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Don’t Be Naked

By Marty Kaplan

Entertainment executives are fond of saying that no matter what happens with technology, what will always matter most is good storytelling. What they don’t say — but what they’ve begun to wonder — is whether those stories may be on the way to becoming loss leaders, and if the content business is quietly being transformed into the data mining business.

It’s been some 30 years since the mass audience began breaking to pieces. Hit TV series and news programs used to command more than 50 million viewers, but today a show that gets a few million eyeballs is considered a roaring success. Not only are there now hundreds and hundreds of channels, there are also hundreds of millions of websites, a video game industry making more money than Hollywood, social media sites with a billion-plus users, companies making lust-worthy devices worth more than many countries’ GDPs — in other words, more content and more platforms than ever before in history are competing avidly for our attention.

At the same time, the audience has grown steadily more empowered. We want to consume media when, where and how we want. We have become producers as well as consumers, making and distributing and taking and remixing and recommending content as though we owned and ran the industry. Today, if content isn’t mobile, interactive, shareable, searchable and streamable, it might as well be a clay tablet with cuneiform on it.

The downside of a fragmented, autonomous audience is that it’s hard to count its members, harder to get them to agree on a fair price for content, even harder to get them to put up with ads, and harder still to get advertisers to agree on a fair price for their attention. So content businesses, from record labels and newspapers to studios and networks, are hemorrhaging revenue, and the advertising industry is losing confidence in the metrics — like ratings, demographics and cost-per-thousand viewers — that once were the gold standard of the sector.

But ironically, as Philip Napoli points out in his shrewd book *Audience Evolution*, the same digital technology that has enabled the audience to subdivide and slip out of the industry’s control is also providing rich new data streams about that audience. From “return path data” about how we engage with content and how it affects our behavior, new metrics are being born that are more valuable to advertisers and more profitable to the industry. “Data is the new creative“ is how one entrepreneur put it; engagement is the new currency of the attention industries.

No wonder Google — whose motto is “Don’t be evil” — is aggregating everything it learns about us from what we search for, what we watch on YouTube, what’s in our Google Calendar, what’s in our Gmail account, and what we do on the Google+ social media platform. No wonder Facebook’s IPO is expected to go through the roof; they know more about us than we do. Twitter’s value isn’t in the tweets — it’s in the real-time data about our tastes and behavior that’s constantly being collected from us users. Amazon and Netflix algorithms can predict what we’ll like with increasing accuracy. Websites can track where we came from, what we click on and how long we spend there; based on our history, they can target ads to us, and based on our purchases, they can dynamically adjust the cost of their content to advertisers.

Our age and sex — the traditional basis of ratings and the cost-per-thousand viewers that advertisers are charged — turn out to be the least valuable information about us. What we turn our friends on to and what we warn them away from; how influential we are in our networks; how our political beliefs and entertainment preferences cluster, and mark us as members of taste tribes; how our consumption of content and ads correlates with our actual consumption of products and services: these and other engagement metrics are now being born, and buying and selling audiences based on them could well become a bigger business than the distribution of product.

It helps, of course, that we don’t charge for giving up this information about ourselves. The terms-of-service we readily consent to, and the licenses we routinely agree to and rarely read, are becoming blanket waivers to marketers, a free pass to profile us — to follow us around, read our mail, meet our friends, track our spending, scan our psyches and reset the boundaries our privacy. It’s not a negotiation; it’s the price of admission to the digital age, and next to no one thinks twice about paying it.

What we reveal about ourselves to Apple by giving the company blanket access to our app use and to our chats with the iPhone 4S’s Siri is the kind of stuff that used to be confided to a locked diary. We make a ruckus about full-body scans at the airport, yet we’re making ourselves way more naked to the content industry.

It’s not hard to guess where this may be going. If you can imagine a technological innovation of some kind, chances are it’ll eventually come along (except of course for jet packs, which will be forever on the horizon). Would you watch a new movie on your iPad or laptop for free, as long as its camera could watch your face watching it? Would you download a free book onto your Kindle or free music onto your phone, in exchange for letting its screen monitor your blood pressure, temperature and the conductivity of your skin as you read or listen?

The breadth and depth of the information we’re casually volunteering is fueling a burgeoning industry. But no one who’s planning to make money off that data seems to be offering us equity in Big Brother, Inc. in exchange for X-raying our identities.