

Congress to hold hearing on cable advertising

April 22 2009, By DEBORAH YAO , AP Business Writer

(AP) -- Cable operators will sit in the hot seat Thursday as Congress reviews their plans to roll out targeted advertising amid fears that consumer privacy could be infringed if the companies were to track and record viewing habits.

The House subcommittee on Communications, Technology and the Internet will hold a hearing that will look at new uses for digital set-top boxes, the devices that control channels and perform other tasks on the TV screen. Cable TV companies plan to use such boxes to collect data and direct ads more targeted to individual preferences.

"We have recently called on Congress and the Federal Trade Commission to investigate cable's new interactive targeted TV ad system on both antitrust and privacy grounds," said Jeff Chester, executive director of the Center for Digital Democracy.

He's concerned about Canoe Ventures, a consortium formed by the nation's six largest cable companies to oversee the rollout of targeted and interactive ads nationally. Chester worries that Canoe will track what consumers do in their homes.

Currently, cable companies aim their ads based strictly on geography.

Now, cable's goal is to take the Internet's success with targeted ads and transfer that to the TV medium. Thus, a household that watches a lot of Nickelodeon and the Disney Channel eventually could be targeted for theme parks promotions. This type of targeting is something [broadcast](#)

[TV](#) can't do.

For starters, Canoe plans to offer ads this summer that consider demographic factors such as age and income. Philadelphia-based [Comcast](#) Corp. and [Cablevision Systems](#) Corp. of Bethpage, N.Y., also have been testing or rolling out targeted ads outside the consortium.

But [cable operators](#) are wary about being seen as trampling on consumer privacy and reiterate that they don't plan to target based on any personally identifiable information, such as someone's name and address.

Canoe said it doesn't have plans this year to use set-top box data for ads. Instead, the first ads it plans to roll out will use demographic data collected by outside companies.

Interactive ads will come later in the year. Consumers watching TV could see a button pop up that they can click using their TV remote control if they wish to get more information about the product or service being advertised. They will be sent the information using the address on file with the cable company. Canoe said it will get customers' consent to such targeting first.

Testifying before the subcommittee is Kyle McSarrow, chief executive of the National Cable and Telecommunications Association. Consumer advocacy groups represented include Free Press and the Center for Democracy and Technology.

The hearing will also focus on how network operators track consumers online and through wireless networks. AT&T Inc. is sending its chief privacy officer, Dorothy Attwood.

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