



Ad Blockers:

How can publishers come out on top?

INTRODUCTION

Although ad-blockers have been around for years, coverage of the topic is heating up daily after Apple announced its move to make ad blocking easier and more comprehensive on iPhones and iPads. The new version of Apple’s mobile-operating system lets users install apps that prevent ads from appearing in its Safari browser - this time blocking undesired content at the operating system level instead of as a browser extension like today’s ad blockers.

Consumers may be cheering, thinking the end to badly retargeted ads may finally be in sight, but is that really the case, or is this just another short-term fix to a long-term problem?

iPhone Apps

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A GAME OF CAT AND MOUSE

Companies specializing in ad blocking typically need a business model, just like everyone else. It is not widely known by consumers installing ad blocking software that ad blockers themselves are commonly being paid-off by large advertising ecosystem participants (read “Google”) to allow their ads to sneak through untouched, or operate an unobstructed ad network themselves. As such, today’s ad blocking landscape is perhaps less the Consumer Robin Hood tale it projects itself to be, and far better described as a fast-paced game of cat and mouse around blocking and circumventions, pay-offs and non-disclosed advertiser agreements.

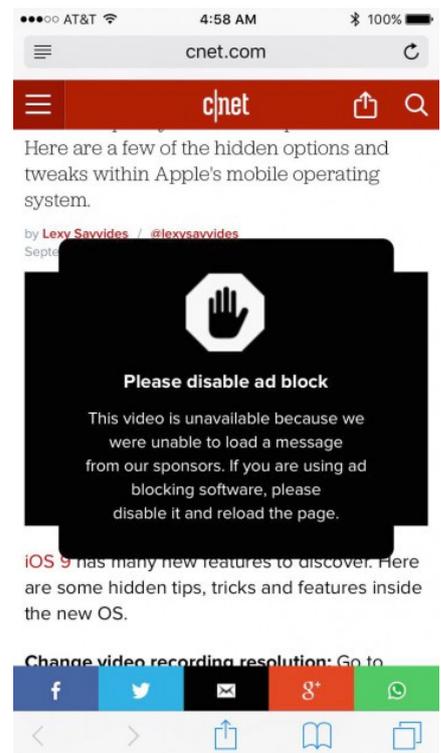
What is emerging from the ad blocking trend is definitely a far cry from a service to legitimate brand advertisers and equally valued premium publishers. Equally, as ad blocking goes mainstream, it is poised to reveal its Alter Ego to us as consumers of free* online content. (*content has never really been free, but offered in exchange for us accepting the advertising that funds the content creation.)

The recent announcement by Apple, which has already sent shock waves throughout the adtech ecosystem, publishers, and marketers, may be the game changer for today’s ad blockers. By offering a transparent, non blackmailing-like solution to the obvious market demand for tighter consumer control over what content appears on their screens - and what data is being shared in the background (as the ads appearing on the screen are only the tip of the iceberg) - Apple’s Content Blocking announcement is set to have profound implications far beyond the practice of obtrusive display retargeting across exchange traded media.

Short-term losers, however, are perhaps inadvertently - yet unavoidably - premium publishers. If the ongoing digital transformation from print to online to mobile wasn’t already proving hard enough on traditional media brands’ revenue growth aspirations, those who have successfully embraced the new platforms are now being handed an ice cold shower directly at the heart of their digital revenue strategy: digital advertising. Perhaps most ironically, the party least responsible for online’s current privacy intruding 3rd party tracking swath, and the resulting shopping cart item level re-targeting excess, is now handed the shortest stick of all. Publishers are also hardly the right stakeholders to blame for the 100+ tracking scripts, pixels, and beacons that slow down our otherwise enjoyable content experience on our favourite websites.

As for the global 1000+ adtech companies, ad networks and data brokers, those whom most of us have never encountered directly or indirectly even by name, will be far less affected or disrupted - at least in the short-term. At its worst, these mostly invisible adtech middlemen will need to pay a little extra to allow their ads to continue to reach end-users, but all in all, they remain significantly better positioned than most premium publishers. Moreover, these 3rd party adtech middlemen are media agnostic, so will have little problem moving onto different channels to prolong their trade.

How ad blocking will ultimately impact our shared internet experience remains unclear, yet of all times, this seems like the perfect occasion to take a short time capsule trip back to examine if this is in fact something we’ve all witnessed before? (And not even that long ago.)



LOOK TO THE PAST TO SEE THE FUTURE

The ad blocking situation of today is strikingly similar to the situation advertisers faced with first generation email marketing back in the 90s and early 2000s. Consumers were so inundated by irrelevant, intrusive email marketing messages (better known as spam) that technology was called on to block everything coming from businesses, particularly from well known 3rd party emailing businesses. Comparing this to how today's ad blockers work, the similarities are striking!

The good news is that whilst spam filters in email programs largely killed unwanted 3rd party email marketing messaging, email marketing itself - as we know it today from the first party businesses we sign up to receive messaging from - has indeed flourished. Email marketing is today experiencing a true Golden Age, with both businesses relying on email communications to build customer relationships, as well as consumers gratefully receiving this valuable content directly from those brands we value. And for a short list of what is driving value, engagement, and satisfaction in the context of email marketing, we don't need to look further than personalization done well.

“Personalization is a process that creates a relevant, individualized interaction between two parties designed to enhance the experience of the recipient. It uses insight based on the recipient’s personal data, as well as behavioral data about the actions of similar individuals, to deliver an experience that meets specific needs and preferences.”

- Gartner, IT Market Clock for Digital Commerce, 2015

So how can something that is clearly driving significant value for both marketers and consumers in one digital marketing channel (email), be experiencing such a different hand of cards in another (display advertising)? Once again, the similarity between email spam and today's resentment towards display advertising is uncanny: both are delivered by faceless and nameless companies with whom we as consumers have no relationship with, and no desire to engage with.

FROM “CREEPED OUT” TO “ENGAGED AND EXPECTANT”

As media guru John Battelle wrote in a blog post back in 2012,

“It’s actually a good thing that we as consumers are waking up to the fact that marketers know a lot about us—because we also know a lot about ourselves, and about what we want. Only when we can exchange value for value will advertising move to a new level, and begin to drive commercial experiences that begin to feel right. That will take an informed public that isn’t “creeped out” or dismissive of marketing, but rather engaged and expectant—soon, we will demand that marketers pay for our attention and our data—by providing us better deals, better experiences, and better service. This can only be done via a marketing ecosystem that leverages data, algorithms, and insight at scale.”

So clearly the collection and use of data is not the root cause of the current dissatisfaction towards display advertising, and subsequent growth of ad blockers. So what is it that differentiates the use of data in marketing communications from being ‘creepy’ to being ‘expectant’ and value creating for consumers?

The first and most important key differentiator is consumer consent. In other words, the act of consumers knowledgeably and willingly entering into a relationship with a first party service provider, such as a publisher, wherein they know that they are as much the product as the customer. Important distinction to be made here is that in such relationships, consumers are consenting to their information being monetized by the first party, not an array of indifferent third parties, all of which may or may not (more commonly the latter) adhere to the privacy declarations of the first party publisher. In many ways, such direct agreements between consumers and their hand-picked first parties resembles the well-established world of traditional media relationships.

Whilst this sort of a single-party relationship may seem utopian given today’s vastly ‘open’ ad technology ecosystem, it may very well be the future model we are heading towards (much to the dislike of the 1000 unknown adtech middlemen firms and ad networks), as Facebook’s VP of advertising technology Brian Boland observes,

“We’re in a transition, the industry on desktop evolved with complete fluidity of data and little to no user protections [...] As we have evolved, we have wanted to move to a better path. I don’t believe people’s data should be flowing across the ecosystem. It’s not transparent to people, and it’s not controlled.”

With similar views being expressed by Apple CEO Tim Cook at his acceptance speech at the Electronic Privacy Information Center Champions of Freedom Awards dinner in June 2015:

“I’m speaking to you from Silicon Valley, where some of the most prominent and successful companies have built their businesses by lulling their customers into complacency about their personal information. They’re gobbling up everything they can learn about you and trying to monetize it. We think that’s wrong.”

So what does this mean for premium publishers? Perhaps there is in fact a genuine silver lining to the dark clouds of ad blocking and increasing consumer resentment towards adtech’s privacy violating tracking and targeting practices. Perhaps the rise of ad blockers echoes resentment towards LUMAscape’s notorious swath of intermediaries, and not dislike towards legitimate content providers looking to earn a living to deliver our daily fix of engaging content. If so, premium publishers are in fact very likely candidates for ending up as beneficiaries from ad blocking rise.

PUBLISHERS NEED TO START PUTTING THEIR AUDIENCES FIRST

Consumers need to feel a sense of control. Knowing who is using my data, and making a conscious decision to opt-in (knowing that I can opt-out at any time) provides a sense of balance. Consumers are then in a position to trade the right to receive advertising for the expectation of receiving high-quality, relevant content and promotions. This puts the consumer in the driving seat. The first party model creates trust, something that has been lacking in the adtech arena for some time.

In particular, publishers need to go the extra mile to ensure that our advertising experience on their sites is as enjoyable as possible. This means discontinuing to delegate - or more simply hand over - this responsibility to tens, if not hundreds, of third parties with whom their customers have no desire to interact with, nor share their data. Worst of all, as these third parties themselves are connected to other third parties, even publishers with the best of intentions lose all control of what happens to their customers' data upon first handover.

Secondly, our everyday interactions with marketers have led us to expect a personalized, high quality user experience. The same applies of course to publishers across both their content and their commercial messaging. When personalized well, taking into account the context that the user is in and the surrounding content, advertising becomes an enjoyable part of the experience as it has been in glossy magazines for as long as one can remember.

“Today’s customers have high expectations for their interactions with sellers. [...]Customers also have very low tolerance for any content or communication that is not relevant to them. Sellers are no longer competing on product and price; they must compete on customer experience, which can be greatly improved using personalization.”

- Gartner, IT Market Clock for Digital Commerce, 2015

As a publisher, understanding which ads will end up on your site, and having control over their quality, is one clear way of mitigating ad blocking. Showing that you care about the user experience, and we do mean the entire user-experience, not just the editorial content on your site, will drive up loyalty and engagement. This engagement can then be monetized with advertising that is highly relevant to the user in the context they are in (again, think glossy magazines instead of irrelevant banner retargeting).

Also, attention to the least discussed — yet perhaps the most important — part of the advertising experience should finally merit serious attention by premium publishing executives: the ad creative quality displayed aside your pristine editorial content. Some progressive publishers are already addressing this issue by launching of their own in-house creative agency teams, commonly also referred to as native advertising departments, such as NYT’s T-brand Studio and Guardian’s Guardian Labs. Perhaps there are more lessons to be learned from these handcrafted, bespoke in-house advertiser service centers than merely labeling them as part of the almost-everything-goes-as native advertising buzz. What these premium advertising departments offer is in fact highly personalized, thus relevant, ad experiences that are tailor made to their media environments.

PLUG THE DATA LEAKS AND IMPROVE USER EXPERIENCE: A FIVE STEP GUIDE TO PUBLISHERS

It is important to understand that a major part of ad blocking relates to overall site user experience, with the key metric being page load times, especially on mobile devices. In cases where mobile data is not only bandwidth constrained, but also pay-per-megabyte, it is easy to understand why consumers are voting with their feet, or ad blocker installations, as page sizes keep growing uncontrollably.

So what can publishers do to win back their customers, also for their commercial messaging?

STEP 1:

Highlight holistic user experience management, i.e., personalization, as a strategic focus. According to Gartner* (2015) “by 2018, sellers that have fully invested in all types of digital personalization are expected to outperform companies that have not invested in personalization technologies by 30%.” In an increasingly competitive market for consumer attention, coordinated personalization and user experience management is clearly poised to offer significant advantages to those publishers who get it right.

(*Gartner, IT Market Clock for Digital Commerce, 2015)

STEP 2:

Understand that running many digital systems across analytics, content, advertising and subscription marketing comes at a cost to your customer experience. Especially high reliance on third party advertising partners bears a considerable cost for both page load times, as well as overall page size (whilst the third party served ad creative may show up quickly on your site, the third party tracking, syncing, and other forms of 'follow-ups' take far more time to complete.) A good place to start is by assessing possibilities to consolidate your technology stack onto fewer, natively integrated platforms that deliver analytics and personalization services across editorial, advertising, and subscription marketing.

STEP 3:

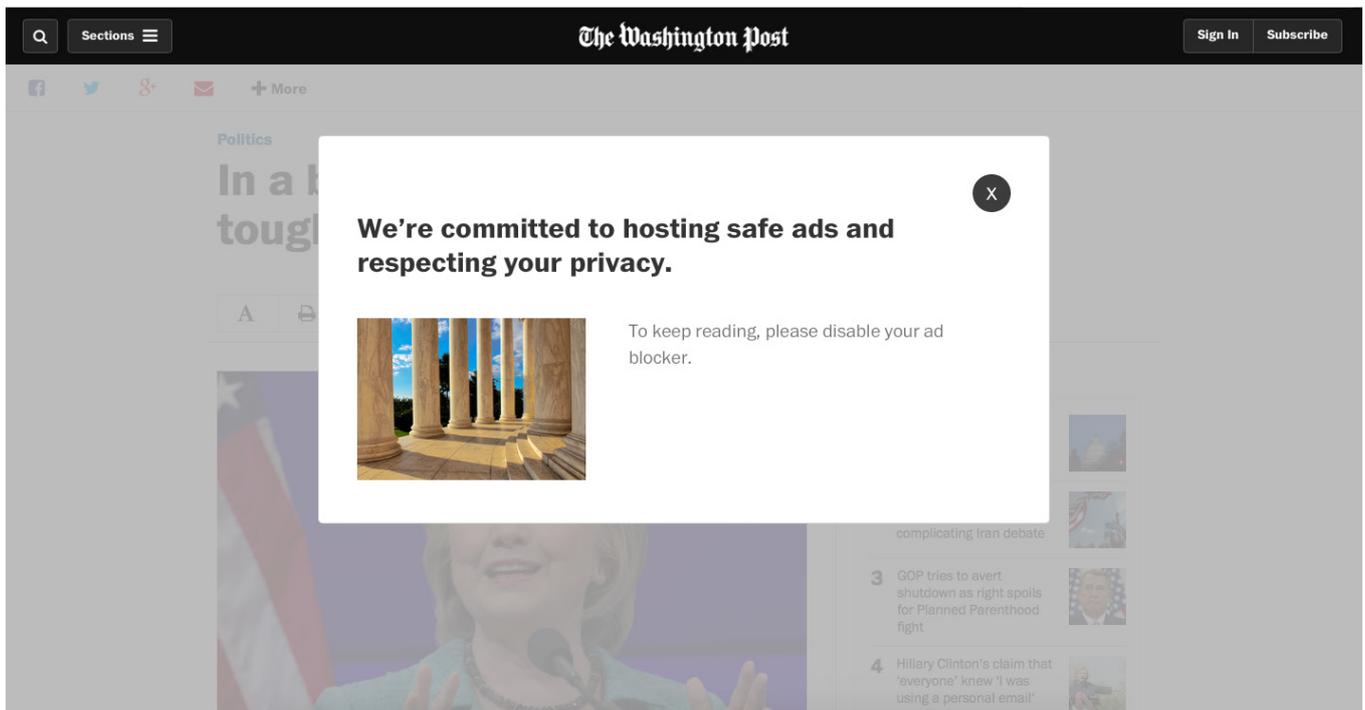
Be transparent about your data collection practices and only work with technology and business partners who share your ethics. In today's social media world where consumers are in charge, actions speak louder than words. To transition consumer sentiment regarding their data privacy from “creeped out” to “engaged and expectant”, converse with your customers about what, how, and why you are collecting their data. After all, it is a value exchange you are inviting your customers to partake in, and your content certainly is worth it

STEP 4:

Track the impact of ad blocking on your business. Real-time analytics is key to any digital media company. Make sure you are getting real-time data about the use of ad-blocking on your site and the impact it has on your business.

STEP 5:

Converse openly with those who are using ad blockers on your site. There are a number of ways to communicate with readers about the advertising that is on your site, your privacy policies, and the way your business is funded. One option, as implemented by The Washington Post, is to confront those entering your site using an ad blocker with a polite message about your privacy policies, your business being funded by advertising, and a request for them to disable their ad blocker to view the content, register their email address to receive newsletters or to purchase a subscription.



BLOCKING THE BLOCKERS

If you want to test out a similar solution to that implemented by The Washington Post, the Cxense R&D team have provided the tag you can simply place on your site - go to www.cxense.com/adblocker-tag/

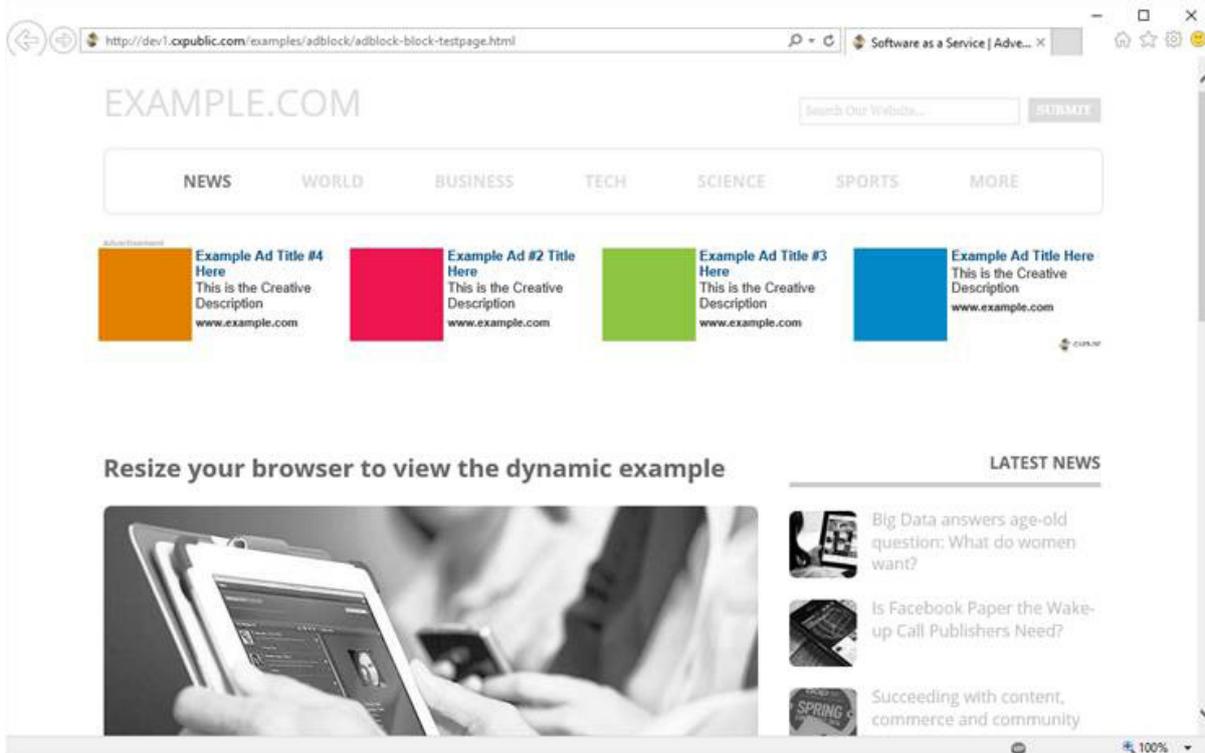
What the tag does:

1. Checks for an ad blocker
2. If found, it adds a shade to the page and displays a message

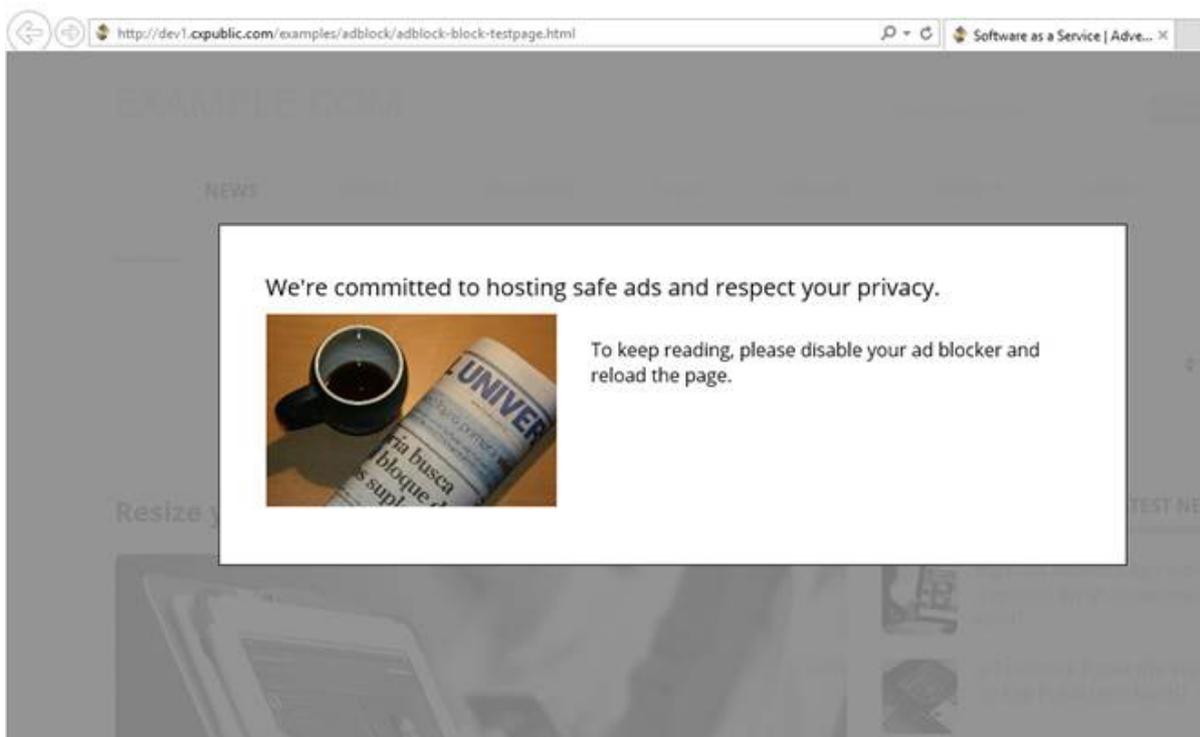
If you use the tag, it must be kept updated (ad-blocking tends to be a game of cat and mouse), but as long as you can update quicker than the adblock software, your site will stay blocked.

HOW IT LOOKS TO THE END USER

Below you can see our beautifully crafted example page. If the user is not blocking ads they will see:



But if the user is blocking ads, they will see:



SUMMARY

As Digiday journalist Ricardo Bilton writes in his article *The winners and losers of the ad blockalypse*.

“If nothing else, the rise of ad blocking has forced publishers to do plenty of soul-searching. Readers turned off by sluggish, subpar reading experiences have voted with their mice, and publishers have hopefully gotten the message. More publishers have gotten serious about their page performance, finding places to trim the fat on their sites while asking the hard questions about how to ween themselves from third-party partners.”

The time is now for publishers to take control of the entire user experience on their sites. Everything from which ads are shown, to how they interact with readers, which 3rd parties they involve, and how they control user data. The industry is evolving at a fast-pace; the race is on to see which publishers can evolve with it.

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- Gartner, IT Market Clock for Digital Commerce, 2015

ABOUT CXENSE

Cxense enables the world's leading media, e-commerce and consumer brands to take control of their audience data to deliver more engaging and personalized user experiences. Businesses using Cxense's advanced real-time analytics, data management (DMP), advertising, search and personalization technology gain more engaged users, increased digital revenue and higher sales conversions.

Cxense is a global company headquartered in Oslo, Norway, with offices worldwide. Customers include Condé Nast, Dow Jones/Wall Street Journal, Gannett, Globo, Grupo Clarin, Singapore Press Holdings, South China Morning Post, AEON, DMM, Rakuten, Naspers, Bonnier, El País, The Guardian, Schibsted, and many more. For more information: cxense.com, Twitter: @Cxense.

