



IAB Canada Ad Blocking II Study

Final Report – May 25, 2017

Creating Powerful Digital Leadership in Canada



Table of Contents

03 Background, Objectives & Methodology

06 Detailed Findings

32 Concept Test

35 Main Findings and Conclusions

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, who represent the vast majority of quality content producers.
- IAB continues to work with advertisers and publishers to develop best-in-class LEAN guidelines for ad-supported content, respecting the opinions of online users.

Research Objectives for Our 2nd Study


- Where is ad blocking trending in Canada overall, by segment & device - has it grown?
- Has there been any growth among those willing to pay for ad-free online content?
- Gain deeper insights into why consumers use ad blocking software/apps
 - How many users are Loyal (unlikely to stop)
 - How many users are Susceptible (open to switching-off)
 - How many Non-users are at risk (of switching on)
- What factors, likes or dislikes about the internet are driving these differences?
- Which concepts could publishers implement to reduce ad blocking?

Research Methodology

A Combined Dual-Phased Approach


1. Passive Behavioural Measurement

- July 2016 – February 2017
- comScore's opt-in panel of 30,000+ Desktop PC users, age 2+ years, who use Internet

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

2. Panel Survey

- April 17th to 21st, 2017
- 1,619 completes, adults 18+
- 5-10 minute survey (email invitation)
- English or French
- Panel representative of online Adult 18+ population; French language speakers over-sampled
- Data weighted to online demographics (age, gender, income, and region)
- Incidence of ad blocking on desktop/laptop weighted to match passive data
- No specific weighting to mobile targets

 Definition of Ad Blocker 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.
Usage was confirmed by app/extension brand selected.

Detailed Findings

Incidence of Ad Blocking

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Trending is Stable!!

On average, 18% of Canadians have a working ad blocker installed on their desktop PC, up only 1% from the previous study



Comparing [June 2015 – January 2016] and [July 2016 – February 2017]

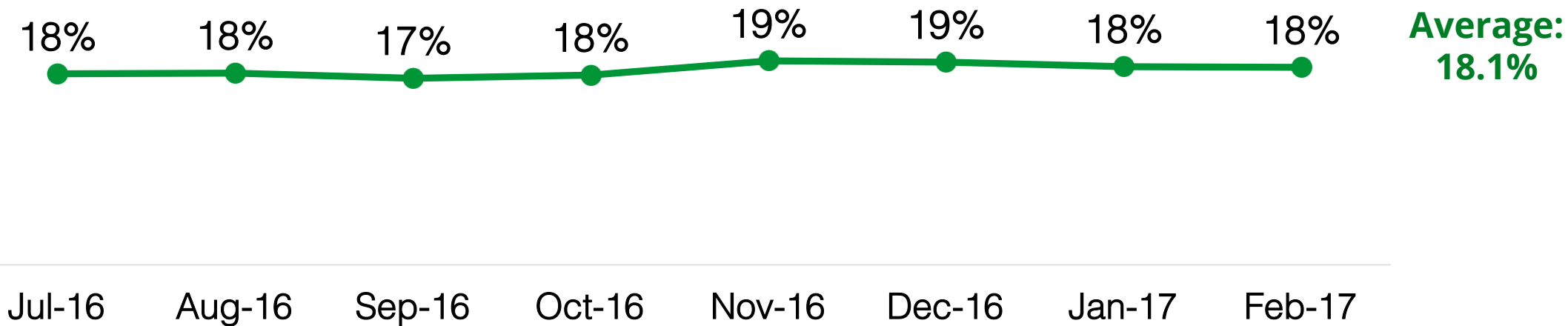
Passive Source: comScore, Custom Panel Research, Jul 2016 – Feb 2017; base: age 2+ years

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Monthly Desktop Ad Blocking Incidence Rates

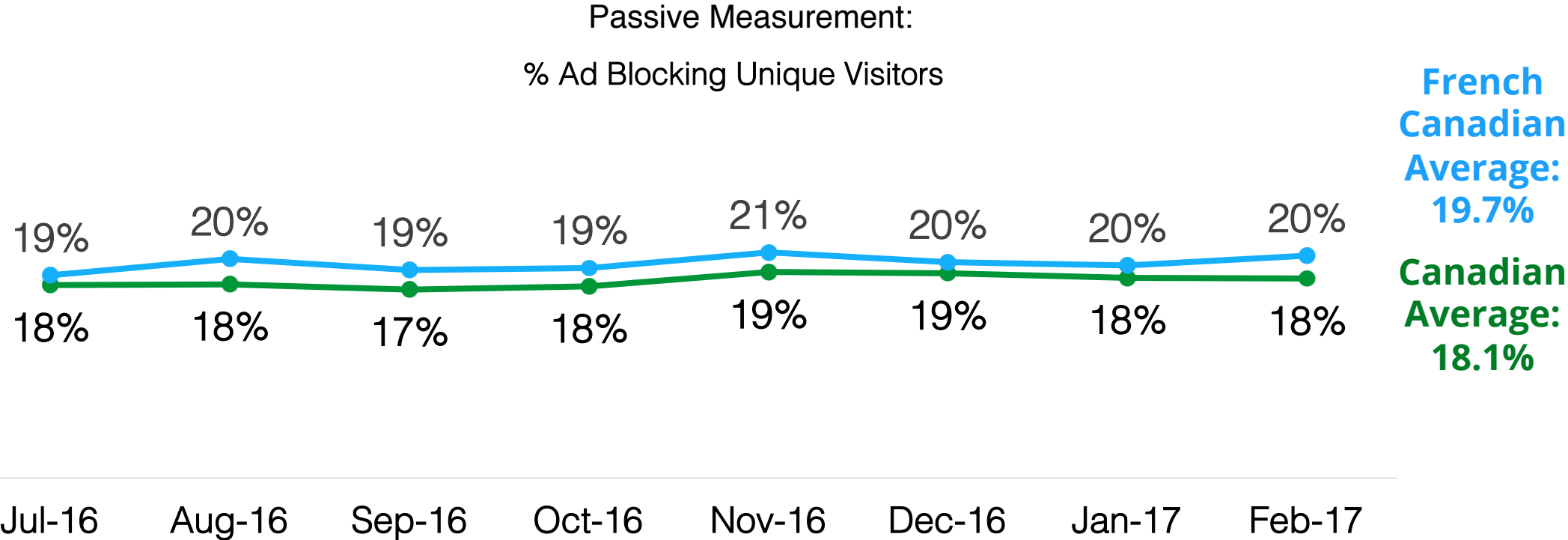
Incidence of ad blocking has remained stable over the eight-month period of passive measurement, consistently ranging between 17% - 19% and averaging 18.1% vs 16.7% in the 2016 study.

Passive Measurement:
% Ad Blocking Unique Visitors



Monthly Desktop Ad Blocking Incidence Rates

Incidence of ad blocking has remained stable over the eight-month period of passive measurement, consistently ranging between 17% - 19% and averaging 18.1% vs 16.7% in the 2016 study.



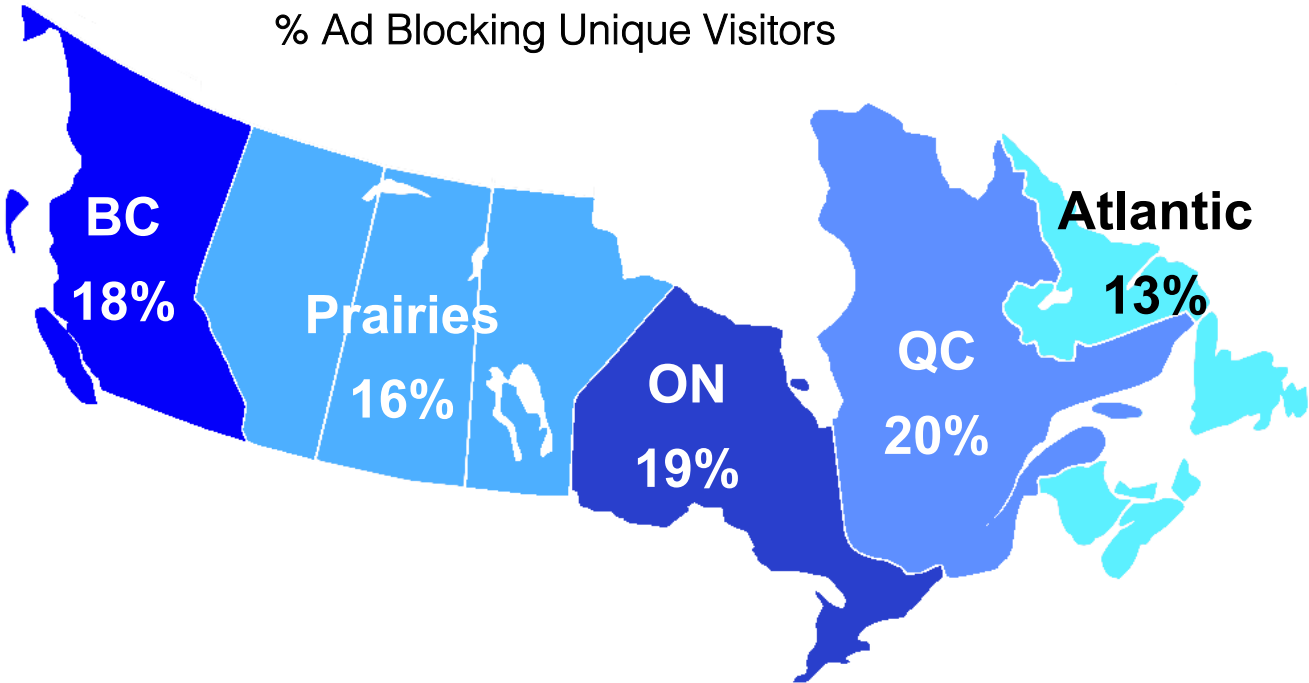
Ad Blocking Incidence by Region

Across Canada, the highest incidence of people using ad blockers on desktop was seen in Quebec. French Canadians, not surprisingly based on the Quebec region, exhibited the highest average ad blocking incidence.

Passive Measurement:
% Ad Blocking Unique Visitors

Total Canada*	18%
French Canada*	20%

Panel data weighted to passive desktop levels;
Base: adults 18+



* Note: English & French Canada results are based on preferred online browsing language and primary language spoken at home
Passive Source: comScore, Custom Panel Research, Jul 2016 – Feb 2017; base: age 2+ years

26% of Millennials have installed ad blockers... This is 45%* higher than the Canadian average (18%) and up 1% from the previous study

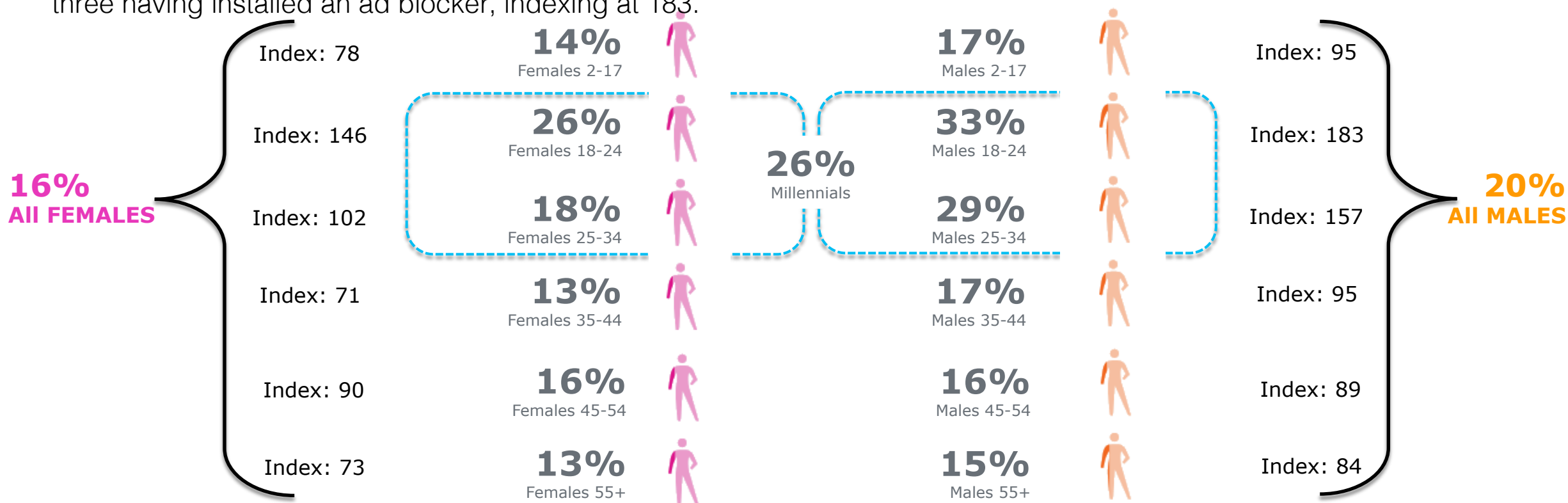


***26.2% divided by 18.1% = 145 index**

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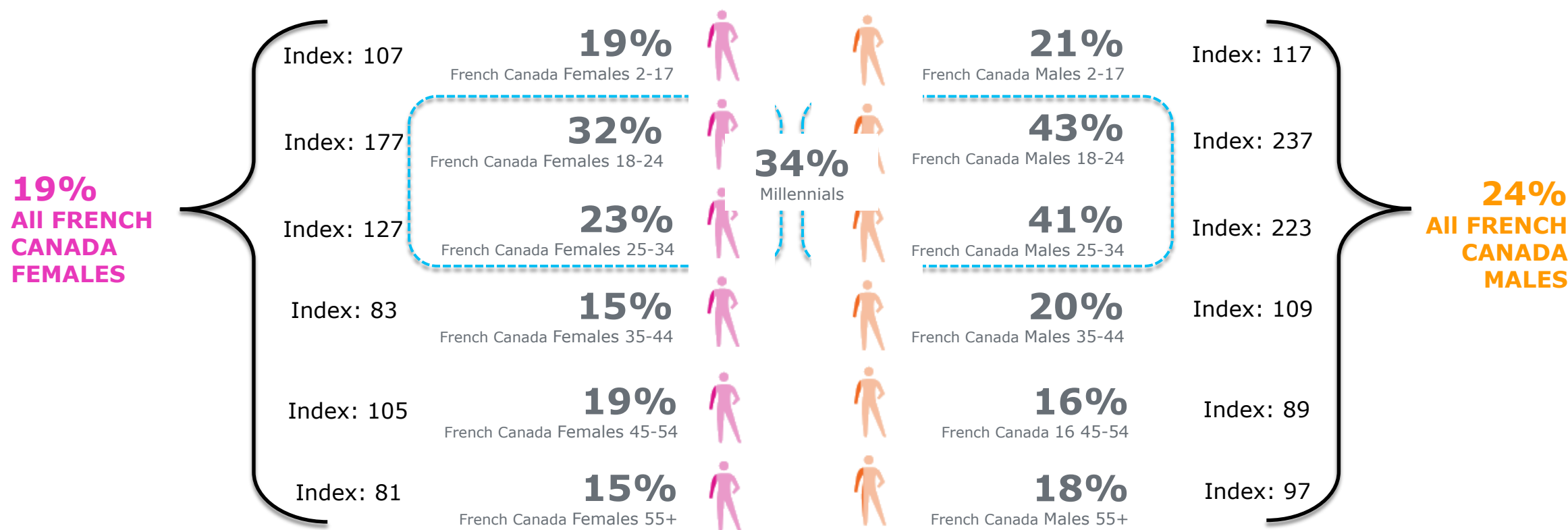
Ad Blocking Incidence by Gender & Age (% of Ad Blocking UVs)

Millennials engage in ad blocking behaviour at a much higher incidence than other age cohorts; this is especially true for male Millennials. Males 18-24 exhibited the highest ad blocking incidence among all age/gender cohorts, with one in three having installed an ad blocker, indexing at 183.



French Canada Ad Blocking Incidence by Gender and Age

1 in 5 French Canadians have an ad blocker installed which demonstrates a higher-than-average incidence versus the average Canadian (Index of 109).



* Note: English & French Canada results are based on preferred online browsing language and primary language spoken at home
Passive Source: comScore, Custom Panel Research, Jul 2016 – Feb 2017, base age 2+ years

Panel Data weighted to Passive Desktop Levels, Base Adults 18+

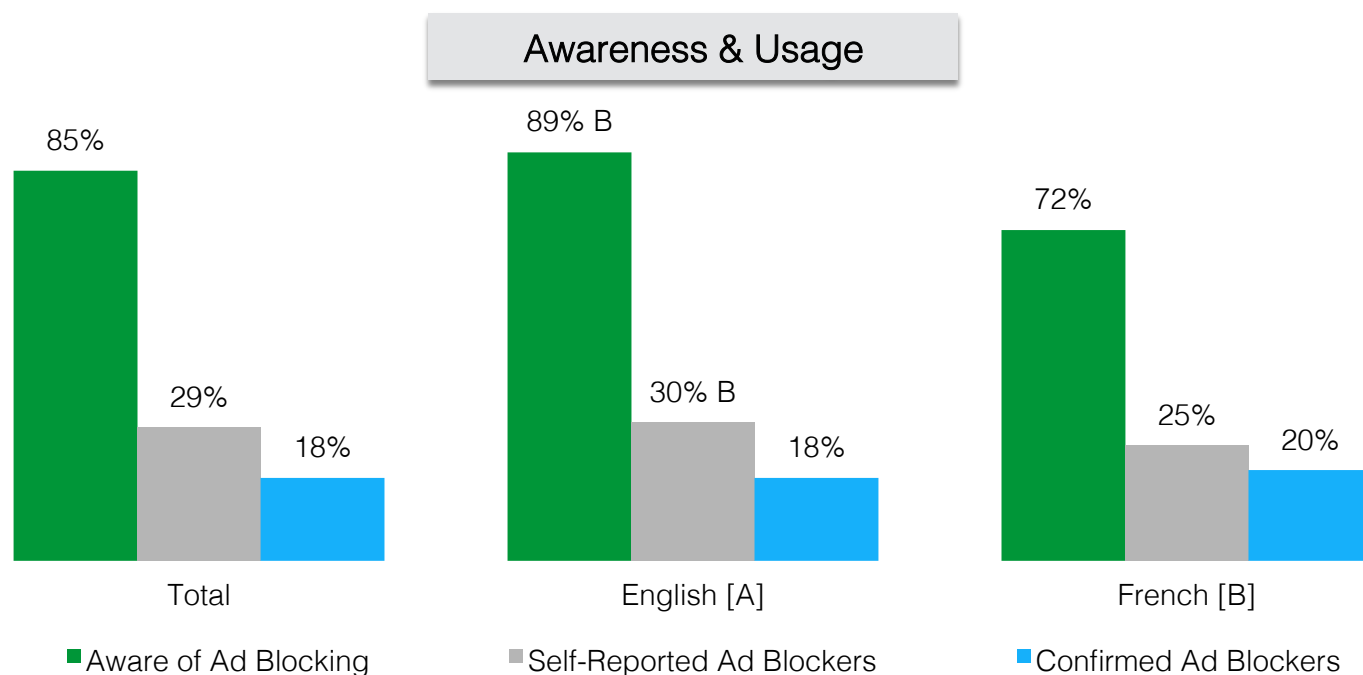
Detailed Findings

Who Blocks Ads and Why?

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Despite high awareness, fewer Canadians ‘actually’ use ad blockers than ‘think’ they do.

The majority of Canadians are aware of ad blockers, more than the previous survey (75%). However one in six are confirmed users. Confirmed users correctly identified ad blockers as the apps they use, rather than anti-virus software or pop-up blockers.



A/B letters indicate a significant difference compared to referenced cell at 95% confidence level

Q1. Prior to taking this survey, what was your level of familiarity with ad blockers? | Q2. Please indicate whether or not you are currently using an ad blocker on each of your devices.

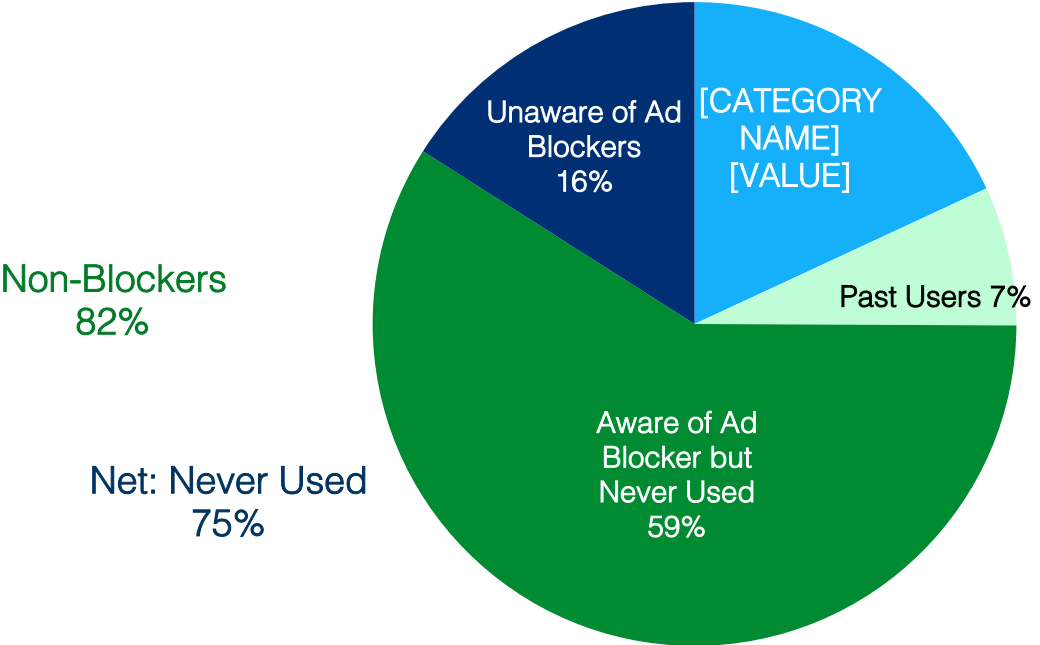
Base: Total respondents (n=1,619); English (n=1,113); French (n=506)

Q3b/c/d/e. Specifically, which ad blocking software program are you currently using on your Windows PC/ Apple/Mac PC/ Smartphone/ Tablet? | Base: Self reported Blockers by device

Note: The survey data were weighted to the desktop passive level of 17.6% for English language users and 19.7% for French users and mobile adoption levels became weighted by proxy (in order to maintain a proper ratio)

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

Three-quarters of Canadians have still never used an ad blocker.

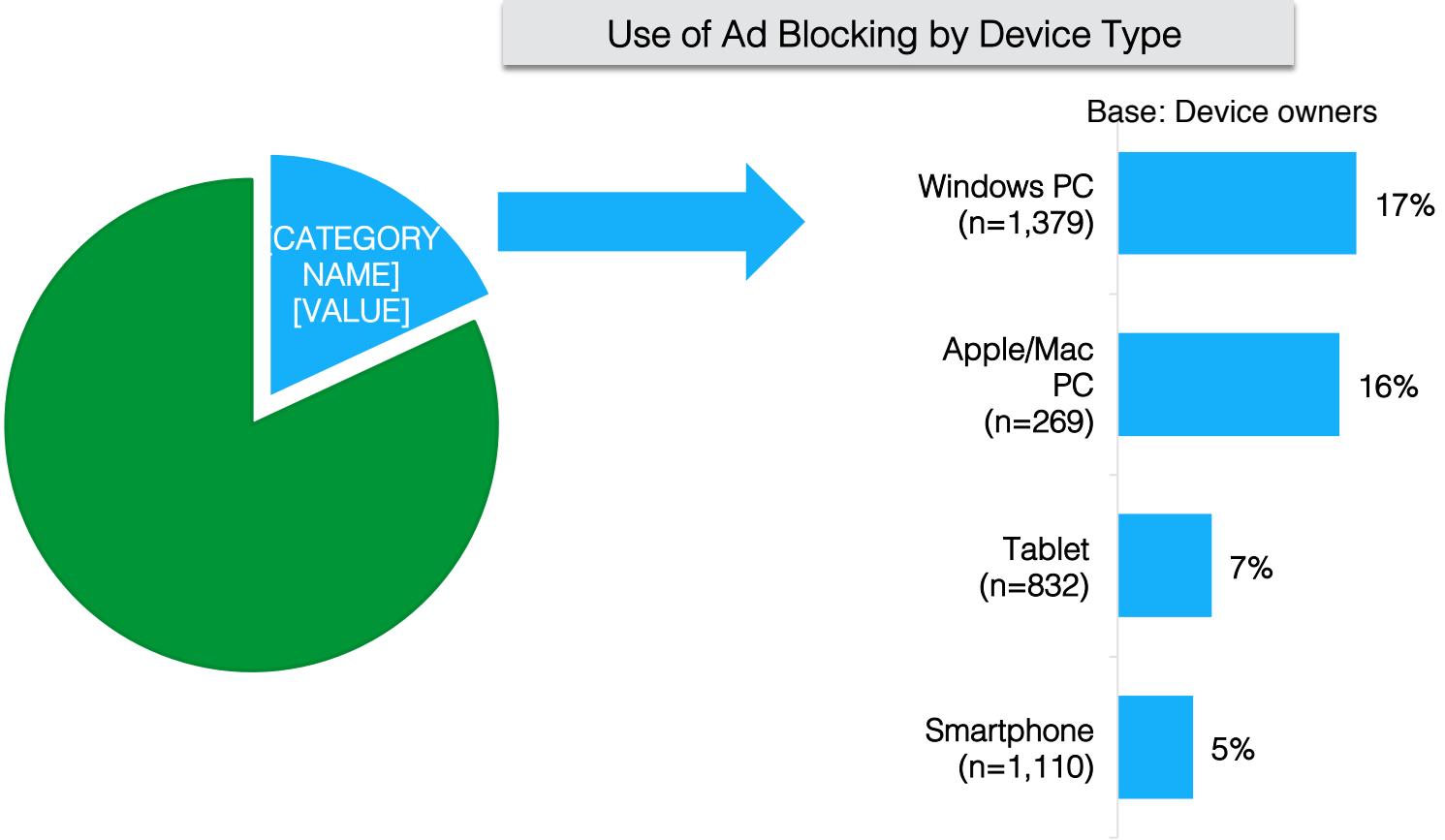


Ad Blockers – Confirmed current user of ad blocker on computer, smartphone or tablet

Non-Blockers – Do not currently use an ad blocker on any device

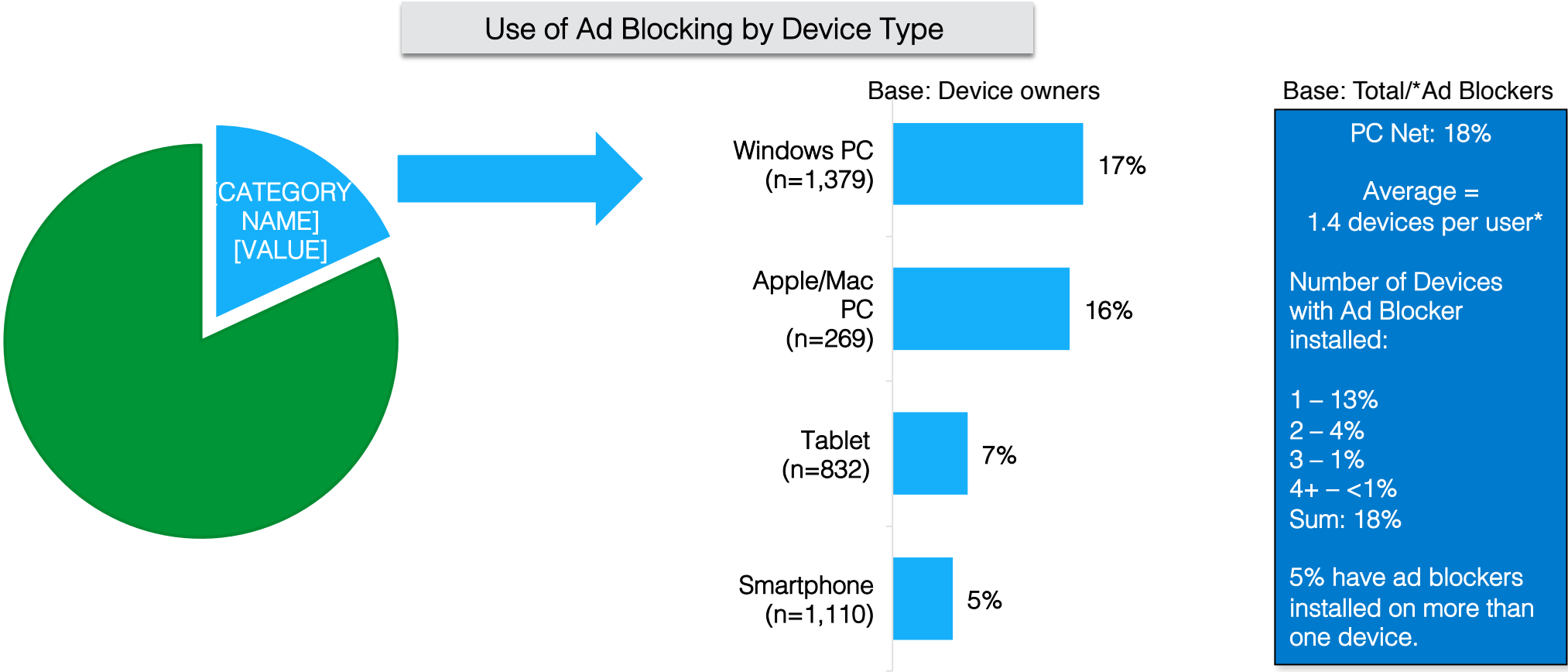
Past Users (used an ad blocker in the past but currently not installed) + *Aware Non-Users* (have heard of an ad blocker but have never used one) + *Unaware Non-Users* (have never heard of ad blockers)

Ad blocking on PC devices used 2-3 times more than Mobile devices.



Q1. Prior to taking this survey, what was your level of familiarity with ad blockers? | Q2. Please indicate whether or not you are currently using an ad blocker on each of your devices.
Base: Total Respondents (n=1,619); Self-Reported Blockers
Q3b/c/d/e. Specifically, which ad blocking software program are you currently using on your Windows PC/ Apple/Mac PC/ Smartphone/ Tablet? | Base: Self reported Blockers by device
Note: The survey data were weighted to the desktop passive level of 17.6% for English language users and 19.7% for French users and mobile adoption levels became weighted by proxy (in order to maintain a proper ratio).
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

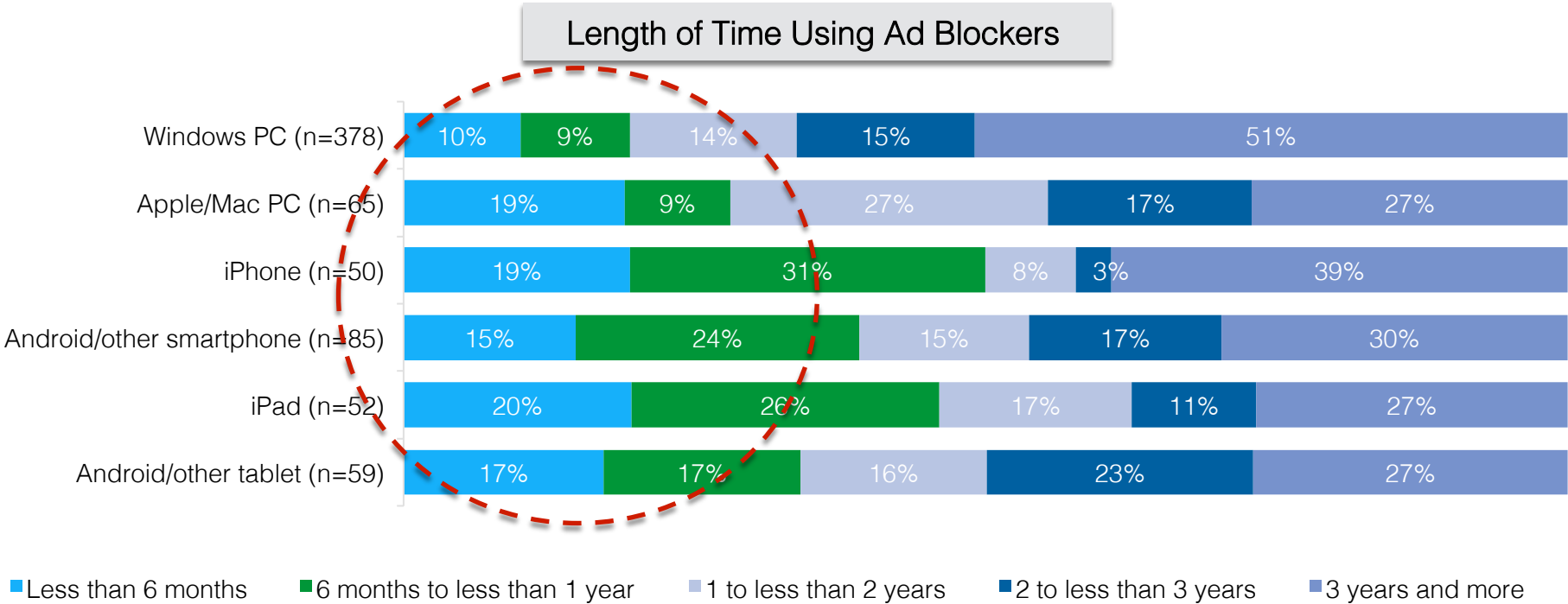
Only 5% of PC Users have ad blockers on more than one device.



Q1. Prior to taking this survey, what was your level of familiarity with ad blockers? | Q2. Please indicate whether or not you are currently using an ad blocker on each of your devices.
Base: Total Respondents (n=1,619); Self-Reported Blockers
Q3b/c/d/e. Specifically, which ad blocking software program are you currently using on your Windows PC/ Apple/Mac PC/ Smartphone/ Tablet? | Base: Self reported Blockers by device
Note: The survey data were weighted to the desktop passive level of 17.6% for English language users and 19.7% for French users and mobile adoption levels became weighted by proxy (in order to maintain a proper ratio).
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

New adoption (within the past year) is higher for mobile vs. PC devices.

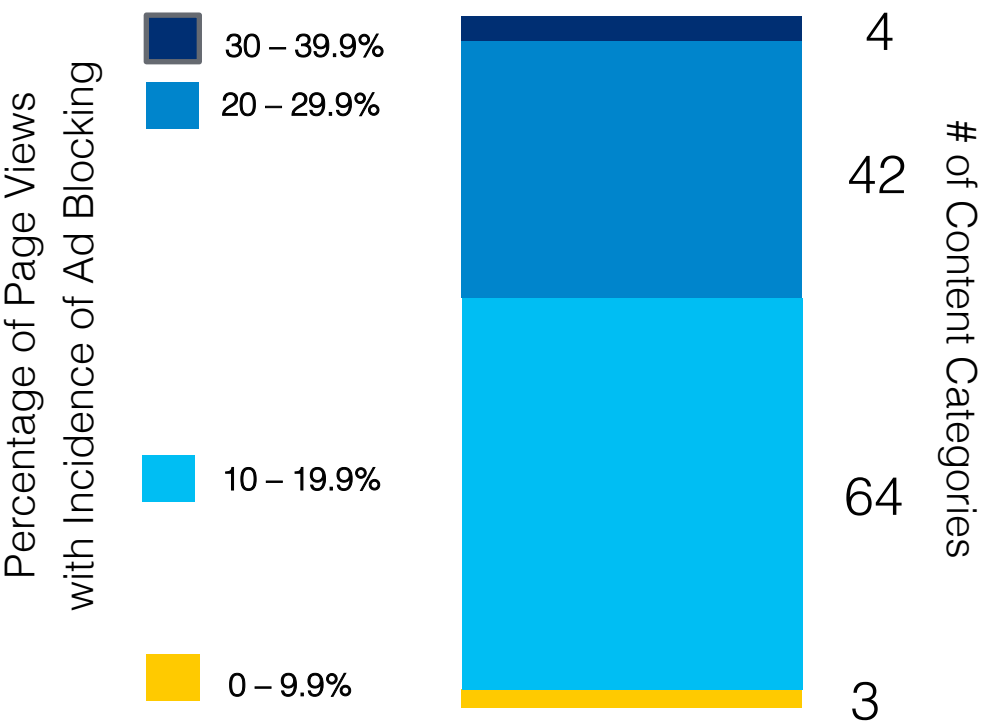
However, iPhone devices also have the second highest proportion of high tenure users, with two in five ad blockers having done so for over three years.



Q4. How long have you been using ad blockers? Base: Self-Reported Blockers
Note: The survey data were weighted to the desktop passive level of 17.6% for English language users and 19.7% for French users and mobile adoption levels became weighted by proxy (in order to maintain a proper ratio).
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

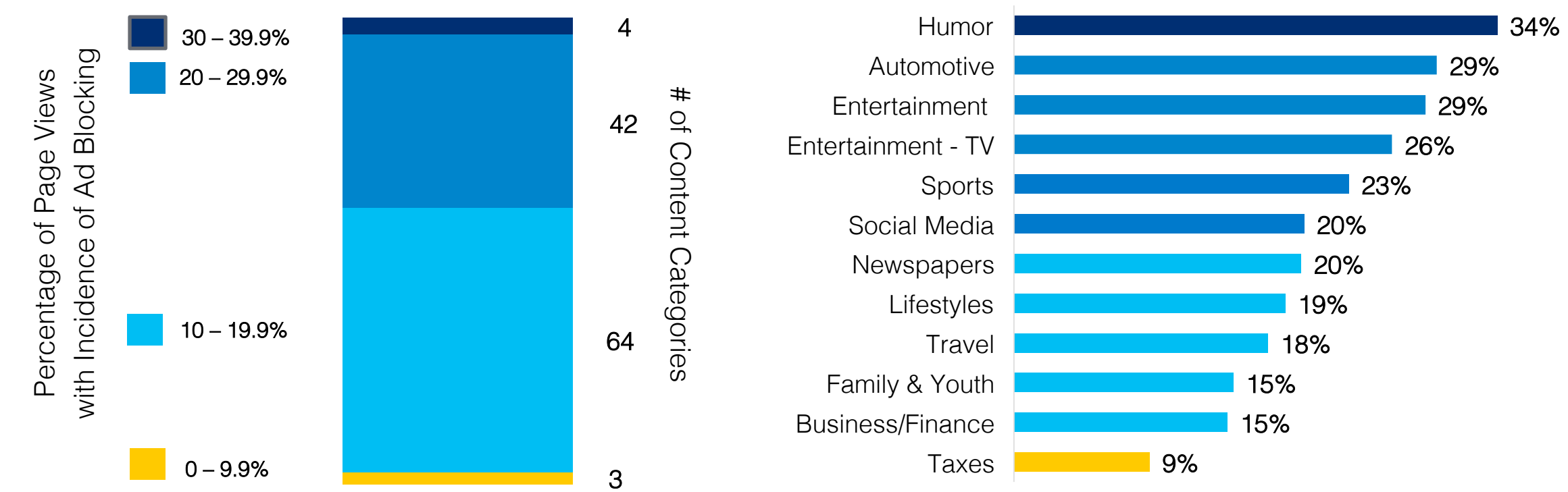
Ad Blocked Page Views: Incidence rate across content categories

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. The proportion of Categories that exhibited 20% or more of its page views with incidence of Ad Blocking increased versus the first IAB Ad Blocking Study analysis.



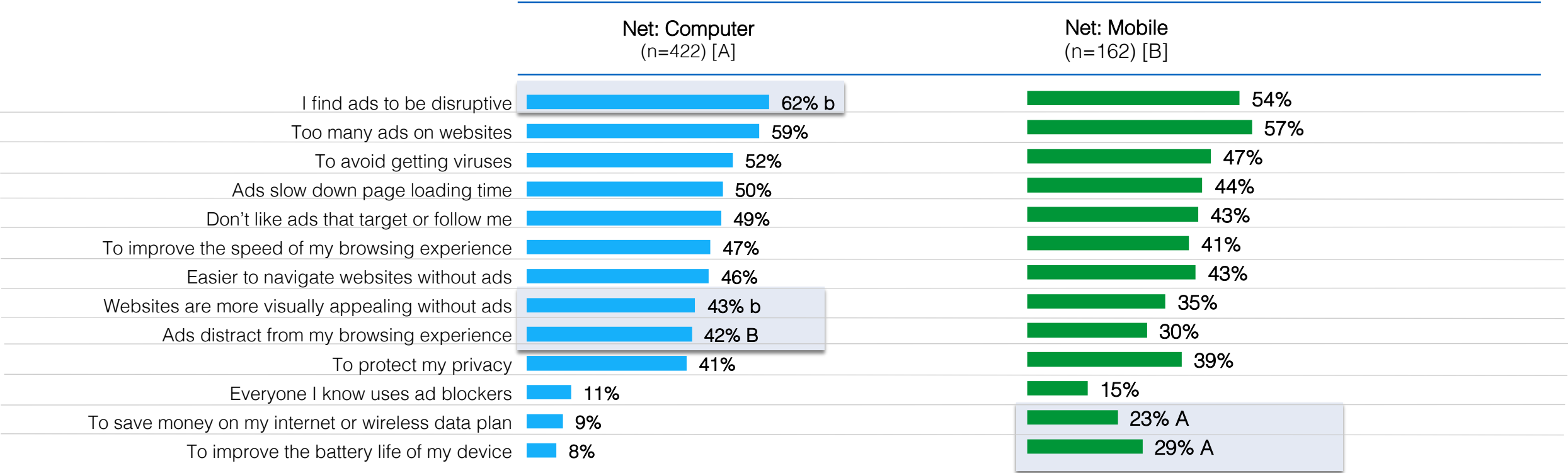
Ad Blocked Page Views: Incidence rate across content categories

Shown below are some notable categories that exhibited incidence of Ad Blocking on pages viewed within each category.



Main Reasons for Ad Blocking: Clutter, performance and privacy.

Mobile users are also particularly concerned with battery life and data usage issues.

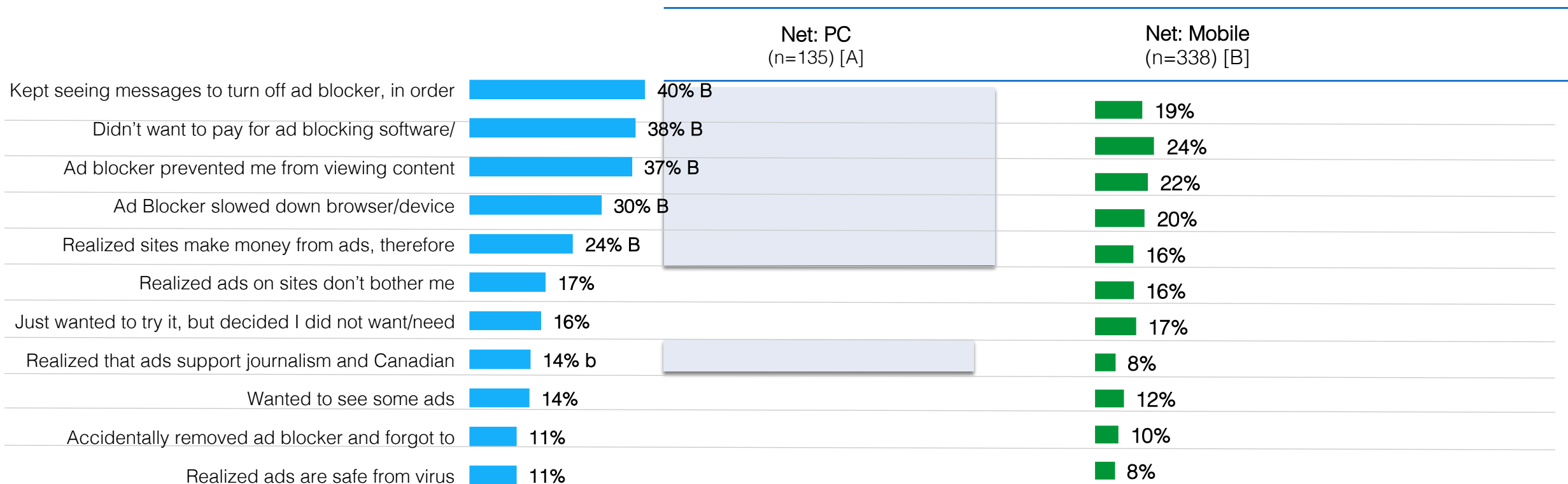


Q5. What are the main reasons you use an ad blocker? | Note: Other not shown; represents 1% or less
Base: Ad Blockers
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

A/B Uppercase letters indicate a significant difference compared to referenced cell at 95% confidence level
a/b Lowercase letters indicate a significant difference compared to referenced cell at 90% confidence level

Reasons for Ceasing Ad Blocking: Kept being asked to turn off blocker, blocked content, and didn't want to pay for blocker.

Former PC users are more likely than former mobile users to have multiple reasons for uninstalling.



Q6. Why are you no longer using ad blockers? ("Other" not shown)

Base: Past ad blocker users

* Indicates small sample size of n=30-49, no statistical testing; interpret with caution;

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

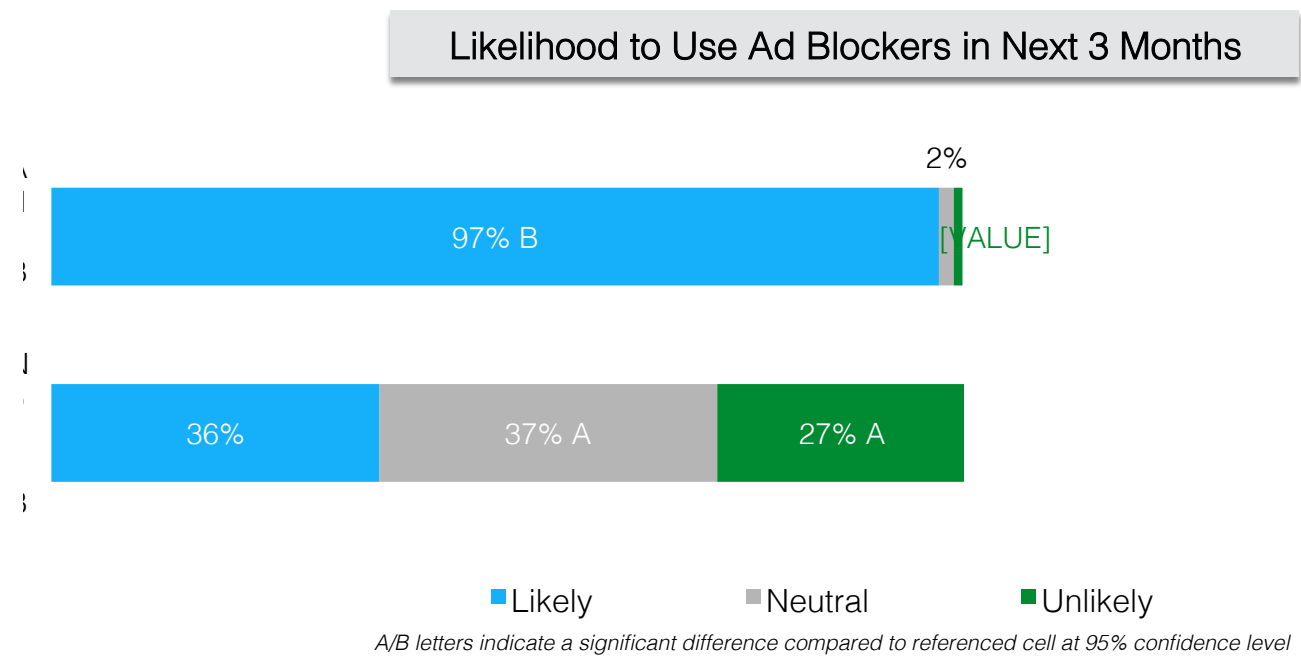
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Detailed Findings

Ad Blocking & Advertising Attitudes

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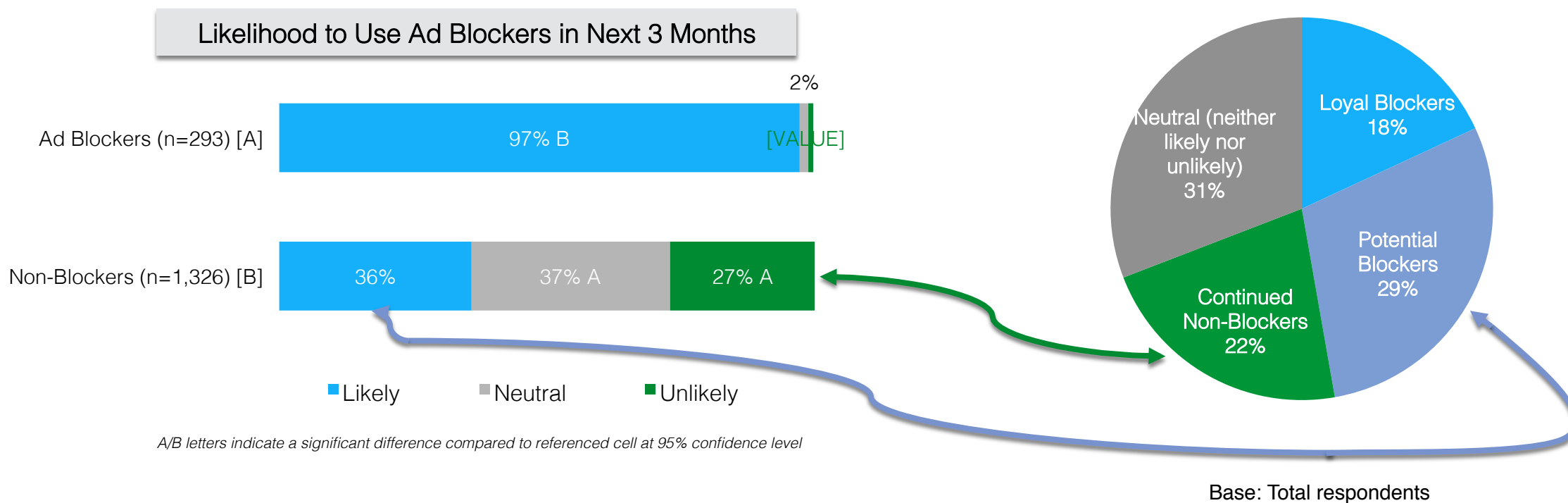
Ad Blocking Intentions: Most users are loyal, one in three non-users at risk.



Q7. How likely are you to continue using ad blockers in the next 3 months? Please select the one best response. Base: Ad Blockers
Q9. How likely are you to use ad blockers in the next 3 months? Please select the best response Base: Non Blockers
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

Ad Blocking Intentions: Three in ten Canadians are at risk.

Over a third of Non-Blockers are “at risk” to begin using them (29% of all Canadians).



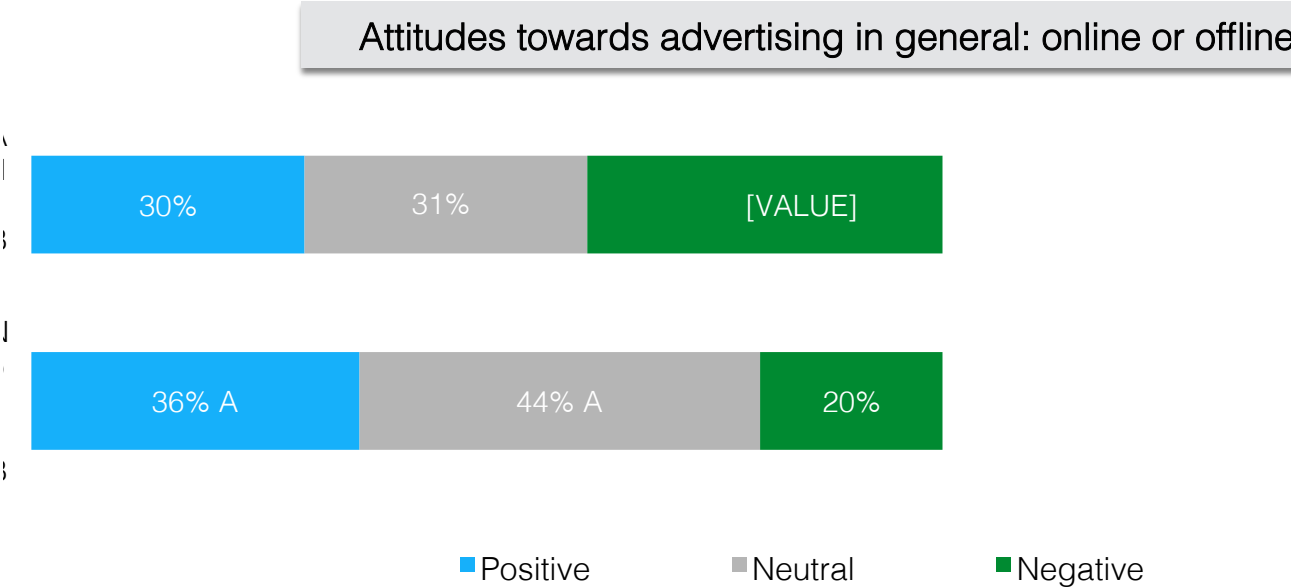
Q7. How likely are you to continue using ad blockers in the next 3 months? Please select the one best response. Base: Ad Blockers

Q9. How likely are you to use ad blockers in the next 3 months? Please select the best response Base: Non Blockers

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

Potential Non-blockers have better attitude towards advertising.

About a third of Canadians were favorable toward advertising in general. Non-Blockers were more positive about ads than Ad Blockers.

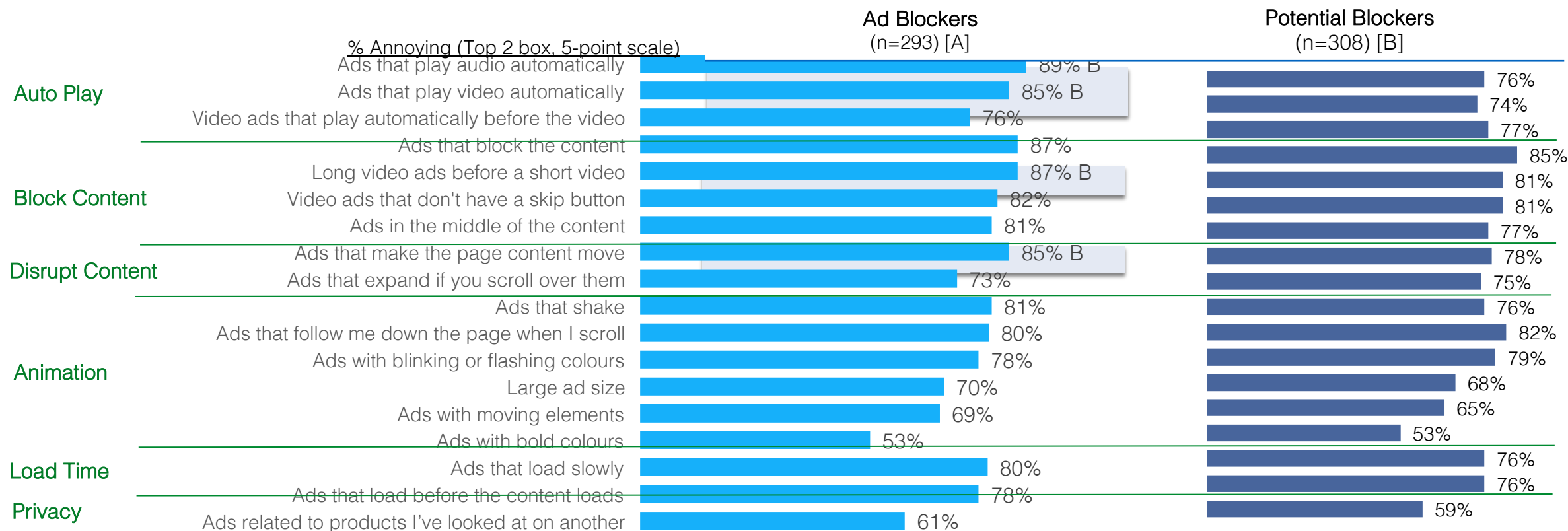


A/B letters indicate a significant difference compared to referenced cell at 95% confidence level

Q8. Which of the following statements best describes your attitude about advertising in general (online or offline)? Please select the best response
Base: Total respondents (n=1,619); English (n=1,113); French (n=506); Ad Blockers (n=293); Non Blockers (n=1,326)
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

Perceptions of Ad Types: Ads that block content are annoying.

Ad Blockers were more likely to rate ads that play audio automatically, long video ads, ads that make page content move and ads that play video automatically as annoying than Potential Blockers.



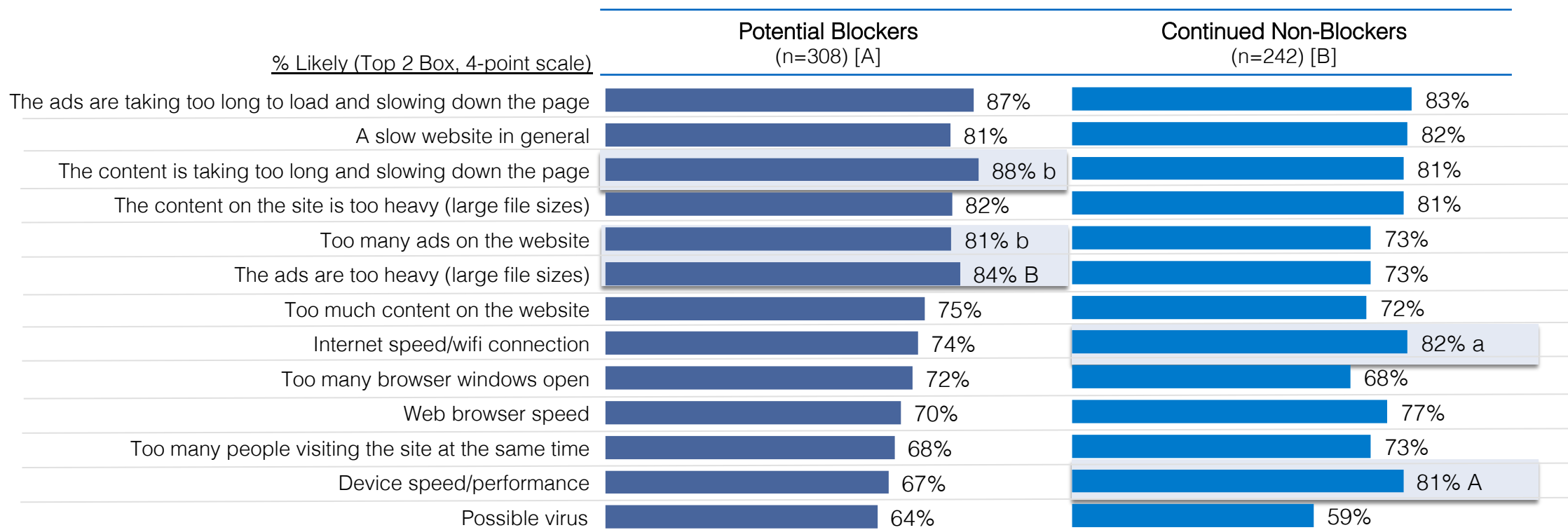
Q11. Please use the scale below to indicate how annoyed you feel when you encounter each type of ad online?

Base: Total respondents

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

A/B Uppercase letters indicate a significant difference compared to referenced cell at 95% confidence level
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Perceived Reasons for Slow Page Loading: Potential blockers are more likely to blame ads vs internet/device speed.



Q12a. If you were to visit a site and the page were to load slowly, what would you consider to be the reason for slow loading? | Base: Ad Blockers

Q12b. If you were to visit a site with your ad blocker(s) turned off and the page were to load slowly, what would you consider to be the reason for slow loading? | Base: Non-Blockers

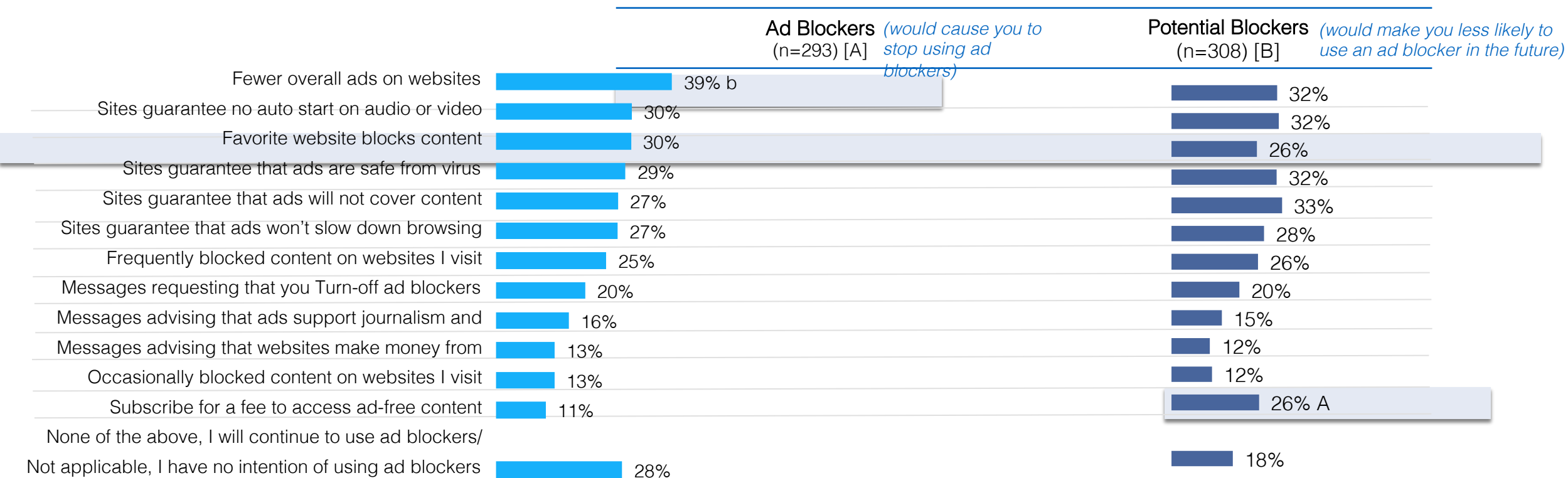
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

A/B Uppercase letters indicate a significant difference compared to referenced cell at 95% confidence level

a/b Lowercase letters indicate a significant difference compared to referenced cell at 90% confidence level

Potential Unblocking Approaches: Blocked site content... no auto-start, pop-ups and fewer (virus free) ads.

Not surprisingly, almost two in five Ad Blockers said fewer ads on websites would work. However, about a fourth of Potential Blockers said they would subscribe for a free to see content without ads.



Q13a. Which, if any, of the following do you think would make you least likely to use an ad blockers in the future? Please select all that apply. | Base: Ad Blockers

Q13b. Which, if any, of the following do you think would cause you to stop using ad blockers? Please select all that apply. | Base: Non Blockers

Note: Other not shown, represents 1% or less

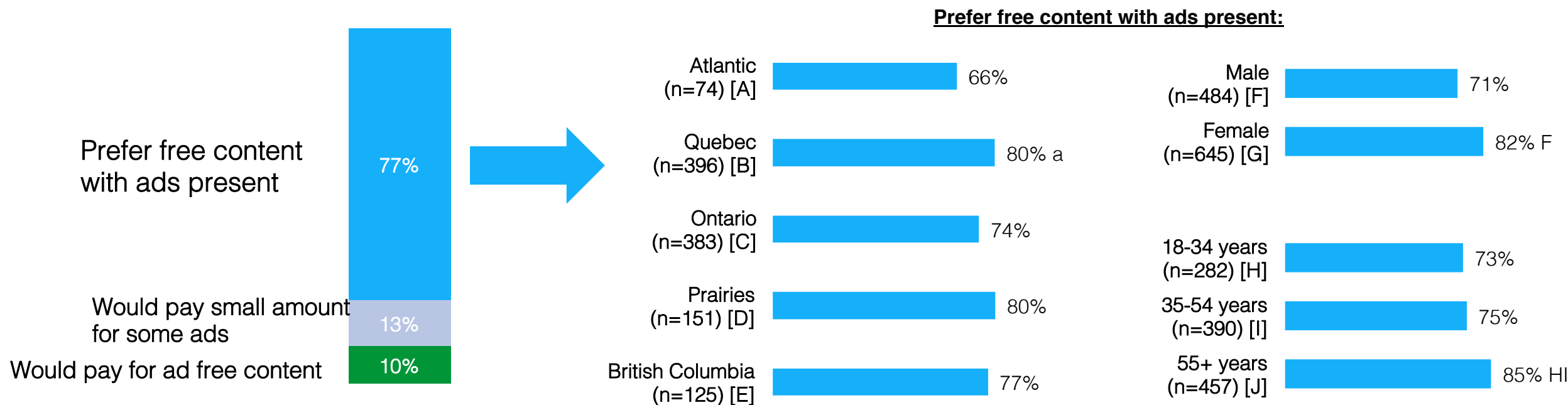
Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

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Nevertheless, most Canadians prefer ad supported free content – stable! The ‘ad receptives’.

Three in four Canadians prefer free content with ads present. Males and younger adults are more likely to be willing to pay for ‘ad free’ content in comparison to their demographic counterparts.



Q14. 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 (none of these/don't know removed from base) (n=1,129) / Those who prefer free content with ads present (n=904)

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

Unblocking Concept Testing

LEAN

Active Blocking
Passive Blocking

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CONCEPT TESTING

Respondents were presented with the following concepts along with an explanation.

- Users of ad blockers were asked how likely they would be to turn off their ad blockers.
- Non-users were asked their likelihood to start blocking ads if exposed to these ad concepts.

LEAN

"LEAN Ads" follow advertising standards in order to improve user interaction with online advertising



LIGHT - Limit the file size of ads to reduce load times

ENCRYPTED - Ensuring security standards to prevent exposure to harmful malware and viruses

AD CHOICE SUPPORTED - Allow users to opt out of certain data collection services used to create targeted ads.

NON-INVASIVE ADS - Eliminate Ads with irritating elements such as shaking, blinking, or automatic audio playing.

Ad Block Messages: Active Blocking

Example Messaging from Websites

Active Blocking
Ad blockers are required to either
Whitelist OR Subscribe

"We get it: Ads aren't what you're here for. But ads help us keep the light on. So, add us to your ad blocker's whitelist or pay \$X per week for an ad-free version of the website. Either way, you are supporting our journalism. We'd really appreciate it."

Ad Block Messages: Passive Blocking

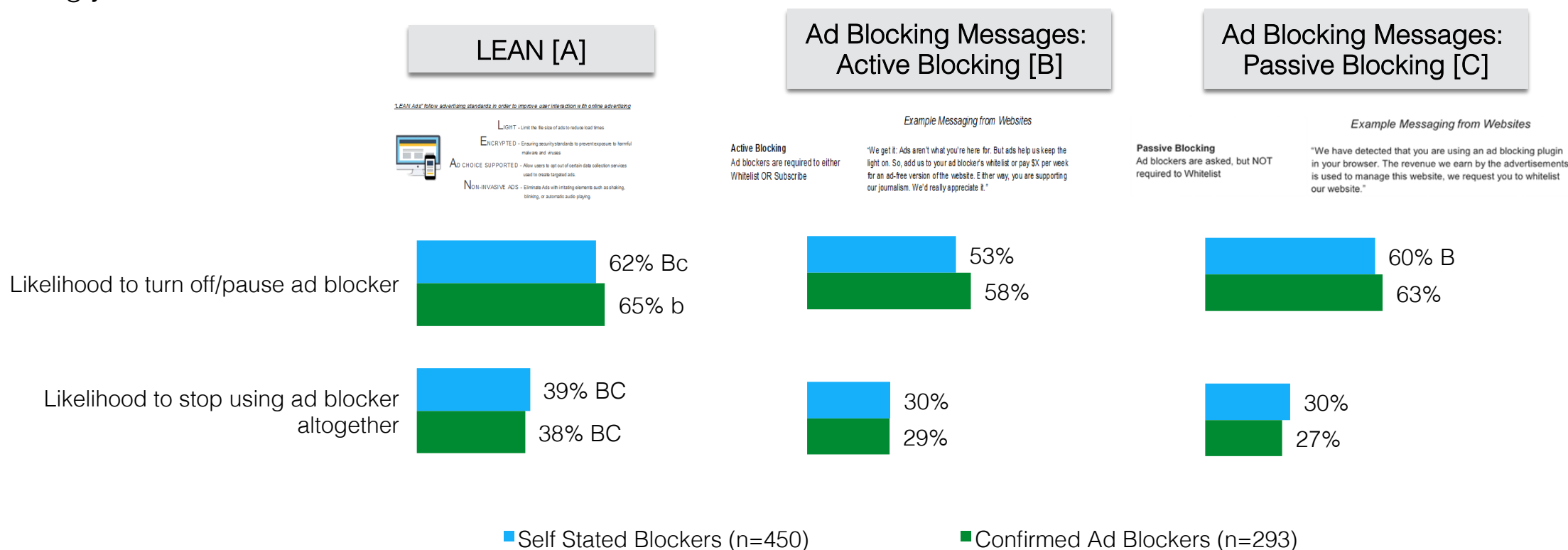
Example Messaging from Websites

Passive Blocking
Ad blockers are asked, but NOT
required to Whitelist

"We have detected that you are using an ad blocking plugin in your browser. The revenue we earn by the advertisements is used to manage this website, we request you to whitelist our website."

CONCEPT TESTING – LEAN resonates with confirmed Ad Blockers.

After reviewing the LEAN concept, almost two thirds of confirmed ad blockers said they are likely to turn off/pause their ad blocker and over a third of say they would be likely to stop using it altogether. Ad Block messaging also resonates strongly.



Q15b/16b/17b. Thinking about the concept described above, if most websites you visit frequently adopted or enforced this, please indicate how likely you would be to...

Base: Self Reported Blockers. | Note: Potential Unblockers not shown due to an insufficient sample size of less than 30 (n=11); not sufficient for reporting

Source: comScore IAB Canada Ad Blocking Survey (April 2017), base adults age 18+ years

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Main Findings - Ad Blocking Still Stable in Canada!

1. Ad Blocking in Canada is stable (18%) - almost unchanged from last year's study.
2. However, one in three non-users are at risk – 29% of Canadians.
3. Ad blocking on mobile devices is still 2-3x less common than desk/laptop.
4. While awareness is higher, fewer actually use ad blockers than they think - three quarters have still never used one.
5. Millennial Males continue to show highest usage (3 in 10) – more so Francophones (4 in 10)
6. Not surprisingly, Potential Blockers are less tolerant of online ads than other non-blockers.
7. However, most Canadians still prefer ad-supported free content (77%) – the 'ad receptives'.
8. Streamlined user experience (LEAN), plus Publisher white-list and content-blocking messages (DEAL) can reclaim Current Users and Discourage Future Ad blocking.

In Conclusion: How to Win Back Current Ad Blockers and Prevent Future Ad Blocking

Implement LEAN principles: Streamlined User Experience – Don't Disrupt Their Flow

- Guarantee that Ads Do Not Slow Down Browsing
 - No Ads That Block Content
- No Long Video Ads Before Short Video Content
 - No Ads That Follow Down The Page
 - No Auto-Play
- No Slow Loading, Especially On Mobile
 - No Pop-Ups or Full Page Ads

Assure Users of Site Safety - Especially important to prevent future blockers

- Provide Guarantees that Site is Secure
- Assure Users that Ads are Malware- and Virus-free

Implement DEAL principles: For Those Using an Ad Blocker – Disrupt Their Flow

- Politely Ask to Turn Off Ad Blocker
- Block Content if Ad Blocker Not Turned Off