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Advertisers are starting to shift spending on search ads from Alphabet Inc.'s Google toward Amazon.com Inc., a sign of how the online retailer is capitalizing on becoming the top destination for consumers' product searches.

WPP PLC, the world's largest ad buyer, spent about \$300 million on behalf of its clients on Amazon search ads last year, and about 75% of that money came from Google search budgets, according to people familiar with the matter. It spent between \$100 million and \$150 million on Amazon search in 2017, the people said. WPP spent north of \$3 billion globally on Google search advertising last year, one of the people said.

Omnicom Group Inc., another Madison Avenue giant, said between 20% and 30% of the dollars its clients spent on search advertising last year went to Amazon search ads, with the majority of the cash shifted from Google search budgets. The New York ad company spent about \$1.2 billion on U.S. search ads last year, according to people familiar with its ad spending. Amazon still has a long way to go to catch

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Google, which had 78% of the \$44.2 billion U.S. search-ad market in 2018, according to research firm eMarketer.

But the shift in spending follows a major change in shopper behavior: While Google has long been the dominant player in online searches of all sorts, some 54% of people looking for a product now begin their search directly on Amazon, a jump from 46% in 2015, according to Jumpshot, a research firm that collects data from 100 million devices. “Consumers are no longer double hopping between Google and Amazon, they just go straight to Amazon,” said Scott Hagedorn, chief executive officer of Omnicom Media Group North America, the ad-buying division of Omnicom.

The search-ad dollars shifting to Amazon are from companies that sell products on its platform, such as consumer packaged goods manufacturers and retailers, Mr. Hagedorn said. Google and Amazon declined to comment.

The eMarketer firm doesn’t have a precise figure for Amazon’s search-ad revenue or how much it has increased, but estimates it will account for at least half of Amazon’s \$11.3 billion **in overall ad revenue** this year. That would mean Amazon would take the No. 2. slot in U.S. search advertising, vaulting substantially ahead of Microsoft Corp., which is expected to have 6.7% of the market this year.

Spending on Google search ads continues to grow and is expected to be up 17% this year to \$40 billion, according to eMarketer. However, Google’s market share is expected to slip to 71% by 2020 as Amazon grows, according to the research firm. Ad agency executives said Amazon’s strength is its ability to tell advertisers if their ads have led to purchases on its site. “The shift from Google to Amazon search is simple; Amazon has the audience, the transaction, and the loyalty to Amazon Prime, which clients can capitalize on,” said Shane Atchison, chief executive officer of North American operations at WPP’s Wunderman Thompson.

Amazon’s **advertising ambitions have steadily grown**. Beyond search, it offers other opportunities for marketers including display ads, TV-like ads in live sports telecasts and targeted ads it serves to people as they travel around the web. Overall, it is now the third-largest digital ad player behind Google and Facebook Inc.—the “duopoly” that combined controls about 60% of U.S. online spending.

Search ads on Amazon are called “sponsored ads,” and companies bid in an auction-based system to have their product ads show up when a person types in a search term like “shampoo.” Men’s grooming product maker Oars + Alps LLC was using Google search ads last year but has shifted most of its search-ad spending to Amazon. Its monthly ad outlays with Amazon now top \$20,000. “I was amazed at the return on ad spending on Amazon, so I lowered our spending in Google search,” said Laura Cox, co-founder of Oars + Alps, which sells its products at Target, Amazon.com and on its own website.

Ad executives said money for increased spending on Amazon search ads is also coming from other ad and marketing budgets, including in-store promotions and ads, and display ads. Dentsu Aegis Network, another major ad buyer, said its Amazon search-ad spending in the U.S. increased upward of 60% last year but only a small portion of the

money likely came from budgets previously earmarked for Google. Amazon doesn't sell search ads to companies that don't sell their products on its site, such as financial services, insurance and automobile companies—categories that continue to fuel Google search, ad buyers said.

In a move that could help it lure more search dollars, Amazon is testing video search ads. "Where they have had more challenges is bringing in more brand-building type advertisers, and video could help achieve that," said Vin Paolozzi, executive vice president of innovation at Interpublic's ad-buying arm, Magna Global.

The rush of ad dollars to Amazon does have a downside: a big jump in ad prices in competitive categories such as consumer products, ad buyers said. The cost per click on the search term "laundry detergent liquid," for example, was \$17.51 last month, a 127% increase from September, according to Pacvue, which provides tools for brands to optimize Amazon ads. "Amazon was extremely inexpensive" a few years ago but the influx of brands has caused a "significant increase in pricing," said Melissa Burdick, co-founder of Pacvue.

Some brands remain leery of the company, viewing it as a competitor. Even as it helps other brands market their own products, Amazon is increasingly hawking its own private labels as well. "I have to pay them for a top placement [in search results], I have to give them a cut of the money that I might generate if that product is sold, and Amazon might try to market their own private label for the exact product that the customer is looking for," said Deren Baker, chief executive officer of Jumpshot. "If I was an advertiser, I would be a bit worried.' – *Wall Street Journal*

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State Sen. Daylin Leach continues to receive the persona non grata treatment, this time from the Lower Merion School District, which invited and then disinvited him from a legislative forum Monday. Melissa Gilbert, president of the school board, asked him not to attend so the focus could be on education and "was not derailed by the controversy surrounding Sen. Leach," a spokesperson said.

Leach has been drawing protesters at events since a Lehigh County woman accused him of luring her into performing oral sex on him in 1991 when she was 17 and he was a lawyer representing her mother in an attempted-murder case. The Senate Democratic caucus is investigating. Leach denies the allegations and in February sued his accuser, Cara Taylor, along with two Philadelphia-area activists, saying they had defamed him.

Leach, in a statement, said Gilbert did "a disservice to the community" with the dis-invitation. "After all, I am a member of the Senate Education Committee and have long been a champion for education issues in the state legislature," he said. The Montgomery County Democratic Committee last month called on Leach to resign, saying his behavior since he was accused has "created a divisiveness that threatens party harmony." The Delaware County Democratic Committee in February also called for Leach to resign and declared him ineligible for future endorsements. Leach is up for reelection next year.  
– *Philadelphia Daily News*



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