaten by the Internet, like newspapers. "We have to shape our future before it shapes us," she says.

Targeted ads are getting in front of people a few ways. In one method, TV providers such as Cablevision can beam different ads to different set-top boxes, even when they're tuned to the same channel. This technology figures out which subscribers should see which ad by anonymously matching the names and addresses of Cablevision's subscribers with data provided by advertisers and others.

A second method for targeting ads works differently. Companies including TRA, Rentrak and Kantar Media, along with Microsoft, are taking data on TV-viewing behavior harvested from set-top boxes and matching it with a broad range of household data. Then they help advertisers buy ads targeted to shows watched by certain types of people.

Targeting technologies represent a sweeping shift in the multibillion-dollar TV-ad business. Since the dawn of television, viewers watching the same shows almost always saw the same ads as other people in their market. Advertisers bought commercials based on estimates of what shows were generally popular with broad groups, such as "18-to-49-year-olds."

That's now too blunt an instrument for some advertisers, whose expectations have been raised by the Internet. Online ads can now target people based on narrowly defined characteristics, and can also follow specified Internet users, in real time, as they surf from website to website. These ad services command premium prices.

Companies involved in TV targeting say the household-level matching is done by outside companies that provide only aggregated data, stripped of personally identifiable details such as names. Many say TV targeting is less intrusive than online tracking, because TV technologies don't target individuals, but instead use the data to draw inferences about groups of households.

'WHERE THE MONEY IS'

Operating out of an old clothing factory in New York, a newcomer called Simulmedia is drawing upon the online model for targeting ads. Its raw material is more than 75 terabytes of data from TiVo, DirecTV, Charter Communications and others. The companies give Simulmedia the times when channels are changed on set-top boxes, along with a unique ID for each box. This lets it associate one day's viewing with the next.

After determining what programs and ads the set-tops have been tuned to, Simulmedia bundles the boxes into more than two dozen groups based on viewing patterns, such as "wild n' crazies" (young male-themed shows), "hecklers" (stand-up comedy) and "animated grownups" (cartoon sitcoms).

Given a year of viewing data, Simulmedia can almost perfectly predict around 70% of what types of shows a given set-top box is likely to be tuned to, and when, founder Dave Morgan says. He likens the process to helping advertisers "choke the shotgun blast and bring it in close," rather than scattering their ad messages widely.

Mr. Morgan has aspired to bring Web-like targeting to TV for years. Most of the work in online advertising over the past 20 years has really been preparation for TV, he says. "That's where the money is."

The plumbing for that is being put in place. DirecTV says it will be able to deliver different ads during the same programming to 10 million homes later this year. Comcast has run two targeted-ad trials in recent years and is planning a third.

Cablevision is the furthest ahead, having completed its rollout of targeted ads across all its set-top boxes. Its system is powered by Visible World, which makes technology that can switch different commercials in and out of different set-top boxes based on criteria that advertisers can specify. Comcast is using the same system.

Visible World's founder, Seth Haberman, says his company doesn't know the names or personally identifying information about the people sitting in front of a given set-top box. "We don't want to look in the window," he says. "It is a little spooky."

Name _____

1) How has the Internet changed advertising?

2) What are some of the ways targeted ads are being used by TV companies?

3) Watch two different TV shows and analyze the commercials that are shown during each show. What type of products are advertised? How would you describe the audience for each program (age, gender, income level, interests, hobbies, attitudes, profession?). Do you think the commercials are reaching the right people? Explain.