



Surveillance Advertising: Does it Benefit Small Businesses?

Surveillance advertising is not the boon for small business that some claim it is.

In what ways is small business an actor in the surveillance advertising space?

Small businesses can be involved in surveillance advertising from the buyer side of the market as advertisers or from the seller side as publishers of websites and apps where ads are served. There are also some small businesses in the [ad tech space](#) that act as middlemen in buying or selling targeted ads.

Does surveillance advertising help connect small businesses with consumers?

[Facebook touts surveillance advertising](#) as vital for small businesses to connect with consumers efficiently.¹ However, it's important to remember that [Facebook relies on millions of small business](#) advertisers for the bulk of its ad revenue.² and surveillance advertising tools may not be as effective at reaching desired consumers as Facebook says. A [2019 study](#) found that surveillance advertising is not as successful in actually targeting the desired demographic or interest group as previously believed, showing low effectiveness gains over random placement.³

1. Facebook Ad Campaign Promotes Personalized Advertising, Wall Street Journal, 2021

2. Here's how big Facebook's ad business really is, CNN, 2020

3. How Effective Is Third-Party Consumer Profiling? Evidence from Field Studies, INFORMS, 2019

Can surveillance advertising harm small businesses' reputations?

Since the [delivery of surveillance ads is automated](#), businesses are sometimes unhappy to discover that their ads have been placed on websites or in apps featuring objectionable content. Larger companies can afford to devote resources to preventing reputation-damaging ad placement, but small businesses may not be able to do so, leaving them with [little leverage in this process](#).⁴

4. The Importance Of Digital Brand Safety, Forbes, 2018

5. Accountable Tech Frequency Questionnaire, Greenberg Quinlan Rosner, 2021

6. Americans and Privacy: Concerned, Confused and Feeling Lack of Control Over Their Personal Information, Pew Research Center, 2019

7. Ads That Don't Overstep, Harvard Business Review, 2018

Also, surveillance advertising is increasingly unpopular with consumers, which may ultimately harm business reputations. A [2021 survey](#) found that 81 percent of Americans would rather keep their personal data private, even if it meant seeing less relevant ads,⁵ and a [2019 survey by Pew Research Center](#) found that 79 percent of Americans are concerned about how their data is collected and used by companies.⁶ [Studies have found](#) that purchase interest decreases when consumers disapprove of the way their data is being used.⁷ As consumers become increasingly aware of surveillance advertising, its use could actually decrease interest in small business' products.

How does surveillance advertising effect small publishers?

8. Programmatic market a 'mess' with half of money still not reaching publishers, campaign, 2020

9. Online Tracking and Publishers' Revenues: Empirical Analysis, WEIS, 2019

10. After GDPR, The New York Times cut off ad exchanges in Europe — and kept growing ad revenue, Digiday, 2019

11. Data from Dutch public broadcaster shows the value of ditching creepy ads, TechCrunch, 2020

12. Google stymies media companies from chipping away at its data dominance, Reuters, 2020

Because much of the [money spent on surveillance advertising goes to data brokers](#) and the advertising infrastructure set up between an advertiser and a publisher,⁸ there's not much advantage for publishers to accept targeted ads over non-targeted ones. A [2019 study](#) found that publishers only see a 4% increase in revenue from surveillance advertising, or \$0.00008 per ad.⁹

In fact, both the [New York Times](#)¹⁰ and [Dutch public broadcasting company NOP](#)¹¹ saw ad revenues increase after they stopped hosting surveillance ads on their websites.

However, small publishers often aren't given a choice. Since large companies like Google control so much of the digital advertising market and process, small publishers can be [forced to play by Google's rules](#).¹² They often must choose to allow companies to collect data on their users and show targeted ads, or they get no advertising at all.

How does surveillance advertising affect small businesses in ad tech?

Small ad tech businesses already struggle because of the dominance of big firms like Google and Facebook. Targeted advertising requires [extensive profiling of millions of consumers](#), and [many small businesses can't compete](#) with the massive wealth of data that Google and Facebook have already acquired.¹³ Small businesses in ad tech could be more profitable working with [contextual advertising](#), which only requires knowledge of the contents of a website and does not rely on huge stores of consumers' personal data.

Even though [surveillance advertising may not be helpful](#) (and at times could even be harmful) for small business, the market cannot fix the problem on its own. No incentives exist for businesses to respect consumer privacy, and small businesses have little power to change the system. Many organizations in the [U.S.](#)¹⁴ and [other countries](#)¹⁵ are calling on legislators to ban surveillance advertising.

13. Explainer: Advertising executives point to five ways Google stifles business, Reuters, 2019

14. Ban Surveillance Advertising, 2021

15. Ban surveillance-based advertising, Forbrukerradet, 2021