



# Surveillance Advertising: Is Contextual Advertising a Better Alternative?

## Definitions

*Surveillance Advertising* places advertisements based on *consumers' characteristics* - their demographics, their interests, and their past behavior over time and across platforms and devices.

*Contextual Advertising* places advertisements based on characteristics of the *content a consumer is currently browsing* - the subject matter of only that webpage or app. Contextual advertising in its pure form does not take the consumer characteristics into account or depend on that person's past behavior.

It is important, however, to look closely at what a company is actually doing under the label "contextual advertising." Not all contextual advertising systems are the same, and some so-called contextual advertising [systems look more similar to surveillance advertising](#), taking into account consumer data from online behavior and outside sources.<sup>1</sup>

1. Oracle Audiences, Oracle, 2021

## Ad Placement

Both surveillance and contextual advertising involve [the same automated processes](#)<sup>2</sup> such as [real-time bidding auctions](#). The difference is that placing surveillance ads requires broadcasting a consumer's profile to potential advertisers, while placing contextual ads only requires broadcasting information about the contents of the webpage. Both types of advertising [use machine-learning algorithms](#) to make inferences.<sup>2</sup> For surveillance ads, these inferences are about consumers, and for contextual ads, they're about content.

2. To Track or Not to Track?, Panoptikon Foundation, 2020

## Cost

Surveillance advertising is generally more expensive than contextual advertising because it requires companies to [collect data and maintain profiles on every consumer](#) to understand what ads might be relevant. That is not necessary for contextual ads. Much of the [cost of surveillance advertising goes to the ad tech industry](#)<sup>3</sup> - the companies that conduct the tracking, create profiles of consumers, match consumers with ads based on their profiles, and place those ads where they'll see them. Publishers - the businesses that operate the websites and apps where the ads appear and make money when consumers click on them - do not significantly benefit from surveillance advertisements. A [2019 study](#) found that publishers only see a four percent increase in revenue from hosting targeted ads over non-targeted ones, or \$0.00008 per ad.<sup>4</sup> Both the [New York Times](#)<sup>5</sup> and [Dutch public broadcasting company NOP](#)<sup>6</sup> have actually seen ad revenues increase after they stopped accepting surveillance advertising.

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

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

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

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

## Effectiveness

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

8. Landmark Study Proves the Effectiveness of Contextual over Behavioral Targeting, Contextual Insider, 2021

A [2019 study](#) found that demographics and interest categories used to target ads are often inaccurate across leading data brokers, resulting in low gains for targeted ads over random ad placement.<sup>7</sup> [Another study](#) found contextual ads to be more cost-effective than surveillance advertising.<sup>8</sup>

## Privacy and Other Concerns

9. Dozens of Companies Are Using Facebook to Exclude Older Workers From Job Ads, ProPublica, 2017

10. Websites Vary Prices, Deals Based on Users' Information, Wall Street Journal, 2012

11. Consumer Groups File FTC Complaint Against PepsiCo for "Deceptive and Unfair Digital Marketing Practices" Targeting Junk Food to Teens, CDD, 2011

12. How is Technology Innovation Impacting Gambling Addiction?, American Addiction Centers, 2019

13. Apps Installed On Millions Of Android Phones Tracked User Behavior To Execute A Multimillion-Dollar Ad Fraud Scheme, BuzzFeed News, 2018

14. More Than Half Of Age Data In Mobile Exchanges Is Inaccurate, AdExchanger, 2017

15. Data Brokers and Security, NATO Strategic Communications

16. Federal Agencies Use Cellphone Location Data for Immigration Enforcement, Wall Street Journal, 2020

Surveillance advertising can perpetuate discrimination in housing, credit, employment, and other [economic opportunities](#).<sup>9</sup> It also hides [personalized pricing](#) from consumers, leaving them unaware that a company has charged them a different amount than others.<sup>10</sup> Surveillance advertising is also sometimes used for [promoting unhealthy products](#),<sup>11</sup> [encouraging gambling](#),<sup>12</sup> and [perpetrating fraud](#).<sup>13</sup> The data that are fed into algorithms to profile consumers may be [inaccurate](#),<sup>14</sup> but even when they are correct, the fact is that [surveillance advertising is unfair](#). It uses invisible and invasive techniques to manipulate consumers and robs them of real choice in the marketplace. Furthermore, the enormous stores of personal data collected for surveillance advertising put consumers at [risk](#) for exposure, identity theft, and more malicious tracking.<sup>15</sup> It can also lead to erosion of their 4<sup>th</sup> Amendment rights, as government agencies can [purchase data](#) that otherwise requires a probable cause warrant to obtain.<sup>16</sup>

Contextual advertising does not raise these concerns because it does not require tracking and storing consumer data, as long as it truly is contextual advertising and not a surveillance advertising hybrid.