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# Competitive Info: Ad Blockers Hamper Digital Ad Revenue.

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The logo for OnAudience.com is displayed in a light blue, sans-serif font. The word "OnAudience" is on the top line, and ".com" is on the bottom line, positioned to the right of the end of "OnAudience".

While brands direct more advertising dollars to digital media, the likelihood their messaging is being received is declining. More Americans than ever are deploying ad-blocking software and a new report says its use is expected grow, particularly on mobile devices.

Currently about one-quarter of Americans deploy ad-blocking software to avoid online ads; that's up from 22% last year, according to a report by technology firm OnAudience.com.

Ad blockers are taking a heavy toll on publishers' advertising bottom line. This year, ad blocking in the U.S. will result in \$15.8 billion in lost publisher revenue, up from \$11 billion in 2016, OnAudience reports. Worldwide, ad blockers will cause even more significant financial damage, resulting in \$42 billion in lost publisher revenue, up sharply from \$28 billion last year.

European internet users are most inclined to use ad blockers, with 33% of users reporting they use the technology to avoid digital ads. In the U.K., 39% of internet users opt for ad-blocking software, one of the highest rates in the world. Latin American users are the least likely to adopt ad blockers, with most countries averaging below 20% usage.

Ad blockers are depriving publishers of a significant chunk of digital ad spending. This year, OnDemand estimates the global internet display ad market will hit \$100 billion in value, but ad blocking will result in \$42 billion in losses, while in 2016, the global display market represented \$84 billion and ad blocking represented about one-third of that amount in losses.

"Online ad blocking contributes to an erosion of publishers' revenue and consequently undermines the sources of funding of the content published or the services provided," the study noted. "In the long run, it can lead to a consolidation of the online advertising market and thus cause a significant change in the way operations are funded, particularly those run by local publishers."

The OnDemand estimates are in line with other recent industry predictions, including an eMarketer report last spring that projected 27% of U.S. internet users will block ads this year, up from 20% two years ago. Currently, eMarketer notes that most ad-blocking software is deployed on desktop computers, but more smartphone consumers are outfitting their mobile devices with ad-blocking capabilities.

One-quarter of U.S. internet users employ ad blockers on their desktops or laptops, eMarketer says. By the end of 2017, the firm expects that about one-third of U.S. users who deploy ad blockers will also add them to their smartphones, which equals about 9.5% of all American internet users.

"For now, the vast majority of those devices are still desktop and laptop computers, at least in the U.S.—though that's beginning to shift," said eMarketer analyst Nicole Perrin.

Ad blockers are compounding existing issues that advertisers and web publishers face in growing the value of digital ads and proving their worth, particularly as an alternative to traditional media platforms. While advertisers are upping their investment in online platforms, particularly digital video, social media and mobile ads, they are wary of ad fraud, ad environment, transparency and trying to combat ad blocking.

Publishers can push back against the growing popularity of ad blockers by improving user experience and delivering exclusive or premium content to users that agree to consume ads, eMarketer suggests. Publishers can also deploy their own technological tools that sense when an ad blocker is being used and then serve up a message trying to sway the user to turn off ad blockers or add them to a list of sites where ads are allowed.