Online media in a new environment

Each 5th reader doesn't see advertisement, and this figure grows rapidly...
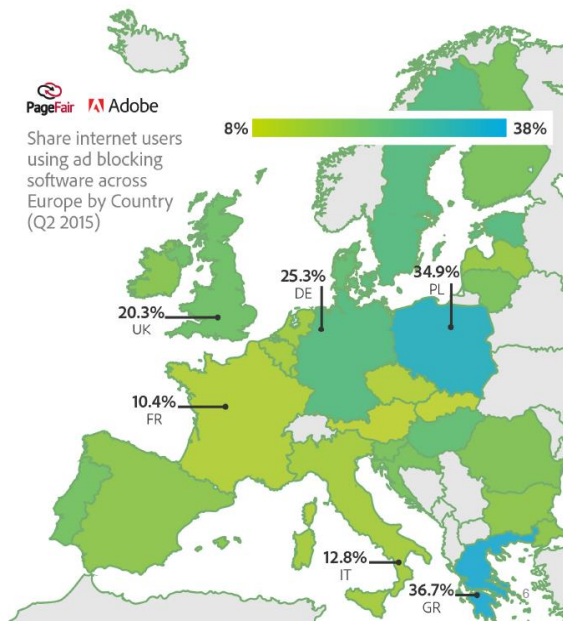
AdRegain.com

Problem

In recent years the number of internet users, who block advertisement on their PCs and mobile devices has grown rapidly. It is only 10 years ago that the share of ad-blocker adopting users was at some low rate. However, in the middle of 2015 the share of users with ad-blockers in such countries as Poland and Greece has already reached 35%. In the USA this figure is reported at 15-16%; in the past year the number of such users increased by 46% (see The Cost of Ad Blocking report)

In 2015 there were 3 bn. web users worldwide, of those 200 ml. blocked advertisement. Based on such estimates, around 7% of users across the globe don't see online advertisement. However, based on the above and other research, the rough figures are underestimated.
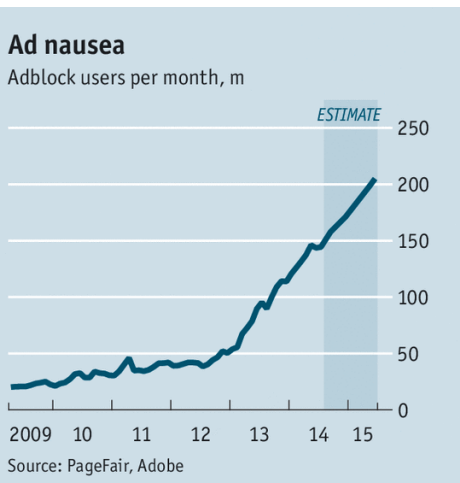
It accounts for mobile blockers going recently mainstream, which had been triggered by the release of iOs 9 with content blocking function in Safari browser. In the past years the increased number of people using adblockers was partially compensated with the growth of mobile traffic, where the share of users adopting blockers is lower. This situation is already changing– it is even less desirable for readers to see

PageFair Adobe

Share internet users using ad blocking software across Europe by Country (Q2 2015)

8% ▬▬▬▬ 38%

25.3% DE

34.9% PL

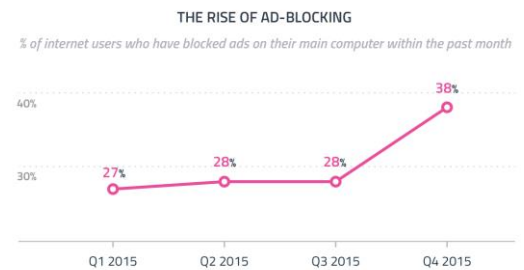20.3% UK

10.4% FR

12.8% IT

36.7% GR

ads on small smartphone screens and they fight it more and more actively.

The share of people using ad-blockers seriously depends on their interests. Thus, pursuant to the above report, the share of blocked ads on gaming websites is 26.5%, which is twice as higher than that on financial websites (13.3%). It is obvious, that most affected are the websites targeting men with technical background. Moreover, one can assume that ad blocking on mobile devices will grow with priority rates; in the past year the developers of popular extensions, such as Adblock, were busy releasing products for mobile operating systems.

The data above are the most conservative. Based on other research, the share of users who block advertisement is much higher. For example, according to GlobalWebIndex in Q4 2015 this figure constituted 38%.

Ad-blocking jumps by 10%
GlobalWebIndex – Know Your Audience™

THE RISE OF AD-BLOCKING
% of internet users who have blocked ads on their main computer within the past month

globalwebindex.net /// Question: Which of the following things apply to you when you access the internet from your main computer? I use ad-blocking tools to stop websites from displaying advertisements when I visit them (popular examples include Adblock, Adblock Plus and Adguard) /// Source: GlobalWebIndex 2015 /// Base: Internet Users Aged 16-64

For the majority of online media, the share of ad-blocked traffic has not yet reached a critical rate. A lot of them only commence their efforts to adapt to new realia. Yet, the realia is that **in the years to come the online advertisement that we know will start disappearing**. Just look at the boost of the number of users adapting blockers since 2012.

Ad nausea
Adblock users per month, m
Source: PageFair, Adobe
Economist.com

Why users block advertisement

According to surveys, there are two key reasons for users to block advertisement:

- Ad blocking protects me from viruses and privacy breach (meaning the tracking of personal information by ad scripts).

- There is too much of advertisement nowadays, it distracts from work.

In addition, users rightly point out that ad blocking in mobile devices cuts traffic and thus saves money. Moreover, users believe that ad blocking may improve computer performance. Actually this argument is disputable, as the data show that plugins on the opposite consume too much memory and slow down the display of webpages.

What kind ads do users block and what tools do they use

There are 3 key ad blocking tools:

- browser plugins are the most popular method. Here we have two leaders: Adblock Plus (according to some [data](#), its share is 50%) and Adblock (38%). These plugins are used both on PCs and on mobile platforms as extra applications.

- modules in anti-viral software (for instance, Anti-Banner module is KIS);

- browsers with built-in ad-blockers (usually used on mobile devices, for instance, UC Browser for Android and iOs).

The concept these programs draw upon is that they do not allow the third party code of advertising networks (including Google ads network) downloading on website, conceal site elements, which they recognize as advertisement blocks, or simply delete such elements from the code when releasing content for browser. Blockers also recognize popular direct sale systems on website (for example, OpenX). As a result, online media can display no ads, other than native ones.

Advertisement is blocked both on the http protocol websites, and on those governed by secure https protocol. Nowadays ad-blocking tools develop dynamically, both for mobile devices and PCs. The other day Opera developers [presented](#) a beta version of browser with built-in ad blocking option, which should enhance the speed of webpage display as compared with plugins.

There are cases, when internet provider handles ad blocking. Thus in 2013 French internet provider Free started blocking advertisement on the websites, visited by its subscribers.

Legal aspects

In public opinion, ad blocking is not something unlawful. A person downloading a pirate movie through torrent understands that it is illegal. But a reader, who blocks advertisement, does no scruple to actually rob the media by consuming an ad-monetized product free of charge. Blocking of advertisement – is it legal?

In 2015 German media holding Axel Springer [tried](#) to judicially prohibit Adblock Plus developers from using any ad blocking tools. Their indignation was especially due to the fact that some time earlier Adblock Plus issued its Acceptable Ads Manifesto (on advertisement, which is not very irritating to user) and introduced a white list of websites, where no advertisement is blocked. At the same time, they demand large web-sites to pay to be included in the white list. It turns out that the developers of the most popular plug-in worldwide turned into simple extortionists. However, the court didn't take sides with the publisher– it adjudged the blocking of advertisement legal. "As Superman or Batman, we protect user rights, and it's extremely hard, but it is worth it", — said Till Faida, Adblock Plus co-founder. This judicial award created an international precedent for advertisement blocking.

If we have a look at Russian laws, the most suitable article of the Criminal Code would be article 273 "Development, use and distribution of malicious software":

1. **Development, distribution or use of software** or any other computer information, **deliberately designed for the unauthorized** destruction, **blocking**, modification, copying of computer information or elimination of **digital information** protection means …

Ad-blockers by definition do not significantly differ from the utilities used to crack software or for key emulation (also, they may have the same purpose of removing irritating advertisement from software). If you prefer resorting to this argument, you may want to post a statement on your web-site along with copyright that the rights holder supplies information in the way it is streamed by its web-server, with prohibited full or partial modification or blocking, including ad modules, using special software.

However, the perspectives of legal solution for the issue are next to nothing. The largest ant-viral software developers hold it appropriate to supply their products with ad blocking options (for instance, Anti-Banner module in Kaspersky products). The efforts to settle this issue judicially will be associated with high reputational costs to plaintiff, as in public opinion it will infringe the freedom of information choice.

How do media fight ad-blocking

1. Communicate with user

When a person using ad-blocker comes to web-site, s/he is softly asked to disable blocking and not to deprive the favorite web-site of the means of existence. Usually it is practiced by the resources having regular loyal audience.

The benefits of such approach: web-site avoids conflict and retains users.

Disadvantage: only some users will satisfy the request, it may happen that only their minority will do so (the share depends on audience loyalty and their technical prowess – some people simply don't know how to add exceptions to blockers).

2. Complete access denial

Some online media opt for a very strict solution– they do not allow people using ad-blockers to the website. The special script detects ad blocking users and doesn't display content to them, demanding to add the website to exclusions (this is what forbes.com does, for instance). Sometimes online media offer a softer ultimatum, displaying content to ad-blocking users, but with certain limitations, for instance, only some part of article.

Benefits: if online media is of great value to its reader, it is more likely that the request will be satisfied.

:

- It is for certain that website loses some share of its visitors. At the first glance, the loss is not painful, as such users are useless in terms of ad-based monetization. However, even the users, who adopted ad-blockers are useful to the website in a specific way: likes, re-posts in social media, user generated content (comments, forum).
- There are solutions that bypass access denial (i.e. "anti-adblock killers"). In technical terms it doesn't differ from ad-blocking and therefore it serves as an advanced option of ad-block plugins.

- Erroneous denial of access in unacceptable, as it deprives user of access to content. As for forbes.com example: in some browsers it remains blocked even after the plug-in is disabled. Users complain to that, and I myself faced such situation.

4. Native advertisement

Native advertisement cannot be blocked through the detection of banners, this is its greatest benefit. Good native advertisement doesn't irritate reader. Online media use such type of advertisement more and more often.

Pursuant to [Acceptable Ads Manifesto](#) "Acceptable Ads are transparent with us about being an ad"; there are the following explanations:

> If it's an advertisement, just say so! There's a place for ads, and there's a place for editorial. And there's even a place for advertorials or native ads if they're not camouflaged as editorial content. Good stuff is always welcome, but it needs to be genuine.

Each person will understand this statement pursuant to his/her own ideas about native advertisement. What is more important, the native advertisement is too tough for blockers.

Benefits: good native ad doesn't irritate user and it cannot be blocked.

Disadvantages: it is more difficult to make native advertisement, as compared with banners and contextual ads, as it requires certain skill. Native advertisement cannot be used to draw huge budgets, which are nowadays invested in conventional advertisement. The inordinate share of promotional posts will eliminate all advantages for media.

4. Concealment of advertisement by technical means

To a certain extent ad blocking may be avoided by technical means. The approach here is only one– to make advertisement (banners, teasers) as closely resembling for blockers the common information on the web-site, such as images, text, design elements, as possible.

In our opinion, it is the soundest method to monetize ad-blocked traffic. Such approach is implemented in [Adregain Chameleon](#), a special system using workaround to build-in ads and employing alternative method to collect display statistics. It allows recovering ad-blocked traffic, but with certain constraints (see Disadvantages below).

Benefits: almost the full scope of ad-blocked traffic may be recovered; one can continue using banners, teasers.

Disadvantages:

- It is impossible to use advertising networks (Google Adsense/AdExchange/DFP etc.). All networks require the installation of js-code, which is easily detected and blocked by blockers. It means that the ad-blocked traffic cannot be recovered for monetization through Google. It is necessary to negotiate directly with advertisers.
- It is quite impossible to use aggressive ads, such as pop ups – blockers are good in detecting them.
- Blocking systems are continuously perfecting in order to detect and block concealed advertisement. It means that the systems used to avoid it require upgrade from time to time.
- It is difficult to maintain statistics for advertiser pertaining to such "replacement" advertisement. It is only possible to arrange for its collection on the web-site, as third party services are easily detected and blocked. However, the statistics collected by the tools of advertising site is less trustful for advertisers, as compared with the independent statistics of advertising networks. That's the reason why the trustful relations with advertiser are important.

I can highlight the following interesting points based on my personal experience of using this approach. By engaging ad-blocked traffic, a site gets an advertisement product with exciting features. It is now possible to sell what previously got wasted. And therefore, advertiser may expect significant discount. At the same time, advertiser gets traffic with the qualities unique for it– ad-blocking user doesn't see any advertisement on the web: neither client's advertisement, nor the advertisement of its competitors. That is why the display of advertisement to such user is especially valuable and this is what needs to be emphasized in negotiations with advertisers.

We provide advice to advertisers on how to effectively display advertisement to people using ad-blockers. First, we do not recommend using aggressive or even animated banners. If user fights advertisement, it is not expedient to really disappoint him/her. Second, we recommend using this type of advertisement with an emphasis on brand promotion, its visibility, rather than chasing the lead. Low price on such advertisement makes it efficient for achieving long-term objectives.

IAB tactics to mitigate ad-blocking

In March 2016 the Interactive Advertising Bureau (IAB; a non-profit organization developing online advertisement standards) issued a primer on responding to ad-blocking, where it set forth the most accurate, as they believe, approach to solving the problem. The IAB offers a DEAL algorithm:

1. **Detect**. At the first stage, website determines that a user has ad-blocking tools on.

2. **Explain**. Then, it is necessary to explain to the user that by blocking advertisement, s/he deprives the web-site of its revenue and threatens its further existence.

3. **Ask**. As the next step, the user is requested to change his/her behavior (to disable ad blocking, make a small payment to the website, agree to see a nonintrusive advertisement).

4. **Lift** restrictions or **Limit** access. Following all of the above, unless the user satisfies the requests, lift restrictions or deny access to the web-site, or try by-passing the blocking.

In its Primer the IAB details on pros and cons for each point of combating ad blocking, as well as on potential threats of their hands-on application (see the [IAB Primer in pdf](#)).

Forecast of ad-blocking development

Below I share my subjective opinion on the further development of situation with online ad blocking.

1. The share of those who block advertisement will continue rapidly increasing.

The drastic growth commenced in 2012, in several years will result in the majority of online advertisement getting blocked. Nowadays the share of blocked sites on mobile devices is not large as compared with PCs, while the share of mobile traffic extensively grows. However, on a small screen advertisement is perceived as even more inappropriate and irritating. We see an active introduction of blockers on mobile devices. In particular, the release of iOs 9 provided an opportunity to build-in third party blocking tools in Safari, which was used by plugins developers. The growth of installations number will be also promoted by the pending judicial legalization of such instruments.

2. Can internet giants such as Google and Yandex, help sites in their efforts against blockers?

It is most likely that no. They will be affected by blockers along with websites. Can Google or Yandex negotiate the inclusion of their advertising network code in the whitelist? No, as: a) Adblock Plus, although the largest player, is not the only one; b) such arrangement makes blocker useless for user, and s/he shifts to a competing product. Nowadays, when making decision as to the possible inclusion into AdblockPlus whitelist, they [take into account](#) not only the sources of ads, but also their number per page and positioning in content. The best what Google got by paying to AdblockPlus was that advertisement atop of search results is deemed permissible, i.e. is not blocked by default, unless user deactivates such option. However, it is only true for the search engine itself. Adblocker developers will not make exceptions for the entire advertising network, as the plugin will become useless.

3. Will the native advertisement oust all other types of online advertisement?

In the context of ad-blocking growth the importance of native advertisement will indubitably grow. But it will not be able to replace the entire ad-blocked ad traffic and draw the full budget of online advertisement. However, online advertisement costs continue growing, taking back its share from television, radio and printed media.

4. Will media be able to solve the ad-blocking issue by whitelisting their websites?

Even if we ignore extortion argument and assume the free whitelisting of websites, it will hardly be able to change the situation: there are too many websites, a lot of blockers, and therefore it is hard to organize such process. Yet, the main point here is the conflict with users' willingness to remove advertisement from their screens, - s/he is not that interested whether there is 15% or 17% of advertisement. Many AdBlock Plus users had a negative attitude toward the whitelist, forcing developers to introduce a disabling option (although by default it is not disabled, as developers reasonably believe that most of users will be too lazy to do it themselves).

The shift from whitelists to blacklists, as in spam filters, and denial of access to websites with extremely aggressive advertisement is also unlikely to take place. The difference between spam and a website with obnoxious advertisement is that spammers don't offer a reader anything in return, while websites offer useful content, which the user doesn't want to abandon (simply wants to consume it free of charge).

5. Mobile applications.

Currently online media actively promote their content through mobile applications. It is more difficult to block advertisement built-in mobile apps than that on webpages. From this point of view, mobile applications provide for a certain advantage in mass media's efforts to gain advertisement traffic. However, it is necessary to take account of two aspects: a) in technical terms it is also possible to get rid of advertisements in apps, such guidelines and applications already exist (as an additional function in blockers); b) app publishers do not hurry now to insert advertisement in their products, trying to cover as large audience as possible. This is the case not only with mass media, but with many large mobile app developers. That is why it is unlikely that there will be quick migration of online advertisement from mass media websites to their applications.

6. Revolt of online media.

To follow the way of Forbes individually or in small groups and deny access for free-riders is not the best option, as the danger of losing all the users is high. In theory, a large-scale flash mob of the largest online media worldwide would help. Meaning the mass media manifest on refusing to provide readers with materials unless ads would be viewed being issued in response to the Acceptable Ads Manifesto. The probability of such developments taking place accounts for the fact that as the share of people using adblockers grows the media will simply not be able to finance their activities and will have to resort to a desperate chance. In the end of March 2016 the GESTE

association uniting the most popular French publishers held a one week campaign denying access to the websites for ad-blocking users. The purpose of such strike was to demonstrate to readers that their content is not free.

But even with such developments the likelihood to win over those who use adblockers is small. Even nowadays we see that blockers are trying to remove the bans that prohibit access to websites along with advertisement. In the situation of legal uncertainty, the developers of such software do not face any restrictions in their efforts against advertisement. The industry of blocking tools is gaining pace.

Conclusion

In the years to come, the fundamental transformation awaits online advertisement. We will see:

a) more active shift towards native advertisement (this, plus editorial materials, and simply, for instance, links in menus leading to partners, recommendations);

b) common advertisement will be concealed under the regular website content. Banners will become images, which bots cannot distinguish from site design elements. Text advertisement will be inserted directly into articles, not highlighting it in any way to avoid filters. In their turn, adblocker advocates will engage crowdsourcing, so that to quickly detect and block concealed advertisement though concerted efforts.

Many media, having shifted from paper to electronic format, have only started finding pay-off models in Internet, and now their goal becomes even more difficult – they will have to learn how to exist in the wide-scale advertisement blocking environment. Online advertisement, the one that we know now, becomes extinct.

[AdRegain](), March 2016