WHITE PAPER AD BLOCKING

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1. CONTEXT

1.1 What is Ad blocking

An Ad blocker is a software that is being installed with the purpose of removing the ads from the visualized pages.

Through an Ad blocker the user keeps normally using the online contents without being exposed to any type of advertising. In most cases actually using an Ad blocker all the advertising forms are blocked, from banners (of any of the existing types) to pre-rolls and pop-ups.

There are Ad blockers for any kind of device:

- **Desktop:** in most cases they work as a browser's extension or as a plug-in, but there are also browsers blocking the advertising by default;
- **Smartphone/Tablet:** there are native applications filtering the ads, or alternate browsers allowing the user to browse without incurring the ads.

A web pages layout is modified once that the ad is removed: the remaining empty spaces are cancelled and the contents are reformatted. In this way the user doesn't see empty spaces instead of advertising and, particularly on small displays devices (mobile phones) the obtained effect is showing more content in the same quantity of space.

1.2 Which are the main Ad blocker and how do they work

We can divide the most important ad block software according to their function on devices and operating system:

Windows and Mac: AdBlock, AdBlock Plus, uBlock, uBlock Origin

Android: AdBlock Plus, Adblock Fast

iOS: Crystal, 1Blocker, Purify, Refine, AdBlock Plus

The first software introduced on the market with the function of blocking the appearance of ads was **AdBlock**, created in 2002 in Denmark by an information technology student. The main Ad blocker

existing today is the AdBlock Plus. **AdBlock Plus**, created in Germany in 2006, nowadays is the most known and used software worldwide. Initially, thought as a free extension for the browser, it became an open source software.

The Ad blockers principally work by entering the communication channel between the browser and the internet website and blocking calls to known domains such as advertising (usually, advertiser domains). The list of domains and rules is gathered in so called Easylist that generally are not managed by the same Ad blocker producers and anyone can contribute to embed or modify them. Additionally to the defined lists, the user can always customize the filters according to his preference.
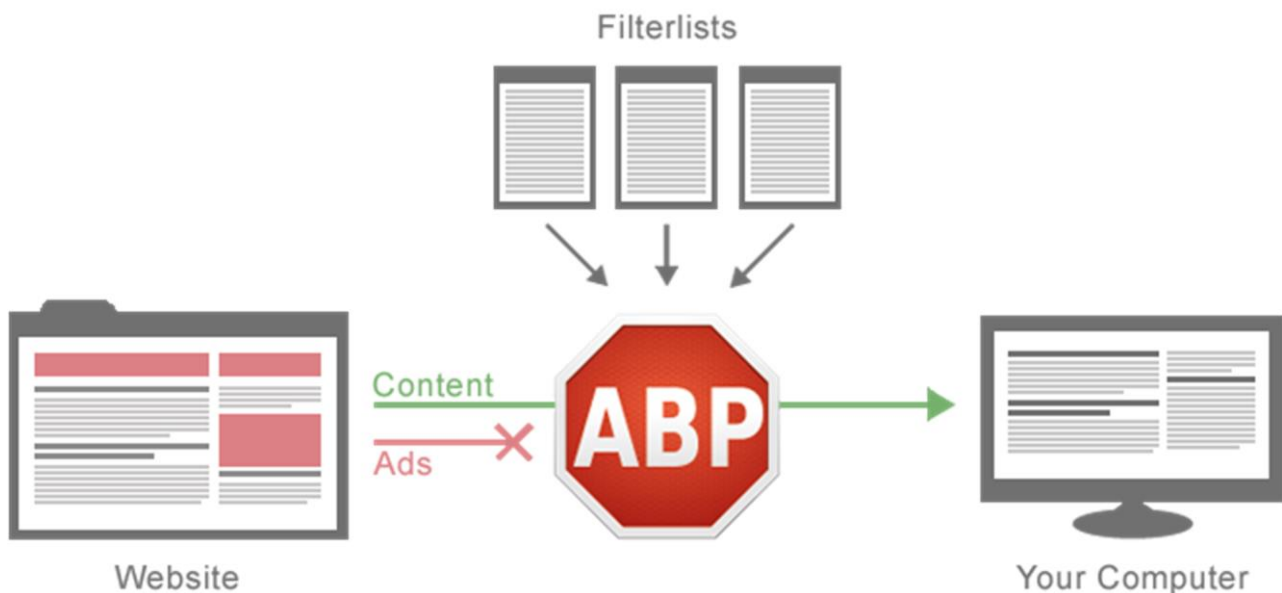
All the Ad blockers work in the "whitelist" mode: by default, once installed, an Ad blocker blocks the ad of any website that is browsed. Manually it is possible to deactivate the block (in order to let the ads pass through) on specific websites.

It is important to underline that the Ad blocker obstruct the call to the server: consequently the advertisement that should have been supplied will not be charged since it's like the format would have never been called.

Each Ad blocker can have a different way of remuneration; the most popular, AdBlock Plus, offers for free its own software, asking in change for a donation to those who download it and/or use it. The other Ad blockers for desktop and Android are usually free, while others for iOS are charged.

A very debated topic is the "Acceptable Ads Manifesto", a sort of advertising guide edited by AdBlock Plus, joined by other Ad blockers: if a publisher or a technological player decides to follow the rules of the good advertising reported in the Manifesto the block should be suspended. The registration in this list is free for small websites and technological players, while for medium and big editors AdBlock Plus adopted a revenue sharing method of which costs are not known. Each AdBlock Plus user will be able to continue on filtering the editors that decide to participate at the Manifesto – even if this option is deactivated by default.

1.3. Why users install an Ad blocker software

There are several reasons for installing an Ad blocker on any device, but comparing different sources a red thread can be joined.

The most frequent reason of installing an Ad blocker is blocking the ads, sometimes perceived as **too intrusive** and **limiting the use of contents.**

Among other motivations there are also the technical ones: users decide to install an Ad blocker in order to improve the **performance** and accordingly the **loading speed of the web pages.**

Another reason, personal type of reason, is linked to the **privacy protection:** users install the Ad blocker in order to safeguard their own safety.
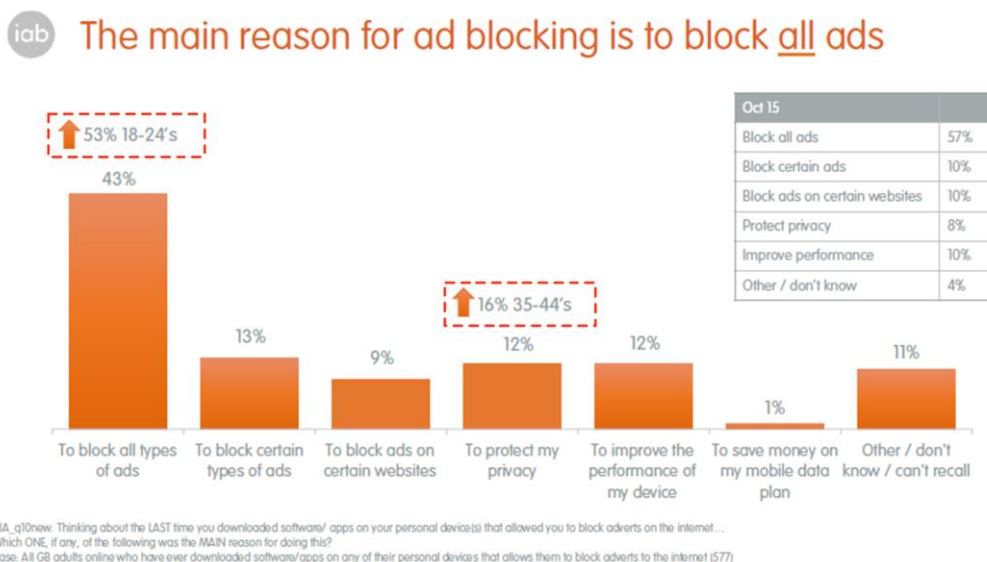
Source: IAB UK, February2016

With regards of the mobile devices (smartphone e tablet) the situation becomes even more annoying: besides the mentioned reasons for desktop, the users install the Ad blocker in order to **improve the performance,** to **limit the usage of the data traffic,** the **battery saving** and for the **display's limited size.**
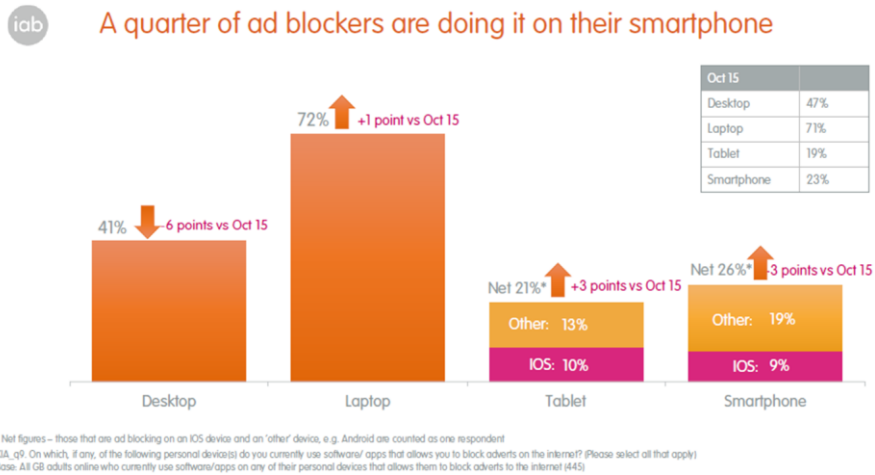
Source: IAB UK, February2016

Not every **advertising format** are considered to be intrusive by the online users: in the most cases (43%) the users decide to install an Ad blocker in order to filter all the ads, but in other cases (12%, 13%) they wish to filter the ads that they consider most intrusive (Source: IAB UK, February 2016)
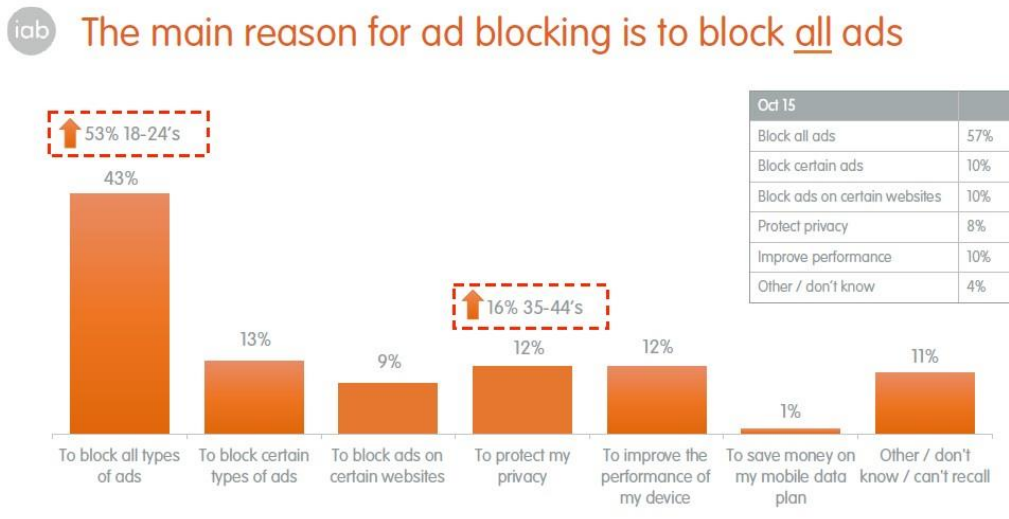
Source: IAB UK February2016

2. SCALE OF THE PHENOMENON

2.1 Scale of the phenomenon – worldwide

In August 2015 **PageFair** published the outcomes of a survey intended to dimension the global phenomenon of the Ad blocking and its economic impacts. According to PageFair, in June 2015, worldwide there were 198 million of users having an active Ad blocker, with a growth rate of 41% compared with the same period in 2014.

Global Ad Blocking Growth

Blocking ads continues to build on the strong growth rates seen during 2013 and 2014.

The findings
- Globally, usage of ad blockers grew by **41%** YoY (Q2 2014 - Q2 2015).
- As of June 2015, there were **198 million** monthly active users for the major browser extensions that block ads.

Global monthly active ad blocking software users (desktop)

21M · 30M · 39M · 54M · 121M · 181M

July 2009 · July 2010 · July 2011 · July 2012 · July 2013 · July 2014

Jan 2010 · Jan 2011 · Jan 2012 · Jan 2013 · Jan 2014 · Jan 2015

Source: PageFair - Adobe, August 2015

The phenomenon, according to **PageFair**, reviews 77 million of internet users in Europe, in this case the growth rate is 35% (Source: PageFair-Adobe, August 2015)

By limiting the EU perimeter to the so called big 5's, the users percentage using an Ad blocking system is higher in Germany and UK (25% and 21%) and lower in Spain, Italy and France (16%, 13% and 10%). In the beginning of 2016, **IAB UK** published a survey revealing that 22% of the adult English population (+4% regarding October 2015) uses a software to block the **advertisements** thought to be **too invasive** and **slowing down the websites performance**. (Source: IAB UK, February 2016)
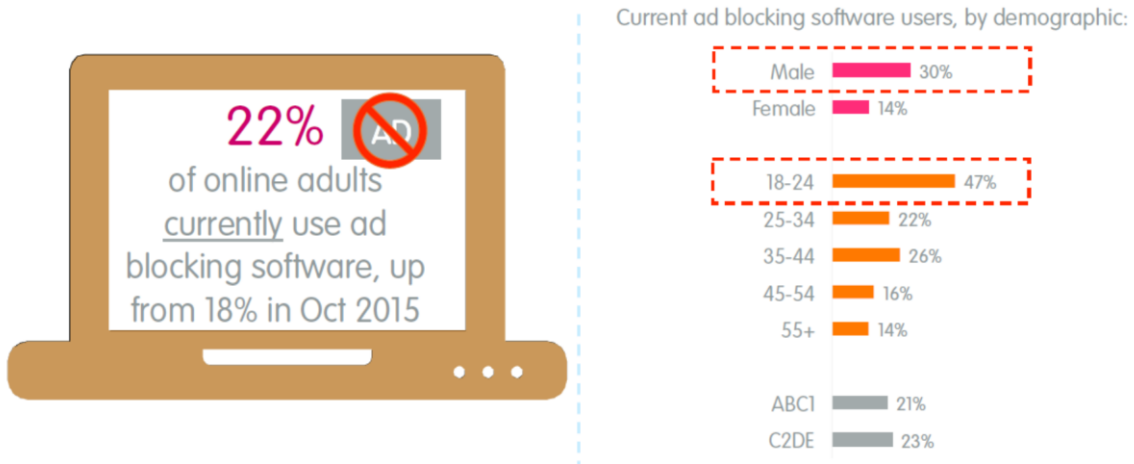
Source: IAB UK, February 2016

2.2 Scale of the phenomenon – in Italy

With regards to the **Italian market**, recently two surveys have been published. According to **GroupM**'s research done in October 2015 on an online +18 persons sample, the 25% use the Ad blockers in order to **improve the performance** and consequently the **speed loading of the internet pages** and to assure a **major privacy safety**.

A similar result comes from the **Human Highway** research that interviews a sample of 1000 online active individuals of +15 years old, according to which 23,2% of the Italian internet users on PC has as Ad blocker installed on the browser.

2.3 Conclusion

Different reports, coming from different methods, perimeters and samples, give not aligned outcomes which, in some cases, cannot be compared. A higher spread of the phenomenon among young users or young adult users outcomes as a cross cutting from all the measurement. Besides the specifics, it is clear that the phenomenon is relevant, in high growth and worrying in connection with the consequences for market based on advertment.

With regards to phenomenon's growth, it must be underlined that either Apple and Samsung, following the update of their operating systems, offer the possibility of installing the app, or easier said the plug-ins blocking advertisements on their own browser.

The set up procedure is very simple and it's possible to predict an increasing use of these apps since, downloading (and uploading) less contents leads to a reduction of the delay when it comes to the **pages loading** and to a less **data usage.**

With regards to the mobile phone browsing, the mobile phone company 3, in Italy and UK, should be ready to launch its own anti-advertisement filter inside its own networks, becoming the first telecommunications operator on the market able to block the ads on a network level in Italy.

IAB Europe has already taken a clear position about it with an official statement saying that it is a violation of the network's impartiality (http://www.iabeurope.eu/all- [news/press-releases/mobile-operator-threes-rollout-of-network-level-ad-blocking-will-hurt-](http://www.iabeurope.eu/all-news/press-releases/mobile-operator-threes-rollout-of-network-level-ad-blocking-will-hurt-) [consumers-and-publishers-across-europe/](http://www.iabeurope.eu/all-news/press-releases/mobile-operator-threes-rollout-of-network-level-ad-blocking-will-hurt-consumers-and-publishers-across-europe/))

3. AD BLOCKING'S IMPLICATIONS

There are many implications of this phenomenon, whose impact is felt on the online communication's value chain.

3.1 Outcomes for publishers and dealers

The use of the Ad blocker software leads to a progressive reduction of the advertising inventory and, consequently, the revenues of the dealers-publisher property. Since the advertisement is the main engine (for many publishers the only one) of the requested incomes in order to cover costs of personnel/production/services and contents offered for free to the final users, the phenomenon risks to compromise the development of services and contents offered and independent.

3.2 Outcomes for investors, media and agencies

The main risk for the advertisers is that it becomes more difficult reaching their target, mostly for those social-demographic segments in which the major use of the Ad blocking is focused. The event's enlargement might as well bring a decrease the overall reach of communication plans.

Even the distribution of cookie based campaigns, as for example the re-targeting campaigns, might become difficult.

Besides the reduction of the income, revenue and efficacy, the Ad blocking's growth might generate other effects among which: the interest growth towards the native advertising, the growth of the app offers for the use of contents and an increase of registrations to networks as the "Acceptable Ads Program".

4. IAB Italia's position

Advertising, in general, permitted since ever the users to have access for free (or with limited costs) to quality contents and has developed an important role in sustaining the independent media and the variety of voices.

Mainly on the web, where the editorial space is infinite, the offer has further increased and Italian users ever since the beginning have been used to free informational contents and entertainment found online, besides the premium offers.

IAB Italia's position in front of the Ad Blocking topic is very clear: Advertising allows publisher to develop variety and quality of the free offered contents to their users, and most of all it guarantees the freedom of informational choice; on the other side the Ad Blocking, decreases this freedom of expression and limits the editors movements and the possibility to create high quality contents and services, offered for free.

IAB, the Italian charter of the Interactive Advertising Bureau, has tried since always to favor the "good publicity's" broadcast, that would respect the users rights – who must freely and easily use the contents – and that it would not disturb the browsing experience. Network operators must be aware that in the moment when the online ads appear to weaken the quality and efficiency of the users experience, the interchange of the advertisement's value is compromised, and consequently, the trust pact between publishers and users.

In the same time IAB believes that users have to be aware of the many contents offered online by the publishers and operators is allowed by the publicity business plan, that in this moment seems to be the sustainable one. Advertising repays almost the entire digital market and all of its actors that are involved such as: publishers, dealers, creative agencies, production and editing societies, technological platforms, etc.

IAB considers that the renewal of the "mutual agreement of care and trust" is fundamental between the operators and network, that they should try to offer valuable contents and services and the users must be aware that the contents richness, voices and free information are allowed by the publicity.

Here is the reason for which IAB, globally, has pointed some proposals summarized in LEAN and DEAL.

LEAN: guiding principals to the adv. distribution and production in adhering to the users respect

- **Light.** Limiting the files' dimension and the data calls thanks to strict guiding lines;
- **Encrypted.** Assuring the users privacy thanks to the ads published through HTTPS. Protection of the server-to-server communication;
- **Ad Choice Supported.** Supporting the privacy programs of the DAA users (Digital Advertising Alliance);
- **Non-invasive/Non-disruptive.** Integrating announcements in the users experience without disturbing. (This includes for example the formats that cover the content of pages with the audio on).

DEAL: editors task to opening a dialog with the users

- **Detect:** detecting the Ad blocker, in order to begin a conversation
- **Explain:** explaining the value exchange allowed by the publicity
- **Ask:** asking for conducts that facilitate the fair exchange
- **Lift:** increasing restrictions or **Limit:** limiting the access to the users choice

The standards that rule these principles are still under development and in continuous review, and might be consulted any time by using the following link: http://www.iab.com/iab-tech-lab-solutions
The will of IAB is to submit its own associates, and to all of the market operators, a conduct rule and regulations that would limit the use of invasive formats to re-establish the "trust agreement" between publishers and users.

IAB Tech Lab distributed a software allowing the publishers to find the users who installed an Ad blocker on their own devices (http://www.iab.com/ad-block-detection-code-access-request/)
Thanks to this software, each editor will be able to open a dialog with all those who decided to block advertisement, basing on the DEAL principles mentioned above.

5. ADVISES TO PUBLISHERS and INTERNATIONAL BEST PRACTICES

5.1 Fixing a dialog with the user

Following to considerations made in the previous chapter, it becomes important, to all publishers, the beginning of a dialog with all the users in order to re-establish a correct interchange pact, through awareness campaigns that invite the users to remove the Ad blocker.

This chapter would like to offer a gathering of experiences and contacts that different international editing entities have implemented in order to contain the Ad Blocking phenomenon. Experiences and approaches that can help the Italian editors in making their better choice:

1. convincing the users to deactivate the Ad blocker, sustaining is this way the contents and free value services spread;
2. inviting the users to sign subscriptions or other payment types for the use of these.

5.2 International best practice

STRONG approach: "If you want to read, you must pay"

When a publisher finds a user who installed an Ad blocker, the approach that is considered to be the most "aggressive" is blurring the content and asking the user to uninstall the anti-advertisement filter or to pay the ads relative price, in this way being able to use the contents in a free manner.

It is the case of Bild, one of Germany's main news websites, that was one of the first to decide the block of the site's access to all of the users that had installed an Ad blocker on their devices.

A similar case is Gruner + Jahr (considered to be the main German editor) and GQ (English magazine): to their users that have the Ad blocker, all of the website's pages are being blurred, maintaining clear only the home page.

To the same users later would be sent a message asking the uninstall of the Ad blocker in order to see the articles, or to purchase a day or a weekly access either for 0,50€ or 2€.

In the GQ case is specifically asked to uninstall the Ad blocker or otherwise to subscribe.
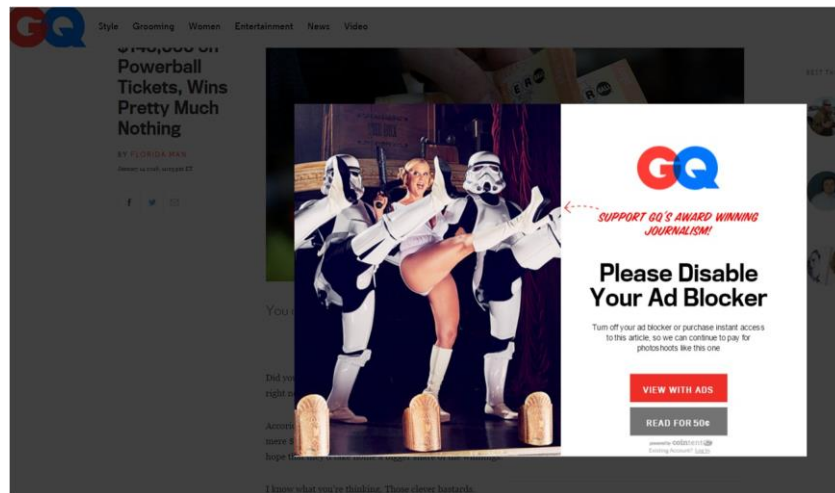

SOFT approach: users awareness

This is called a "soft" approach because the publisher approaches the users using a less aggressive tone, but an "educational" one, through which the operators invite the consumers to understand better the mechanism that is behind the advertisement market.

As for example the Guardian, the well known British newspaper, that wanted to reach its readers with an ironic message: *"We have noticed you have an Ad Blocker switched on. Perhaps you would like to support the Guardian in another way?"*

The American economy and finance magazine, Forbes, experimented an intermediate way by asking the user to install the Ad blocker, in order to have a "lightened" browse.
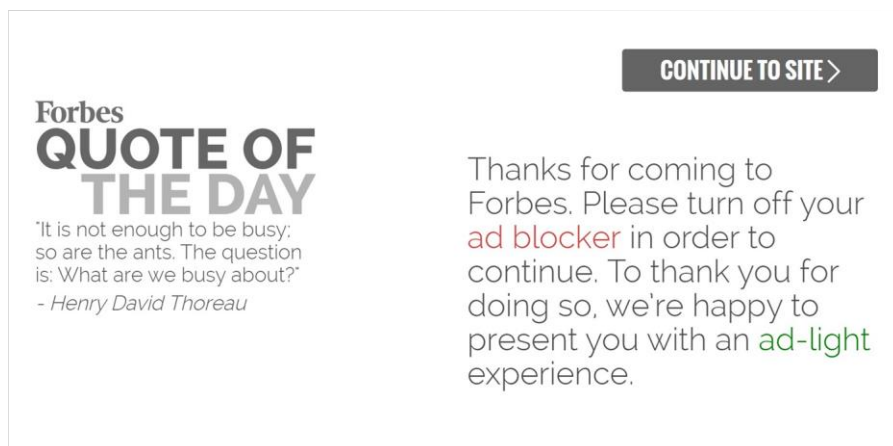
PageFair

We point out the presence of companies such as PageFair that, besides offering the editors a detect Ad block system, helps them in proposing to users a less invasive advertisement contents.

6. CONCLUSIONS and NEXT STEPS

In the light of the above, IAB Italia intents to promote an awareness raising campaign towards all of those working in the online advertisement market: publishers and dealers, technological players, investors and users.

The spread of this document is just the first step; IAB Italia is actually working together with other European IABs in order to create a Charter with the purpose of fixing a "Good Advertising Practices" able to:

- re-create a dialog between publisher and users;
- avoid formats and invasive ways of providing

IAB Italia, besides everything, is planning an inter-associative area, that would be in partnership with UPA, FCP Assointernet and Assocom, a continuative monitoring research of this Ad blocking phenomenon from a qualitative and quantitative point of view.