



IAB Canada Ad Blocking Study

Co-sponsored by comScore and Intact Financial Corporation

Creating Powerful Digital Leadership in Canada

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Background

Background:

- Paid advertising is the basis for freely accessible, professionally produced content on the Internet
- Ad Blocking threatens paid digital advertising globally
- Undermining the revenues of ad-supported publishers, representing the vast majority of quality content producers

Research Objectives

- Determine how widespread ad blocking is in Canada overall, by segment & device
- Understand why consumers use ad blocking software/apps,
 - Their experience / satisfaction with ad blockers
 - Aspects of Internet advertising they find acceptable (for our future guidance)
 - Their willingness to pay for ad-free online content and implications for the industry

Main Findings

1. 1 in 6 Canadians online have ad blocking software installed.
2. Ad blocking ranges from 11% in Atlantic Canada to 19% in BC
3. The highest usage is amongst millennial males: 28% use ad blockers.
4. 13% of Canadians previously installed ad blocking software but have since disabled or deleted it from their system
5. 78% of online Canadians prefer free, ad-supported online content versus pay-for-content options

Research Methodology

A Combined Approach

1. Passive Behavioural Measurement

- June 2015-January 2016
- comScore's opt-in panel of 30,000+ Desktop PC users, age 2+ years, who use Internet.

Definition of Usage:

The incidence of an ad blocker software extension or plug-in installed on the Desktop PC device browsers.

2. Panel Survey

- March 14th and 16th, 2016.
- 1,917 completes, adults 18+
- 5' survey (email invite)
- English or French.
- Panel representative of online Adult 18+ population, Quebec over-sampled;
- Data weighted (5 demos)
- Incidence of ad blocking on desktop/laptop weighted to match passive, base 18+.
- No specific weighting to mobile targets.

Definition of Usage:

Q. On which of your devices are you currently using ad blocking software/app(s) that allow you to block ads on the Internet?

i.e. software or an app that you can download on to your device (i.e., desktop computer, laptop, tablet or smartphone) to block ads on the internet.

Detailed Findings

Incidence of Ad Blocking

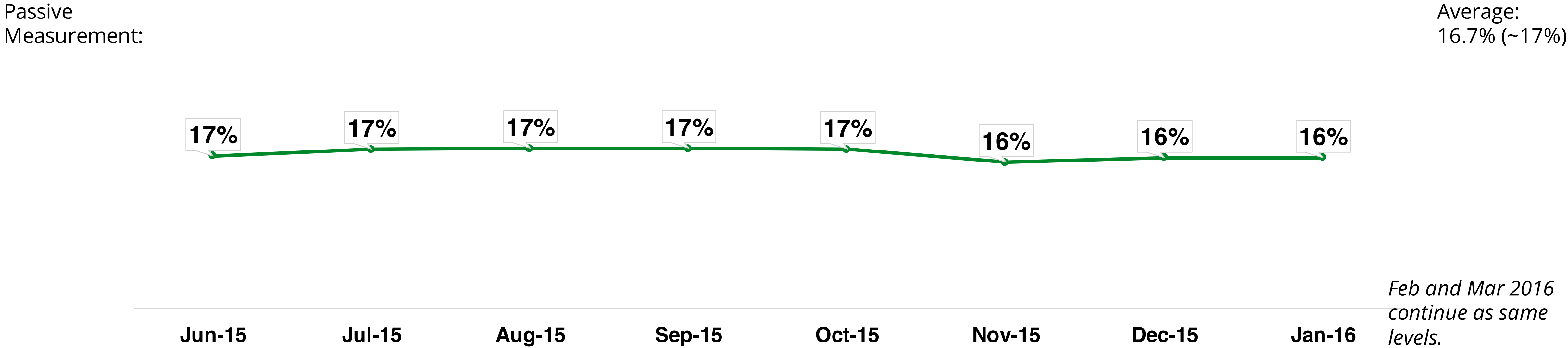
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On average, 17% of Canadians have an ad blocker installed on their desktop PC



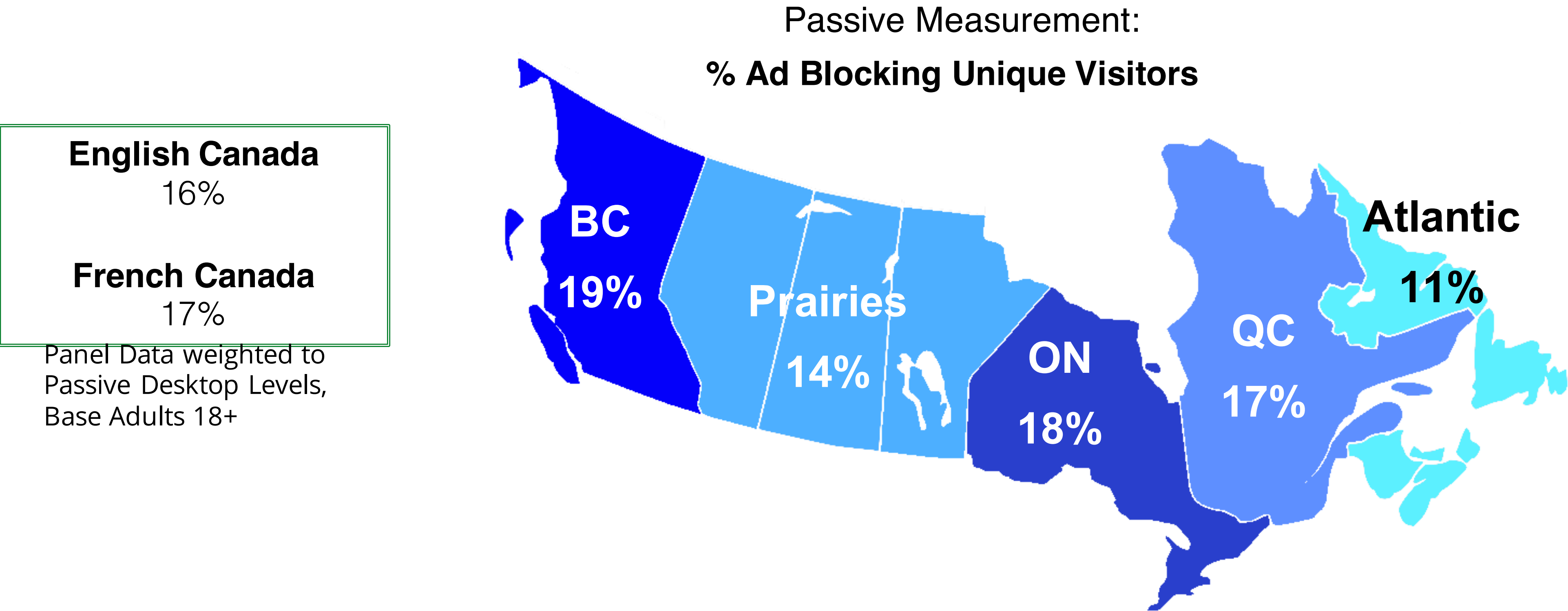
Monthly Ad Blocking Incidence Rates are Stable

Incidence of ad blocking has remained stable over the eight month period of passive measurement, consistently ranging between 16% - 17%.



Ad Blocking Incidence by Region

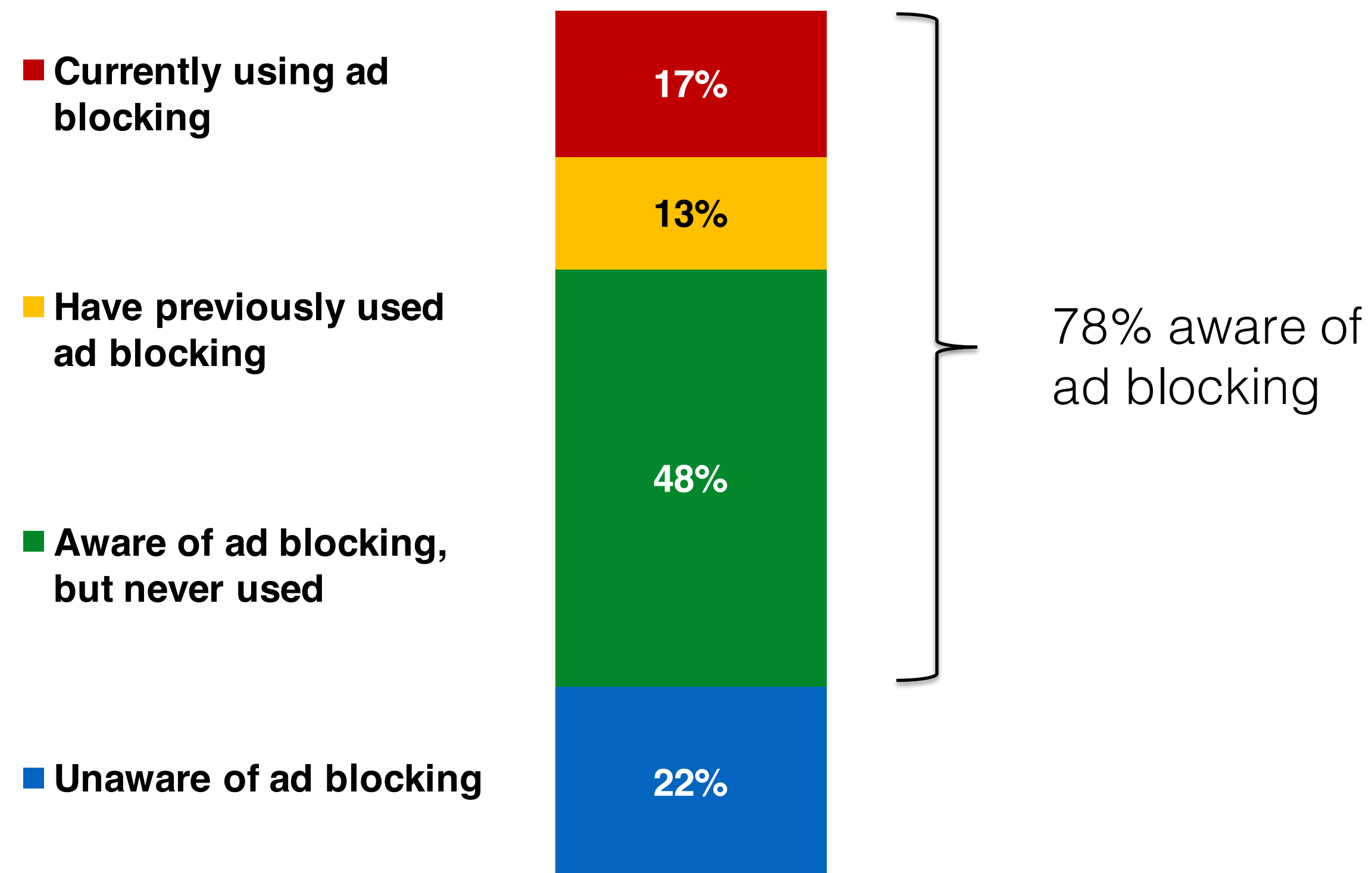
Across Canada, the highest composition of people using ad blockers was seen in British Columbia. The incidence was very similar between English and French Canadians, staying within the 16-17% range.



* Note: English & French Canada results are based on preferred online browsing language and primary language spoken at home
Passive Source: comScore, Custom Panel Research, Jun 2015 – Jan 2016, base age 2+ years

Despite high awareness, Ad Blocking is NOT widespread.

While almost 80% of survey respondents are aware of ad blocking, one-in-six currently uses ad blocking software/apps to block ads on the internet. Almost as many are former ad blocking users. (Some may not know how to download and install the software/apps).



Q1. Prior to taking this survey, what was your level of familiarity with ad blocking software/app(s) that allow you to block ads on the Internet? Base: Total respondents (n=1,917)

Q2. On which of your devices are you currently using ad blocking software/app(s) that allow you to block ads on the Internet?

Base: Device owners

Source: comScore IAB Canada Ad Blocking Survey (March 2016), base: adults 18+ years

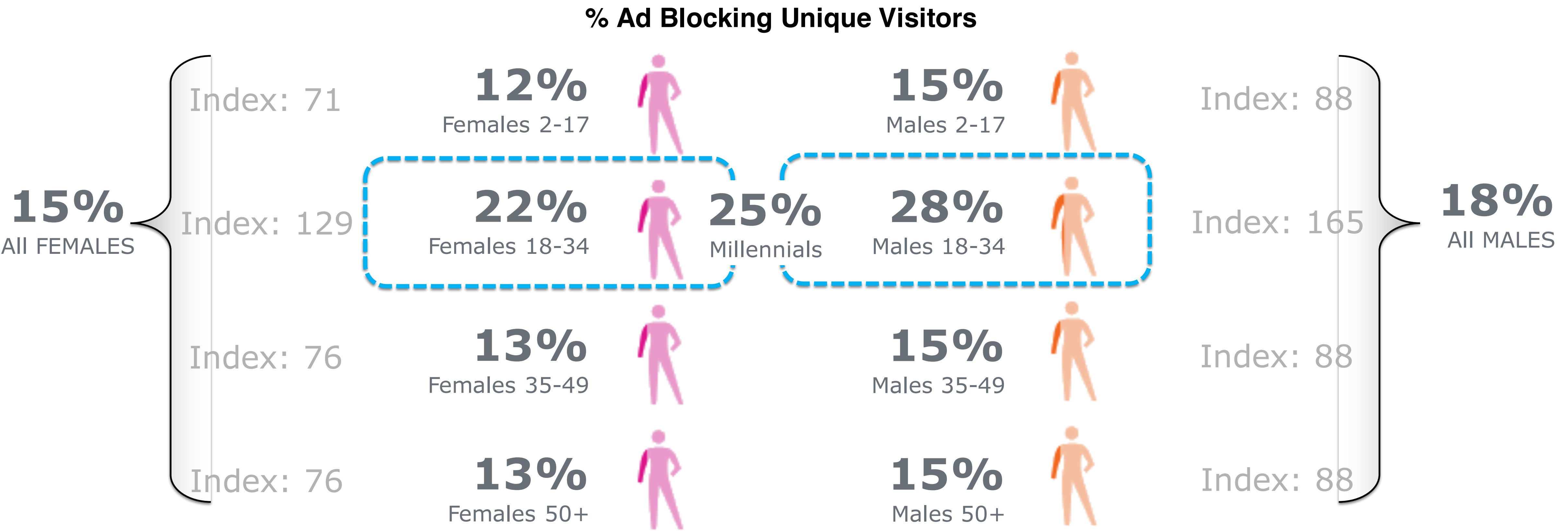
25% of Millennials have installed ad blockers... almost 50%* greater than the Canadian average (17%) !



*i.e. 25% divided by 17% = 147 index

Ad Blocking Incidence by Gender & Age

Millennials engage in ad blocking behaviour at a much higher incidence than other age cohorts; this is especially true for male Millennials.

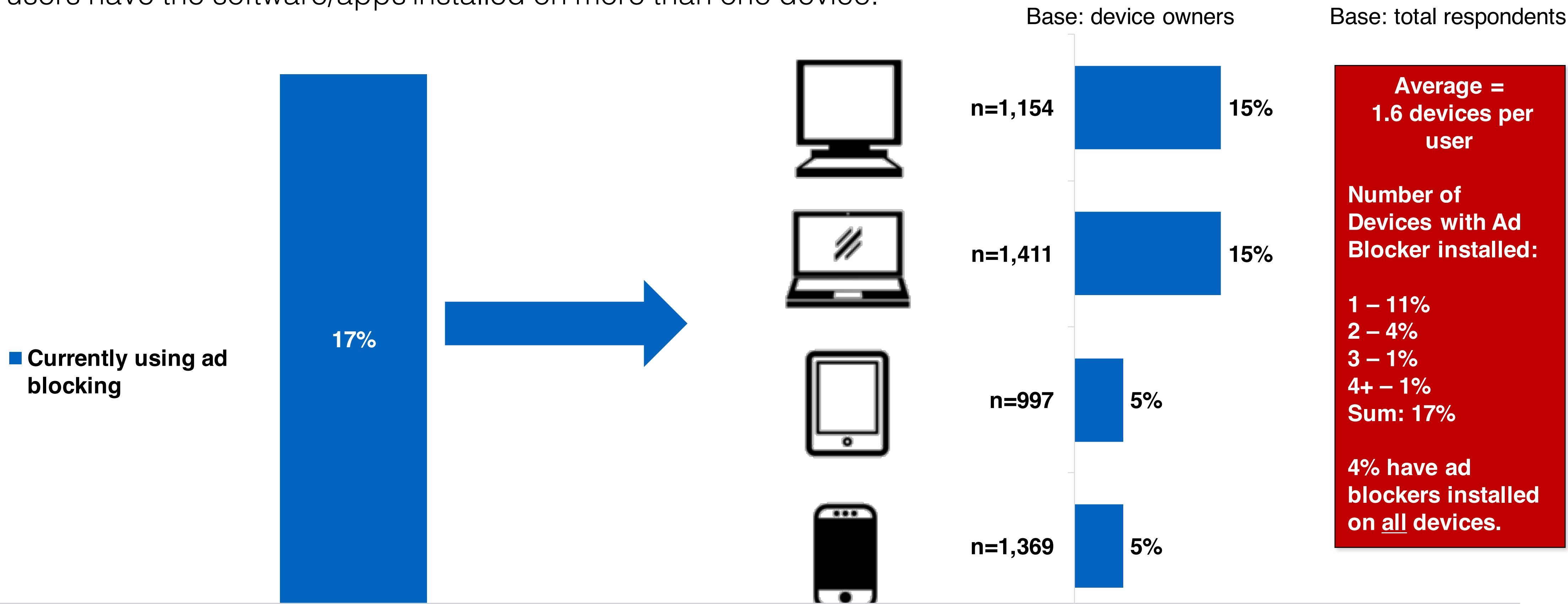


Use of ad blocking is three times as high
on desktops/laptops than on mobile
devices



Usage of Ad Blocking Software/Apps by Device Type

Use of ad blocking is three times as high on desktops/laptops (15%) than on mobile devices (5%).
Some users have the software/apps installed on more than one device.

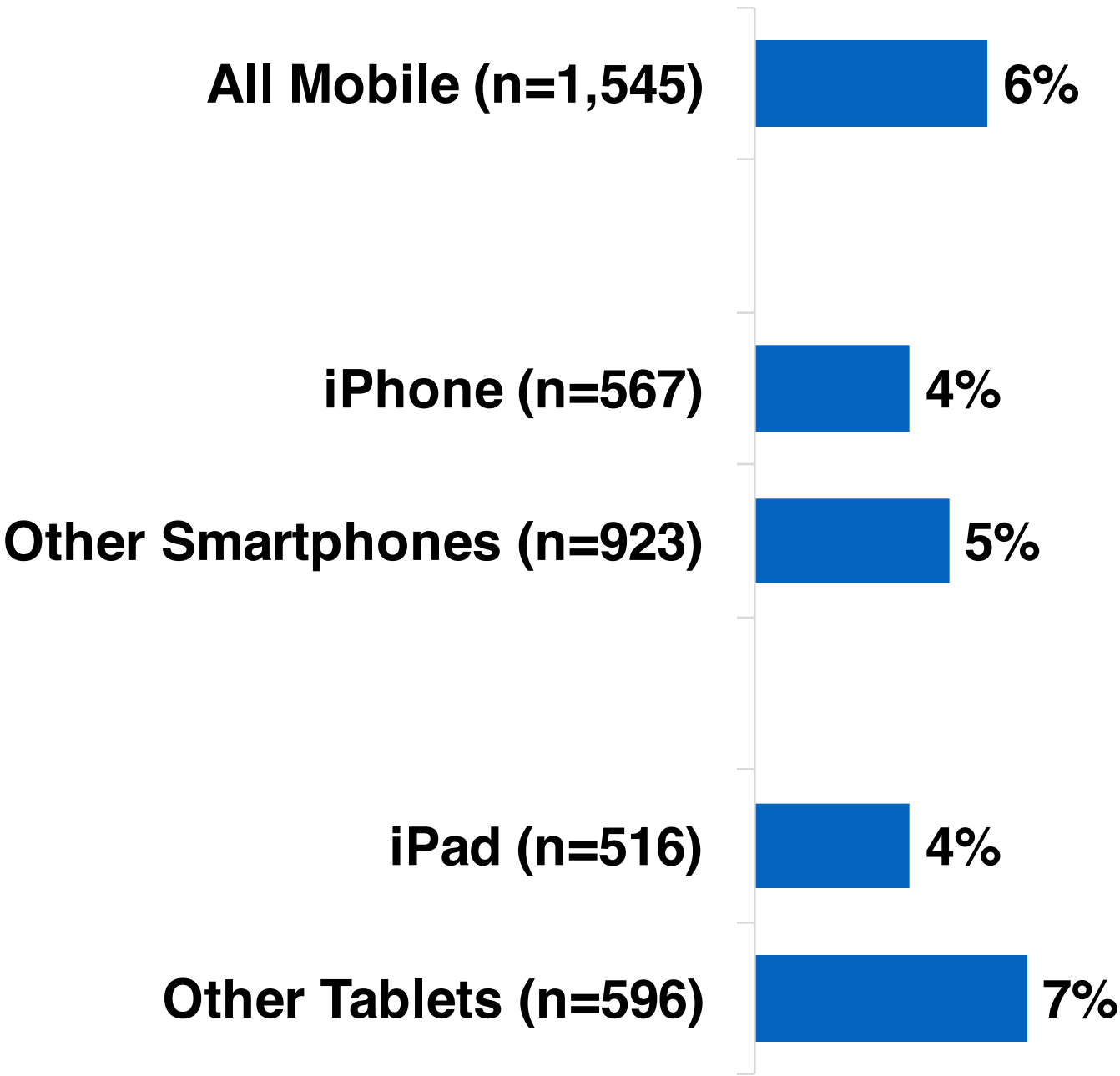


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Q2. On which of your devices are you currently using ad blocking software/app(s) that allow you to block ads on the Internet?
Base: Device owners
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults 18+ years
Note: The survey data were weighted down to the desktop passive level of 17% and mobile adoption levels were down-weighted by proxy (in order to maintain a proper ratio).

Ad Blocking on Mobile Devices is similar by Type and OS

Although one-third of iOS ad blockers reported that the introduction of iOS 9 impacted their decision to use the software/apps, incidence of usage is similar across all mobile device types. Note: Some iOS users may simply not know how to activate the settings.

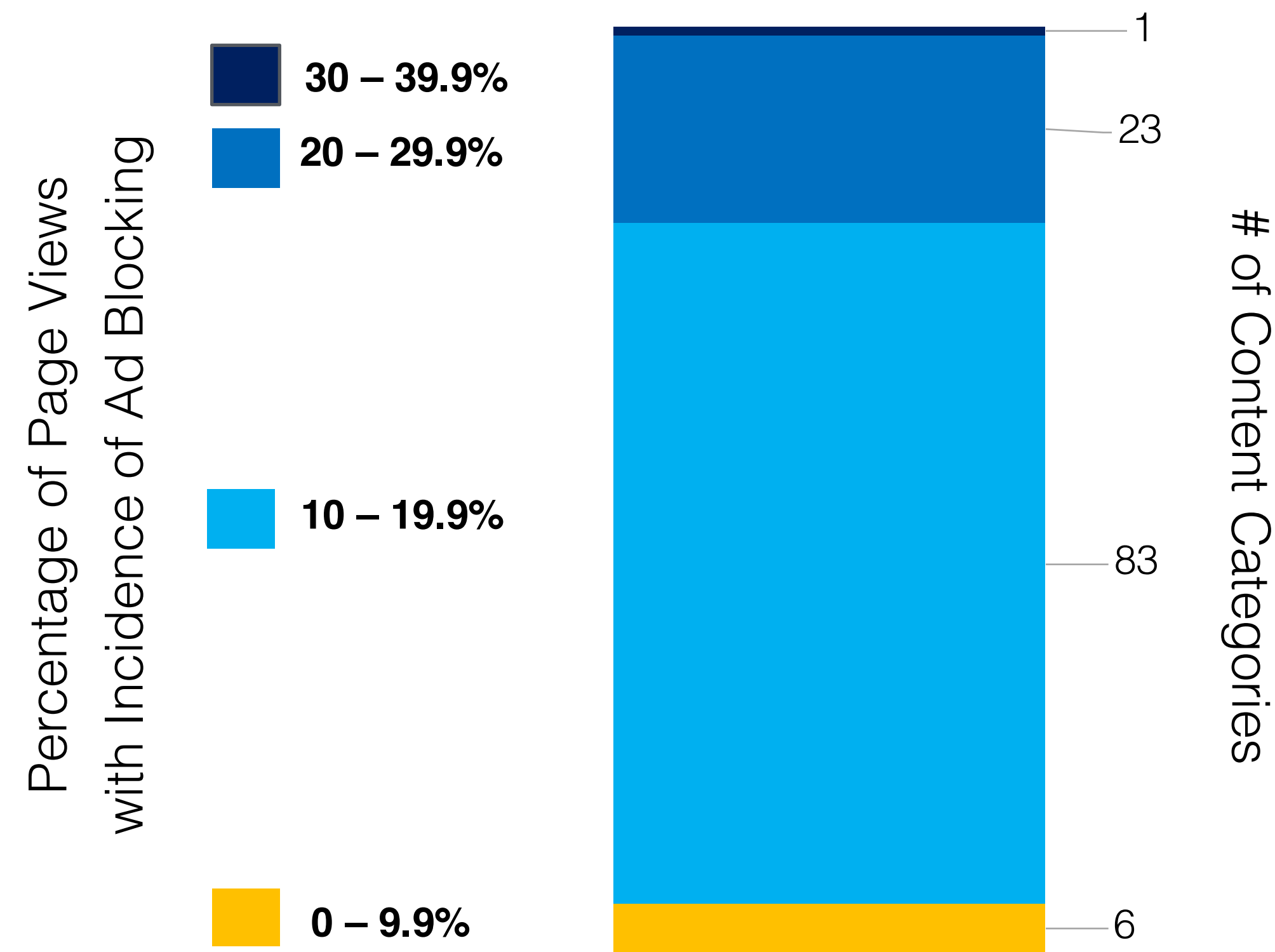
Ad Blocking by Mobile Device Type and Operating System



Q2. On which of your devices are you currently using ad blocking software/app(s) that allow you to block ads on the Internet? Base: Device owners
Q2a. You mentioned that you currently use ad blocking software/app(s) on an iOS (i.e. Apple) device. Did the introduction of iOS 9 have ANY impact on your decision to switch on/ download ad blocking software/app(s) on your device(s)?
Base: Apple mobile users who use ad blocking software (n=61)
Source: comScore IAB Canada Ad Blocking Survey (March 2016), based adults 18+

Ad Blocked Page Views: Incidence Rate Across Content Categories

The majority of online content categories saw between 10% - 29.9% of total pages viewed by users coming from desktop PCs using ad blocker technology, but a small proportion of categories experienced ad blocking well below or above the normal range.



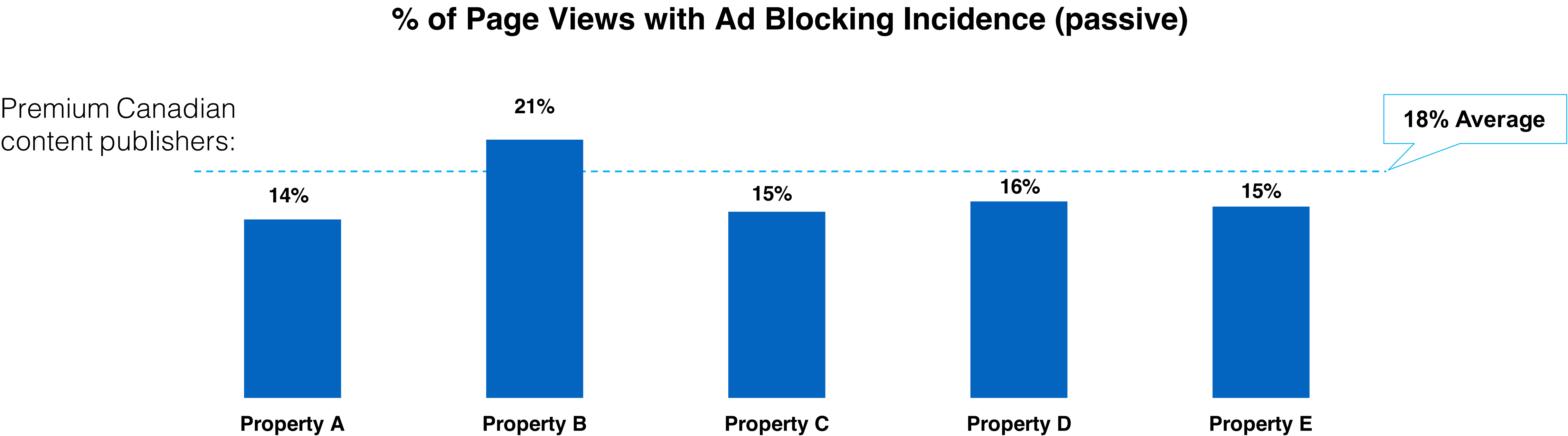
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Ad Blocked Page Views: Incidence Rate Across Premium Canadian content Publishers

Premium Canadian content publishers generally saw a lower incidence rate of pages viewed when an ad blocker was present compared to the overall Canadian average of 18%.



Note: Top 5 Canadian-originating properties based on comScore Feb 2016 Media Metrix ranking
Passive Source: comScore, Custom Panel Research, Jun 2015 – Jan 2016, base age 2+ years

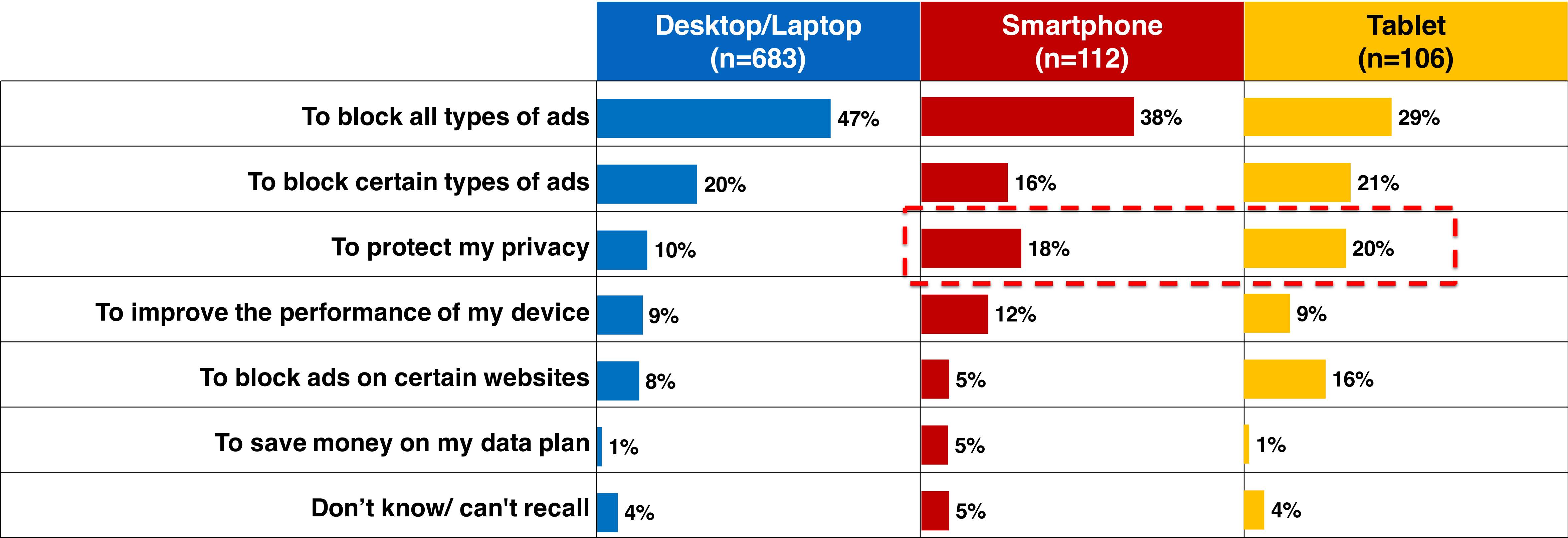
Detailed Findings

Attitudes about Ad Blocking and Advertising in Canada

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Main Reason for Ad Blocking by Platform: Annoyance!

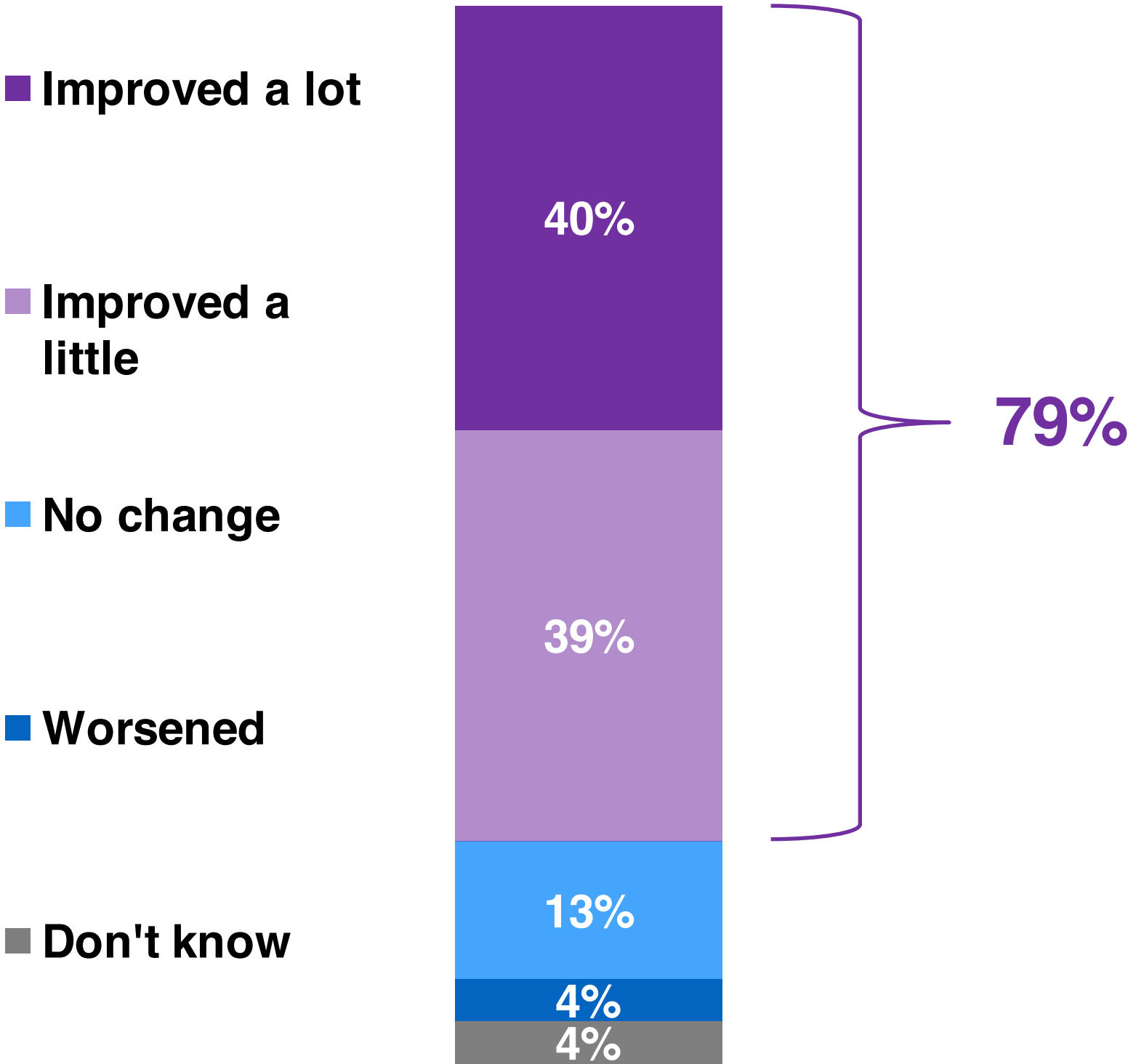
Across all devices, the main reason for implementing the software/apps was to block all types of ads. Privacy was also a concern for those using ad blockers on mobile devices.



Q4. Thinking about the LAST time you downloaded software/app(s) on your personal device(s) that allowed you to block ads on the internet, which one of the following was the MAIN reason for doing this?
Base: Device owners who use or have used ad blocking software/apps
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults 18+ years

Positive Impact of Ad Blocking on Browsing Experience

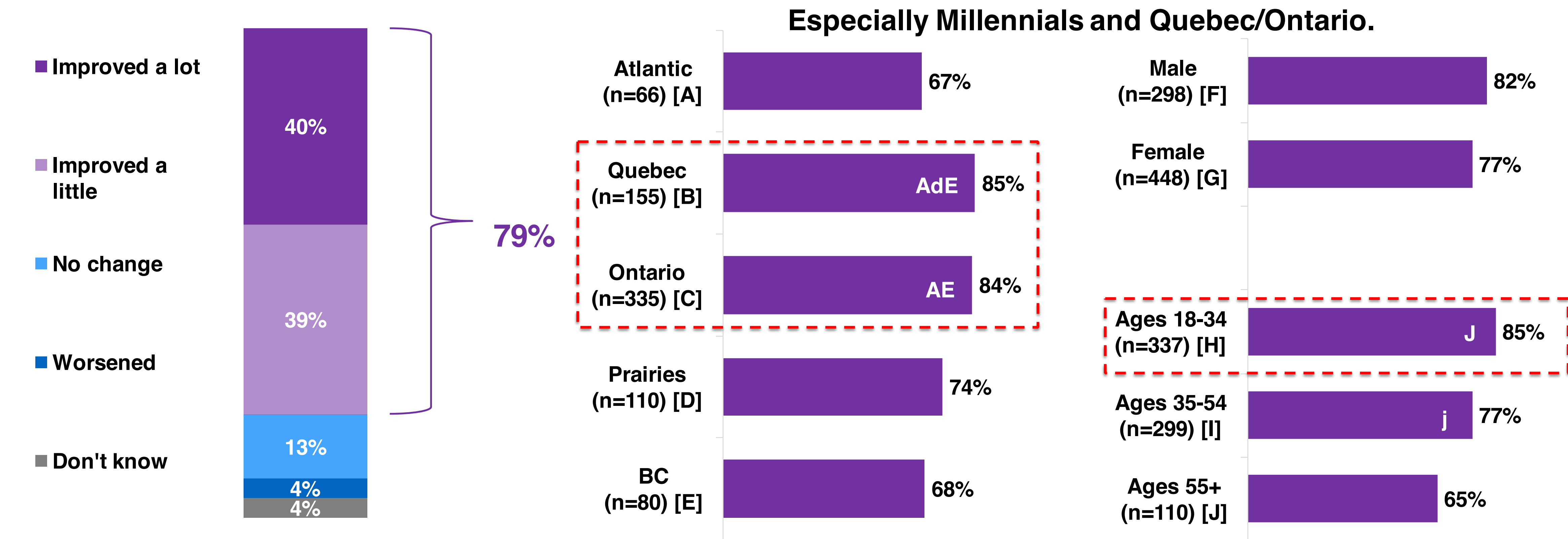
Four in five users of ad blocking software/apps reported that the software/apps improved their overall browsing experience.



Q3. How has your use of ad blocking software/app(s) changed your overall web browsing experience compared to before you used this software/app on your personal device(s)?
Base: Have used ad blocking software/app(s) (n=746)
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults 18+ years

Positive Impact of Ad Blocking on Browsing Experience

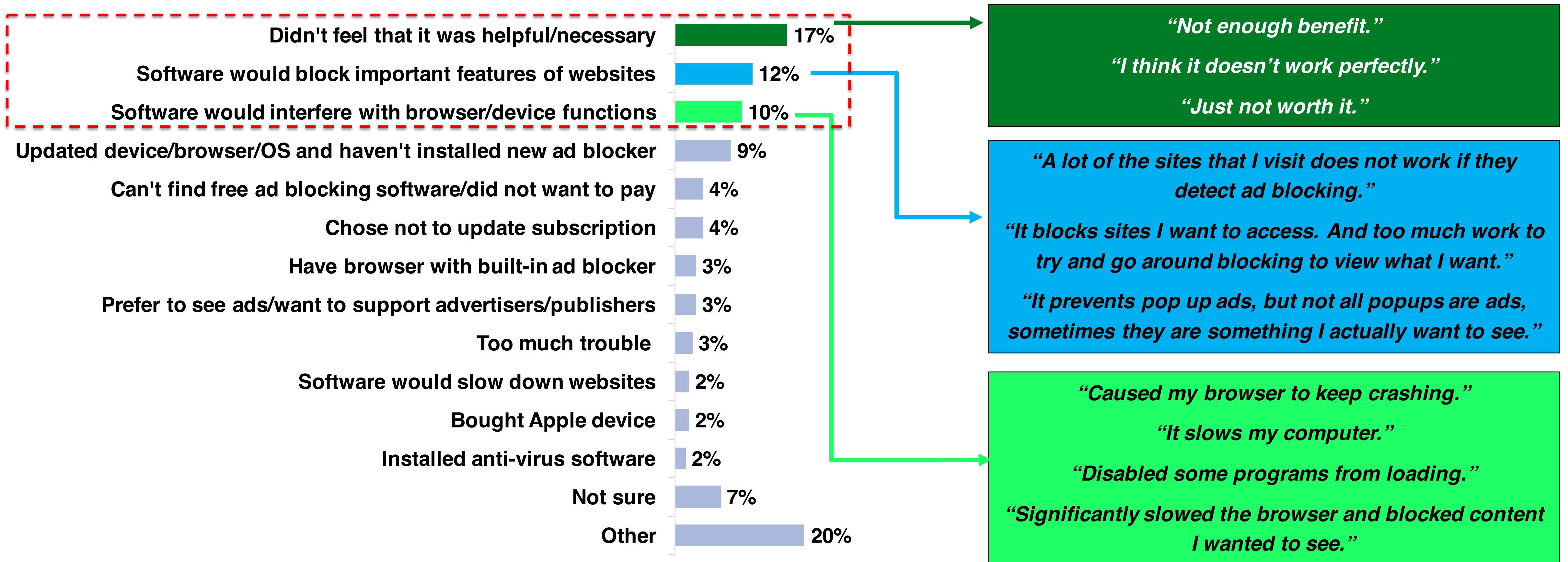
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ABCDE/FG/HIJ Uppercase letters indicate a significant difference compared to referenced cell at 95% confidence level
abcde/fg/hij Lowercase letters indicate a significant difference compared to referenced cell at 90% confidence level

Reasons for Discontinuing Use of Ad Blockers

Ad blockers were most likely to have been uninstalled by former users if they didn't work properly and/or interfered with other desired website functionality.



Q5a. Why are you not/no longer using ad blocking software/app(s)? Please be as specific and detailed as possible.

Base: Have previously had ad blocking software installed, but not currently (n=187)

Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults age 18+ years

Factors Reducing Likelihood of Using Ad Blockers – Current Users vs. Non-Users

	English Canada		French Canada	
	Current Users (n=491)	Non-Users (n=908)	Current Users (n=68)	Non-Users (n=263)
	A	B	C	D
If the ads don't interfere with what I'm doing	58%	63%	36%	38%
If there were fewer ads on webpages	47%	47%	65% ^d	43%
If ads were more relevant to me	15%	31% ^A	19%	21%
If the ads were better designed	15%	15%	17%	12%
If ads loaded faster	12%	15%	8%	14%
Other	4%	1%	2%	2%
Nothing would make me less likely to use ad blockers	14%	12%	10%	27% ^A

Respecting the consumer in our creative and advertising page load practices is the only way to mitigate ad blocking behavior in the future.

Q6. For the this next question, even if you do not currently use ad blocking software/ app(s) we would still be interested in your opinion. Which, if any, of the following do you think would make you less likely to use ad blocking software/app(s)? Base: Total respondents
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults age 18+ years

AB/CD/EF/GH/IJ Uppercase letters indicate a significant difference compared to referenced cell at 95% confidence level
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Factors Reducing Likelihood of Using Ad Blockers – Current Users vs. Non-Users

	A18-34		A35-54		A55+	
	Current Users (n=262)	Non-Users (n=289)	Current Users (n=209)	Non-Users (n=489)	Current Users (n=88)	Non-Users (n=393)
	E	F	G	H	I	J
If the ads don't interfere with what I'm doing	60%	62%	55%	58%	42%	53%
If there were fewer ads on webpages	50%	55%	48%	44%	47%	42%
If ads were more relevant to me	16%	31% ^E	17%	27% ^G	10%	29% ^I
If the ads were better designed	21%	21%	10%	13%	6%	8%
If ads loaded faster	14%	19%	13%	15%	2%	11%
Other	2%	1%	5%	2%	5%	1%
Nothing would make me less likely to use ad blockers	11%	9%	11%	13%	25%	23%

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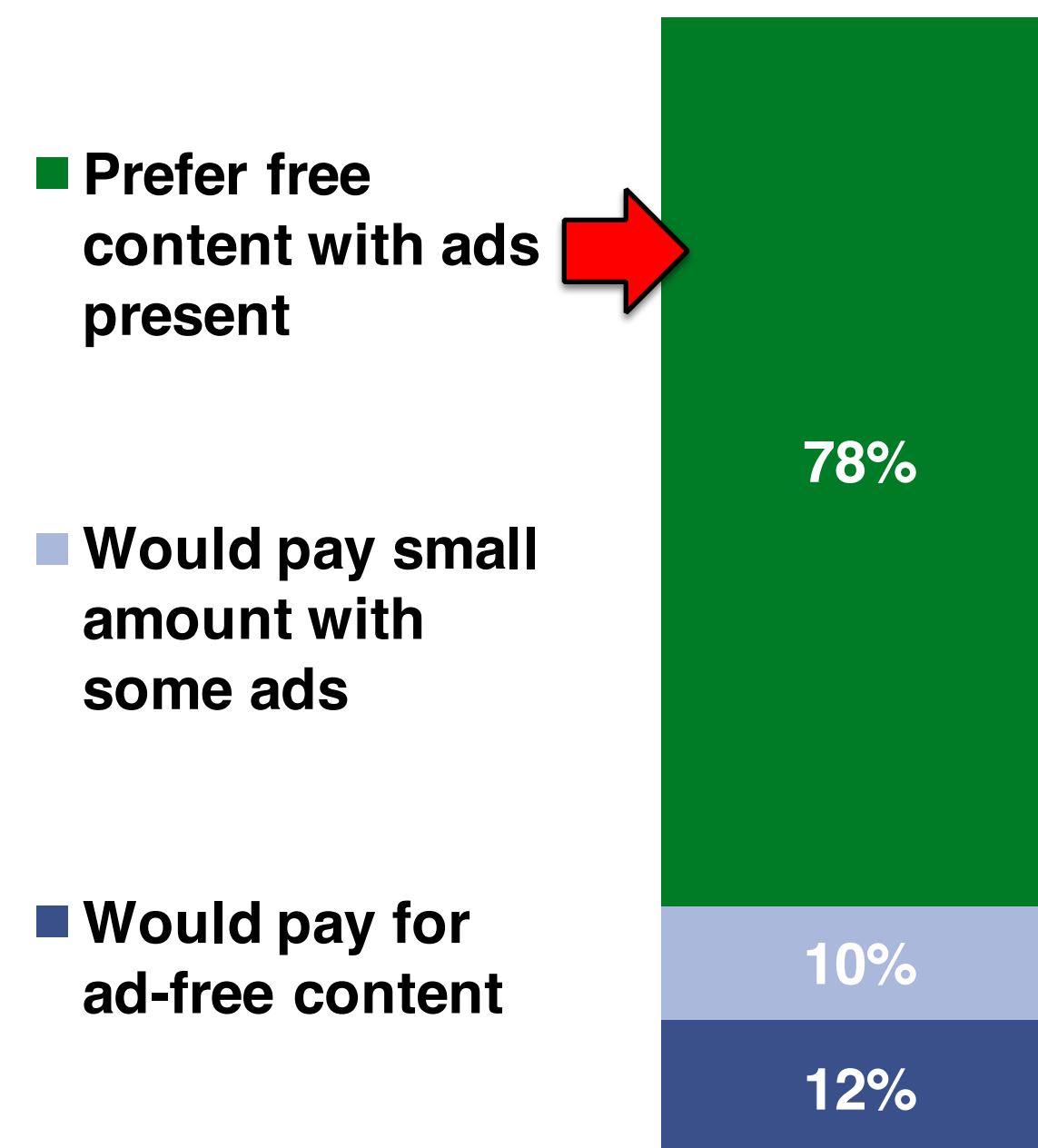
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More than three-quarters of online Canadians said they prefer free, ad-supported content versus pay-for-content alternatives



Few Willing to Pay for Online Content to avoid ads.

More than three-quarters of Canadians said they prefer free, ad-supported content versus pay-for-content alternatives. Canadians need to appreciate that ad blocking undermines online publishers' principal revenue source.



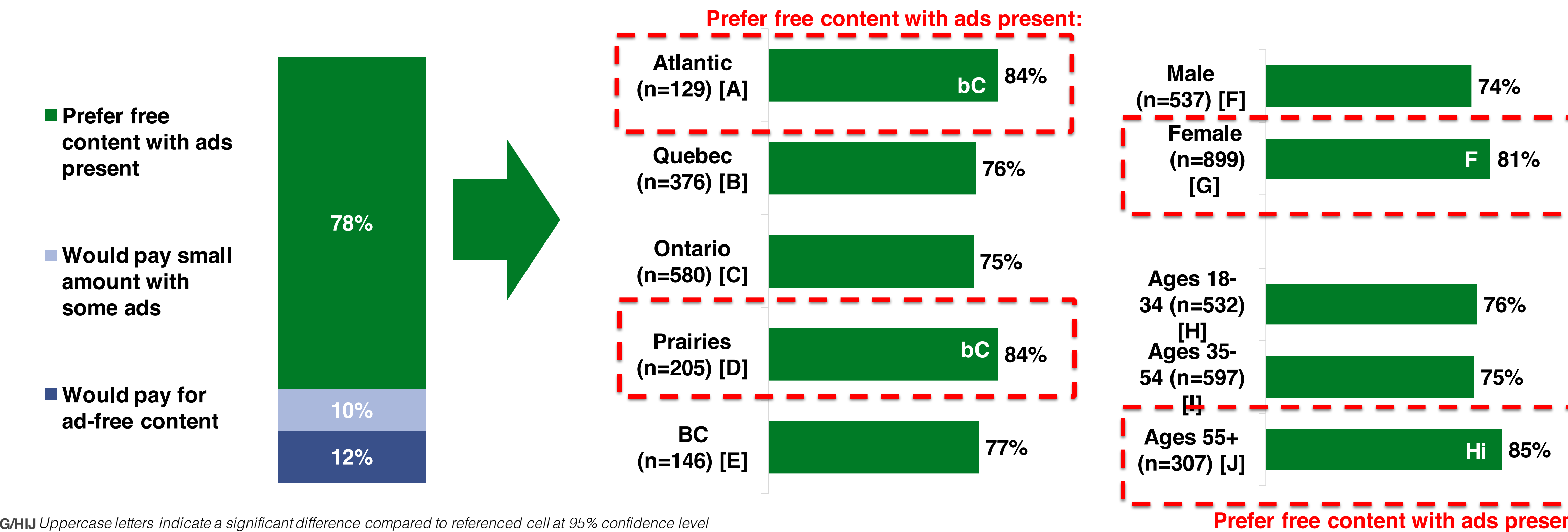
Q8. As a reminder, some website owners can offer free services and content online (e.g. news, recipes, videos etc.) and they make money from the ads they show on their website. Without these ads, some businesses may either have to stop providing free services/content or start charging for them. Taking this into account, which ONE of the following BEST applies to you?

Base: Total respondents (excluding those who are not sure)

Source: comScore/IAB Canada Ad Blocking Survey (March 2016), base adults age 18+ years

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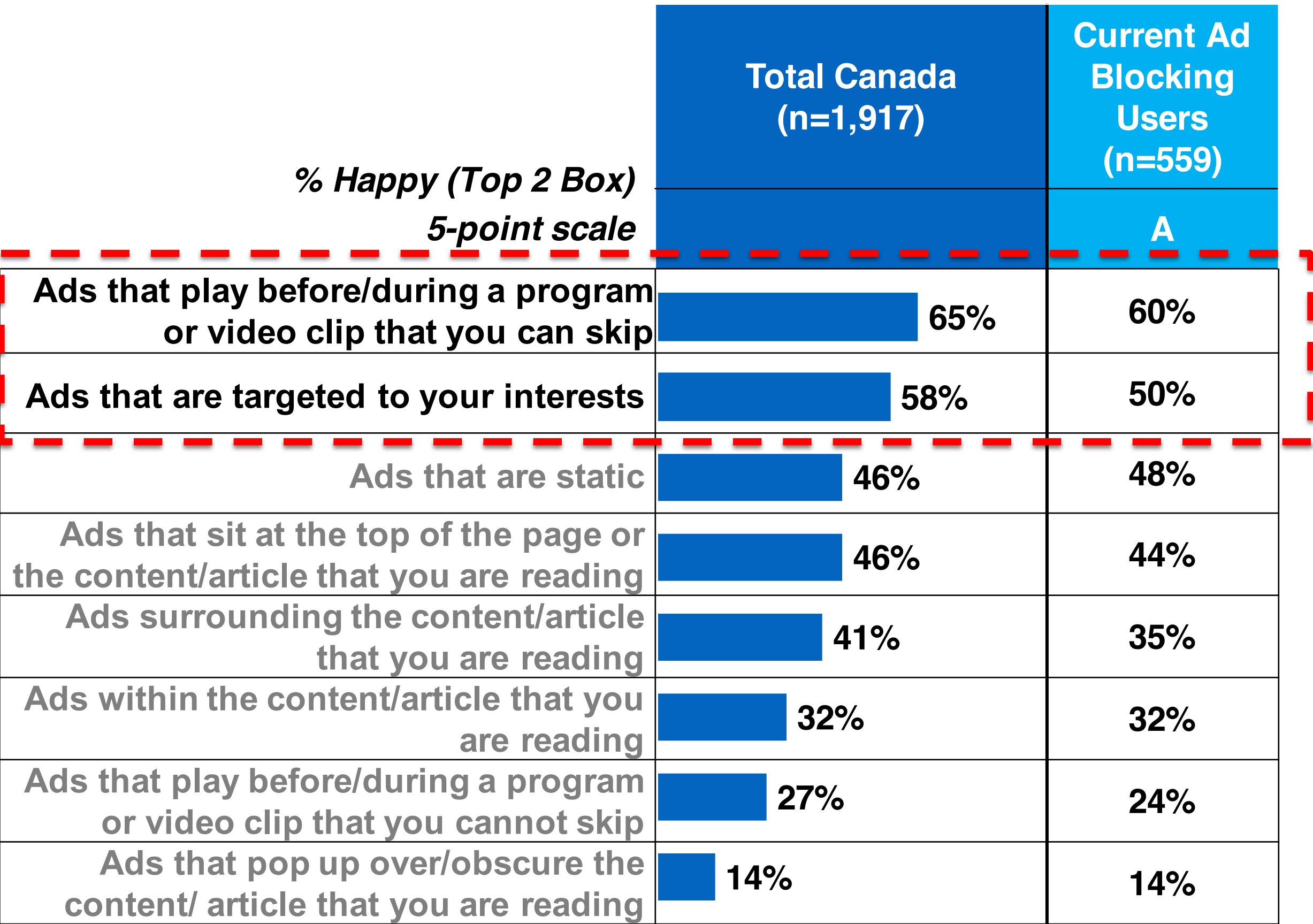


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Base: Total respondents (excluding those who are not sure)
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults age 18+ years

Preferred Online Advertising Formats: Guide to Future Practices

Consumers indicated that skippable video ads and behaviorally-targeted ads were the most acceptable to them.



Respecting the consumer in our creative and targeting practices is the only way to combat ad blocking behaviour.

Q7. Thinking generally about ads you see online (on websites or mobile apps etc.), to what extent do you think that you would be happy to see each of the following types of ads if it meant you could continue to use the website/mobile app for free? Base: Total Respondents
Source: comScore IAB Canada Ad Blocking Survey (March 2016), base adults age 18+ years

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Preferred Online Advertising Formats: Guide to Future Practices

French and English Canada exhibit differences in online advertising format preferences (users/non-users).

% Happy (Top 2 Box) 5-point scale	Total Canada (n=1,917)	English Canada (n=1,561)	French Canada (n=356)
		C	D
Ads that play before/during a program or video clip that you can skip	65%	67%D	54%
Ads that are targeted to your interests	58%	59%	54%
Ads that are static	46%	46%	46%
Ads that sit at the top of the page or the content/article that you are reading	46%	49%D	25%
Ads surrounding the content/article that you are reading	41%	41%	41%
Ads within the content/article that you are reading	32%	31%	38%C
Ads that play before/during a program or video clip that you cannot skip	27%	23%	44%C
Ads that pop up over/obscure the content/ article that you are reading	14%	12%	24%C

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Preferred Online Advertising Formats: Guide to Future Practices

Younger adults under 55 years of age are generally more favorable to many online ad formats (users/non-users).

% Happy (Top 2 Box) 5-point scale	Total Canada (n=1,917)	----- age groups -----		
		A18-34 (n=626)	A35-54 (n=788)	A55+ (n=503)
		E	F	G
Ads that play before/during a program or video clip that you can skip	<div><div></div></div> 65%	66%G	68%G	58%
Ads that are targeted to your interests	<div><div></div></div> 58%	66%FG	59%G	47%
Ads that are static	<div><div></div></div> 46%	53%G	48%G	34%
Ads that sit at the top of the page or the content/article that you are reading	<div><div></div></div> 46%	50%G	49%G	33%
Ads surrounding the content/article that you are reading	<div><div></div></div> 41%	45%G	44%G	30%
Ads within the content/article that you are reading	<div><div></div></div> 32%	38%G	35%G	21%
Ads that play before/during a program or video clip that you cannot skip	<div><div></div></div> 27%	28%G	31%G	20%
Ads that pop up over/obscure the content/ article that you are reading	<div><div></div></div> 14%	17%G	17%G	8%

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Main Findings and Implications

1. Despite high awareness, only one-in-six (17%) of online Canadians have installed ad blocking software/apps on their device(s), generating 18% of total desktop PC Page Views.
2. This trend is stable.
3. And almost as many online Canadians are former users of ad blocking software/apps (13%).
4. Although four in five ad blocking users reported an improved browsing experience, over three-quarters of online Canadians prefer free, ad-supported online content versus pay-for-content options.
5. Canadians need to appreciate that ad blocking endangers publishers' main source of revenue and by extension Canadian's access to free quality content.
6. Consumers prefer skippable video ads and behaviorally-targeted ads. However differences in other preferences exist between English and French Canada as well as older vs younger adults.
7. Respecting the consumer in our creative and targeting practices is the best way to combat ad blocking behaviour.



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