

AD BLOCKING: THE WAY FORWARD

Hotsheets

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Ad blocking—where software prevents advertising appearing on a web page—has been a persistent issue within the online publishing ecosystem over recent years, so what is the impact of ad blocking and how can the industry find a way forward?

THE IMPACT OF AD BLOCKING

Digital advertising has traditionally funded content creation—where users enjoy quality content in exchange for viewing ads—however, ad blocking threatens a publisher's ability to generate revenue, ultimately threatening the sustainability of the free web as we know it. A [study](#) by Juniper Research estimates ad blockers will cost publishers \$27 billion globally by 2020.

According to the [IAB](#), 17% of Canadians currently have an ad blocker installed on their desktop PC—significantly lower than in the US, where ad blocker penetration is expected to reach almost [a third](#) (32%) of internet users this year. But the figure increases to 25% for Canadian millennials, indicating the use of ad blockers will gradually become more widespread if preventative measures are not taken.

The reach of ad blockers is also extending beyond desktop, with mobile manufacturers such as Apple and Samsung introducing ad blocking capabilities within their software, and [carrier-level ad blocking](#) being tested in markets such as the UK.

INDUSTRY REACTION TO AD BLOCKING

Publisher reactions to ad blocking are diverse to say the least. At one end of the spectrum some large digital media players are paying the companies who create ad blockers to whitelist their sites and allow ads to appear as part of an “acceptable ads” program, while at the other end some publishers are adopting various levels of content locking, preventing ad block users from accessing their content unless they disable the software or pay a fee.

Publishers such as [The New York Times](#) are taking the middle ground and opening up discussions with their audiences. Using messaging, publishers can explain how ad blockers are affecting their ability to

create high quality content, and ask users to switch ad blockers off or subscribe to their sites.

[Narcity Media](#) took yet another approach, asking ad block users to log in with their Facebook accounts, which enables the publisher to gather valuable audience data that can subsequently be used to create relevant sponsored content.

Advertiser response to ad blocking has, by and large, centered on a renewed focus on creativity and ad quality. While this is undoubtedly an important part of improving the user experience, it is not sufficient in isolation to stem the rising tide of ad blocking.

MOVING PAST AD BLOCKERS

While ad blocking has attracted media attention, it is actually a symptom of a much larger problem within the digital content ecosystem. Consumers see online content as ‘free’ and don't understand the role digital advertising plays in funding it. Frustrated by irrelevant and intrusive ads, these consumers take the only other option available to them and install ad block software in an attempt to improve their online experience. To reverse this trend the industry must work together and refresh its approach to content compensation:

Compensation awareness

While industry players are well aware of the implicit value exchange between online content consumption and ad exposure, many consumers are not. Publishers must educate their users to make the value exchange transparent and explicit so consumers understand the need to pay for online content, whether that is via advertising or an alternative method.

Compensation choice

Once consumers understand the need to pay for online content, they must be given a variety of compensation options to choose from. Many will still opt for ad-supported content, with [78%](#) of Canadians preferring this model to pay-for-content options, but users should still be given more control over the type



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and quantity of ads they view. In addition to ad-supported models, users should be given other compensation options such as micropayments, subscriptions or an exchange of data in return for content access.

When consumers are able to control how they pay for content and are offered a range of compensation choices the need for ad blockers will reduce and publisher revenues will be secured.



RESOURCES

Sourcepoint ad blocking whitepaper

<https://sourcepoint.docsend.com/view/7gdwnzn>

IAB Canada ad blocking study

<http://iabcanada.com/iab-canada-releases-new-ad-blocking-study-2016/>

CBC News Q&A on Shine

<http://www.cbc.ca/news/technology/three-shine-ad-blocker-1.3607969>

Narcity approach to ad blocking

<https://www.narcitymedia.com/blog/addressed-ad-blockers-happened/>



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