Google ad boycott could aim ire at ad-serving software

SAN FRANCISCO, US: Google's money-making foundation is strong enough to endure a current boycott by advertisers, but the movement could rattle the practice of software "programmed" ad placement, analysts said on Thursday.

The internet giant's core business of serving up advertising along with online search results appeared to be safe from the boycott, motivated by companies seeking assurances that their marketing messages won't be displayed along with hateful or outright terrorist content, in particular, videos on Google-operated YouTube.

The "backlash" could broaden into a rebellion against the market practice of software programming ad placements, slowing not only Google's revenue but also that of other internet firms, according to Jackdaw chief analyst, Jan Dawson.

"I would think Google (and parent company Alphabet) would be extremely lucky to emerge from all this with minimal financial impact," he said in a blog post.

"I think it's far more likely it sees both a short-term dent in its revenues and profits from the spreading boycotts and possibly a longer-term impact as brands reconsider their commitments to programmatic advertising in general."

Introducing new tools

California-based Google, which has seen a slew of companies withdraw ads fearing placement alongside extremist content, said it is introducing new tools to give firms greater control.

"We know advertisers don't want their ads next to content that doesn't align with their values," Google's chief business officer Philipp Schindler said in a blog post.

"We're taking a tougher stance on hateful, offensive and derogatory content."

The boycott began last week after the *Times* newspaper of London found BBC programs were promoted alongside videos posted by American white supremacist and former Ku Klux Klan member David Duke as well as Wagdi Ghoneim, an Islamist preacher banned from Britain for inciting hatred.

The analysis found more than 200 anti-Semitic videos, and that Google had failed to remove six of them within the 24-hour period mandated by the European Union after it anonymously signalled their presence.

"Inappropriate internet content"

The British government subsequently put its YouTube advertising on hold, saying in a statement, "it is totally unacceptable that taxpayer-funded advertising has appeared next to inappropriate internet content."

Others to pull the plug, temporarily at least, include the BBC, *The Guardian* newspaper group, McDonalds UK and the British arm of the major advertising agency Havas.

The movement spread to the United States this week, with AT&T and Verizon pulling ads from Google.

Google's parent, [Alphabet](#), has lost slightly more than $20 billion in value since the start of this week based on a slip in its share price, in a sign the boycott has made investors nervous.

Still, analysts believe the boycott's overall financial impact should be relatively small given the breadth of Google's advertising activities.

Even a "draconian" estimate of fiscal damage was limited to whittling perhaps a percent off Alphabet's revenue, Morgan Stanley said in a note to investors.

"It is a hit on their revenue, but it is an even bigger hit on their brand; on their reputation," Altimeter Group principal analyst Charlene Li said. "Google hasn't taken it seriously enough."

Direct and open engagement with advertisers

She recommended that Google engages advertisers directly and openly.

A solution may not be easy. Google needs to strike a balance between pleasing advertisers and those who upload videos to YouTube and are free to take their creations elsewhere if unsatisfied with their shares of ad revenue.

Google's setbacks could benefit traditional television networks as ad dollars return there from YouTube or stall a shift to online, Morgan Stanley said.

Google rivals such as Facebook could also benefit if they prove safer havens for digital advertising.

Limits of programmatic

Above all, the boycott highlights the limits of ["programmatic"](#) advertising, the practice of letting software algorithms decide pairing between marketing messages and content sought by online viewers.

The technology is broadly used by internet firms, which heavily rely on software and artificial intelligence to figure out what ads will interest people at any given moment.

Advertisers can choose "keywords" for targeting their ads or sometimes use demographic options such as age groups or where people live.

Google and Facebook stopped publishing ads on websites posting sensational and fabricated stories following controversy about the role "fake news" may have played in the US presidential election last year.

In February, YouTube ended an advertising partnership with its biggest star, PewDiePie, who had published videos containing anti-Semitic insults and Nazi references.

The boycott will push for programmatic ad software to become more precise and better understand the content offered for pairing in order to reduce risks for advertisers, Li said.

Source: AFP

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