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TV's Next Wave: Tuning In to You

By JESSICA E. VASCELLARO



Data firms and technology companies are using TV watchers' personal data to help sell targeted ads, Jessica Vascellaro reports. We discuss how cable and satellite co's are mining this data, how they're using it to stay ahead in the age of the Internet - and how you can opt out of being tracked.

The television is channeling you.

Data-gathering firms 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.



Neville Elder for The Wall Street Journal

Seth Haberman, CEO of Visible World, which builds the technology behind Cablevision's powerful ad-targeting system.

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

The goal: 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 Corp., 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 concentrated in New York, Connecticut and New Jersey.

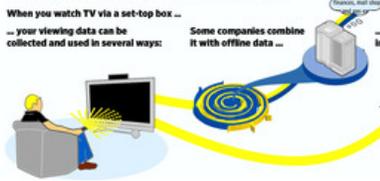
In an early test of Cablevision's technology, the U.S. Army used it to target four different recruitment ads to different categories of viewers.

One group, dubbed "family influencers" by Cablevision, saw an ad featuring a daughter discussing with her parents her decision to enlist. Another group, "youth ethnic I," saw an ad featuring African-American men testing and repairing machinery. A third, "youth ethnic II," saw soldiers of various ethnicities doing team activities. An Army spokesman declined to comment.

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

In a rallying cry last month at a TV ad-targeting conference hosted by Broadcasting & Cable, one keynote speaker cited the space race of a half-century ago: "This is our Sputnik moment," said

TV Ad Targeting: Two Approaches



or share viewership information.

How to Opt Out of Having TV Data Put to Use for Advertising Purposes

Many—but not all—companies let people opt out of having their anonymous TV-viewership information used for ad purposes.

[DirecTV](#) subscribers can opt out by contacting the company at (800) 531-5000, [www.directv.com/email](#), or DirecTV Privacy Policy, P.O. Box 6550, Greenwood Village, CO, 80155-6550.

[TiVo](#) Inc. says users can opt out by contacting customer support. Details at [support.tivo.com/app/answers/detail/a_id/1279](#).

A Charter Communications official says customers can't opt out of collection of audience-measurement data. The firm says it removes personal details, including names, before sending data to outside companies.

Cablevision Systems Corp., which can show different ads to different households, lets users opt out of seeing targeted ads by calling (888) 425-2591 or by going to [www.optimum.net/Privacy/Preferences](#) and selecting an option to not receive Addressable Third Party Advertising. Cablevision says it doesn't license viewership information.

[Comcast](#) Corp. is gearing up for a test of ad-targeting this year. A spokesman said the firm has yet to determine whether there will be an opt-out option, but that "privacy and notification will be key considerations."

--*Jessica E. Vascellaro*

More From Digits

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Tracey Scheppach, senior vice president at Starcom MediaVest Group, a unit of advertising firm Publicis Groupe SA.

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, via a third party. Cablevision says it doesn't share subscriber data with advertisers, or use

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

One newcomer with another tactic is Simulmedia Inc. of New York, founded by Dave Morgan, a pioneer of Internet ad targeting. His company works with databases detailing when channels are changed on set-top boxes. "Some data is second-by-second," he says.

His company divides set-top boxes into interest groups based on the channels they tune to, such as "heartstrings" (romantic-comedy watchers), and "fake news followers" (satire lovers). Using sophisticated algorithms, Simulmedia says it can then deduce what categories of viewers are swayed by a particular ad.

Some in the industry want "rifle-shot targeting," Mr. Morgan says, where people get "only those ads they care about." That's still well in the future, Mr. Morgan says.

But companies including Cablevision are now deploying technologies that let advertisers like the Army show different commercials to different households based on demographic data.

The Army may try similar campaigns in the future, says Gary Barsky of ad company Universal McCann, a unit of Interpublic Group of Cos., which worked on the campaign.

Targeting technologies represent a sweeping shift in the multibillion-dollar TV-ad business, one of marketing's most popular media. 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—Chicago residents shopping for plane tickets to Los Angeles, for instance. Online ads can also follow specified Internet users, in real time, as they surf from website to website. These ad services command premium prices.

For years, the TV industry has been gushing about the potential to deliver more targeted ads. There have been false starts. In 2008, cable companies formed a consortium to deploy targeted ads nationally, among other things. Initial efforts were thwarted by issues such as outdated infrastructure.

So, individual companies are proceeding on their own. Bank of America estimates the market for "addressable ads"—those targeted to specific household segments—could reach \$11.6 billion by 2015.

Ms. Scheppach of Publicis, addressing the February TV-advertising conference, had sober words: 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 said, predicting that, within six years, technology could be in place to allow all TV ads to be targeted.

Some industry executives urge caution, saying they are reluctant to make the investment when the benefits are unknown. Others warn advertisers should proceed cautiously in light of the intensifying regulatory scrutiny of Internet tracking.

What They Know

[Web's Hot New Commodity: Privacy](#)

[Your Apps Are Watching You](#)

[Race Is On to 'Fingerprint' Devices](#)

[Profiling Technology Mounts a Comeback](#)

[Insurers Test Data Profiles to Identify Risky Clients](#)

"This could be marketing nirvana, or fraught with potential peril," says Tim Hanlon, chief executive of Velociter, the investment arm of Mediabrands, a unit of Interpublic Group. For the first time, TV tracking could combine viewership data, telemarketing data and online data to examine people's lifestyles. People might see a greater volume of ads they find "personally intrusive," he says, citing political campaigns as examples.

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

[A Web Pioneer Profiles Users by Name](#)
[Facebook in Privacy Breach](#)
['Scrapers' Dig Deep for Data on Web](#)
[Kids Face Intensive Tracking on Web](#)
[Google Agonizes Over Privacy](#)
[Stalking by Cellphone](#)
[On Web's Cutting Edge, Anonymity in Name Only](#)
[Microsoft Quashed Bid to Boost Web Privacy](#)
[Personal Details Exposed Via Biggest U.S. Websites](#)
[The Web's New Gold Mine: Your Secrets](#)
[Video Archive](#)
[Complete Coverage: What They Know](#)

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 aggregated groups of set-top boxes or households.

The Internet and TV businesses face different regulatory regimes. There is no specific law governing Internet tracking, but cable and satellite companies are restricted from sharing names and addresses of subscribers tied to viewing information without their permission under the 1984 Cable Act and a related rule for satellite TV.

Phone companies that offer video services differ on whether the Cable Act applies to them. Still, they say they don't share personally identifiable information about subscribers without consent. The law doesn't address activities like combining TV-viewing data with mobile or Web browsing, practices barely imaginable when the Cable Act took effect a quarter-century ago.

TiVo Inc., maker of TV recording devices, isn't covered by the Cable Act. TiVo says it doesn't disclose personally identifiable viewing information to third parties without a customer's consent.

TiVo categorizes some of its customers into "attitudinal" segments—including Republicans, Democrats or fans of a particular celebrity chef—by surveying 35,000 users about their habits and combining the data with the shows they watch. It sells the data to marketers via a service called PowerWatch.

TiVo users must opt in to be included, the company says. It solicits participants with offers such as the chance to win a \$1,000 Amazon shopping spree.

TiVo says it also licenses anonymous viewing data to TV-targeting upstarts like New York-based TRA, which matches second-by-second data from 1.7 million TiVo set-top boxes and a cable operator with other data types—including 57 million frequent-shopper cards. The matching is done through Experian PLC, a major data company that knows which set-top box and which frequent-shopper card belong to a particular street address. (Experian doesn't share addresses with TRA, or gain access to viewing or frequent-shopping data.)

The method can turn up surprising associations: TRA found that watchers of "Jersey Shore" are regular buyers of yogurt.

"It really helps you drill down," says David Shiffman of ad agency MediaVest.

Rentrak, a TV-measurement and advertising-services firm, can in some cases associate households' video-on-demand viewing with their live-TV viewing and DVR-television viewing. The company, in some cases, measures videos watched on mobile devices, too.

That kind of data could make it possible for advertisers to target their campaigns at different consumer groups, via different video media, at the time the desired viewers are most likely to watch, says CEO Bill Livek. He says the process is an "evolution" of the direct-marketing business.

Operating out of an old Brooks Brothers factory in downtown Manhattan, 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 the company associate one day's viewing with the next. Mr. Morgan says Simulmedia can't tie the data back to individuals.

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—"wild n' crazies" (young male-themed shows), "hecklers" (stand-up comedy) and "animated grownups" (cartoon sitcoms), among others.

Advertisers and stations have run more than 50 campaigns using the data, Mr. Morgan says. He declined to name participants.

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, Mr. 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.

Not all companies that send data to Simulmedia and others let people opt out.

Mr. Morgan has aspired to bring Web-like targeting to TV for years. He took his first crack more than a decade ago in the U.K. and Switzerland. The effort fizzled, he says, amid struggles to adapt online techniques to cable-TV technologies.

"Most of the work that has been in online advertising over the past 20 years has really been preparation for the big screen," he says, referring to TV. "That's where the money is."

The plumbing is being put in place. Satellite-TV company DirecTV says it will be able to deliver different ads during the same programming to 10 million homes in the fourth quarter of this year. Comcast Corp., the country's largest cable system by subscribers, has run two targeted-ad trials in recent years and is planning a third for later this year.

Cablevision is the furthest ahead, having completed its rollout of targeted ads across all its set-top boxes late last year. Its system is powered by Visible World Inc., which makes technology that can switch different commercials in and out of different set-top boxes based on criteria that advertisers can specify. The company is also powering the new Comcast test.

Today, the scope of the Cablevision effort is on display in a monitoring room at Visible World in New York. There, large TVs along one wall play the ads being inserted into Cablevision programming, in real time. Other monitors show grids indicating how many households in a geographic zone are seeing a particular ad; the numbers flicker from the single digits to a few thousand.

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."

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