

New Study Shows That All This Ad Targeting Doesn't Work That Well

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from the *well-duh* dept

Tue, Jun 4th 2019 3:35pm — Mike Masnick

Just a couple months ago, I wrote a post saying that for all the focus on "surveillance capitalism," and the claims that Facebook and Google need to suck up more and more data to better target ads, **the secretive reality was that all of this ad targeting doesn't really work, and it's mostly a scam pulled on advertisers to get them to pay higher rates for little actual return.** And, now, **a new study says that publishers, in particular, are seeing basically no extra revenue from heavily targeted ads, but some of the middlemen ad tech companies are making out like bandits.** In other words, a lot of this is **snake oil arbitrage.** The WSJ has summarized the findings:

But in one of the first empirical studies of the impacts of behaviorally targeted advertising on online publishers' revenue, researchers at the University of Minnesota, University of California, Irvine, and Carnegie Mellon University suggest publishers only get about 4% more revenue for an ad impression that has a cookie enabled than for one that doesn't. The study tracked millions of ad transactions at a large U.S. media company over the course of one week.

*That modest gain for publishers stands in contrast to the vastly larger sums advertisers are willing to pay for behaviorally targeted ads. A 2009 study by Howard Beales, a professor at George Washington University School of Business and a former director of the Bureau of Consumer Protection at the Federal Trade Commission, found **advertisers are willing to pay 2.68 times more for a behaviorally targeted ad than one that wasn't.***

***Much of the premium likely is being eaten up by the so-called "ad tech tax," the middlemen's fees that eat up 60 cents of every dollar spent on programmatic ads,** according to marketing intelligence firm Warc.*

As a site that relies on advertising to make money, this is hellishly frustrating. For **years** we've been pitching **non-invasive, non-tracking** ad campaigns for Techdirt. Over and over again we tell potential advertisers that people here would be much more open to paying attention to their ads if they promised not to do any tracking at all. And, over and over again companies (even those that initially express interest) decide to throw all their money at the big flashy adtech firms that promise to use "AI" and "machine learning" to better target their ads -- and get little in return for it.

We still hope that sooner or later advertisers realize that they're getting scammed by the ad companies promising miracles in the form of tracking everything, and go back to recognizing that good, old fashioned, brand advertising works well without the need for invasive, intrusive surveillance.