

Welcome to the ad-free internet

As the rich pay to banish commercials, advertisers hunt for their attention elsewhere



Dec 11th 2023

For a preview of what lies wrapped beneath the Christmas tree, log in to Facebook. The social network tracks its users' behaviour so intimately that it is able to personalise ads with a precision that sometimes verges on mind-reading. Its ad-stuffed newsfeed at this time of year embodies the internet's great trade-off: consumers enjoy free services, but must submit to bombardment with commercials from companies that know who has been naughty or nice.

Yet increasingly, those with deep enough pockets are getting the chance to escape the online admen. Last month Facebook's owner, Meta, began offering customers in Europe ad-free subscriptions to Facebook and its sister network, Instagram, for €9.99 (\$10.85) a month. In October X (formerly Twitter) launched an ad-free option. In the same month TikTok, a fast-growing Chinese-owned video app, announced

that it was testing an ad-free subscription. The following month Snapchat, another social-media **rival**, said it was doing the same.

Social networks are not the only medium allowing the group that advertisers most **covet**—the **better-off** with money to **splurge**—to **wriggle** beyond their reach. From video and audio to news and gaming, a combination of regulation and technological change is encouraging media companies to offer alternatives. “We are in a world where it will be increasingly possible to avoid ads,” says Brian Wieser of Madison and Wall, an advertising **consultancy**. As the rich **opt out** of commercials on some platforms, advertisers are therefore looking for new places to catch them.

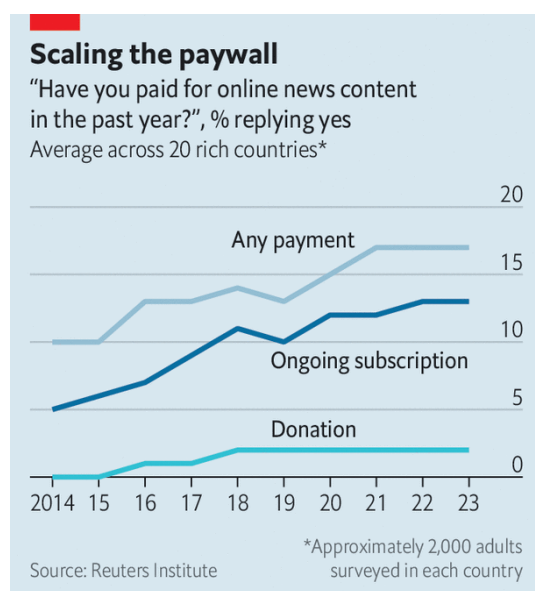


image: the economist

Grabbing the attention of well-heeled consumers via old media has been getting harder for some time. As the internet has **eroded** the value of their ads, newspapers and magazines have made a decade-long **pivot** to other sources of revenue. Whereas in 2014 only 5% of adults in rich countries paid for a subscription to an online news site, this year 13%

did, according to Oxford University’s Reuters Institute. During the same period ad-supported radio has been giving way to **streamed music** and podcasts on platforms like Spotify, 40% of whose 575m users **cough up** \$10.99 a month to listen ad-free.

And now, for a break from commercials

Television, on which ads are worth \$160bn a year, is well into its own digital transition. Last year streaming ^{流媒体} overtook cable ^{有线电视} and broadcast to become the most-watched tv in America, according to Nielsen, a firm which tracks viewership ^{收视率}. Whereas linear tv is stuffed with ^{填满、装满} ads, three-quarters of American streaming customers pay to skip ads, estimates Antenna, another data firm. Streamers ^{流媒体平台} such as Netflix and Disney+ have launched ^{推出} ad-supported tiers ^{广告等级} in the past year or so; Amazon's Prime Video will follow suit ^{将会很快跟进} shortly. But they show only about four minutes of commercials per hour, compared with more like 15 on American broadcast tv. As viewers drift to streaming, television's ad inventory ^{广告数量 详细目录、库存} in America will fall by a quarter ^{减少四分之一} in the next four years, estimates Mr Wieser.

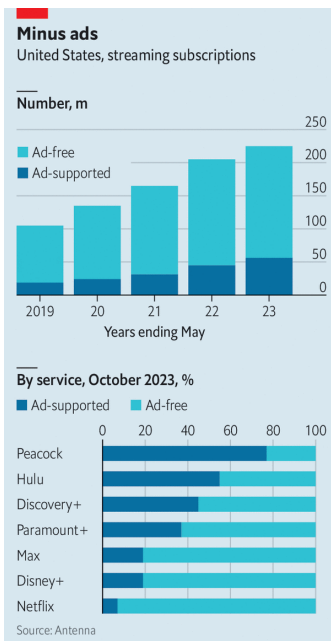


image: the economist

Social media seemed like a safer space for ads. For years Facebook promised it was “free and always will be”. Two things have changed that. One is regulation ^{监管}. Meta's ad-free plan in Europe ^{法庭裁决} follows a series of court rulings ^{法庭裁决} establishing that, under regional data-protection rules, tech firms must get users' consent ^{同意} before showing them personalised ads. Rather than making its ads less effective, Meta is offering the alternative of no ads, for a price. Privacy campaigners ^{隐私权倡导者} say that the price is so high as to be prohibitive ^{禁止}; expect more

Meta在欧洲的无广告计划推出是一系列法庭裁决的结果

legal battles in the new year.) Meta will not launch the plan elsewhere unless it has to: “We will always advocate for an internet funded by ads,” it said on December 4th. But other countries may get ideas. Britain and India are sharpening their digital-

我们将始终倡导由广告资助的互联网

privacy laws. Tech firms are also watching Brazil, Indonesia and Australia (where Snapchat is testing its ad-free option).

在这里, “替代货币化方法”指的是除了个性化广告之外的其他方式来通过内容或服务赚取收入。由于个性化广告的能力被限制, 内容提供商、应用开发者和网站等需要寻找新的方法来生成收益。这些替代方法可能包括订阅费用、付费内容、赞助内容、数据分析服务、产品销售等。简而言之, 它们正在寻找不依赖于个性化广告的其他盈利模式。

The other change comes from the tech platforms. Since 2021 Apple has let customers opt out of being tracked by apps, crippling the ability to personalise ads and triggering a rush to alternative methods of monetisation. Snapchat launched a \$3.99-per-month subscription last year offering extra features; this September it had 5m subscribers. Mobile games, which often rely on ads, have moved towards alternatives such as in-app purchases and subscriptions, says Tianyi Gu of Newzoo, a firm of analysts. Apple and Netflix are among those to have launched ad-free game subscriptions.

严重损坏

货币化

The existence of ad-free options does not guarantee take-up. Few Europeans will pay for Facebook or Instagram, believes Eric Seufert, author of the “Mobile Dev Memo” newsletter. “Meta will use the low adoption rate to champion the ad-supported business model as a consumer preference,” he predicts. However, as Meta’s networks deal increasingly in video, switching off their ads may become more tempting. YouTube Premium, which charges \$13.99 per month to go ad-free, had 80m subscribers last year (the latest figure available), behind only Netflix, Disney+ and Amazon Prime among Western platforms.

并不能保证用户都会采纳

Meta将使用低采纳率来证明, 广告支持的商业模式是消费者的首选。

Children in particular are increasingly off-limits to ads by default. Snapchat said in August that most of its ad-targeting tools would no longer be available to use on under-18s in the eu and Britain, to comply with new privacy rules. Meta has made Facebook and Instagram entirely ad-free for European youngsters while it works out its legal position.

禁止

梳理自己的法律立场

Whoever pays to opt out of ads tends for now to be wealthier than those who sit through them. Among those paying for news online, eight out of ten are from medium- or high-income households, according to the Reuters Institute. As well as ^{注重隐私} having more money, the wealthy tend to be more privacy-conscious: the richest users are likeliest to decline to be tracked on their iPhones, says Mr Seufert.

Still, early indications are that, in tv at least, the difference may not be big. In America the highest-earning households make up 9% of ad-supported subscribers and 11% of ad-free ones, finds Antenna. Mr Wieser suggests that, as consumers are ^{/skwi:z/ 拮据} squeezed and spend less on nights out, they may in fact be more ^{倾向于} inclined to pay for ad-free tv.

Either way, admen are confident that they have other ways to reach valuable consumers. Worldwide ad spending (excluding American political spots) will reach \$889bn in 2023 and grow by 5-6% annually for the next five years, led by digital ads, forecasts Groupm, ^{美国的政治广告被排除在外} which places ads on behalf of brands. The number of ads seen on television may fall, but streamers' ability to target the commercials will make them much more effective than ^{按照惯例的、老一套的} conventional tv spots, argues Mark Read, head of wpp, the world's largest ad company and Groupm's parent firm. Streamers' shorter ad breaks will be better at holding viewers' attention. "Our clients understand that a two- to three-minute ad load is more valuable than a nine-minute ad load," says Mr Read. In addition, streamers are ^{侵占} eating into the time spent watching ad-free public-service broadcasters such as Britain's bbc.

Advertisers can also fall back on platforms from which the rich have no escape. Spending on out-of-home media—billboards and the like—has grown by 7% this year, and is now above its pre-pandemic level, according to Magna, a research arm of Interpublic, another big ad agency. ^{赞助商} Sponsorship of sports events and the like

remains ^{免疫}immune to digital disruption. And other kinds of ^{企业说服方法, 比如公共关系 (PR)}corporate persuasion, such as public relations, may benefit as it gets harder to reach people via old-school ads, says Mr Wieser.

Perhaps the biggest new advertising opportunity is in areas that never previously showed ads at all. Amazon's ^{/ru:z/策略}ruse of selling ads alongside search results on its retail site—something it began doing little more than a decade ago—will earn around \$45bn this year, more than the entire global newspaper industry did. Last year Uber started selling ads in its ^{打车服务}ride-hailing and delivery apps, personalising them using its own data on its customers (something Apple's ^{防跟踪}anti-tracking changes do not affect). It expects to make \$1bn next year from this new ^{副业}sideline. Marriott hotels launched an ad network last year to send targeted messages to guests on their in-room tvs. United Airlines is said to be planning to show personalised ads to passengers during their in-flight entertainment. Groupm predicts that this kind of “retail media” will be worth more than tv advertising by 2028.

Even on social networks there will be ways for brands to reach people who pay to go ad-free. Advertisers increasingly ^{/ˌkærɪzˈmætɪk/有超凡魅力的}rope in charismatic “influencers”, who promote products to users who follow them and share their content by choice. wpp recently took a group of them to Lapland to visit Santa's home, as part of a promotion for Coca-Cola. Users who pay to ^{屏蔽}block ads in some areas are still likely to find them popping up in new ones. ■ 在某些地区付费屏蔽广告的用户, 仍然可能会发现广告在新的领域弹出